A Balanced Team: Illustrating the Value of a Fluid Treasury and IT

Michael Bosacco, Treasury Strategies - 23 Mar 2010

This article explores the relationship between treasury and IT, highlighting various corporate models and experiences, including those of DuPont and Dell.

Treasury has never been more visible within the corporation or more responsible for an organisation's success. In prior decades, treasury-related tasks involved routine work often viewed as a supplementary function linked to administrative duties; as a department, treasury did not demand significant technology resources.

Times have changed. The evolution of treasury management has been fast-paced, driven by functional and technological advancements that cross traditional organisational boundaries. As a result, treasury's success today depends greatly on the strength of interdepartmental relationships, especially with IT.

Collaboration Increases Success

The first and primary intersection between treasury and IT occurs when choosing and implementing treasury technology. It is a daunting task that demands collaboration and vision. Benefits must be defined, risks assessed and cost quantified in three primary areas:

1. People. For an initiative to be effective, an organisation must convince its staff that change is justified and that the new technology and workflows will benefit the organisation. Collaboration, teamwork, and regular communication must be encouraged across hierarchical lines and geographic borders.

2. Processes. Although treasury systems have many technological components, business processes and treasury workflows are the primary underlying reasons for technology use. Using treasury technology represents the best means to automate operational tasks and track financial instrument data, thus allowing more time for analytical and strategic initiatives. Before selecting a technology platform, a firm needs to analyse its business workflows and processes; some will likely need re-engineering to better meet a goal of becoming more efficient, reducing staff time or cost, or both.

3. Technology. Potential systems should align with an organisation's business process mission and strategy and deliver the data in real-time across the user spectrum. The selection of a platform is best made jointly, including treasury personnel who understand the future state business processes, and IT professionals that support the underlying technology infrastructure.

When people, processes, and technology work in synergy, an implementation is effective; however, such an approach and outcome tends to be the exception rather than the rule. Departments within enterprises often function in their own silos. Traditionally, inter-departmental interaction and collaboration - especially between treasury and IT - have been intermittent and rivalries common. The result? Fragmented technology implementations that support one-off initiatives repeatedly leading to incompatible systems and dysfunctional processes.

Frequently, treasury will approach a technology project from a practical perspective: it determines the functional and business requirements for a system or platform. The project typically has ownership appeal only to treasury (a 'this is my project' approach), and the project is aligned solely to treasury's mission, goals and overall strategic direction. With the focus squarely on process re-engineering, treasury habitually overlooks the technical requirements and impact of the bigger picture. If involved at all, IT is viewed as a project execution resource rather than a strategic project partner.

How Some Companies Encourage Collaboration Between Treasury and IT

To get a better picture of how treasury and IT interact on technology projects, I spoke with several organisations, including DuPont. In the case of DuPont, the firm's organisational structure is such that treasury is supported by a leveraged IT organisation. There is a global chief information officer (CIO) for treasury who has a dotted line reporting responsibility to the treasury leadership team. The CIO interfaces with all major process owners and projects and is responsible for assessing IT demand for treasury work, helping treasury to build the business case, and securing funding for IT-related treasury projects. All IT work in support of businesses and functions are managed through a leveraged structure; there is no dedicated IT staff supporting treasury. The CIO is the link between treasury demand and the IT resources needed. Work is assigned based on business case savings and internal rate of return, then prioritised with the rest of corporate IT projects.

DuPont's global treasury and credit CIO, Larry Boyer, assessed the relationship of treasury and IT and their ability to share common technology goals centered on automation, cost savings, structure and visibility using the following framework:

1. Automation. At DuPont, treasury is focused on the 'what' - minimising manual effort, streamlining workflows, and increasing straight-through processing (STP). On the other hand, IT is focused on the 'how' - ensuring the solutions fit with the IT strategic direction around application, infrastructure, and ongoing support.

2. Cost savings. Treasury and IT both want to achieve the same objectives: minimise redundant effort, streamline processes, and save costs related to support of treasury solutions.

3. Structure. When it comes to protecting corporate assets and securing financial transactions, DuPont uses an extensive vetting process for all proposed solutions and in that selection effort, treasury and IT have little choice except to work together.

4. Visibility. Treasury wants to be best in class in their use of treasury applications, but not leading edge; it is the last goal where treasury and IT are aligned.

In stark contrast to treasury's system implementation perspective, IT traditionally determines the technical requirements for a technology project. Project objectives are too often centered on IT's mission, goals and strategic direction, ignoring the same components from treasury's point of view. When IT plans system implementations independently of treasury, business process enhancements may be

sacrificed for technical infrastructure and architecture reengineering priorities.

Following years of departmental independence, both treasury and IT have begun to recognise that managing treasury effectively is heavily data-dependent and an activity that requires critical information systems support. System implementations that occur in isolation are destined for incomplete business and technical workflows that will ultimately be abandoned over the long-term.

Best-in-class Treasury/IT Partnerships

To avoid further erosion of the relationship, best-in-class treasury and IT partnerships now focus on a collaborative systems implementation approach that centres on three core objectives.

1. Strategic planning

In contrast to routine application support, strategic planning is a formal charter that plots the corporation's direction. In fact, many treasury and IT organisations are using relationship management techniques to identify integration opportunities, and are also establishing clear reporting lines and governance structure.

At DuPont, Larry Boyer highlights the importance of a steering committee that includes influential constituents from IT and treasury (top tier management) who are empowered to resolve conflicts, secure resources and additional funding if needed. The steering committee represents the departments that are building as well as using the solution.

At Dell, Peter Schmits, global systems and controls manager, also emphasises the critical value of a cross-functional steering committee, to oversee and manage strategic project momentum, escalations as well as governance, both from a fiscal budget standpoint and key controls.

2. Tactical planning

As the project plan unfolds, it becomes critical for both treasury and IT to define tactical planning roles and responsibilities. DuPont has successfully developed a two-pronged approach:

- Core project team members - subject matter experts from IT and treasury, including the project leader and a representative from the vendor, if a solution is purchased.
- Extended project team members - personnel who will be needed for integration and user acceptance testing (core users), training, change management activities, documentation, programming, etc.

3. Shared accountability

Treasury and IT must align missions, goals and strategic direction. When beginning cross-departmental projects, it is critical to establish flexible partnerships and a working framework that promotes shared project ownership and accountability. Then, project challenges can be overcome under the guidelines of a combined treasury and IT mission and goal.

At Dell, treasury is responsible for vision development and operational execution, while IT assumes accountability for technical implementation and ensuring the stability of system integration with Dell's IT architecture. DuPont's Boyer comments that the two most important project requirements for a successful implementation are shared accountability between treasury and IT and clear definition or blueprinting of the proposed solution and project goals.

Conclusion

The main objective of treasury systems is to organise, automate, and synchronise business processes and data to effectively manage risk and gain visibility to company assets. For optimal technology selection and implementation success, treasury must partner with IT. That partnership should begin very early in the process, with IT's experience leveraged beyond purely technical expertise. Firms may differ in the ongoing IT support model for treasury, but IT should be considered a primary stakeholder in the overall application of technology in treasury. If companies pursue this approach, the result will be the creation of an automated treasury supported by an effective IT architecture.

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