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Forget TMS – you need a TiMS

September 2011

While many treasurers are still fighting for budget to upgrade their existing systems to a TMS, a quiet revolution is happening: the rise of the TiMS. This trend looks set to signal the advent of a true primary decision support system for treasurers. But what exactly is a TiMS and what can it do for you?

Today, the TMS is widely acknowledged as a treasury 'workstation' - a tool for automating operations and providing the treasurer with some degree of oversight. However, as the treasurer falls further into the role of 'information steward' to the CFO, so their expectations of the data they can derive from their treasury systems is growing.

No longer is it simply a question of wondering where the company's cash is and hoping your TMS can come up with the goods, treasurers want to be able to measure and manage their bank relationships through their TMS and see how much they are paying to each bank in fees, for example. While technologies to monitor these metrics may exist today in silos, there is no single offering that provides a complete decision making suite for the treasurer.

The way forward? A treasury information management system (TiMS), according to Enrico Camerinelli, Senior Analyst, Aite Group. So how exactly does a TiMS differ from what's on offer now? Ideally, in six major ways, according to Camerinelli:

1. **The inclusion of eBAM**. Allowing the treasurer to manage and maintain bank accounts through their primary treasury system is in itself a benefit, but when you add in features that indicate whether certain activities – such as notional pooling – are permissible with that account in a particular country, the system should really start to add value. "It's all about the metadata," says Camerinelli.

2. **Liquidity support system**. Rather like the systems used by fund managers or those working in the capital markets, this functionality would assist treasurers in making the right decision for their liquidity, by showing all the available options (and risks and returns).

3. **A regulatory 'spellchecker'**. "When I send a payment or invoice," says Camerinelli, "this spellchecker should understand what the payment is about and let the treasurer know if there are any regulatory rules that need to be complied with. Also, if something is

missing in the data, instead of always alerting you that there is a mistake, it will autocorrect where possible."

4. **Bank relationship management**. This functionality should allow the treasurer to understand the banking fees that they are paying, how much business the bank is doing with the company, if the bank is complying with the contract that has been agreed with the company and generally to assess the performance of the bank, rather like a scorecard. "On the back of this, treasurers should be well equipped to renegotiate terms where necessary."

5. **Cash flow simulation**. Rather than just basing cash flows on the payables and receivables in the accounting system already, manufacturing plans, purchasing plans and so on should be captured. According to Camerinelli, "If the company has the information available, treasurers should use it to their best advantage."

6. **Key performance indicators**. As the treasury function is gaining more relevance and importance (because it is providing pertinent information about the cash positions of the company), what are the best indicators to measure and assess the performance of the treasury in terms of how they are bringing value to the company? Rather than being a cost centre, treasury should look to use KPIs in the creation of a value centre.

While the TiMS remains more of a concept to strive towards, rather than a physical offering at present, certain vendors are accepting of the TiMS idea, and are even moving towards that model. Camerinelli cites Kyriba and IT2 as examples of such vendors. Misys is also another player to watch.

"TiMS is an incredibly relevant characterisation of the emerging capabilities available to treasurers. These include the capability to capture, present and act on financial and operational data, both for commercial purposes, and against policy and compliance driven objectives," comments Kevin Grant, CEO, IT2 Treasury Solutions.

"The capability of the connected TiMS hub is developing fast and is to some extent already with us. 'How effective is my hedging strategy?' is already a question that can be asked, answered and acted on in the same window as 'what are my rates of STP adoption?', 'are my bank facilities defined correctly? Or 'what does 'x' look like under several different accounting GAAPS?'

Elsewhere, innovative companies such as Vallstein (well worth a Google for the curious among you) have branded their own software to address some of the information challenges facing corporates. Vallstein's offering - WalletSizing® -is a new breed of software tailored to optimise bank relationship management. For example, the software allows a corporate to:

• Assess the current annual revenue value the company represents for all its current banks, across all banking products.

• Independently assess the requirement under the Basel III rules, specifically associated with the company's situation, based on the current revenue value.

• Measure KPIs such as the return on solvency generated for each bank. In short, Vallstein's software provides a continuous evaluation, monitoring and management of the value that a corporate represents to its banks. Not just nice to have, but very nice to have.

What this demonstrates though is that really it's a question of turning data into information. And that's how you put the 'i' in TiMS.