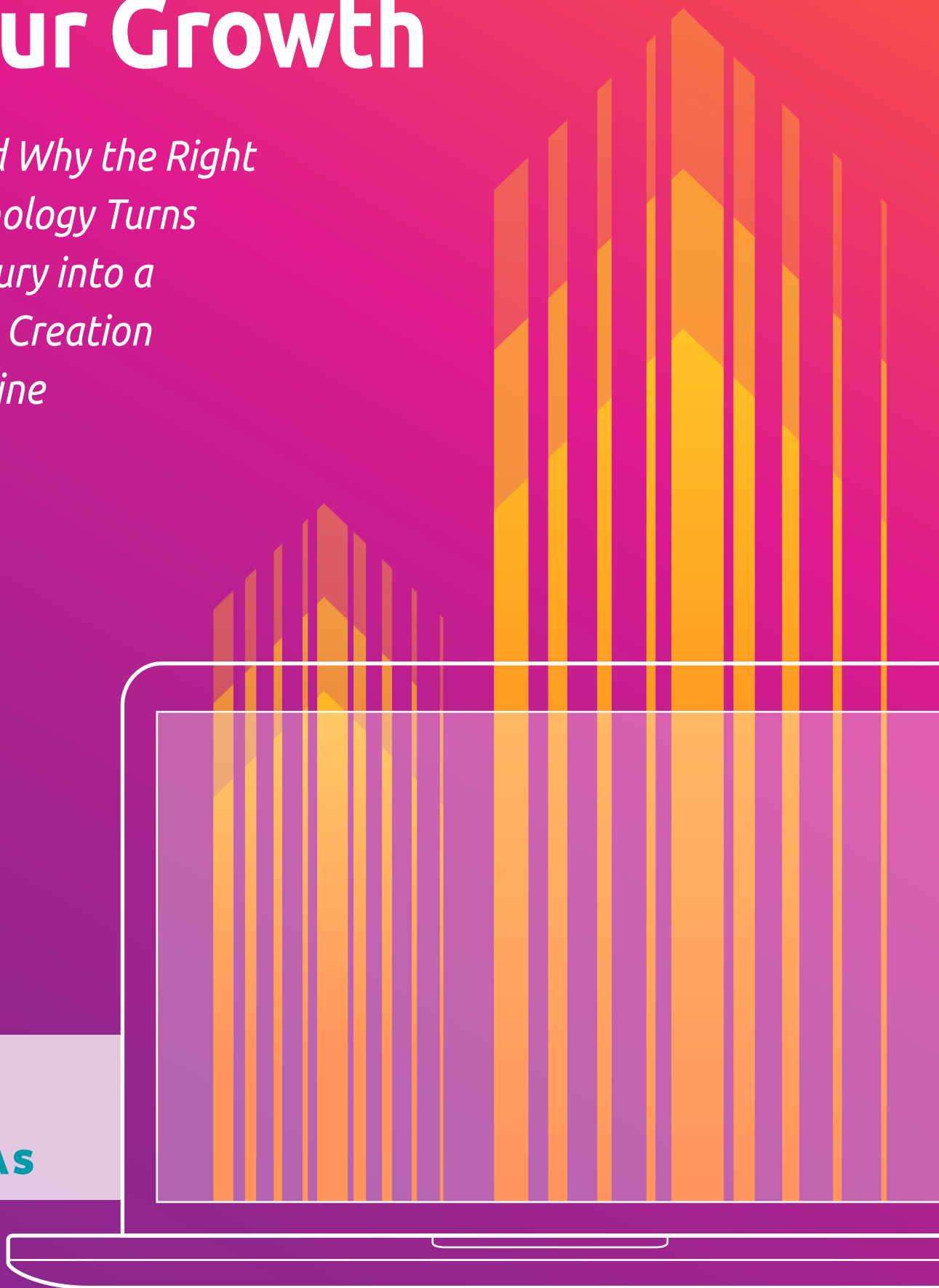
How to Choose a TMS that Will Supercharge Your Growth

... And Why the Right Technology Turns Treasury into a Value Creation Machine



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INTRODUCTION:

Can You Do Without a Treasury Management System?

Imagine your very worst professional nightmare. The most disastrous thing that could not only happen to your company, but would also lead right back up to your door.

Perhaps it's making the discovery late in the quarter that you have a huge hole in your cash flow just around the corner – and you hadn't seen it coming.

Or the sinking realisation that you're about to breach a loan covenant, triggering a cross default and potentially drying up your finances overnight.

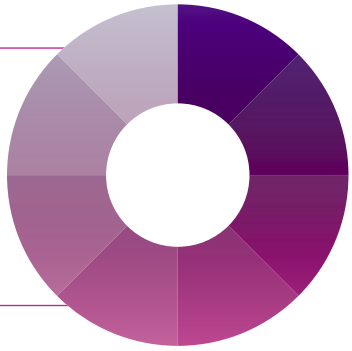
Perhaps it's the thought of cyber criminals hacking your systems and stealing sensitive financial information. Releasing it publicly. Selling it to a competitor.

Perhaps it's finding out that a human error or oversight means you've been found non-compliant with industry regulations – with the threat of a major fine.

Or perhaps it's the niggling fear of being put on the spot in a meeting and challenged about the financial health of the organisation. Or being unable to pull up reliable figures fast enough to counter your colleagues' concerns. Or worse, those raised by an investment analyst.

The challenges faced by today's treasurers and CFOs go well beyond straightforward financial management.

External threats and pressures are mounting all the time. The sheer scope of industry rules put in place since the financial crash means that you have to hang your finger on the pulse of your business like never before.



The risk of having your data compromised by hackers or even malicious insiders grows exponentially with the technological advancements of the digital age.

And it's not just outsiders that pose risks. Internally, spreadsheet errors are rife, especially when you're letting new or inexperienced staff loose on complex, manual documentation processes. Issues like this can make your company appear incompetent – and ultimately, that buck will stop with *you*.

Meanwhile, CEOs expect that you will be able to give a clear overview of the state of the company's finances at the drop of a hat and that you will be able to identify and anticipate issues forming on the horizon.

It certainly isn't easy. But we don't have to tell you that: you're out there on the front line, fighting these fires every day.

What you might *not* have explored is the extent to which your existing technological systems and solutions are holding you back, making it near-impossible to deliver the level of service that you need to thrive in this brave new world.

If, for example, you're still relying on a complex system of spreadsheets, you'll have seen for yourself how difficult it is to wade through an ocean of data to draw out the key figures you need. No doubt you'll have encountered the frustration of spending so much of your time essentially doing data entry and admin tasks, when you need to be looking at the bigger picture.

You'll know how hard it is to move away from crunching numbers and start to seriously analyse them instead. How time consuming it is to be constantly checking and re-checking for error.

And that's before you've even factored in the dangers of human error, which after all poses the largest risk of all to aspects like IT security and compliance. Or before you've broached the issue of how you collaborate effectively across a team when you're

working off potentially conflicting versions of documents – perhaps even duplicating work as you go.

Does all this sound eerily familiar?

Okay – so we're already on the same page. You already know that you need to find a more effective way to handle your treasury functions.

The real question is: what's going to work best for you?

Broadly speaking, there are three major options available to you: you can create your own solution in house, or you can purchase a Treasury Management Systems (TMS) or Enterprise Resource Planning software (ERP).

Let's start with the DIY option. The benefit of doing things yourself is, of course, that you can create something unique to your needs. But this is no small task – it takes seriously high levels of expertise to create and maintain a system that can handle all of your financial information and treasury functions, that's fully interoperable and brings together all the strands and departments that affect your financial setup, without a single glitch.

If you're going to go down this route, you need to be prepared for plenty of upkeep and many periods of downtime. You'll need to budget for full time, dedicated IT support to get things off the ground and make sure they don't come crashing down again. For most organisations, of any size, this simply isn't viable.

That leaves two serious contenders on the market: ERPs and TMSs.

There's no doubt that Enterprise Resource Planning (ERP) software is a powerful and far-reaching solution. They aren't purely related to treasury; they generally encompass the entire organisation, integrating applications across the board to automate back-end functions and help manage elements of the business from technology to human resources.

While that can be attractive to many companies, by adopting such a sprawling and generalist solution, you tend to lose out on the all-important nuance - the treasury-specific features and targeted functionality that make digitising your processes so useful in the process.

As GTI noted in their 2011 study of the TMS landscape, ERPs *can* offer some of the functions needed by today's treasuries, but they're a far cry from the comprehensive

set of tools that are so urgently needed to give a complete picture of a company's cash flow, risk, forecasting and banking activities.

Plus, ERPs tend to pivot much of the financial control and influence away from treasuries, minimising the influence and role of a treasurer or CFO and making it harder to do your job as effectively as possible.

Meanwhile, the sheer scale and scope of an ERP (unsurprisingly) drives up the cost and complexity of implementation. While licensing is typically free, this is usually cancelled out by exorbitant set up costs and ongoing charges for technical support.

Overall, the total cost of ownership (TCO) is enormous – it can run into tens of millions of pounds for some companies - so you'll need to be *very, very* sure that any savings and benefits are large enough to counter this expense.

And, of course, it's not just about financial cost; ERPs also require a huge investment of time. You're looking at months or even years before your ERP is fully up and running, and even then you often need to sacrifice useful features or cut corners on functionality to achieve these timelines. Faced with the choice between "late and poor" or "not at all", many companies understandably choose the latter.

A modern TMS, on the other hand, is far more lean and agile – you're looking at roll-out times of a few weeks to a couple of months, rather than years.

More importantly, these are specifically designed with the needs of the treasury in mind. As we'll see in the next chapter, their targeted functionality addresses many of the major pain points holding treasurers and CFOs back from optimal performance, while all the time giving them far greater ownership of their company's financial analysis, insights and decision-making process.

They make it far easier to scan your organisation's finances for the most pertinent information, ensuring that you always have the most reliable, up to date numbers at hand at lightning speed. Which, in turn, shields you from the uncomfortable experience of floundering for figures about the company's financial health, if and when you're put under the spotlight.

And, crucially, they give you the tools you need to analyse and interpret these numbers quickly and accurately, translating figures into meaningful information that helps you communicate across departments and create value for key decision makers in your organisation.

Using a TMS merges together all the conflicting processes and financial records used by different teams, making sure the most up-to-date information is visible. This helps to eliminate inconsistencies in your data, nasty surprises from your cash flow, and avoidable embarrassments like bank balances accidentally going overdrawn. If you're using it to manage your interest payments, it also helps you to avoid issues like technical defaults.

In turn, this streamlines day-to-day working processes, improving internal communication, collaboration and teamwork, as well as helping to ensure that you're ticking all those vital compliance boxes and keeping everyone pulling in the same direction all the time.

And, of course, it's *secure*.

When you depend on an array of Excel spreadsheets and disconnected documents, these often end up being shared over email or stored locally on individuals' devices. All of which, of course, makes theft or file corruption a serious risk.

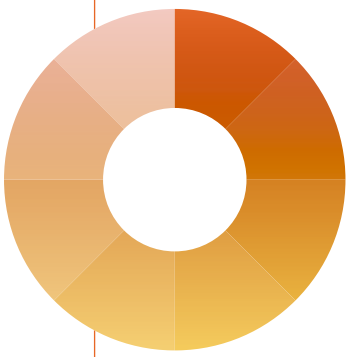
A TMS, on the other hand, shifts this highly sensitive data onto a single, well-protected system. Provided you pick a reputable company (as we'll discuss, again, in the next chapter) you can expect top notch security that's externally managed by teams of dedicated experts, making this one less burden to carry on your shoulders.

Finally, adopting a TMS means automating as much simple admin and data entry as you can. This cuts out hard-to-untangle human errors, which is a great benefit in itself. But, more importantly, it frees up far more of your time to focus on the tasks and ideas that only a treasurer or CFO can bring to the table – the big vision and strategic side of financial management that can really contribute to your organisation's growth.

Crucially, a TMS and all the information it contains exists in one, single iteration. No conflicting versions of documents, less risk of duplicated work or inconsistencies,

and the chance to access the data you need from wherever you are, on any device. In essence, it's a "single version of truth", available to everyone on your team that needs it.

And while, just ten years ago, the price tag attached to a top TMS meant that few major corporations could afford to invest, this is patently no longer the case. Today's technology is not only affordable, it's also flexible and robust enough to quell the concerns of any company that's serious about optimising its treasury. The costs are too low, and the payoff too high, to be a good reason to hold off the inevitable.



These considerations mean that a high-performing, well-executed TMS is typically the best choice for overhauling your treasury.

So, if you're looking to boost the responsiveness and agility of your department, to make your team more productive and cohesive, and to start leaping the hurdles that hold you back from optimal performance... read on.

PART ONE:

What Should I Look for in a TMS?

By now we've seen why you need a TMS. But, of course, not all systems are created equally. And with so many varying tools and features and functions, it can be tricky to know where to start.

How on earth do you choose between them?

Obviously, much of this will boil down to your individual requirements. Before you even begin the procurement process, you'll need to have a clear idea of what you want your TMS to do.

The very first question you must ask yourself is: how *exactly* will this TMS help me further the goals of the organisation?

What is my CEO and my company as a whole looking to achieve in the coming quarter, or the next year, or five years from now?

Well, the easiest way to find out is to *ask*.

A particularly effective three-step process to get you started is:

1. **Establish the overarching goals of the company.**

   Meet with your CEO or CFO and get them to summarise their vision for the near future. Get them to give you two or three precise, measurable, actionable goals that they are passionate about making happen.

For example, do their priorities involve collaborating on or reducing the cost of funding, centralising payments or consolidating treasury as they embark on new M&A projects?

Are they on the lookout for refinancing options that will facilitate business expansion, or seeking ways to reduce the cost of funding?

Perhaps they are interested in pivoting to investments in new asset classes that will generate higher returns without impacting on their compliance obligations? Changing their debt mix? Or simply devolving more treasury responsibility and autonomy to operating subsidiaries, while maintaining cash visibility as well as key banking relationships? Or, the reverse, consolidating global treasury and cash management.

If you don't ask what they need, you won't know how to make yourself an asset.

2. **Work out what's stopping you.**

   Now that you know what the company really wants, go away and figure out how to play your part in making that happen. In particular, assess which problems and roadblocks exist in treasury that could be hindering these company goals. What specific pain points are you facing in your organisation?

3. **Picture a TMS that helps you help your boss.**

   Write a list of all the things that you need your TMS to do – the things that will help you address the precise problems you've identified, ensuring that your goals are always aligned with the broader organisation.

   What kind of information is most important to you, day to day, to enable you to thrive?

   Can you leverage the TMS to initiate changes to archaic processes and organisational behaviour?

   Divide these factors into "essential benefits" and "nice to haves" and anytime you find yourself hesitating over which category something fits into, look back at the original vision. How will this feature or function help you to further those goals?

Then, and only then, will you have the clarity and insight you need to start comparing the TMS options on the market.

Of course, you might find that some vendors you talk to tackle the problems you've identified in ways you hadn't thought about, and that's fine – keep an open mind. But the important thing is never to lose track of what those problems and ambitions actually are, and whether the TMS in question is well placed to tackle them.

The next question to ask yourself is: how reliable is the vendor you're thinking of buying from?

The needs of your treasury are far-reaching and complicated. It's essential that your TMS provider genuinely understands that, and has the experience and expertise to back up any promises they make.

How long have they been in the business? Are they actually turning a profit? Are they stable and in it for the long haul – i.e. not owned by venture capitalists who are simply growing the company fast in hope of making a lucrative exit?

What size companies have they worked with in the past? Do they have credible testimonials to support their claims? Do they have a portfolio of genuinely loyal, long term, happy clients?

And ultimately: do you trust that they truly "get" your needs?

Do they go beyond offering a simple collection of useful tools and features – do they understand that treasuries need a "single version of truth" that provides accurate, timely, straightforward reporting, above and beyond any fancy bells and whistles?

A particularly good indicator is to see for yourself whether the TMS interface is genuinely simple and intuitive.

If you struggle to make head or tail of it, so will your team. While any new system will take a little bit of adjustment to get used to, if it's just too difficult to navigate or understand what you're looking at, it will slow you down and undermine any benefits you would otherwise draw from rolling out a TMS.

(And, of course, if it's off-putting to use, it's far less likely that your team will be willing to adopt it. As we'll see in the next chapter, getting them onside is half the struggle.)

A TMS vendor that truly knows their stuff will understand that this is a top priority. They will have invested the time and effort into creating a great user experience that allows you to hit the ground running.

They'll also appreciate that their role does not end with you signing on the dotted line. They'll be able to show you that they are constantly investing in improvements, upgrading the system and staying on top of evolving issues in the treasury sector.

They'll offer top quality post-sales support to makes sure you get things going without a hitch. They'll have an excellent tech team on hand who will support you and your TMS in the long term, accepting responsibility for its smooth running well into the future.

They'll offer you great perks like continuous re-training as part of their standard support, making totally sure that current and future employees are kept up to date with best practices and continue to get the most out of the system.

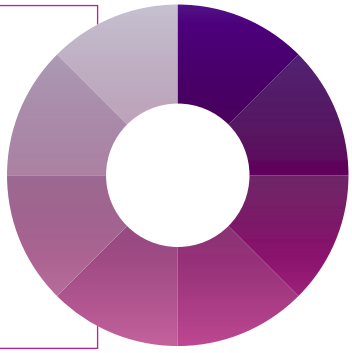
They'll offer you a free trial, so that you can test out the system and check that it really works for you before you commit to it long term. And, if you do sign on the dotted line, how long are you locked into the contract for before it's up for renewal? 12 months? Three years? Five? You'd be surprised at the minimum contracts demanded by some TMS providers.

Look out, too, for vendors that charge for standard implementation services. This may suggest the system is hard to implement, which also means it will be too rigid and costly to adapt to even minor tweaks to your future processes. In any event, if you splash all that cash now, or tie yourself into a 3-5 year contract with a company that turns out to be totally wrong for you, there's no turning back - and the money is spent. Many a treasurer has lost their job for less.

So – in a nutshell, that's what to look for in a vendor. But how do you go about analysing the actual product?

Go back to that list of essential benefits and the types of data you need at your fingertips to do your job better and advance your company goals. What tools does the TMS you're considering provide that can help you zoom in, analyse and interpret this information at speed?

Remember: don't get distracted by "nice to have" features that have little bearing on the goals of your department. A TMS is only a solution if it's actually solving your problems - and that means it needs to give you more time to analyse the vital data your company needs to grow.



Another factor that's important to consider is this: does the TMS offer a deployment option that's right for your business?

Depending on your requirements, you might need to opt for on-premise, dedicated hosting or cloud Software-as-a-Service (SaaS).

Some benefits apply to all these types of TMS. For example, compared with a spreadsheet system, there's far less chance of vital data going astray or falling into the wrong hands as a result of being saved on multiple external drives, sent over email, or downloaded onto devices with less than rock-solid security.

But each comes with their own pros and cons, so it's essential to know which one will work best for you.

Let's briefly look at each of these options in turn.

ON-PREMISE. The TMS is installed on in-house servers or on servers at dedicated data centre. Because only you have access to these servers, it means that you have total control over the TMS version that you use in production, as well as security issues, connectivity and speed. For these reasons, public sector organisations often opt for on-premise deployment.

But total control is, of course, a double-edged sword.

On the one hand, you're not entrusting a third party with the safety of sensitive data or to ensure that you're fully compliant with all industry regulations. On the other hand, it means that your IT department really has their work cut out ahead to make absolutely certain that nothing slips through the net.

It will be a lot harder for your vendor to provide rapid technical support, upgrades and other maintenance. If you need to reconfigure your system or fix a problem, downtime is most likely unavoidable. These impediments may mean you are not using the version of the software that contains the latest bug fixes and security patches.

DEDICATED HOSTING means that the application you're using (in this case, your TMS), is either housed on the vendor's server/servers or, more commonly, hosted by a trusted third party data management centre, in line with industry standards. In other words, all of your data is kept offsite but online, meaning that it isn't clogging up space on the computers or devices you use.

There are clear benefits to this for the user. These include fewer infrastructure requirements and associated capital expenditure, regular backups that protect your data against disaster without disrupting access, and the ability to scale up the number of people using the system quickly, seamlessly and cheaply.

And while many people baulk at the idea of hosting sensitive data online, hosted TMSs tend to offer higher levels of security than traditional alternatives.

Unauthorised physical access to the data centre is next to impossible; everything you need is locked behind layers of encryption with carefully controlled access and – *if you're working with a reputable vendor* – ongoing investment in ever-stronger protection against hackers and other threats, including regular vulnerability and penetration testing.

Finally, there are the extra IT benefits of using a dedicated data centre. These typically have systems and processes in place that far exceed the capabilities of a self-hosted set-up, reducing issues like power redundancy while offering greater environment control and physical access management.

But remember: while the benefits are far-ranging, if you opt for any kind of hosted TMS it's crucial to ensure that your vendor really knows what they're doing, understands the specific regulatory requirements of your industry, and has oodles of experience in the sector.

CLOUD SAAS deployment is an extension of the dedicated hosting model where the infrastructure is hosted by the vendor. But unlike dedicated hosting, this infrastructure is used to serve more than one customer.

All of these benefits are also available to users of a Cloud SaaS TMS. In addition, the TMS vendor seamlessly and continuously updates the system with the latest features and fixes. This means that you always have the latest functionality running at peak performance with all known glitches ironed out.

Because the vendor's business model relies on the system running smoothly and efficiently, you can expect them to invest in equipment, bandwidth and resources to ensure high-availability and performance. All this means that you, as the customer, should be in safe hands.

All related costs for the infrastructure and licensing are shared across the whole customer base, resulting in savings for individual users.

Set-up of a Cloud SaaS TMS is rapid, too; an enterprise account can be created and you can start using the system in a matter of minutes.

However, it's important to bear in mind that data belonging to different customers is "logically" segregated in the database. This can make some clients nervous about the risk of a leak – however remote.

Okay – so those are the main types of TMS on offer. Now let's take a closer look at the functionality you can expect.

Top of the list for most treasuries is, of course, cash flow forecasting: having a clear and reliable means of tracking how much money you really have at any one time, where the cash actually is as it flows through your organisation, and an accurate snapshot of your accounts payable and accounts receivable is fundamental to all other activities.

This is, after all, a fundamental way in which treasury creates value and feeds into the company's long term goals. Every funding, hedging and investment decision the company makes is underpinned by fast, dependable cash flow visibility.

The TMS you select should allow you to pull together forecasting data from all parts of the business and to aggregate this with your banking and transaction information. This will improve your capacity for auditing, reporting and enforcing accountability.

What's more, it should allow you to analyse your transaction histories as well as upcoming requirements, giving you greater insight into where delays and bottlenecks form - and how you can better streamline your processes for a dynamic financial performance.

It should also give you the tools you need to manage interest rate risk exposure, comply with regulation and make investments that match your company's risk appetite but still yield exceptional return.

It should help you structure and pair hedging strategies that are elegant and cost effective, and to support hedge accounting in line with new IFRS requirements.

And to improve productivity in your treasury team, doing more with less and with fewer mistakes.

But just because you're fixing problems that are a priority right now, don't neglect thinking about the long term.

Once you're sure what features you're looking for and how you want to roll it out, you need to consider how easy it will be for your team to actually *use* these tools - whenever they need to and from wherever they are.

For example, will your TMS be accessible from mobiles and tablets? If not, you may end up undermining your productivity in the long run.

How future-proof is this TMS? Will it be easy enough to shift to another system, should you ever need to? Will you be able to re-train new staff easily?

Is it interoperable with any existing technical systems you have or that you're considering adopting? Will it be easy enough to accommodate customisations and enhancements going forward, without creating issues with maintenance and potential downtime?

And is this a genuinely scalable solution? **No one wants to find themselves stuck with a "solution" that actually hampers growth or needs to be totally replaced as you expand and become more ambitious in your requirements. Is this a system that can grow with your business?**

What are the minimum contract terms? How long are you locked into this product, if things don't work out? What are their obligations to you if and when issues arise with the technology? Who is ultimately responsible for the security of your data and for making sure you meet all your compliance obligations?

Finally – and most importantly of all – does it offer you great ROI?

To get a clear sense of this, you'll need to consider the upfront costs associated with implementing the TMS, as well as any recurring costs, support or subscription fees. Any provider who demands upfront costs for implementation or licenses, or whose solution involves a long implementation cycle, should raise a red flag.

And, of course, you'll need to factor in overall benefits to your business that go *beyond* direct financial savings. Depending on what solution you go for, these could include improvements to efficiency, productivity, collaboration, cuts to admin or IT requirements, even reduced capital expenditure on physical infrastructure like on-site servers, if you're shifting to the cloud.

PART TWO:

How Do I Implement it for Maximum Success?

You could have the most incredible, time-saving, performance-boosting TMS on the planet, but if you don't get buy-in from all stakeholders, it will have zero impact on the success of your business.

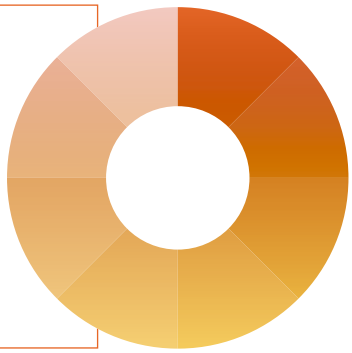
That's because the most important determining factor in the success of any new technology rollout is getting the whole team on board and excited about using it.

...As early as you possibly can.

The first people you need to convince are obviously the chief decision makers: those that hold the purse strings.

It's no secret that, since the financial crisis, CEOs have become increasingly involved in purchasing choices throughout their companies, and that means making the business case to them early on.

Before you even think about starting your buying journey, you'll have to make your CEO see how your existing system is costing them time and money. You'll need to get a handle on what their financial priorities are in the coming years and show how implementing a TMS will support and accelerate those aims.



Emphasise too, the potential risks of *not* switching to a high end, secure technology – especially the growing compliance burden, the threat of cybercrime, hacker attacks, corporate espionage and data leaks, all of which a TMS will help to tackle.

Even if your CEO or CFO can appreciate the benefits of switching to a TMS, they will hesitate if it sounds like these benefits could take a long time to materialise. You'll need to emphasise that these savings and improvements will be seen quickly, often in as little as two or three months. We'll talk more about measuring ROI over a set time period in Chapter 3.

Plus, provided the system is mature, has stood the test of time and has been thoroughly vetted by you and your colleagues (courtesy of a free trial period) you're far more likely to hit the ground running and start reaping rewards fast.

But getting sign off from the powers that be is only the first hurdle. If you want your TMS implementation to go off without a hitch, the next step is to get your whole team pulling in the same direction.

A major mistake that many people make when selecting a new TMS – or indeed any new system – is waiting too late to involve the people who will be using the technology in the selection process.

If you do that, your team will wind up feeling like the new system has been imposed on them - and that only increases their resistance to change.

A far more effective approach is to reach out to your team at the *start* of the process and ask them to tell you what their biggest frustrations are.

What slows them down, day to day? Which processes or protocols seem unnecessarily complex or pointless? Where are they seeing breakdowns in communication? What problems are arising that they feel are out of their control – but they are also worried about being blamed for? How would they like to see these issues resolved or simplified?

You might choose to call a candid team meeting or, if you think your colleagues may be uncomfortable voicing their concerns publicly, consider sending out an anonymous questionnaire.

By making your team understand how much value they'll gain, you'll immediately start to build interest in what you're trying to do. You'll encourage them to feel invested in the outcome of the project – and secure their loyalty in its success.

Then, as you begin to narrow down a shortlist of solutions, make sure you keep these stakeholders updated on your progress, summarising the feedback you received and explaining how each of the options on the table will benefit them.

In particular, make it clear how using the TMS will help to boost internal and external communication.

Demonstrate how it will speed up their access to data, cut out duplicated work and unnecessary admin, ease their workload and enable them to become more productive. How it will make it easier and faster to train new recruits, too.

How this will give them more time to focus on the important, strategic projects that are more exciting and engaging, and that will ultimately help them to contribute in a more meaningful and valuable way to the organisation's smooth running, as well as to its future growth.

Explain that you know everyone is working hard and no one wants the buck to be passed to them for any hiccups that occur due to human error or inefficiencies in your existing setup. That using a TMS will help to eliminate these problems, reducing the risk of error, smoothing out conflicts and inconsistencies and shifting any blame to the technology rather than to the CFO, the treasurer or their colleagues in the finance team.

Encourage them to get hands on with the trial version of the system, trying out functions in depth. Talk to them about any limitations they encounter and agree on workarounds with your vendor to avoid any nasty surprises in the future. If you do find that you need more time and would like to extend your trial to be certain it's right for you, don't be afraid to discuss this with the vendor.

Ultimately, however, the biggest challenge is alleviating any concerns in your team that the purpose of the TMS is to replace jobs, minimise existing roles or reduce the important role that your team plays in the organisation.

It's totally understandable that people fear words like "change" and "reshuffle" and "overhaul", because let's be honest: so often this is simply corporate code for "potential layoffs" or "side lining".

But that is absolutely *not* the point of TMS technology.

The goal here is to help people do their jobs better, to pivot them away from tasks that a machine can do and instead focus on the skills that only they can bring to the table.

You are endeavouring to make the work they do *more* valuable to the organisation – not less.

Okay, so let's say you've won them over. Everyone's on board. You've selected your TMS and you're ready to start reaping the rewards.

What next?

The trick is to keep up the momentum. You need to embed your new approach firmly in your company culture.

You need to stop your team from cutting corners and slipping straight back into their bad old habits.

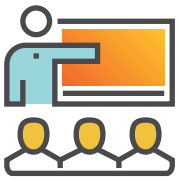
"Project fatigue" sets in when things move too slowly and your team will inevitably be concerned that the process or rolling out a new TMS will increase their workload in the short term, and that can cause resistance. Make it extra clear that the faster and more efficiently they help you get things working, the faster they will be benefiting from the system.

Project discipline is essential. And for that, you need a clear roadmap in place for successful implementation.

Using a Project Gantt sheet to guide you will be enormously beneficial; we provide a comprehensive template in the next chapter. But broadly speaking, there are five steps to the process.

STEP ONE: APPOINT A PROJECT LEADER

You need a single person to steer the implementation. This person is responsible for collating the feedback that's been received and translating that into real benefits. Ideally, they will appoint a team around them, each with a clear role, responsibilities and timelines. They'll be the person who calls progress meetings to troubleshoot any issues and keeps everyone on track.



STEP TWO: TARGETED TRAINING

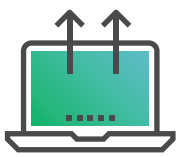
Work with your vendor to develop an effective training programme based around the new system, with comprehensive user guides in place.

Note that the very best TMS vendors should have a feature that allows you to maintain a client specific user guide in the system, alongside their standard user guide. This will help your team enormously going ahead, particularly if there are any special compliance rules they need to adhere to. Plus, it's a great repository of knowledge that can evolve alongside the company's needs, making it a great investment for the future.

Once this is all ready to go, Don't just whack out an email telling everyone that the new system is now in place and they'd better start using it! Based on the feedback you received during procurement and testing, each team – perhaps even different individuals within the team – will be getting different primary benefits out of the TMS.

Talk to your provider about the elements of the system you most need to hone in on and draw up a focussed training programme that draws out these nuances.

Block out time, sit down with people and talk them through the system. And remember, people don't have perfect memories, so taking screenshots or recording quick demos using a free screen recording tool like Snagit means that they can jump back and double check how to do something as needed, without the awkwardness of having to come and ask you every time.



STEP THREE: MIGRATE YOUR DATA

The TMS is only going to help you if it's fully comprehensive and contains everything you need. That means moving all of your financial and client information onto the new system and taking the time to set it all up clearly and properly – before you let the team loose on it.

STEP FOUR: TESTING

No matter how intuitive your new system, or how flawed the old one(s), asking people to totally adapt the way they work overnight is always going to incur a few teething problems!

To begin with, outline the usage scenario in full and create a detailed plan explaining how it applies to each core task in your organisation and who will be responsible for managing or overseeing its implementation and usage in that context. Since the system is new, make sure that your vendor is on-hand to resolve usage queries rapidly – any delays will cause uptake to falter.

This is when you start testing out how well things work in practice. In fact, it can make sense to begin with a handful of enthusiastic, highly tech-literate colleagues who will "get" it immediately and can start using the system in practice, in order to vouch for the workflow and expected results and make sure it will work.

To avoid being inundated with emails from nervous teammates, collect feedback and hone the process *before* you expand the TMS to the whole organisation.

STEP FIVE: ONGOING SUPPORT

Post-implementation evaluations are key to ongoing success. Be sure to record and analyse your findings from the project rollout, focussing on any problems that arise and ways to resolve them.

Your team are going to need support and encouragement to keep using the system in the best possible way. Having a clear protocol in place for support is essential.

Whether internal or external, your colleagues need to know exactly who they should contact if they encounter any issues or have any concerns.

In particular, you'll need a clear review process for issue resolution; preferably, a dedicated system for logging issues, tracking what measures have been taken to fix them, and how successful these have been. This will help create an internal knowledge base that colleagues can turn to when they experience similar issues, and give them the tools to address these issues without always needing to seek IT support.

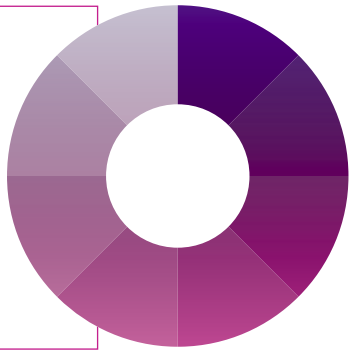
Keep a record of improvements you're seeing as a result of your TMS – especially when individual performance shoots up as a result.

Praise people publicly or circulate emails congratulating them on running a tight ship.

Reiterate why you need everyone to keep using the TMS and not to fall back on old spreadsheet systems that will disrupt its success. But remember that, in a situation like this, carrots are far more effective than sticks - you will need to discourage team members from deviating from the new TMS, but don't come down on them too hard unless you really have to.

Finally, be prepared for the fact that things change and evolve. Like any good system, it helps to be open to continual improvements and suggestions that will keep your TMS getting more and more speedy, agile and effective all the time. The same system you use for logging and addressing issues can also be used by your team to note what additional features and enhancements would most help them in their role, or to request periodic retraining as required.

Working with a TMS provider who sees this as a long term relationship – who is open to discussing regular improvements and upgrades, and can offer ongoing, high level support and retraining for new and existing staff - will help you get the most out your TMS long into the future.



PART THREE:

Essential Resources to Get You Off to a Flying Start

Okay, so we've talked the talk: now it's time to walk the walk.

In this chapter, we'll look at three all-important documents you'll need to guide you through the planning, selection, procurement and rollout of your TMS, providing templates of each that you can start using straightaway.

These are:

- **Functional Requirements**, used to communicate your needs to the vendor as well as how their solution would have to meet those needs. From here, you can start to determine a technical match for the solution.

- **Pricing and Return on Investment**, use to evaluate your return based on the financial investment

- **Project Execution Plan**, which is issued post-selection of your TMS to help get the project off the ground.

Functional Requirements

Earlier in this eBook, we talked about the importance of working out exactly what you need, and establishing a clear hierarchy of priorities, before you start talking to vendors.

To do this effectively, you also need a clear process for gathering, defining and communicating your requirements to potential vendors – and for them to respond clearly and succinctly, so that you can judge whether the proposed solution meets your needs.

The idea is to provide your vendor with a clear picture of your requirements and you with a sense of any limitations to what they can offer. The template below gives an outline of the questions and information you should provide at this stage.

Requirement Overview

At a high level, you need to communicate to the vendors the nature of the business and the project. Sections to include are:

Background:	Nature of the business Operational Entities/Geography Users
Process Workflow:	Daily, weekly and monthly work flow “as is”.
Project Objectives:	e.g. To significantly reduce reliance on manual processes and spreadsheets for treasury and investment activities To put in place automated checks and controls To plan for potential increases in fund size and transaction volumes
High Level Timeline:	RFP Submission Trial and POC Contract Installation (on-premise) or setup (cloud/hosted) Training User Acceptance Testing Documentation Go Live Post Implementation Review

Data and Processes

The section outlines the types of data and processes that you need your TMS to facilitate.

We recommend a top-down approach that starts with the final reports and charts that you will need to provide on a day-to-day basis (please see the next section for examples). From there, you can work backwards through the processes and range of data that you will need to maintain in order to reach that point.

N.B. Make sure you have a clear distinction between "needs" and "nice to haves"!

You may find it helpful to organise your requirements in a table like the one below:

Requirements		Mandatory	Comply (Y/N)	Non-Comply		Vendor Comments
				Not Available	Customisation Man Days	
1.1	Allow placement of money market trade with counterparty and intercompany with the following trade details	Y				
	Facility/Counterparty	Y				
	Trade Date	Y				
	Start Date	Y				
	Maturity Date	Y				
	Principal	Y				
	Interest	Y				
	Purpose	Y				
	Portfolio	Y				

Sample layout for Functional Requirements

As you can see, this table contains a section for the vendor to complete, where they can swiftly tick to indicate whether or not they comply with the requirement, alongside any other useful comments or explanations they might wish to provide.

If there are any requirements on the list that their TMS system doesn't meet, they can also suggest an appropriate customisation, with an estimation of how many days' additional work this would involve.

We would recommend providing this document to vendors in "soft copy", so that you can later merge and tabulate them to compare different vendor offerings.

Below are some useful categories to help you organise commonly requested functional requirements, including some example suggestions of how you might express each requirement. Be as thorough and detailed as you possibly can.

Information capture

"Allows maintenance of money market placement details with counterparty: Counterparty/Facility, Trade Date, Start Date, Maturity Date, Principal, Interest"

"Allow forecast to be maintained by user definable time buckets"

"Allow attachment of soft document to individual transactions."

Flexibility

"Facilitates maintenance of user-definable tagging against each money market trades"

"Allows supporting files to be attached to the trade"

Risk control

"Allow counterparty dealing limits to be maintained"

"Disallow dealing that will breach limits."

"Real-time pre-trade compliance check on concentration limits as set out in Appendix [XXX]"

(N.B Users should attach sample calculation of how show such checks are currently done)

Workflow control and audit

"Able to track all edits, including changes to contract values with users and timestamp"

"Enforces segregation of duty between dealer, verifier, and authorizer".

Ease of use and communication

"Rollover trades completed in under 30 seconds"

"Import Trades can be imported via spreadsheet"

"Alerts remote users of pending authorisation via email & mobile app"

Alerts

"All alerts from the system must should be communicated by email and to mobile devices"

"Provide alerts when borrowing limits reached 75% to a definable group of users"

"Allow multiple alert user group to be maintained in the system."

Reports and Charts

Your vendor will need to see sample layouts of all the outputs that you currently use on a day-to-day basis in order to establish whether they can offer something both appropriate and compatible.

The system output will be in the form of analytical and transactional reports, letters or charts. Some of these analytical reports may be online, in order to facilitate direct querying.

Make sure you also let your vendor know if you would like your TMS to produce any new reports. You will need to provide sample designs for these; feel free to use the template below as required.

Report Name	Liquidity Cash Range Check (Acct Cntr Listing)
Query Parameter	**Acct Cntr/Group*** TFS Group **As At Date** 01-Apr-13 **Actual Cash To*** 31-Jan-13 **UOM*** Thousands

Layout

Acct Cntr	Forecast/Actual Closing Balance	Min	> Min?	Actual/Min Ratio
TFS-SG	xxxxx	xxxxx		xxxx.x
TGL-SG	xxxxx	xxxxx	N	xxxx.x
FIR-SG	xxxxx	xxxxx		xxxx.x
	xxxxx	xxxxx		xxxx.x
	xxxxx	xxxxx		xxxx.x
Total	**xxxxx**	**xxxxx**		**xxxx.x**

Report design template

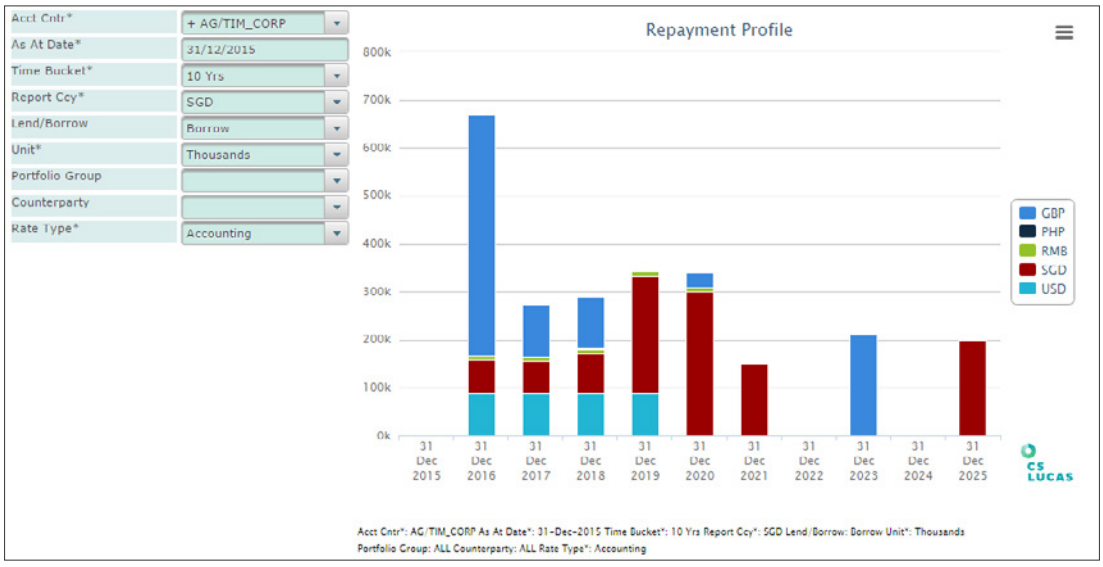


Chart Design Template

Support and Operations

Next, outline the level of support you expect from the vendor. This will include:

Service Level and Response Time

Help desk and support hours, e.g. UK office hours or 24/7 global

Business continuity, i.e. Maximum time and loss of data that can be tolerated in case of a catastrophic event. N.B. The technology for continuous availability is usually on offer, but may be prohibitively expensive.

Compliance. If the TMS is a hosted/cloud service, ensure that the hosting facility is compliant with SOC 1/SSAE 16/ISAE 3402 (See below).

Security Requirements

Cybersecurity is a critical concern for all organisations, large and small. Be sure to discuss this with your TMS vendor, checking that they comply with all minimum required standards.

Your IT department will most likely have rules already in place regarding these standards, in which case you can simply go through the and ask the vendor to affirm that they are compliant with each point.

The key areas that you will need to focus on are:

Authorisation
Access Control to System Resources
User Account Management
Password Management
Application Session Security
Protection of Confidential Data
Input Data Validation
Backup and Recovery
Audit Trail
Systems Hardening and Patch Management
Documentation
Physical Security

Pricing and Return on Investment

The costs associated with implementing a top quality TMS have come down dramatically over the past decade, but there is still significant variation between different options on offer. While price isn't the most significant factor to look out for – it's far more important to ensure that you are buying a TMS that meets your needs, from a vendor you can trust, than to save a few hundred pounds – ROI is *absolutely* crucial. You need to know that the benefits of the TMS far outweigh the costs you're committing to.

While a great TMS system will start proving its worth straight away, the biggest benefits will emerge over the long term. Accordingly, when weighing up the ROI of a new TMS system, it makes sense to work out the total cost of ownership over a 5-year period.

There are several elements of pricing to take into account:

Software Licenses, Indicating Modules
Hardware
Professional Services
Support and Maintenance
Fees for Optional Services
Other Fees or Charges.

Ask your vendor to provide this information using a template similar to the one below:

	US$					
Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Software as a Service						
Annual Term License						
Application Software						
Annual Term License						
Application Software						
Maintenance and Support						
Hosting						
Hardware						
Equipment						
Annual hardware maintenance						
Implementation Services						
Implementation						
Customisation						
Reporting Writing						
Total						

Once you have this information back from your vendor, it is also advisable to assess the TCO over the *minimum contract term* they allow. This will help you to assess the risk involved in taking on the contract, should you for any reason decide not to renew your contract or switch to a different system.

You will also need to provide the vendor with a payment schedule and establish whether these terms suit both parties.

Once you've worked out how much this is going to cost you, you're ready to ask the all-important question. **Is it worth it?** Will the returns justify the investment?

As discussed earlier in this book, we're not just talking about direct cost savings here - although it is very possible that, by streamlining your processes, reducing everyday mistakes and becoming more efficient about how you handle payments and the movement of cash around the organisation, you will indeed save yourself money.

It's also about avoiding the risks that could potentially cost you huge amounts of money, for example, through failing to comply with regulations, as a result of data leaks, or a serious human error / oversight that causes a major shortage in your cashflow.

And, in the long term, it's also about creating the conditions for the company to grow and become more profitable. How you assess this depends on the precise goals of your organisation in the coming years – specifically, your CFO and CEO – which is why securing their buy-in at this early stage is essential for evaluating ROI and securing the success of the project.

Okay, so that's the bigger picture, but let's hone in for a moment on a simpler ROI calculation: pricing vs effort.

Once the vendor has provided you with detailed pricing on each area, you can then compare the cost of installing the TMS with the cost in man-hours of doing this same task via a spreadsheet. The total figure doesn't just cover the time of all staff involved, it also comprises the total payroll burden, i.e. the associated costs that you would otherwise have had to splash out on hiring additional employees going forward, including vacation, medical leave, training, overhead recovery, etc. This should be expressed in monetary terms.

This information can be tabulated using the following format:

	Spreadsheets				TMS			
	Operational Day/Yr	Training Day/Yr	Total Day/Yr	Cost $	Operational Day/Yr	Training Day/Yr	Total Day/Yr	Cost $
Dept Head (Treasury and Accounting)								
Supervisor (Treasury and Accounting)								
Staff A (Treasury and Accounting)								
Staff B (Treasury and Accounting)								
Staff C (Treasury and Accounting)								

Also bear in mind the additional value that you will be getting from your *existing* team. The point of the TMS is not to replace jobs, it's to replace *tasks*. By automating mundane functions and freeing your team up to focus on higher-value, critical tasks, or to produce higher quality, data-rich work with the same time and resources. This also equates to a higher return on investment.

Project Execution Plan

Once you're ready to make your final selection, you and the vendor will need to agree on what will be involved in the implementation.

It's handy to summarise the execution plan using a Gantt chart, which helps you keep track of the rollout process, including managing timelines and assigning individual responsibility for each component.

As you can see from the sample chart below, it also provides an excellent visual representation of your progress.

Sample Gantt Chart

ID	Task/Description	1	2	3	4	5	6	7	8
1.0	**Project Administration**								
1.1	Contract Signing								
1.2	Project Kick Off Meeting								
1.3	Status Meeting								
1.4	Project Closure Meeting								
2.0	**Hosting Set up**								
2.1	Installation								
3.0	**Training**								
3.1	User and System Training								
4.0	**Customisation/Configuration**								
4.1	Development & Testing								
4.2	Deployment								
5.0	**Data Migration**								
5.1	Preparation (Static/Transaction)								
5.2	Migrate and Backup DB								
6.0	**User Acceptance Testing**								
6.1	Preparation of test plan								
6.2	Prepare ERP test environment								
6.3	User Testing and sign off								
7.0	**Transition to Go Live**								
7.1	Restore backup DB on 6.2 for Production								
7.2	User catch up transactions								
7.3	Go Live								

Below is a guide to the key tasks involved in a typical TMS implementation.

Project Administration

The kick-off meeting is very important; it's where you set expectations of all parties involved in the project. At this meeting, you will need to reiterate:

- Project goals
- Timeline
- Roles and responsibility of the vendor and project sponsor

It should be attended by the following personnel from both sides:

- Project sponsor
- Head of IT/Security
- Project managers (SMRT/CSL)
- Key users: treasury, finance and IT

The kick-off meeting agenda should cover:

- Project Scope and Objectives
- Phases and Timeline
- Project and Management Processes
- Risk Identification and Mitigation

Infrastructure Setup

This encompasses the setup of the UAT, production and disaster recovery environments at the data centre and the ongoing maintenance of the system on a day-to-day basis.

If you have opted for an on-premise solution, this step would include the provisioning of physical or virtual servers for the installation. Depending on the terms of the agreement you have with the vendor, you may also need to procure licences for database servers and so on.

Your IT department will also need to provide the vendor with the support they'll need to tap into your in-house network and security settings, to ensure that all users can access the system.

Training

The training you receive will need to be based on the scope and requirements of the project, but it should, of course, cover the system's range of functions and how these relate to your treasury's key tasks. This training should also be based on the vendor's published training guide for standard and customised features. All key users must be involved.

You may also want to adopt a "train-the-trainer" approach, which will allow you to perform your own training as you roll out the system over time.

Data Migration

Migration spreadsheet templates are typically used to list the static data and transactions that need to be imported. Remember to set aside sufficient time to consolidate the information and verify it in the system once the import is complete.

You will also need to decide whether all historical transactions or only settled transactions need to be migrated into the system. The latter approach is faster, but it does mean that your new TMS will lack historical records, which may be useful for comparative analyses.

User Acceptance Testing

Based on the agreed-upon scope of the system, you will now need to prepare test scripts of sample test scenarios. We recommend that you run these tests after you've finished migrating your transaction data, as this means you'll be conducting the test using recent, familiar transactions.

You will also need to provide a test environment of the accounting system, in order to check that the treasury and general ledger system are integrated seamlessly.

At this stage, you and your team will still be getting used to a new system and workflow, so it's important that your vendor is on hand to help navigate the system and explain any issues or apparent exceptions. They should be ready to fix any bugs urgently to keep your testing running smoothly. This part of the implementation can feel a little tedious, and you don't want to risk losing momentum!

Transition to Live

Once you've completed the User Acceptance Testing stage, you will need to put together a database for production use. This involves updating a clean, migrated database image, with real transactions that were entered during the testing period.

To avoid over-complicating the transition process, and to make the catch-up exercise as rapid and stress-free as possible, we strongly advise keeping the testing period as short as you can. Bear in mind that your team and your vendor must be prepared to allocate sufficient resources during this concentrated testing and transition period, in order to make it a success.

FINAL THOUGHTS:

How to Make Your TMS Work for You

What is the single most important thing that will make your TMS work for you?

Align it with the long term goals of your organisation.

I know, I know: we talked about this earlier in the book. But we cannot reiterate it enough: your CEO needs to be *sure* that any significant outlay of money or time that they sign off is genuinely going to propel his or her aims.

For them, that might mean saving money or increasing profits. It might mean hitting a certain rate of growth. It might mean freeing up the cash they need for a major investment, buyout or merger.

Whatever it is they want, it's up to you to prove to them that this TMS is going to help you help them make that happen.

That means you don't start with the technology and its features, and then retrofit those to your organisation's most pressing priorities. It means precisely the opposite.

It means getting used to relating every vital task that you perform in treasury to the

overarching needs of your company and then working out which TMS features can help you serve those aims better and better, all the time.

It means selecting a vendor and a system that renders the risk of project failure remote enough to be practically non-existent.

It means embracing automation of all kinds – technology that allows you to simplify everything that can be simplified.
Technology that demonstrates that you're running a sleek, professional, efficient operation.

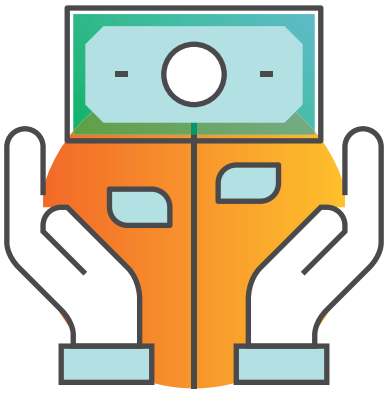
Technology that allows you to work faster and better, using your time in ways that are geared towards expanding the company instead of just keeping it ticking over.

... Technology that increases your value per hour and makes you a key management member in your firm.

Because at the end of the day, what is your role all about?

Sure, on the face of it, it's about tracking and managing your organisation's cash. It's about keeping an eye on your bank account structure. It's about ensuring there are no unexpected holes in your cash flow. It's about minimising financial risk, managing long term banking relationships, getting adequate return and ensuring our risk level is compliant with Board policy.

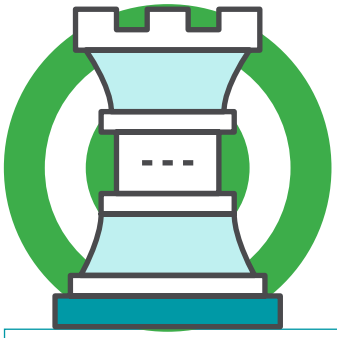
But what is it *really* about?



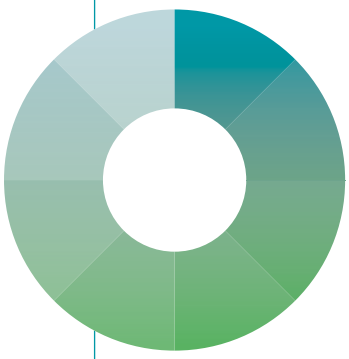
It's about creating the conditions that allow your company to thrive. It's about building a truly collaborative treasury team. It's about being the foundations upon which the organisation builds all their ambitions. It's about making sure that your CEO has the cash they need, when they need it, to take the business to the next level.

Because in today's world, treasurers are no longer just "numbers people".

These days, you are a strategist.



You no longer just crunch the numbers, you *analyse* them. Your insights and experience and skillful handling of your company's cashflow is what will help the C Suite grow the company and achieve their long term aims. In short, *you* are the person holding that financial crystal ball that tells the board when they can make the bold moves they've been waiting so long to make.



And switching to the right TMS will help you make that role a reality.

CS LUCAS

ABOUT CS LUCAS

CS Lucas is a leading provider of treasury and investment management with users worldwide. Since its inception in 1996, CS Lucas has established a long track record of providing corporate treasuries and fund managers the tools needed to efficiently and effectively manage their portfolio of assets and investments. Bringing true partnership to each engagement, CS Lucas is committed to providing intuitive, workable and affordable solutions that allow corporations to gain a 360° view of their business and make smarter decisions where it matters most. CS Lucas' clients include public sector agencies and major corporates in real estate, oil and gas, transportation, fund management and commodities trading. The company's top priority remains to deliver exceptional value to all customers, combining in-depth experience with business acumen and technical expertise on every engagement.

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