



The Cash IMPERATIVE

Why fast, accurate reporting and forecasting are more critical than ever before, and how today's technology can make it happen.

Current cash

\$

13,462,867

Operating	(56%)	\$7,539,205
Investment	(30%)	\$4,038,860
Debt	(11%)	\$1,480,915
Other	(13%)	\$1,750,172

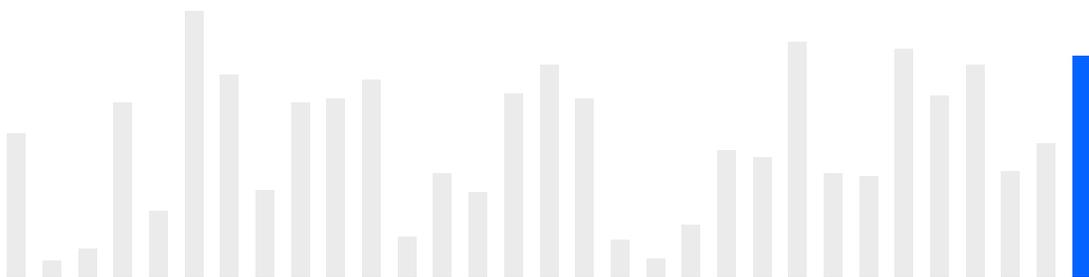


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A New Era for Treasury

Growth is back in fashion. After a period of unavoidable global stagnation, the world's economies are poised to bounce back.

Fitch Ratings¹ now forecasts US GDP growth at 6.2% in 2021 (revised up from 4.5%), the eurozone at 4.7% and emerging markets at 6.0% (up from 5.0%).

For corporate treasurers, this return to growth brings a renewed pressure to provide the cash to take advantage of a post-pandemic surge in demand. As corporate boards look for fast responses to their cash queries, accurate reporting and forecasting are more important than ever.

Simultaneously, the pandemic, and the work-from-home requirement that went with it, have made corporate boards more open to investing in digitizing key processes - including treasury. One recent study found that 85 Percent of CFOs expected digitization to improve cash flow, profitability, and revenue.²

That's a fortunate coincidence.

For many treasuries, the cash reporting and forecasting tools they are using simply haven't kept pace. Now is the critical moment to bring cash reporting and forecasting technology into the modern age.

This paper explains how.

¹World GDP Forecasts Revised Up After US Fiscal Stimulus Package, Fitch, Mar 2021

²What every CFO Needs to Know About Supply Chains, Lehigh University, 2021

The Way We Were

It's only been a few decades since most treasuries were reliant on paper bank statements and a calculator to get to a global cash position. Days and weeks could be spent getting hold of the correct data and consolidating it into a manual report. Want to look at the data a different way? It was back to the drawing board and a whole new report.

The arrival of the spreadsheet transformed everything. Now it was possible to look at data any way you wanted. Yet that data still had to be manually entered from bank statements, a slow process that brings with it the possibility for error and delays.

Some treasuries, even now, are still stuck at this stage. The Wall Street Journal reported that finance chiefs at America's largest corporations told staff to let go of Excel and the time-consuming working practices that went with it.³

In the 1980s, SWIFT's MT940 message format allowed treasuries, for the first time, to download bank statement data. No more manual entry. Even better, at around the same time, the first treasury management systems (TMSs) were appearing, starting with International Treasury (later IT/2) from Swallow Business Systems in 1985.

³[Stop Using Excel, Finance Chiefs Tell Staffs](#), Wall Street Journal, November 2017

Today, however, the MT940 file format is at the limits of its effectiveness - and so are many legacy TMSs. Automatic reconciliation (Straight Through Processing, or STP) rates can be very low, and manual intervention is often required. Getting data out of the system in anything other than the default format can be a laborious process.

Something better is needed. Fortunately, that 'something better' has arrived just when it is needed most.

The Ascent of Treasury

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The Modern Treasury

Before diving into the technology, let's look at the fundamental requirements of a modern treasury operation. One thing hasn't changed: knowing today's cash position - and forecasting tomorrow's as accurately as possible - is still the core requirement for every treasurer.

Especially in these times of geopolitical threats and opportunities, companies that can analyze, report on, and forecast cash faster and more accurately than rivals have a significant competitive advantage. They are the companies that can take advantage of growth opportunities, enjoy lower cost of capital, and cope better with downturns than the competition.

They are, quite simply, more profitable. An ongoing study by the Boston Consulting Group finds that improved net working capital (NWC) goes hand-in-hand with improved earnings (EBITDA).⁴

Those companies that manage cash most effectively also tend to be those that are most profitable.

It follows that treasurers who can deliver faster, more accurate cash reports to the C-Suite, and can manage cash more effectively, as a result, are playing much more than a supporting role - *they are instrumental to the corporation's growth and success.*

⁴ [Boost Business Resilience by Improving Net Working Capital](#), BCG 2019

This heightened status comes at a time when company boards are more open than ever to investing in technology. After a period of ‘forced digitization’ as employees worked from home, [CFOs are actively looking for a ‘digital dividend.’](#)⁵ to drive revenue and profits.

Against this background, investing in the right technology can be a ‘force multiplier’ for treasury. Make the right decisions, and treasury staff can be freed up from hours of unproductive effort in downloading data and generating reports. Instead, the modern treasury can harness machine learning and artificial intelligence to automate data discovery.

With analysts expecting a period of earnings growth as the world emerges from the pandemic, accurate and timely cash forecasting is more important than ever. If there were ever a time to make the jump to the future of cash forecasting, it’s now.

⁵What every CFO Needs to Know About Supply Chains, Lehigh University, 2021

How to Get There: Three Layers of Technology

Fast, accurate, flexible reporting can help today's treasurer grow into their full potential in a time of significant challenges and great opportunities. The new, expanded role of the treasurer has been given a name: 'Chief Liquidity Officer.'⁶

So how do we get there?

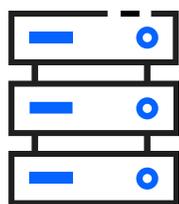
Improved cash reporting and forecasting depend on the ability to promptly and accurately access data and then manipulate it to answer the right questions in a format that others in the business can understand and use.

This is no surprise to most treasurers: in a recent Trovata survey, 80% of respondents said data analytics would be important to their function in the year ahead.⁷ In the same survey, respondents put 'Reporting and Cash Visibility' at the top of their list of digitization priorities.

To understand what data analytics can do for your business, it helps to visualize three layers of data processing, starting with getting access to the data you need.

⁶ [Is it Time to Appoint a Chief Liquidity Officer?](#) Treasury Today, February 2021

⁷ [Building Tomorrow's Treasury](#), Trovata, March 2021



Foundation Layer: The 'Data Lake'

A typical corporate treasury may be running hundreds of bank accounts with multiple banking providers. Accurate cash reporting depends on getting data from those bank accounts quickly and without errors.

If that treasury wants to do anything more with that information than simply read off balances, then the data needs to be granular enough to allow for detailed analysis - and for the enhanced automation that will relieve treasurers of so much manual labor.

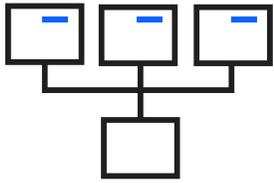
In the past, the MT940 message protocol from SWIFT was state of the art in getting bank account data onto corporate systems. However, by today's standards, MT940 is slow and doesn't carry all the details needed for sophisticated analysis.

Instead, Trovata uses modern Application Programming Interfaces (APIs) to securely connect directly to bank servers and - with permission - extract the information required at speeds that are close to instantaneous.

Recently, banks worldwide have begun opening up APIs, allowing businesses to connect to their bank data. Treasurers can now access high-quality data on-demand. These new data pipelines allow for specialized apps to offer services that streamline existing cash management processes, with new capabilities that go way beyond what was possible with MT940. It's like upgrading from a copper-wire telephone to a 5g connection.

Through APIs, Trovata can gather data from multiple banking institutions and bring it together in a 'Data Lake.' The data lake provides the raw data for machine learning algorithms to analyze, offering features like automated cash forecasting.





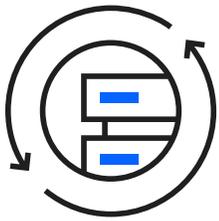
Middle Layer: Data Transportation

For treasury automation, the massive benefit of APIs is that they can pull unlimited amounts of rich, granular data compared to the 11 simple tags that make up an MT940 message.

Having a system to aggregate and standardize data from across all banks and bank accounts will save hours in data collection. But it's not just about bank data. The lake can also include data from your organization's .csv files and ERP's.

For cash reporting and forecasting, gaining direct access to data from multiple sources, combined with machine learning, allows for much greater accuracy than was previously possible.

Relying on data downloaded from an ERP alone, for example, has a built-in delay; information is already out of date before it's been analyzed. However, with realtime inputs from APIs, reports and forecasts are always based on the most up-to-date information.



Top Layer: Data Visibility and Analysis

We've all read plenty about Artificial Intelligence and Machine Learning. Maybe we're unsure about what they mean in the real world. It's time to update your thinking: they are real, and they are working now to normalize and consolidate data from multiple sources and provide a single source of truth for cash reporting.

Trovata uses this technology to analyze data faster than ever before, using multiple data sources to ensure that the reports it delivers reflect the cash position as it's developing, not a snapshot from the past.

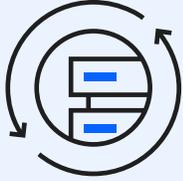
Using AI and machine learning, Trovata can:

- Automatically consolidate cash data
- Normalize data as it comes in
- Create a single source of truth with a trove of data
- Allow for quick report generation

All of this is wrapped up in an easy-to-use interface, one capable of looking at the data any way that's required, instantly.

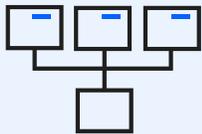
With Trovata, treasury finally has the tools it needs to deliver on its promise of fast, accurate global cash visibility, just at the time when it's most needed.

The Data Stack



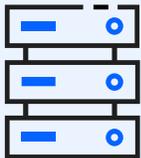
Top Layer: Data Visibility and Analysis

- Generate reports quickly
- Explore data without penalty



Middle Layer: Data Transportation

- Automatically consolidate cash data
- Automatically normalize data as it comes in
- Aggregate and standardize data from all sources



Foundation Layer: The 'Data Lake'

- Connect directly to bank servers extract the information required, at speeds that are close to instantaneous.
- Include data from as organization's .csv files and ERP's

Why Now: Seizing the Opportunities of Recovery

Changing the systems we use to manage a treasury function can sometimes be a daunting task. Opportunities to reimagine how reporting and forecasting might work don't come along very often.

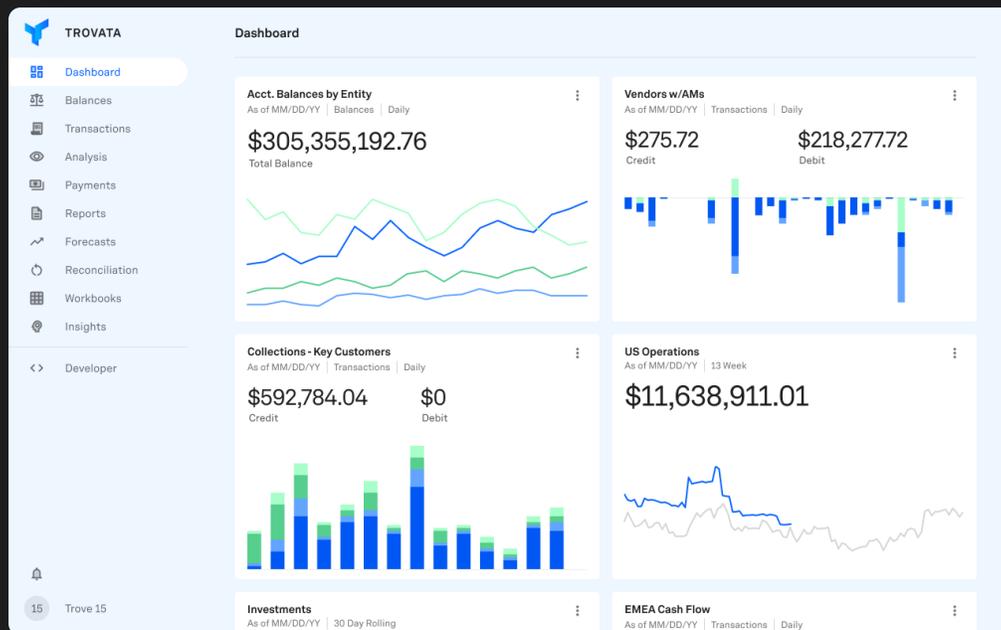
Now, with CFOs open to digital investment and a pressing need for cash to ride that wave of recovery, there is an understanding that assessing the working capital needs of the business needs to be a forwardlooking activity, not a historical one.

Getting there doesn't automatically mean building a larger treasury function. Instead, we can create a smarter one that's fit for the future and doesn't need multiple full-time employees to collect data, build reports, and make changes to find drilldowns for questions.

In the past, upgrading treasury technology was slow and fraught with risk. Today, you can get to this better future faster than you think. Speak with a Trovata Cash Management expert today to find out how.



Make Reporting Better Today



Empower your team to make faster, data-driven decisions with Trovata's comprehensive suite of automated, real-time cash reporting and analysis functionality by scheduling a demo today.

[Get Demo](#)