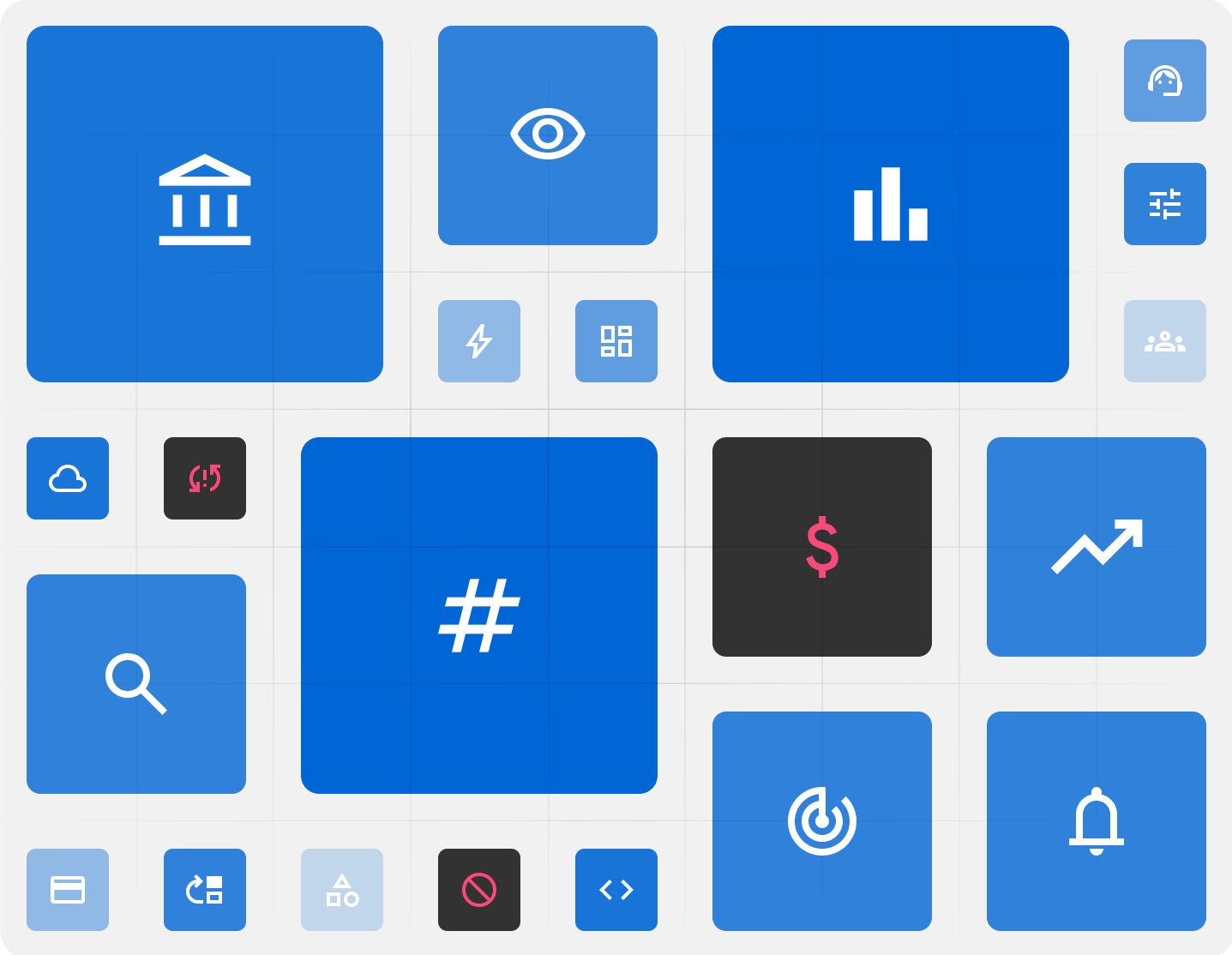
GUIDE

TROVATA

Evaluating Treasury Software:

The Features You Need & Pitfalls to Avoid



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The role of the modern corporate treasurer has changed. No longer solely focused on bank management and operational tasks, treasurers are increasingly viewed as strategic advisors, playing a pivotal role in optimizing cash flow and driving organizational growth. To keep pace, practitioners are increasingly adopting dedicated treasury management software in an effort to modernize operations.

However, many legacy TMS systems struggle to accommodate recent technological advancements such as APIs and cloud infrastructure. This necessitates a thorough evaluation process when selecting a treasury solution to ensure you're truly reaping the benefits of these innovations. The goal is to not only identify the features that best address your specific needs, but also to avoid potential pitfalls associated with outdated technology.

The first step in this process lies in understanding your unique challenges and opportunities to automate repetitive tasks. This is key for ensuring you invest in solutions that will truly benefit your team and have a transformative impact on your workflow.

Needs Assessment: Why New Tech?

As previously highlighted, treasurers are increasingly called upon to act as strategic advisors. However, several key challenges can hinder a treasury team's ability to excel in this expanded role:

→ **Inefficient Manual Processes**
Time-consuming manual data entry and reconciliation limits the team's ability to focus on strategic analysis and forecasting. These manual processes are also prone to errors, which can have serious consequences for the organization's financial health.

→ **Limited Cash Flow Visibility**
Without a real-time, holistic view of cash positions across various accounts and entities, proactive cash flow management becomes difficult. Delays in data updates or limited visibility into accounts can hinder effective decision-making.

→ **Complexity of Financial Operations**
Companies with intricate financial structures, numerous subsidiaries, or global operations require robust systems to handle these complexities. Traditionally, treasurers spend hours logging into various bank portals, then spend even more time manually consolidating and normalizing that data in spreadsheets. This process is error prone, time consuming, and impedes strategic analysis.

→ **Inaccurate Forecasting**
Manual processes, limited visibility into cash flow, and outdated data can all lead to inaccurate forecasts that miss potential opportunities or leave the organization vulnerable to unnecessary expenses.

→ **Data Silos**
Disparate systems that don't communicate with each other create data silos. Treasurers often lack a unified financial data landscape, making it difficult to gain the insights needed for informed decision-making.

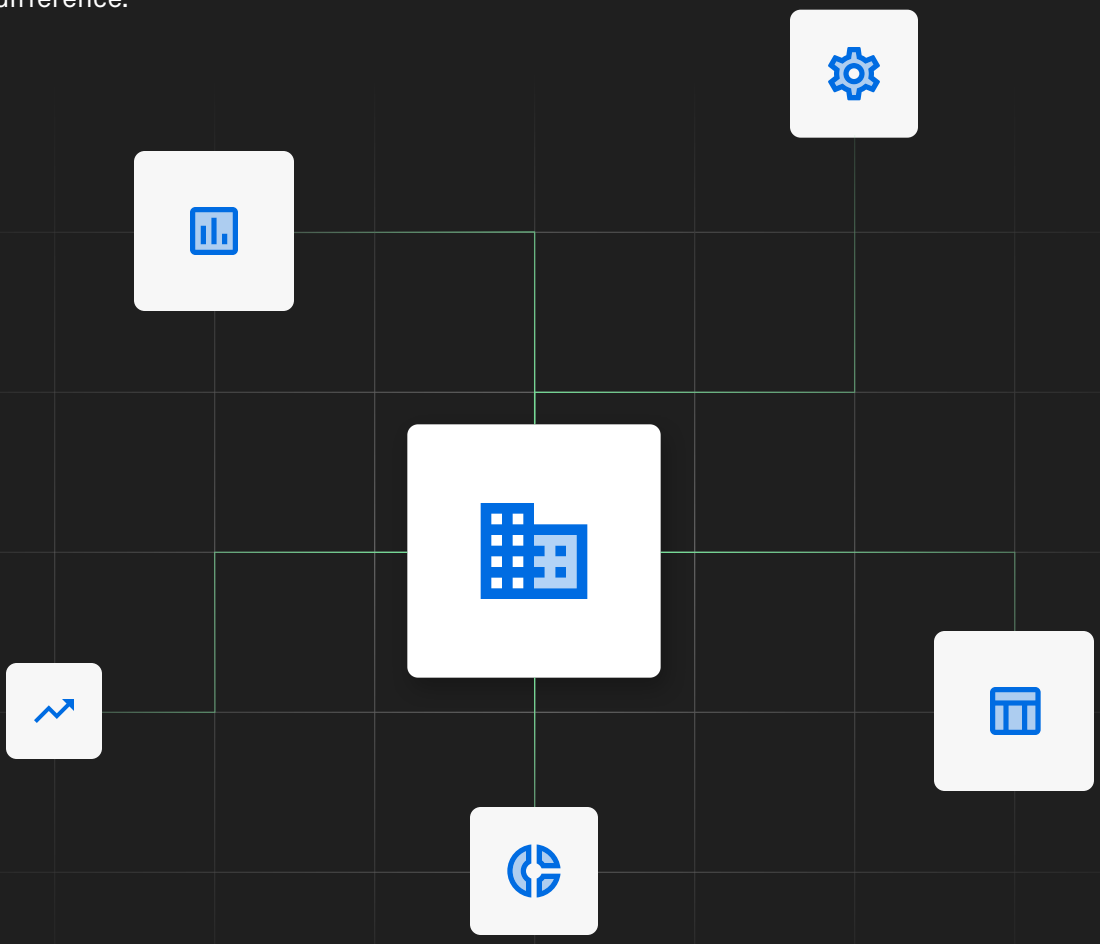
If any of these sound familiar then it's time to invest in new tech. Amidst inflation, elevated interest rates, M&A rebounding, and more, treasurers need to spend less time wrangling data and more time supporting growth.

Evaluate your current workflows to pinpoint gaps and manual tasks ripe for automation. Take a close look at your daily workflow and identify any tasks that involve manual data wrangling, repetitive data entry, reconciliation, or reporting.

Defining Your Scope: Focus on Functionality

Prioritize core functionalities based on your company's size, industry, and unique needs. Avoid distractions from irrelevant features and modules. It's easy to get caught up in 'nice-to-have' features, but this can lead to unnecessary spending and make implementation more complicated. Stay laser-focused on functionalities that solve your key problems, like boosting forecasting accuracy or automating manual workflows. Streamlining transformation through these core features will enhance efficiency and ensure your resources are directed toward functionalities that make a real difference.

Once you've identified processes that can benefit from automation, you're ready to hit the market to find the right solution for you. However, it's important to know what questions to ask and what mistakes to avoid throughout the purchasing process.



Key Considerations & Pitfalls to Avoid

Implementation & Hidden Costs

Carefully consider the implementation timeline and associated costs, including consultants, training, and IT support. Factor in potential costs from your bank, vendor, and internal resources to gain a comprehensive understanding of expenses. It's important to factor in the totality of these costs, along with the value of the efficiencies you'll gain, to calculate the potential return on investment (ROI) of new treasury software.

Reshape Your Tech Stack With An API-First Approach

Treasurers empowered with real-time bank data are well-positioned to evolve into strategic leaders at their organizations. Achieving this requires seamless integration between treasury software, your banks, and other systems within the finance tech stack. When exploring treasury tech vendor solutions, inquire if they offer APIs. If they do, evaluate the quality and timeliness of data updates offered by their APIs and their commitment to maintaining them. Real-time data is essential for proactive treasury management. API-first connectivity on a cloud-native infrastructure enables lightning-fast data processing and real-time cash flow visibility. For you, that means no more staring at a loading screen waiting to generate a daily cash position report or short-term forecast.

Drill Down Into API Capabilities

While many treasury tech providers currently offer API connectivity, be wary of those that simply convert API data into legacy file formats. There are two important notes to keep in mind about how bank data is delivered via traditional file-based methods vs API connectivity:

- → Bank data via files are limited and only contain specific data points relevant to a particular task. They may not encapsulate all the information a bank may have. As this is the simple, traditional method of connectivity they are well suited for older software (legacy treasury systems) that can't intake complex data structures.
- → Leveraging APIs unlocks real-time access to a richer set of bank data. This expanded data allows for in-depth, customizable analysis tailored to your specific needs. For example, more detailed transaction descriptions free from character limitations, enables you to specifically categorize them for comprehensive reporting. Additionally, APIs seamlessly integrate with cloud-native platforms, fostering a smooth flow of data across your systems.

This is why it's important to ask treasury tech vendors that offer APIs how bank data is integrated into their platforms. In many cases where legacy treasury systems connect with banks via APIs, the bank data must be converted to a known file type before being fed into the system.

Due to these older platforms being unable to understand complex data structures, the remaining data is discarded. This hinders your data analysis capabilities and means you're not truly reaping the full benefits of API connectivity. Additionally, look for vendors that manage your connections for you and offer self-healing functionalities to ensure smooth data flow.

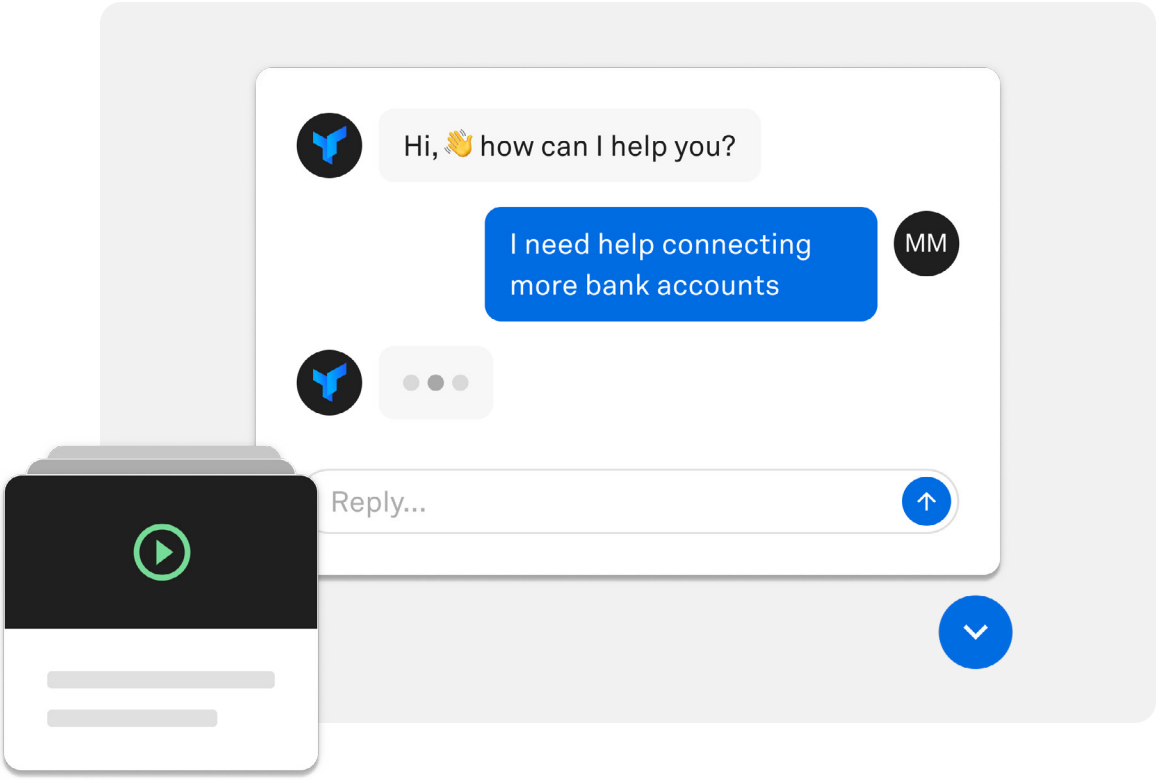
Cloud-Based vs. Cloud-Native

TMS vendors established before 2015, prior to the advent of cloud-native software, frequently rebrand their traditional solutions as “cloud-based,” despite lacking authentic native-cloud capabilities. This can leave finance professionals with substandard tools that fail to deliver expected advantages, all while charging premium prices compared to truly cloud-native providers. So what are the differences between the two?

	Cloud-Native	Cloud-Based
Design	Tailored for cloud environments, it employs a microservices architecture to enhance flexibility and resilience.	Initially created for on-premises servers or computers, it later transitioned to cloud-based infrastructure.
Implementation	Quicker to implement since there is no need to install any hardware or software.	Increased possibility of delayed deployment due to the potential need for hardware provisioning or software setup.
Maintenance	Reduced disruptions through independent microservices, allowing for individual updates or scaling without affecting the entire system.	Potential for increased interruptions because of closely integrated components that might necessitate system-wide downtime for updates.
Cost	More cost-effective as you only pay for the cloud resources you use.	Potential for increased expenses if there is underutilization of cloud resources, resulting in higher costs.
Efficiency	Elevated efficiency through swift scalability and adaptability to changing needs.	Limited efficiency due to downtime during system-wide updates and slower adaptability to change.

In today’s dynamic market, finance teams need cost-effective, adaptable treasury tech. However, be wary of legacy TMS providers masquerading as “cloud” solutions. These often lack the true flexibility and scalability of cloud-native software. Choose a technology-focused partner with cutting-edge cloud solutions for better long-term value and the agility to adapt to your evolving needs.

Assess the Vendor's Customer Support



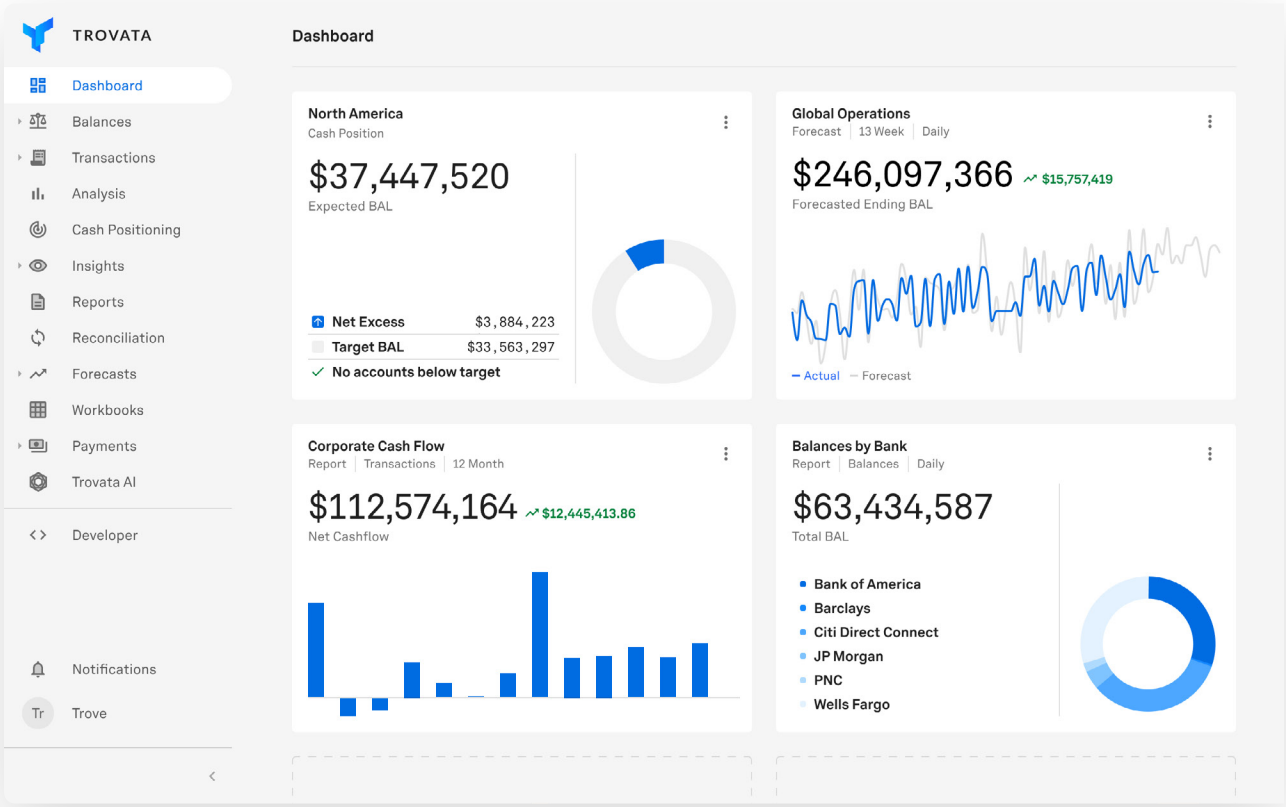
Onboarding and Training:

Evaluate the vendor's onboarding process and training offerings. Look for comprehensive programs that include initial setup guidance, user training, and ongoing educational resources. Robust training empowers your team to utilize the TMS effectively from day one, maximizing the return on investment. Consider the format of training (e.g., in-person, online modules, video tutorials) to ensure it aligns with your team's learning preferences.

Ongoing Support:

Assess the vendor's ongoing support options. Look for multiple channels for assistance, such as a dedicated helpdesk, online knowledge base, and live chat functionality. Responsive and knowledgeable support staff are crucial for resolving issues quickly and minimizing downtime.

Prioritize User-Friendly Interfaces



Intuitive Design:

Prioritize user-friendly interfaces that are clean, uncluttered, and visually appealing. An intuitive UI with clear navigation and consistent design principles minimizes training needs and reduces the time it takes for team members to become proficient with the system.

Workflow Optimization:

Look for features that promote efficient workflow management. This includes:

→ Customizable dashboards

→ Task automation tools

→ Intuitive search capabilities to easily find key transactions

→ Automated report updates

→ Automated scheduled report delivery

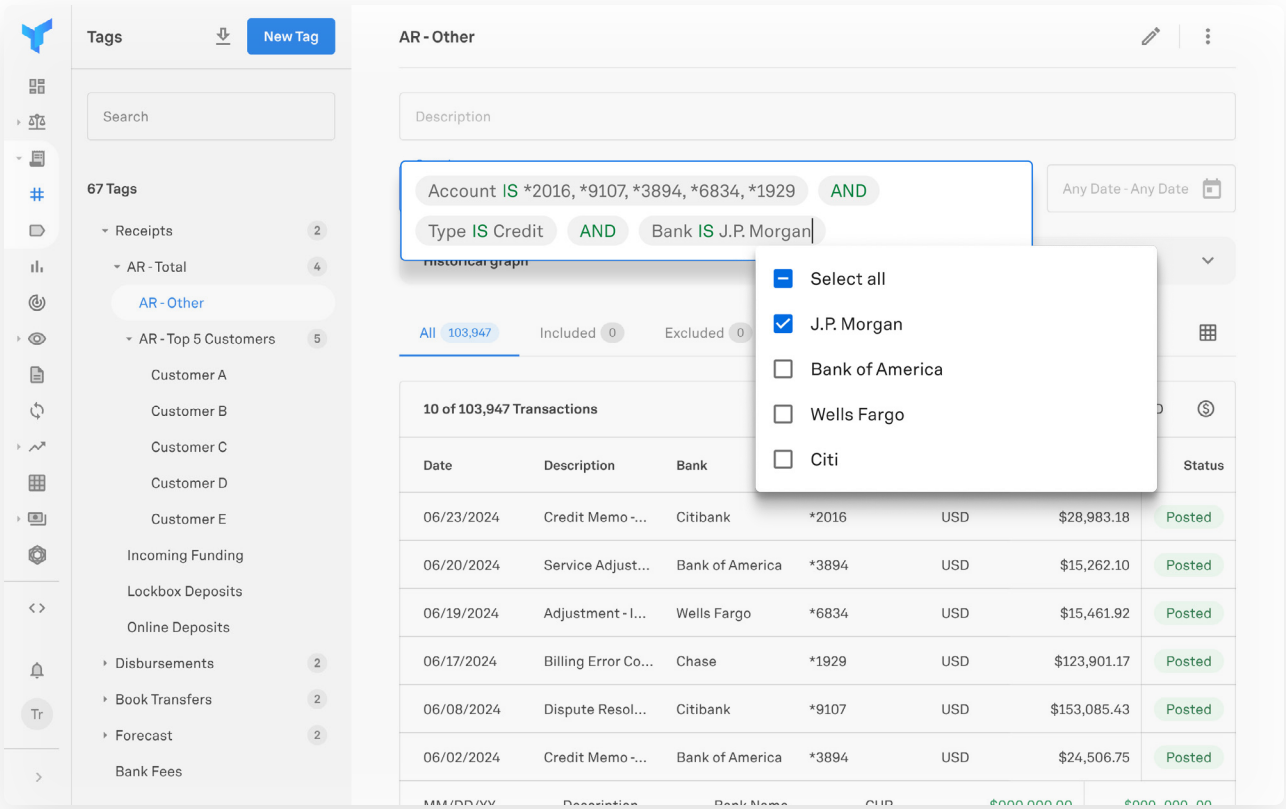
A well-designed treasury system should streamline your team's daily tasks and improve overall productivity.

User Adoption:

Consider the vendor's track record with user adoption. Look for positive customer testimonials and case studies that showcase how other organizations successfully implemented the platform and achieved user buy-in.

Data Organization & Control:

Look for features like data tagging, user permissions, and entity management to ensure robust data security and accessibility. Granular control over user access and data visibility safeguards sensitive financial information.

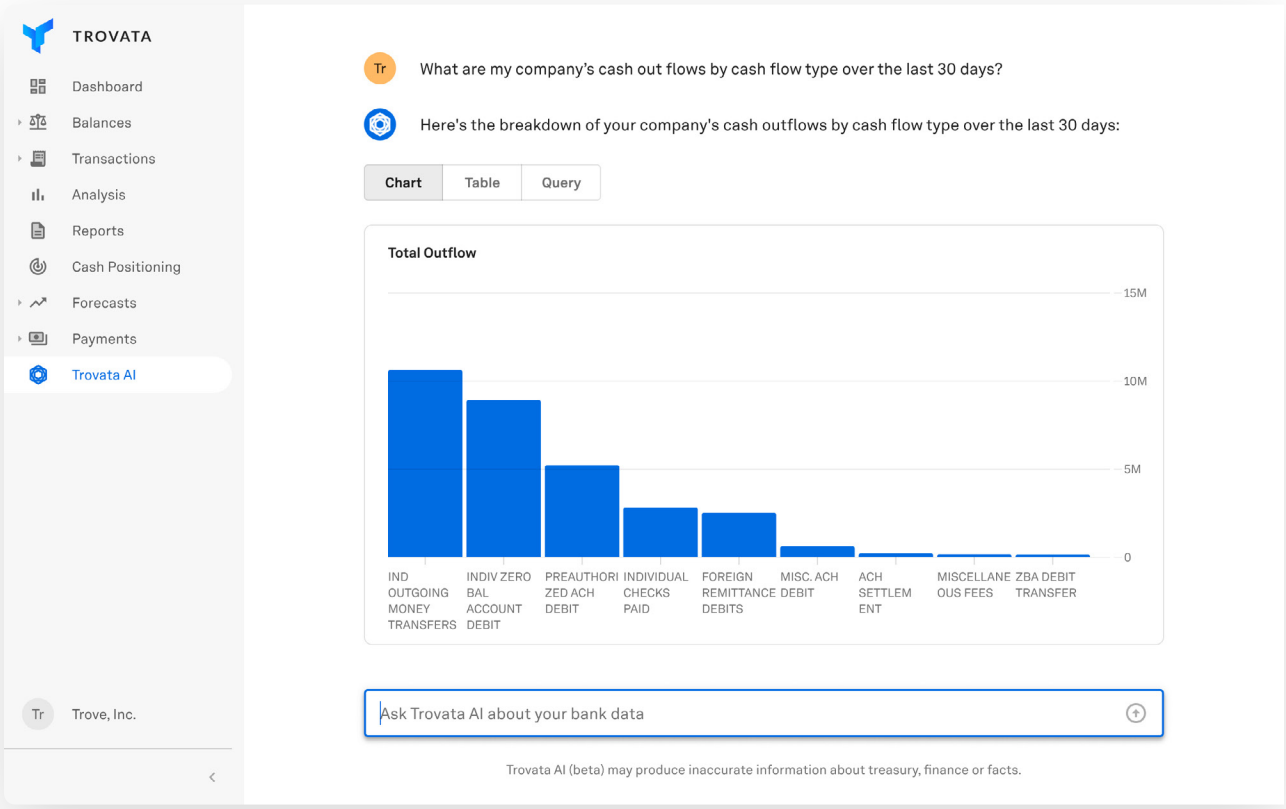


Artificial Intelligence (AI) and Machine Learning (ML) in Treasury Tech

While core functionalities remain essential, modern treasury software is increasingly incorporating AI and machine learning (ML) capabilities to offer advanced features and functionalities. These intuitive features can significantly enhance a treasury team's efficiency and decision-making capabilities. Here's a breakdown of key areas where AI and ML are transforming treasury management:

Cash Flow Forecasting:

AI and ML can analyze vast amounts of historical data and identify trends to generate highly accurate and predictive cash flow forecasts. This allows treasurers to proactively manage liquidity, optimize cash positions, and make informed decisions about borrowing and investing.



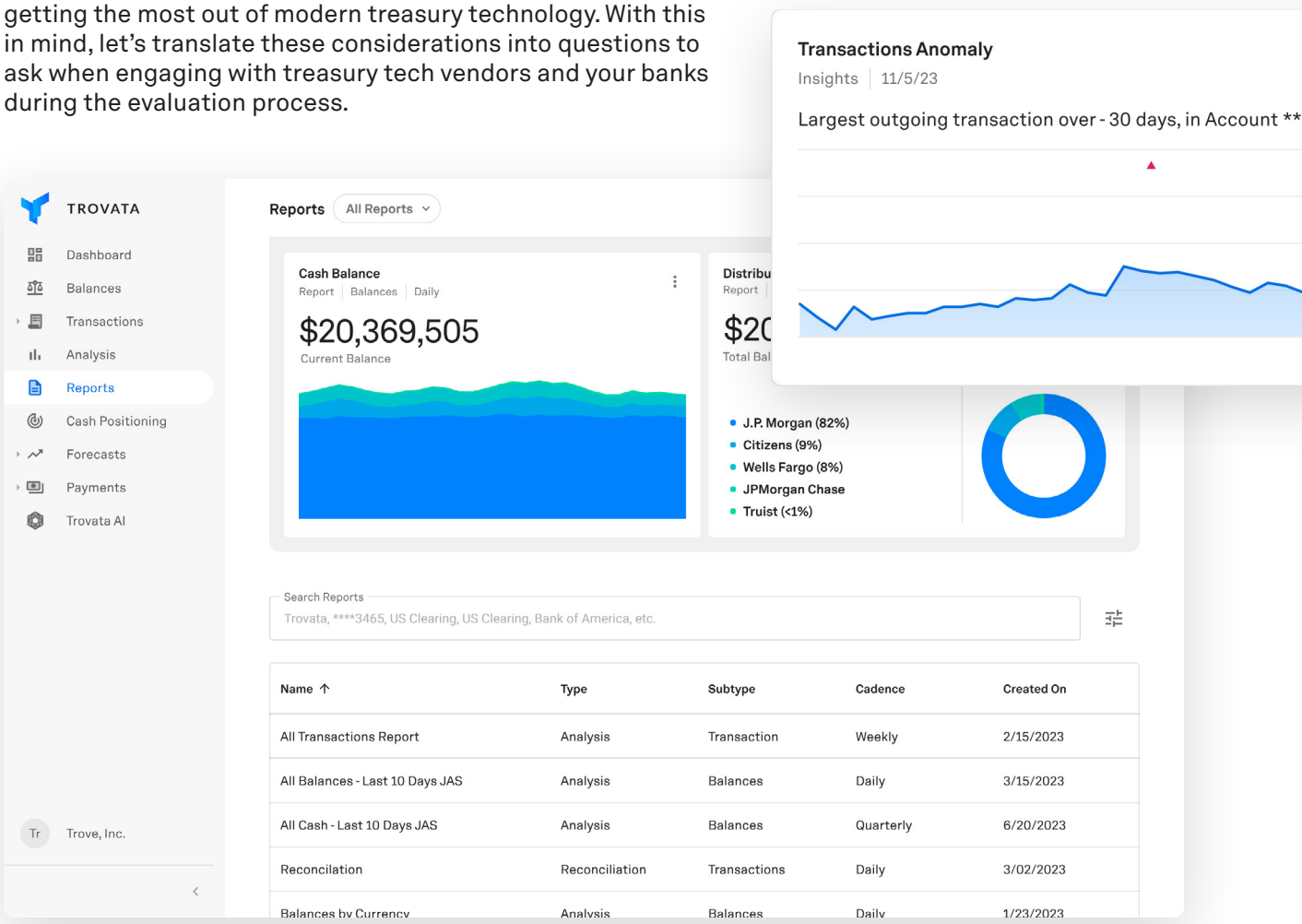
Cash Reconciliation and Data Aggregation:

Reconciling statements manually can be a tedious and error-prone process. AI and ML automates the month-end close process by aggregating, normalizing, and storing all of your bank balances and transactions into a spreadsheet-like interface. This streamlines the reconciliation process, reduces manual effort, and improves data accuracy.

Identify Trends and Anomalies:

Treasurers are bombarded with vast amounts of financial data. AI and ML can analyze this data to identify hidden patterns, trends, and correlations. These insights can be used to optimize working capital management, identify investment opportunities, and make data-driven decisions that improve overall treasury performance.

These are critical areas to evaluate to make sure you're getting the most out of modern treasury technology. With this in mind, let's translate these considerations into questions to ask when engaging with treasury tech vendors and your banks during the evaluation process.



Questions to Ask Treasury Vendors

1. **Onboarding Process**
   What is the timeline for getting all our banks connected? What type of connectivity options are available? What does the process require from me? Onboarding times can vary depending on the complexity of your tech stack or organizational structure.

2. **Data Updates**
   How frequently are various data points (transactions, balances) updated? The frequency of data updates can vary depending on the bank and the specific data point.

3. **Supported Data Points**
   What data points (metadata) are available through the API? Not all APIs offer the same information. It's important to understand what data points are available through the API to ensure it meets your specific reporting and analytics requirements.

4. **Security Measures**
   What security measures are in place to protect your data? Security is a top priority when dealing with financial data. Ask about the security measures they have in place to protect your data when using their API. This may include authentication protocols, data encryption, user access controls, and granular user permissions (by role and entity) for enhanced governance across global operations.

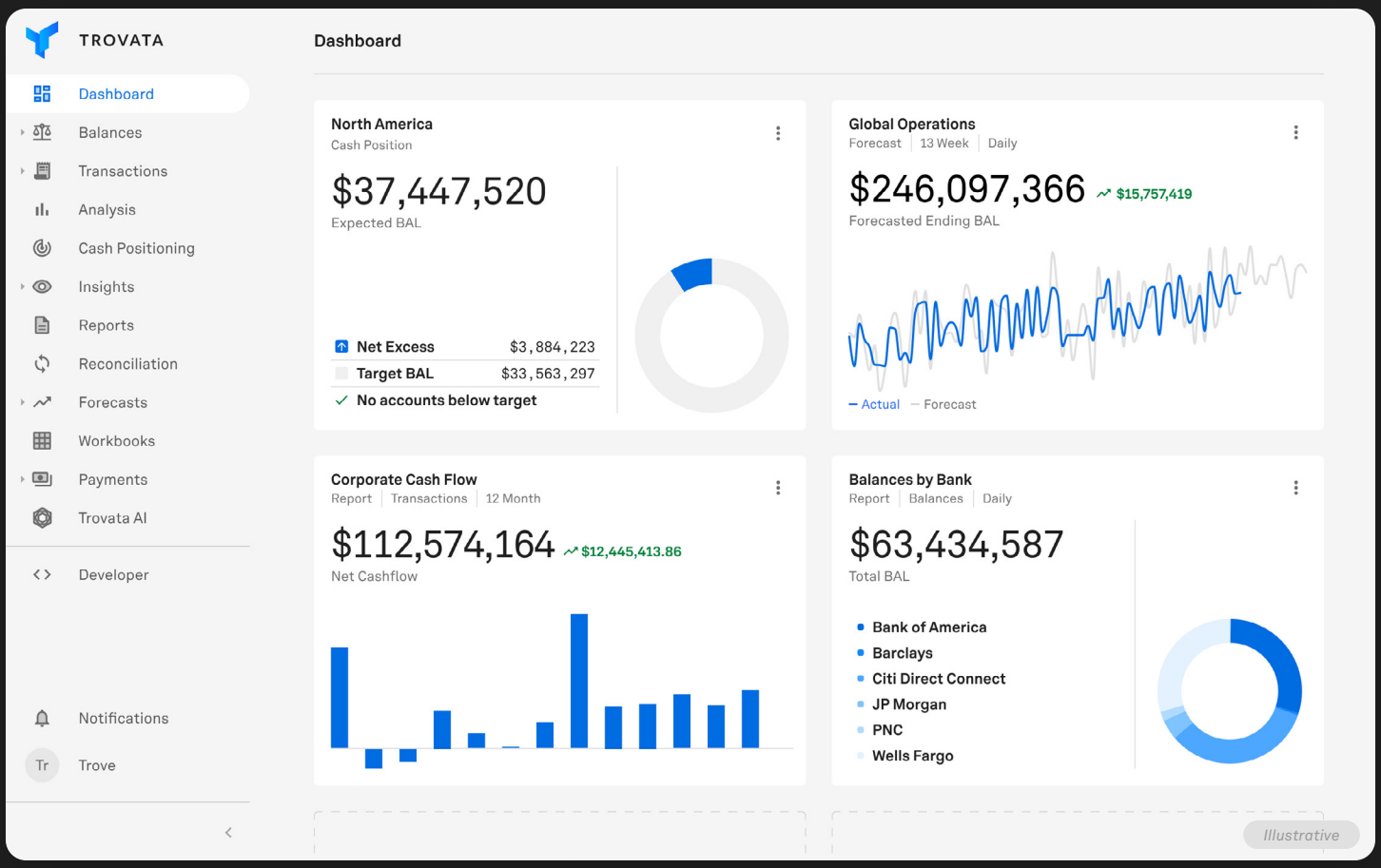
5. **Versioning and Change Management**
   How do they handle API versioning and change management? APIs are constantly evolving, and banks may occasionally make changes to their API specifications. Learn how they handle versioning and change management to ensure your integration remains functional.

6. **Cloud Infrastructure**
   Is your platform cloud-native or cloud-based (migrated over to the cloud)? This is important to clarify to ensure you future-proof your workflows by adopting a cloud-native platform that can scale.

7. **API Connectivity**
   What is the best connection method for each of my banks? If the company offers API connectivity but prioritizes file-based connectivity instead when asked this question, it is a clear giveaway that they do not have cloud-native infrastructure. This means their system isn't equipped to integrate bank data via APIs, and is simply converting that data into a known file format while discarding the rest.

Selecting the right treasury platform is a strategic decision that can significantly impact your treasury function's efficiency, accuracy, and overall effectiveness. By understanding your specific needs, prioritizing core functionalities, and embracing the potential of AI and ML, you can choose a modern platform that empowers your treasury team to thrive in today's dynamic financial landscape.

This guide has equipped you with the knowledge and key questions to navigate the selection process with confidence. A well-informed and strategic approach ensures you select the right solution to optimize cash flow management, risk mitigation, and strategic decision-making.



Trovata: A Modern Treasury Solution for the Modern Treasurer

Centralize multi-bank data with an intuitive cash command center. Gain a bird's eye view of cash, automate reporting, forecast accurately, and make informed decisions—across all of your banks and accounts.

Ready to explore a future-proof treasury solution built to digitally transform your workflows? Schedule a demo today and discover how our cloud-native platform can transform your treasury operations.

Get Demo