Treasury's Vital Role in Leveraging Technology Change

In this era of digital transformation, many corporations are looking to upgrade technology systems, or migrate to new ones to achieve efficiency gains and support business growth. An informal poll of treasury professionals revealed that 68% were currently involved in a system upgrade or implementation project.[1] This can bring uncertainty, as well as opportunity.

According to Britt Jensen, Principal, Europe & UK, Citi Client Advisory, the challenge for treasurers is how to leverage technology initiatives to drive change, digitalization, automation, and efficiency. "When organizations embark on enterprise resource planning (ERP), treasury management system (TMS), or other enterprise system upgrades, the question is what role treasury should play," says Jensen. "One thing is clear – the overall benefit to the organization becomes greater when treasury has a seat at the table and actively involved in decisions."

Misalignments and/or missed opportunities are more likely when treasury requirements are not taken into account early in the planning process.

Dealing with uncertainty
System upgrades are often associated with uncertainty. Organizations can be hesitant when it comes to making change because of the unknown impact of that change.

"Uncertainty is a normal thing that causes many organizations to delay system upgrades," explained Brett Verschoor, Partner, Technology Consulting, Ernst & Young Advisory Services Limited. "With data coming in from across the organization, such as financial data, foreign exchange data, and other data sources from multiple ERPs globally, questions inevitably arise – is this data accurate? Will it come in when it's needed? This fuels further uncertainty. But uncertainty is also an opportunity for treasury to have a greater involvement across the organization as a whole, providing assurance that upgrades will improve existing processes, systems and people."

Leveraging technology change to get to best practice
Technology upgrades are less likely to be value-additive when a new system is implemented with little or no change in existing processes, what often is named as "a lift and shift." Success requires assessment of how the new technology and reengineered processes helps the company get to what is best practice.

[1]Source: Poll conducted during webinar "Treasury Matters – Leveraging system upgrades to reimagine treasury."

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"When Treasury has an active seat at the table, it becomes possible to collaborate and explain to a larger audience the ramifications of treasury led initiatives supported by technology implementations, upgrades or migrations," explained Felix Meyer, Treasury Technology and IS, Head, ABB. "Treasury teams are uniquely qualified to evaluate the latest technology solutions on the market supporting treasury alignment to serve the organization's overall needs. Helping to determine which solutions will deliver the greatest value not only now but for the future of the organization."

Building a solid business case

The most successful implementations tend to look at transformation and technology in conjunction," stated Mark Van Ommen, Partner, Zanders. "It's not just about installing a new piece of software, but really reassessing the process to see how they can be improved, how they can be best practice and leverage technology in the best way possible. This evaluation starts with an end-to-end review, looking to see what processes can be digitized and simplified. It's important to understand existing people costs related to processes, overall business flows, system hardware, licensing, regulatory risk, and business risks inherent in the landscape. All of these factors should be a part of stakeholder management considerations."

Technology change consumes both capital investment and resource time. Hence, a material technology upgrade usually requires a solid business case identifying tangible benefits. The business case should articulate current challenges, how the technology investment will deliver automation and operational efficiencies, and the financial benefits.

Business cases for many treasury technology projects have become more compelling in today's macroeconomic environment, with high interest rates, volatile foreign exchange (FX) markets, and inflation. The mantra of doing more with less (resources) may help get project approval these days.

Establishing a technology roadmap

A roadmap for technology change is critical to success. To improve the likelihood of success:

- Keep the big picture in mind. Develop a clear vision for the scope and scale of change you want to achieve.
- Set realistic, even if challenging, timelines and expectations to limit the risk of this becoming another technology project that fails to deliver on time/on budget.
- Bring internal stakeholders together, including IT, Finance, Controllers, and build internal partnerships.
- Network and learn from peers who have been through similar projects.
- Ask trusted banking partners for support and insights. Their sales and advisory teams may have many other clients who have been through projects like yours.

Think three to five years ahead. What is your strategy for treasury? How might the company's business and enterprise technology evolve in the next three to five years? What is the technology stack you will need for treasury to deliver value for the company?

To be clear, a roadmap is not static. Companies grow organically and change through acquisitions and divestitures. Technology continues to evolve. "Keeping an eye on new technology advancements is imperative, particularly in light of innovations that are harnessing the potential of real-time processing, API connectivity, secure tokenization, advanced blockchain solutions, and AI," says Britt Jensen.

The value of a roadmap is that it helps a treasury to look ahead – considering future needs and setting goals and objectives. As the business changes, the roadmap helps treasury decide what course corrections may be needed to ensure treasury delivers the highest value for the business.

To learn more about best practices around technology upgrades and migrations, watch the [Treasury Matters webinar](#) or contact your Citi representative.

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