

Corporate treasurers play an increasingly important role in the corporate hierarchy, as the cost of funding remains under the spotlight and companies seek new, innovative ways to raise money. 'Killer apps' can save treasurers time, money and brainpower by automating their day-to-day

activities, allowing them to spend more time shaping the future of the company in the boardroom and less time bogged down in Excel spreadsheets.

**The rise of killer apps**  
Treasurers can choose from a wide array of cutting-edge tools to automate their

IMAGE SOURCE

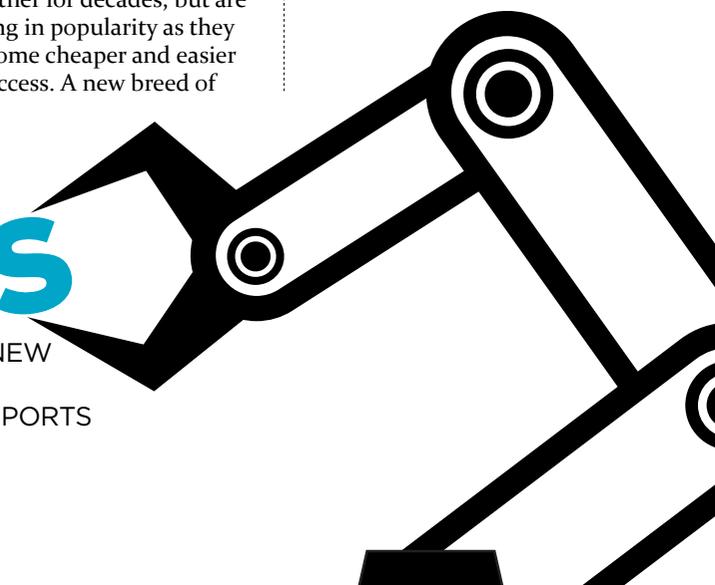
activities, from bank portals to applications offered by software providers, such as SAP and Reval. These applications, commonly referred to as apps, have been around in one guise or another for decades, but are rising in popularity as they become cheaper and easier to access. A new breed of

killer apps are targeting time-poor treasurers that want to reduce inefficiencies, at an affordable cost.

Companies typically want to first automate basic functions like cash

# KILLER APPS

TIME SHORTAGES, BUDGETARY PRESSURES, HEADSPACE - A NEW GENERATION OF AUTOMATION APPS MAY HELP TREASURERS ADDRESS THEIR ORGANISATIONAL ILLS. FARAH KHALIQUE REPORTS



management and forecasting, says Bob Stark, vice president of strategy at cloud-based treasury management firm Kyriba.

Once the preserve of large corporates, cloud-based technology has opened up these apps to companies of all sizes in the past five years.

“Cloud has reduced price points and complexity, and allowed the mid-market in. It is no longer cost- or IT-prohibitive to move forward,” says Stark.

Jacob Nygren, principal at independent treasury management consulting firm Treasury Strategies, agrees that cloud-based treasury apps has made them much more “economically feasible” and easier to access.

“We are reaching a realm where an application on its own can be accessible via mobile, and the prevalence of these apps is becoming far more broad. Numerous corporates are able to adopt these types of systems.”

Currency markets have become rapidly volatile in 2015, following a number of unexpected decisions from central banks around the world. In January, the Swiss National Bank decided to abandon its 1.20 EUR/CHF floor, despite declaring it a “cornerstone” of its monetary policy just days earlier. The euro has weakened significantly against major currencies since a year ago, falling 17% against the dollar and 13% against the UK pound, as of mid-August. In a further twist, the People’s Bank of China suddenly devalued its pegged currency, the yuan (CNY), raising the USD-CNY fixing from 6.1162 to 6.2298.

Dow Corning is an American multinational corporation that has exposure to the yuan, in addition to other major currencies such as the euro, yen and UK pound. The company sells silicon-based products, with more than

available in a timely fashion; it used to take a few days as opposed to a few minutes and was all generated using home-grown Excel spreadsheets and models,” says Dasari.

This resulted in manual errors and, at times, unreliable data. Furthermore, only about 30% of its trades were executed on a trading platform, as it was not possible to trade certain derivatives, including options and non-deliverable forwards. These were traded over the phone or via email, and many trades were confirmed by old-fashioned fax.

“We made the decision that we really needed actionable information [and to be] able to not worry about data integrity any more, but [rather] improve streamlining process and better utilise human capital,” says Dasari.

#### Fire up with FiREapps

As part of its overhaul, Dow Corning signed up to cloud-based FX solution

The decision to embrace automation has saved Dow Corning about \$5m and 600 hours of human capital per year. “My team is now able to spend more time on counterparty risk, regulatory matters, investments, corporate cash, managing bank relationships... we are able to create a lot of value-added processes with the time we now have on our hands,” says Dasari.

FiREapps can be viewed on a mobile or a tablet like an iPad, according to its vice president of strategic market development and global head of research, Andrew Gage. This is helpful for treasurers that want to pull up a quick chart in a meeting, when discussing their hedging programme.

Mobile apps exist, but are still in their infancy. Mobile functionality is useful for treasurers who frequently travel on business or want to make the most of their morning commute, but the more a treasurer can do on their mobile, the greater the risk of compromising security.

“There’s a smattering of mobile apps. Most relate to reporting and approval of transactions; we have not really got too far into more intensive activities like system administration,” says Nygren.

Cybersecurity is more critical than ever. Big names, such as Sony, Carphone Warehouse and the US Postal Service, have been hacked in recent years. Treasury management solution provider Kyriba even hires professional hackers to try and infiltrate its systems daily.

“We rely on that feedback to make sure we are impenetrable,” says Stark. ♡

## Corporates are also keen to use apps for currency hedging to understand their exposures and analyse the efficacy of their hedging programme

Treasury management systems (TMSs) are on the rise, according to a joint survey conducted by Treasury Strategies and Reval, published in August. It found that 30% of treasurers updated technology in 2014, compared with just 5% in 2010. Almost half (49%) of those surveyed said they use TMSs, with just 27% relying on traditional spreadsheets.

#### Stay calm in volatile weather

In addition to automating the basics, corporates are also keen to use apps for currency hedging to understand their exposures and analyse the efficacy of their hedging programme.

half its annual sales outside the US.

It typically puts on about 2,000 currency hedges a year – a mix of simple forward transactions and more complex derivatives – and made around \$17bn of currency trades last year, according to its head of treasury front office, Srikanth Dasari.

The company has always had a large currency hedging programme, but decided to radically overhaul it a few years ago. Though effective, it constrained the treasurer’s ability to make strategic financial decisions.

“Pretty much all of it was run manually. Information I needed to trade wasn’t

provider FiREapps, which helps companies figure out what their exposure is to moving currencies.

By implementing FiREapps’ automated ‘exposure extraction process’, the company whittled down a two-day gap between closing its books and calculating its exposures to less than an hour.

This has saved it around \$750,000 a year by reducing its market risk, and eliminated hours of number-crunching. In addition, the company joined FX trading platform 360T to execute its trades, IT2 Treasury Solutions for treasury management and Misys for trade confirmation.

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