



TROVATA

GUIDE

# THE ULTIMATE GUIDE to Scaling Treasury at High-Growth Companies



As businesses scale, their amount of financial data increases exponentially. While data volume has grown in recent years, treasury technology hasn't improved to accommodate.

While many technologies, especially in the consumer space, have provided instant access to 'always on' services for years, the same cannot be said for finance tools.

Many businesses still deal with the challenge of handling cash reporting and forecasting by hand. Financial teams spend hours scouring bank portals and aggregating data into a single spreadsheet. Often, this leads to teams working with outdated data, potentially filled with errors.

High-growth companies in this position often wonder: how do we maintain a pulse on our cash flow and reduce risk with limited manpower? And what's the balance of investing in platforms versus hiring new help to work by hand?

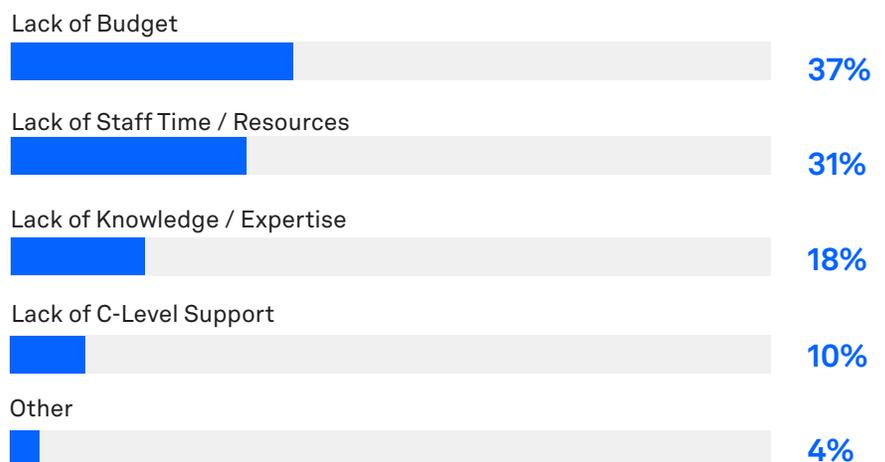
*To find the answer to these questions, let's:*

- 1** Identify the pain points many high-growth companies experience
- 2** Understand the technology available to streamline cash management at scale
- 3** Review best practices on scaling your treasury using digital transformation

## What Holds High-Growth Companies Back From Scaling Cash Management Operations?

### What's Holding Treasurer's Back?

**37%** of treasurers say **lack of budget** is the biggest constraint but **staff time** is also an issue.



*Trovata/Treasury Dragons Survey, 2021*

In a survey conducted by Trovata and Treasury Dragons, 37% of treasurers report that **budget constraints** are their most significant constraint in scaling cash management. The 2nd was **lack of time and resources** at 31%.

And so, many high-growth companies are stuck utilizing legacy technologies, such as spreadsheets or treasury management systems (TMS).

However, spreadsheets were never meant to host large data sets across teams, as version control is impossible. And while TMS promises to automate many tedious data management tasks, they require a huge IT lift for any custom workflows.

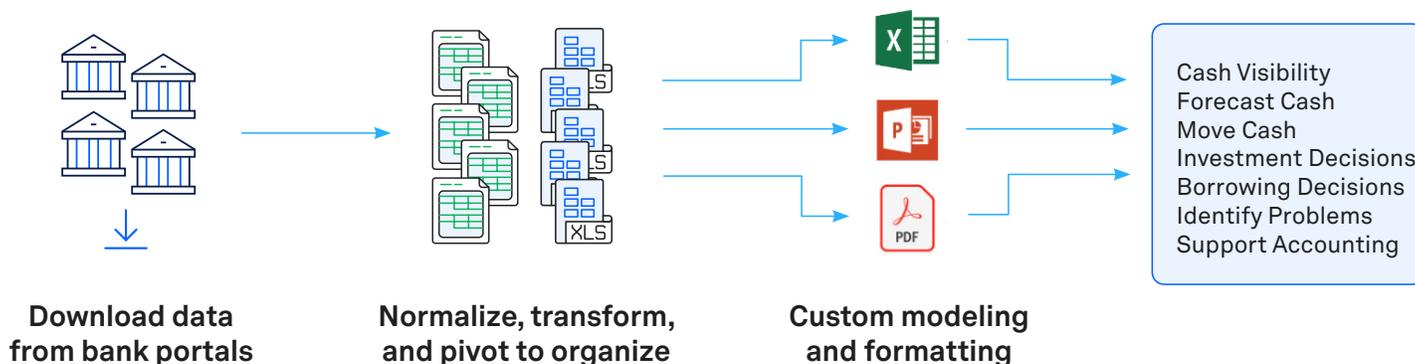
**Simply put, there has to be a better solution to managing cash flow.**

## GROWTH AT SCALE | A High-Growth Company's Perspective On Digital Transformation

You don't have to take our word on the pain points that are inherent with legacy technologies. One of our tech clients grew from **\$80M+ to \$2B+ in under four years**. Transaction volume increased exponentially, leading to a major management challenge.

Despite the tremendous increase in volume, locations, currencies, and complexity, their cash management processes did not scale as quickly. Manual aggregation in spreadsheets took **40 hours a month**, which limited analysis.

### A Typical Treasury Workflow



### Spreadsheets themselves brought upon several management challenges:

- 1 Spreadsheets created silos of information.** Spreadsheets were never meant to be shared among many team members. As a result, it became difficult to pin down who has the most up-to-date information.

**2 Time-consuming to consolidate & organize.** Building a new report required navigating to every bank portal, downloading the statements, and normalizing all transactions into a single spreadsheet.

**3 Manual data entry invited the potential for human error.** The more hands you have in a spreadsheet, the more room for human error. The client spent 10 hours a week reconciling their data with what was in their bank accounts.

Scenario modeling and variance analysis tools were not available out of the box. Since it took incredible time and effort to produce basic reports, advanced scenario modeling was a distant dream.

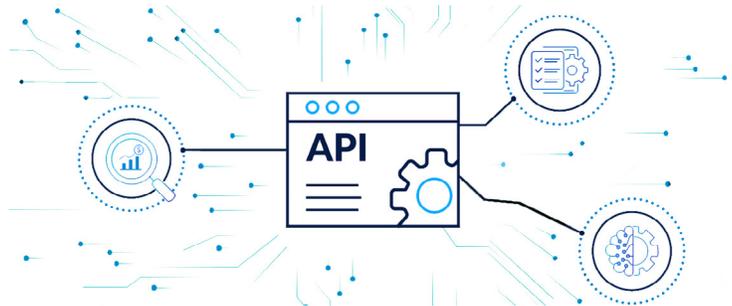
### **A quick, automated solution was necessary to scale their treasury management.**

Implementing a treasury management system (TMS) seemed to be the obvious solution, however, traditional TMS systems required a lengthy implementation program. On average, it takes a company **over 9 months** to completely implement a TMS, which was a luxury they could not afford.

As their IT resources were already stretched to cope with tremendous corporate growth, they would not have been able to start TMS implementation immediately. Once the IT team was ready to begin implementation, it would still take months to gain any valuable insights..

The company discovered a better, newer alternative: automated cash management platforms built with an API-first approach. Utilizing this new technology enabled them to quickly automate tedious manual processes and confidently steer their company with rich cash insights.

## **An API-First Approach To Cash Management**



What does it mean for a cash management platform to be API-first, you might be wondering? Why utilize an API-first approach instead of a tried-and-true treasury management method? What may surprise you is that APIs have been used in other industries for decades.

Initially, developers used them for database sharing on the back end. Then, as time went on, social media platforms used them to share photos across platforms. And presently, API platforms are constantly being developed, like Stripe, for making payments.

Not all APIs are equal though; like mobile phones, the technology has continued to evolve. In the past few decades, we've gone from colossal candy bar phones to modern smartphones that enable you to make calls, search the internet, and even manage your day-to-day tasks.

## Evolution of Phones



POTS



Car Box



Candy Bar



Blackberry



iPhone

APIs have changed drastically as well. Presently, APIs are not just utilized to send developer resources back and forth through backend databases.

In the last six to eight years, banks have started to create their own APIs, which has allowed third parties to connect to their bank data. With this development, banks and SaSS platforms can communicate by sending balance and transaction data and initiating tasks, like sending payments between systems and banks.

Paired with automated cash management platforms, open banking APIs consolidate and normalize balance and transaction data into one standard format within a Multi-Bank Data Lake. This data lake perpetually stores bank data, amplifying companies' ability to perform historical analysis without submitting thousands of statement requests to their banks.

These automated cash management platforms don't store your historical data; they also use machine learning algorithms to find patterns simply impossible to recognize by hand. This empowers your organization to automate cash flow reporting and forecasting, and improve accuracy.

## How High-Growth Companies Can Digitally Transform Their Finance and Treasury Operations

Luckily for our high-growth client, their primary banks support APIs, accelerating the process of establishing a single source of truth for cash data. With one of their key banks, they could connect in one day - almost instantly - which is unheard of in the traditional file exchanges world via BAI/MT940 formats!

For banks that have not implemented API connectivity, they were able to connect those accounts via SWIFT and BAI. Their treasury team gained complete visibility into their cash flow with zero IT involvement. Additionally, the implementation costs were negligible compared to legacy TMS proposals.

### By digitally transforming their treasury operations, they:

1. Gained Richer Insights Using Advanced and Automated Analytic Tools
2. Drived Better Decisions with Automated Cash Insights
3. Minimized Risk by Identifying Anomalies
4. Increased Accounting Efficiencies

### And you can too by digitally transforming your treasury operations!

## Gain Richer Insights Using Advanced and Automated Analytic Tools

Utilizing an automated cash management platform with an out-of-the-box machine learning tool, the treasury team can now analyze their aggregated banking data in ways that simply weren't possible manually. With Trovata, they are now empowered to actively understand historical cash inflow and outflow behaviors to maintain a reliable thirteen-week forecast.

The ML algorithms also analyzed historical bank data in minutes to provide predictive analysis for cash forecast scenarios. By building their own transaction tags (categories), they could tailor our forecast to their desired requirements. The platform's seamless user interface made it easy to visualize historical cash flows, and quickly identify and exclude the outliers/one-off items.

This level of analysis positively improved the bottom line of their business, as it drove better decision-making.

## Drive Better Decisions with Automated Cash Insights

Trovata's automated, real-time daily cash positioning saves their team ~40 hours a month of manual reporting. This enabled them to shift daily cash positioning duties from the accounting team to the treasury function. This switch added to Treasury's credibility and relevance within leadership. They are now seen as a strategic partner rather than just an operational function.

Better cash insights have already proven to be a value-add to their organization. Treasury's analysis enabled quick decision-making around short-term investments during the Fed's recent aggressive rate increases. By creating reports showing cash balances, weekly trends, liquidity landscape, and overlaying interest income projections, the company's leadership team can make informed and data-backed decisions.

## Minimize Risk by Identifying Anomalies

With this client's huge volume of transactions, it was virtually impossible to identify potential errors or fraudulent activity within spreadsheets. Trovata's data mining and ML capabilities automatically detected anomalous movements in transaction flow data by account.

### The immediate benefits realized were:

- Capturing erroneous monthly fees from an infrequently used account
- Discovering an FX intermediary fee charged for settlements
- Identifying direct debits easily by tagging transactions

As a result, they could quickly classify direct debit activities into risk categories. Prior, it was an arduous process to comb through reports to identify these transactions. The ability to quantify the risks helped them prioritize actions with their internal audit team and clean up any activities that added risk or exposure.

## Increase Accounting Efficiency

Trovata enables easy transaction tagging, which in turn assists this client's accounting team with its daily review of outstanding bank transactions. Labeling transactions with the impacted debit and credit G/L codes helps them reconcile transaction activity more efficiently. This way, they can complete the appropriate journal entries during month-end close.

Before digitally transforming treasury operations with Trovata, the team combed bank statements manually to identify the ZBA transactions and create journal entries. This has saved an additional 10 hours a month.

With tagging and GL codes set up properly, it now takes just a click of a button to export all the ZBA transactions with any date range specified.

## Treasury Digital Transformation Best Practices

Like this high-growth company, you, too, can reduce tedious tasks and increase liquidity through digital transformation. And we recommend you do as digital transformation is not just a buzzword; it's becoming necessary for companies that want to scale successfully.

It's time to ensure that the right technology, processes, and people are in place to safeguard and optimize your cash. Put your treasury team in the best position possible to support future growth.

Pairing your bank data with new technologies, such as AI and ML, can present new insights no human could ever imagine discovering. Imagine utilizing ML algorithms to analyze all your bank data, enabling you to generate cash reports and forecasts automatically.

### These new technologies can enable your organization to:

- Automate your forecast baseline
- Generate multiple scenarios with flexible user-defined variables
- Efficiently perform variance analysis to increase forecast accuracy
- Segment transactions into relevant tags automatically based on patterns within your data
- Perform Google-like search and be provided a list of transactions across key vendors, institutions, clients, and transaction types within milliseconds
- Initiate and send payments across supported bank partners in one, secure platform without unnecessary transaction fees from third-parties

While these technologies simplify your day-to-day, you still gotta increase buy-in across your organization, especially within your leadership team.

Leadership places an emphasis on how certain decisions can affect the bottom line. By considering the following best practices, you can begin to convince leadership that automating cash management processes is necessary to maximize liquidity.

## 1 Align Digital Transformation With Your Organization's Strategic Priorities

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Your strategic priorities should focus on eliminating reporting and forecasting roadblocks, and how eliminating those roadblocks will lead to financial growth. These priorities act as your North Star; they will guide your team as you build an agile, digitized cash management strategy.

You also want to prove to leadership that digital transformation will enable you to focus more on strategic analysis.

## 2 Identify Your Cash Management Processes Strengths and Weaknesses

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Analyzing what processes are currently working and what could be improved is a critical first step to increasing agility. Perform a SWOT analysis to identify your processes' strengths and weaknesses.

Here are a few examples of what your SWOT could look like:

- **Strengths:** Payments on Time – Our team swiftly enters any invoice within the day it is received to ensure we can pay our bills on time.
- **Weaknesses:** Timely Reporting Processes – To create a basic cash forecast, we have to manually log into bank portals and consolidate and normalize bank data every time.
- **Opportunities:** Automate Data Management Processes – By adopting an automated cash management platform built on banking APIs, we can establish a single source of truth for normalized bank data.
- **Threats:** Bank Portal Outages – If our banks experience any outages, we may not have access to our bank data when we need it.

By understanding your strengths and weaknesses, you can begin to address your weaknesses and turn them into strengths.

## 3 Back-Up Digital Transformation With Results

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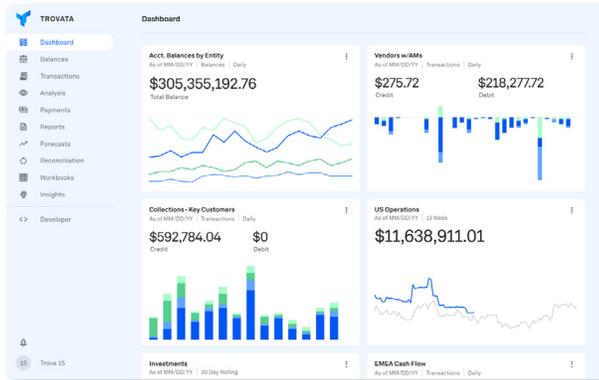
To emphasize, leadership solely focuses on how strategic efforts will grow the bottom line. If you can back up your digital transformation efforts with metrics, they'll be more likely to listen.

**Here's some ways digital transformation can increase your organization's bottom line:**

- 1. Time Saved Through Automation.** Many of our clients save 48+ hours monthly by automating the aggregation and normalization of their bank data. The time saved can be used to prioritize strategic analysis and uncover new growth opportunities within your findings.
- 2. Annual Subscription Cost Savings.** When you consider many legacy treasury management systems, they often require lengthy implementation times and expensive training programs. With Trovata, you can be up and running within weeks instead of purchasing a lengthy implementation that can take an average of 9+ months to finish. **In fact, one of our clients, Eventbrite, experienced a 50% cost reduction moving from a legacy TMS to Trovata.**
- 3. Reduced Bank Fees.** By democratizing your data, there are fewer people having to make calls for balance and transaction data across your different banks. And with everyone having access to the same data, you can eliminate potential human error that can be both costly from a time and financial perspective.

With these metrics backing your digital transformation efforts, you truly can demonstrate the value of automating cash management in words all parties can understand.

# Manage cash like a pro with Trovata.



Trovata empowers finance and treasury professionals to analyze, forecast, transact — manage cash like a pro — no matter who your business banks with. Easily access all of your multibank data in a single platform and gain powerful cash flow insights that facilitate smarter business decisions.

Trovata collaborates with the world's largest financial institutions to deliver next-gen banking services. Trovata is headquartered in San Diego, US, and provides services across various markets, including the US, UK, EU, and Australia.

## Discover new growth opportunities within your cash flow data with:

**Unified Bank Data.** Gain worry-free access to your most up-to-date cash and balance data. Eliminate logging into multiple bank portals with one single source of truth.

**Streamlined Cash Reporting and Forecasting.** With intuitive search, beautiful reports, easy navigation, and forecasts powered by machine learning, it's easier than ever to identify trends in customer receipts, vendor disbursements, and more.

**Fast Onboarding with No IT Required.** With nothing to install or configure and support from a team of treasury experts, you can automate your cash management in weeks, not months.

**Cloud Native Innovation.** Being a Cloud-based and API-first solution backed by leading global banks, Trovata continuously delivers new features that are easy to use and solves your most-complex cash management challenges.

Explore for yourself to discover how managing cash is better with Trovata. Request a demo today.

Get Demo