Mastering the New Role of Treasury

ACHIEVING STRATEGIC PARTNERSHIP THROUGH TECH

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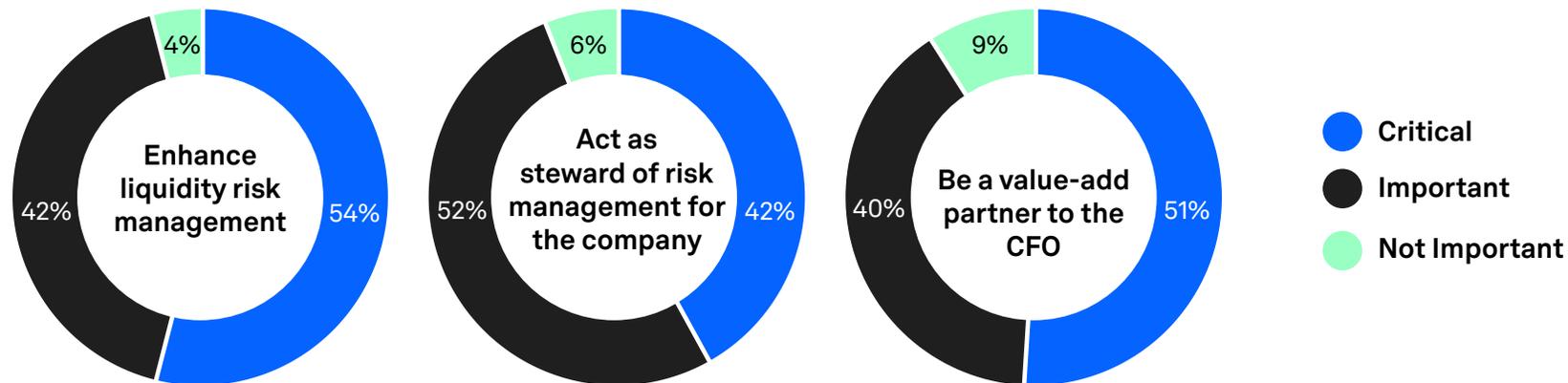
Introduction

The corporate landscape is undergoing rapid transformations, and treasurers find themselves at the forefront of these changes. CFOs are increasingly expecting treasurers to play a more **strategic role** in financial management.

Among the <u>top mandates given to treasury departments</u> by boards or CFOs, liquidity risk management stands out with a 54% approval rate. Additionally, treasurers are tasked with governing and driving working capital improvement, enhancing governance and control over domestic and overseas operations, and being a value-add partner to the CFO.

Enhance liquidity risk management
54% · 42% · 4%

Act as steward of risk management for the company
42% · 52% · 6%

Be a value-add partner to the CFO
51% · 40% · 9%

- 🔵 Critical
- ⚫ Important
- 🟢 Not Important

The impact of external factors, such as interest rate fluctuations, the global pandemic, and economic turbulence, has intensified the challenges faced by treasurers. These factors emphasize the urgent need for digital transformation in treasury operations.

Key Challenges Faced by Organizations

According to a [Deloitte survey](#), organizations encounter several challenges in their treasury operations. The top three are:

👁 Visibility

64%

64% of organizations face difficulties in gaining visibility into global operations, cash, and financial risk exposures.

✦ Digital Capabilities

59%

59% express challenges related to digital capabilities.

⬚ Infrastructure

53%

Inadequate treasury systems infrastructure is a concern for 53% of organizations.

The lack of digital capabilities and adequate technological infrastructure results in limited visibility into liquidity. These priorities from business leaders paint a vivid picture of the need for treasury departments to identify solutions that can transform how they work. The traditional, labor-intensive processes of treasury management are no longer viable for keeping up with the modern demands of business.

The Problem with Traditional Treasury Management

1. Spreadsheet-Based Operations are Slow and Unreliable

Traditional treasury management often relies heavily on spreadsheets which create numerous challenges:

- Consolidating bank data manually is incredibly time-consuming

- Manual entry invites the potential for human error

- Siloed spreadsheets and data sources limit transparency and visibility

- Spreadsheets lack sophistication when performing daily cash analysis

2. Legacy TMS are Outdated

Legacy Treasury Management Systems have become a staple of treasury management because they are feature-dense with modules that serve treasury professionals with very particular needs and use cases. However, these systems have limitations:

Setting up a standard TMS suite takes a **minimum of six months to one year** and requires an upfront **investment of hundreds of thousands of dollars.**

The newest TMS on the market was **originally built over 20 years ago,** making it difficult for them to compete with emerging solutions.

Consolidating and normalizing transaction **data from multiple banks is difficult,** leading treasurers to manually consolidate their bank data.

Relational database architecture creates **inflexible configurations and constraints for search.**

TMS systems typically rely on SWIFT MT940 statement transfers with **limited API connection capabilities,** making it more difficult to connect to your bank.

3. The Lack of Modern Technology Makes Data Aggregation Time Consuming

Even with legacy TMS platforms, spreadsheets are still heavily relied on for bank reconciliation. Teams of analysts would log in to the company's multiple bank portals (often in multiple currencies), review accounts payable and receivable, and consolidate all of this information into something semi-readable for senior executives to review and strategize on. That takes a substantial amount of time, often up to 10 hours per week!

4. Slow Processes Result in Inaccurate Data

By the time the data has been collated and presented to senior executives, it's almost certainly out of date. Maybe during the 'slow times' those inaccuracies might be reasonably inconsequential, but throw in some volatility such as elevated interest rates, recession concerns, or supply chain disruptions, and it can become very inaccurate, very quickly.

Modern Digital Solutions Treasurers Need to Know

As more businesses seek to transform finance functions, adoption of Treasury Management Systems is on the rise, and the pandemic has accelerated the digitization of treasury operations. As businesses seek innovative solutions, cloud technologies are emerging as the preferred choice.

42%

of treasurers now favor cloud systems.*

However, it's important to note the difference between cloud-based technology and **cloud-native.**

*Source: 2022 Global Corporate Treasury Survey

Cloud-Native vs. Cloud-Based TMS

TMS vendors that predate 2015 (when you could make software native to the cloud) are simply repackaging their old-school solutions as "cloud-based," even though they don't offer true native-cloud functionality. This often leaves unsuspecting finance professionals with sub-par tools that fail to deliver on their promised benefits, while charging exorbitant prices compared to what a cloud-native provider would charge.

|	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.

Open Banking APIs

Open banking enables banks to transfer data to clients directly and securely. So instead of normalizing bank data manually, your organization can gain near real-time cash balance, transactions, and payment tracking in one platform.

This improves security and performance, while also unlocking automation opportunities and an entirely new, intuitive digital experience for users and developers. Treasury departments are rapidly implementing API technology to transform their operations.

86%

of treasury teams have already implemented API or are considering it in the near future.*

*Source: Deloitte Global Treasury Survey*

API
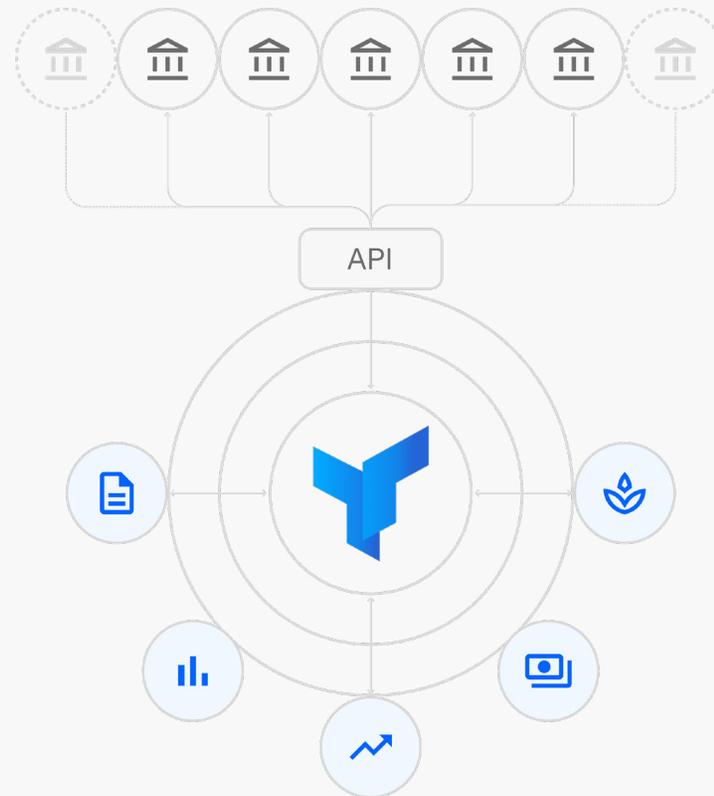
Machine Learning and Artificial Intelligence

We explained how Banking APIs automate the data consolidation process, establishing a single source of truth. This way, banking data is normalized into an unbiased format. Still, analysis needs to occur to transform data into insights.

That's where machine learning algorithms and AI are useful. AI plays a significant role in financial planning, as highlighted by a KPMG survey. The survey revealed that 83% of finance professionals use AI for various financial planning aspects, including predictive models, scenario creation, and budget insights.

Depending on categories and tags, ML algorithms analyze your organization's bank data in seconds and collate the most relevant transaction list into a data set. Additionally, machine learning and artificial intelligence make generating a forecast baseline and other scenarios easier as they help spot trends over time.
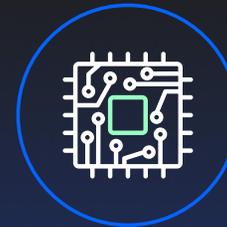
Machine Learning (ML)
ML empowers computers to learn without explicit programming or intervention once initialized. ML algorithms analyze new bank data as it comes in to find patterns.

Artificial intelligence (AI)
AI leverages machines to mimic human problem-solving capabilities. These algorithms make inferences based on analyzed data and provide recommendations.

Both machine learning and artificial intelligence work together to empower you and your financial team to:

⚙️ Categorize data and deliver it where & how it is needed

📝 Increase opportunities for scenario planning and risk assessment

🔄 Create contingency plans that address economic trends

📈 Improve cash forecasting accuracy

📄 Obtain increased confidence in your decision-making

Now that you know what technologies to look for in order to transform your operations, you might be wondering what a platform with all of these solutions looks like? And, how can you go about implementing such a system without exhausting your resources?

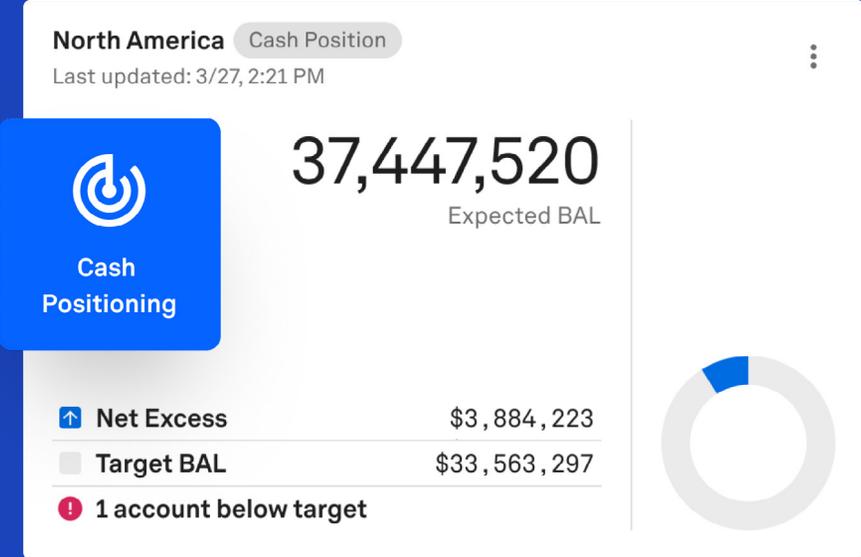# Trovata: An Easy-to-Implement Solution to Accelerate Digital Transformation

As a cloud native platform, Trovata allows teams to collaborate from a single source of truth. Furthermore, Trovata's open banking APIs gives you real-time visibility into your cash position, consolidated from all of your banking portals automatically, and always 100% accurate.

Payments

Transaction Search

Entity Management

Trovata AI

Cash Reporting & Analysis

Forecasting

Cash Positioning

From there, we provide a sophisticated suite of tools to conduct complex forecasting and scenario planning, with a UX that makes it easy to iterate on the fly as the landscape changes. The cherry on top of all that is Trovata AI, which provides a natural language interface between your team and your financials. This allows even the most junior staff to create reports and models that were once the sole domain of the MBA's and technical analysts.

Real-Time Data Feeds through APIs

Trovata's open banking APIs provide your team with real-time data feeds, eliminating the need for multiple bank logins and manual data aggregation. This provides your entire department with a single source of truth.

North America Cash Position
Last updated: 3/27, 2:21 PM

37,447,520
Expected BAL

Cash Positioning

↑ Net Excess $3,884,223

☐ Target BAL $33,563,297

❗ 1 account below target

"

With Trovata the data is normalized and we now have a single source of truth where we can see everything we need to see. We are no longer manually logging into multiple portals and then spending hours aggregating that information. Trovata saves us so much time and enables us to focus on analysis and adding value.

Mary Desmond,
Director of Financial Operations,
Sealaska Corporation

Machine Learning in Forecasting and Scenario Planning

Trovata leverages AI and machine learning to automate reporting and forecasting! Automation of scenario creation and impact analysis speeds up decision-making processes.

> "
>
> We've heavily leveraged the forecasting tools, and use Trovata AI to help streamline the process when possible. Now, all I have to do is check that everything is correctly categorized. Thanks to Trovata we save hours in time every week, so it really is a blessing.

Maria Fernanda Lopez Carvajal,

Accounting Manager at Clase Azul

API-Based Payments

Through APIs, banks have built more secure, faster bank rails, enabling businesses to leverage both individual transactions and bi-directional processing, which empowers greater transparency and scalability within payments that weren't possible before.

Payment sent!

$500.00

Sent	05/06/2023 04:21:32 PST
Payment Number	
Payment Type	

You received a payment!

$500.00

Received	05/06/2023 04:21:52 PST
Payment Number	
Payment Type	

These new banking rails upscale existing payment methods like ACH, wires, and book transfers and enable new payment methods, like Real-time payments (RTP) and Pay-By-Bank.

Machine Learning in Reporting

Trovata's machine learning algorithms analyze historical data, categorize expenses, and adapt with the ebbs and flows of your organization. Additionally, AI tools are particularly adept at forecasting using historical data to predict future financial outcomes. This is crucial for long-term financial planning, as it helps businesses prepare for various scenarios, including market downturns or rapid growth periods.

Generative AI

[Trovata AI](#), is a generative AI assistant designed from the ground up with finance teams in mind. It allows teams to interrogate and interact with their financial data like never before.

Teams can run sophisticated scenario plans, build custom models and reports, identify and analyze trends and get instant answers on anything from cash burn to currency holdings to details on recurring transactions.

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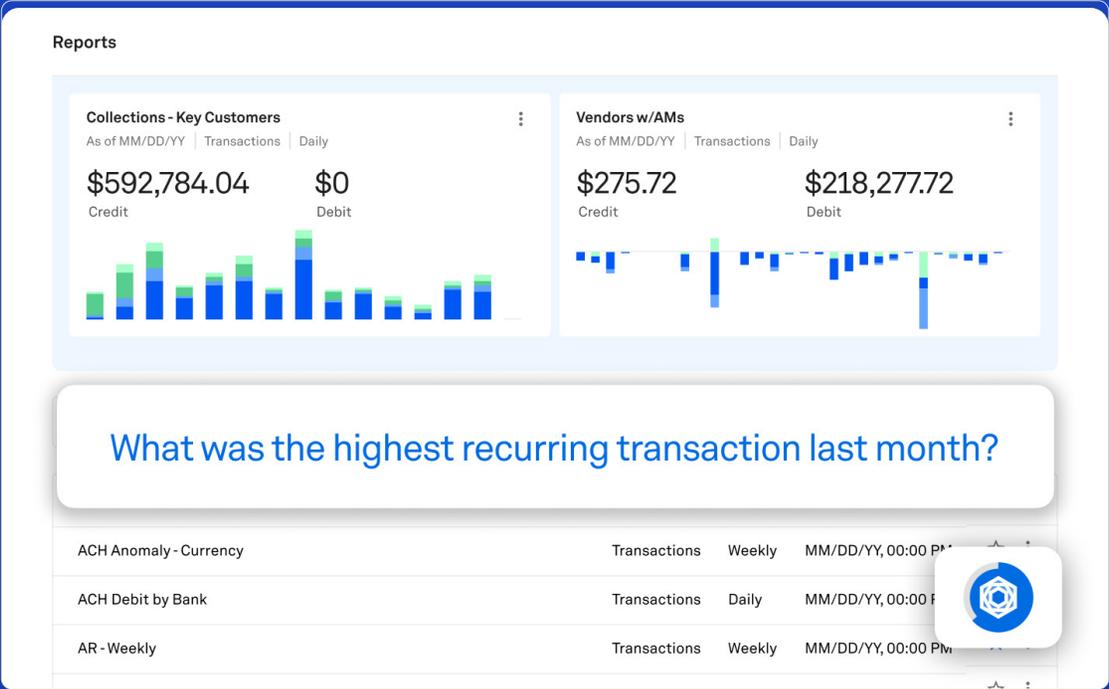
I've never seen finance and treasury get access to such an innovative tool. I'm blown away by its power and ability to intuit the 'why' behind my prompts. Thanks to Trovata AI, I no longer need to add headcount as my company scales. Manually crunching numbers is practically a thing of the past.

Aurelia Sirbu,
CFO at Orbus, LLC

Easy, Flexible Implementation – No IT Required

Trovata's API makes implementation seamless and flexible, empowering you to customize your setup to unique attributes of your business and make changes as needed on the fly.

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>
> We were able to connect with the banks via Trovata, and we didn't need IT, which was huge for us! We did most of the setup heavily using Trovata's help. The nice part was that it's flexible enough that we were able to make changes as needed throughout the process. The tagging was flexible, searching transactions was flexible, being able to do it ourselves with Trovata doing all the heavy lifting. Their consistent support made the entire process seamless.
>
> **McKenzie Knudson,**
> Senior Treasury Analyst at Sealaska Corporation

Real-World Examples of Treasurers Who Transformed Their Operations

In the past five years, Krispy Kreme has experienced rapid revenue growth and multiple international expansion events. Naturally, this led to its corporate treasury team requiring advanced treasury technology capabilities that could facilitate its increasingly complex workflows and reporting needs.

Thanks to its partnership with Trovata, Krispy Kreme is empowered to:

1. Manage increased treasury management complexity, driving timely and actionable cash insights without the need to hire more staff.
2. Replace its outgrown cash management solution with a modern cash management platform for less than what it would cost to implement a traditional Treasury Management System (TMS).
3. Enable cutting-edge innovation and enhance its treasury technology as Trovata continues to invest in its platform and unleash greater capabilities.

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> **Since we started using Trovata, our treasury technology capabilities have completely transformed for the better. We have more time to focus on driving strategy and unlocking growth opportunities.**
>
> **James Krikorian**,
> VP & Treasurer ,
> Krispy Kreme

eventbrite

Before Trovata, gaining a daily view of Eventbrite's liquidity was a manual and time-consuming process. While Eventbrite's legacy TMS initially displayed promise in aggregating transactions across all their bank accounts, inconsistencies meant workarounds were often required to address gaps within the system.

Since switching to Trovata, Eventbrite experienced measurable improvements:

1. **48+ hours saved monthly** by automating bank data aggregation with Banking APIs
2. **50% cost reduction** by switching from a legacy TMS to Trovata
3. **100% data accuracy** achieved through eliminating human error with automation

> **While you can build reports in many legacy treasury management systems, it's not as user-friendly as Trovata. The daily API with transaction details makes reconciliations on Trovata much easier compared to our previous TMS.**
>
> **Niall Burke**
> Global Treasury Manager at Eventbrite

Digitally Transform Treasury Operations With Trovata

Embracing cloud-native treasury tech, leveraging open banking APIs, and incorporating AI and machine learning into operations can evolve treasury functions into a strategic pillar of business growth. Treasurers can not only address current challenges but also position themselves as strategic partners in the CFO's agenda.

With Trovata you can gain unmatched visibility of cash daily across all accounts, empowering you to better understand liquidity to make the most out of excess cash. Aggregate, search, tag, analyze, forecast, and report; gain everything you need to make smarter, faster decisions. Elevate your enterprise treasury operations with Trovata's superior tools.

Explore the platform and see for yourself how Trovata can help you maintain growth even within economic uncertainty. Request a demo today.

Get Demo