

Treasury 2.0

Making Treasury Management More Effective

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Terminology

Treasury 2.0 is a term closely related to the concept of Web 2.0, which itself is associated with Internet applications that facilitate collaboration, information sharing and user-centric design on the World Wide Web. Treasury 2.0 embraces these ideas and allows users to more easily discover mission critical information and interact with each other through dialogues within a virtual community. Traditional treasury solutions only allow passive viewing and processing of content. However, today the treasury world is more complex and real-time interaction with subsidiaries, back-office, management and banking partners is a necessity. The concept of Treasury 2.0 therefore includes sharing of information, business related social networking and processing and integration of treasury data, which can come from various internal and external sources such as on-premise applications, Software-as-a-Service solutions and public web sites.

In the consumer world, new forms of information discovery and communication are already wide spread

With Facebook, Twitter, LinkedIn, XING and many other new information and communication tools in the private space, the “social messaging” mode of interacting with each other has become increasingly popular. There are many reasons for this popularity. Email and various messenger tools have been around for a while; however, something was still missing as they act in informational silos and simply are not made for certain communication formats. A network that allowed users to interact and

forge connections in an easier way was needed. Here the popular social media solutions stepped in. Today, if one is looking outside his/her company walls for somebody with specific skills to help on a particular issue (for example a treasury problem), LinkedIn or XING are good platforms to find the required expertise by going to one of the many professional forums. Furthermore, you are able to directly communicate within these platforms (instead of writing an email). Another reason for the popularity in social messaging tools is the ease of navigating within these Web 2.0 solutions. Almost all solutions have smart search functions allowing users to find what they are looking for in a fast and efficient way. Last but not least, the integration of social features into applications has further boosted the adoption and usage of Web 2.0 software. However these new public tools are not appropriate when it comes to the treatment of company internal issues.

From private use to business

In the last years Web 2.0 tools made their way into organizations because of a pure business necessity. In many cases marketing departments of large corporations, especially in the retail business, had to start monitoring the activity streams of popular social networks in order to stay informed and participate actively in the communication. They wanted to know what customers think, get valuable input around campaigns or their offerings but also needed to be able to react immediately to unwanted or bad comments concerning their organization, activities and products.

From customer communication to internal usage

Despite the trends in B2C social media adoption, most businesses have not signed up to use these new technologies in a broad manner for internal purposes. There are several reasons for this. Some companies put restrictions on the usage of these tools as they fear accidental information leaks or view it as a waste of their employee's time. In fact, one might even agree with them if the only corporate solutions available were the consumer oriented ones such as Facebook or Twitter, where most of the communication is ad-hoc and not related to business tasks. Clearly, these Web 2.0 consumer solutions were not built with the requirements to run businesses which need a high degree of security, confidentiality and compliance in mind. But let's remember: Email and the Internet had the same reputation in the early days of adoption by businesses. However, as soon as it became evident that email and the internet can be used as a business enabler rather than a time waster the concerns of management evaporated and they turned their focus on how best to use them. The same is happening right now with Web 2.0 applications with the side effect that email starts to look old already: With mentioned wide spread use of Web 2.0 tools in the private space, business users are increasingly asking to internally work with the same kind of modern information and communication solutions as they use in their private space. In particular the Generation Y rarely uses email and simply does not understand why to use it in the workplace when technology today provides real-time, internet based communication tools that are less cumbersome, informal and allow much easier sharing of knowledge. Subsequently over the past few years, several new software vendors have been popping up offering Web 2.0 solutions but with enterprise like features and security. This new and hot industry is called "Enterprise 2.0". The creators of these innovative solutions are transferring the ideas from the private space

and are embracing relevant business features. But be careful: Not all of these new social tools are suitable for business purposes. The early vendor breed transferred too easily the idea of Facebook in one-to-one manner to the enterprise using the argument of faster adoption. The result is that employee's communication within these tools concern more discussions about lunch plans rather than business related issues. Worse, they tend to make employees less productive as they have to manage a new type of communication that is often not related to business context. But rescue is approaching. The second generation of Enterprise 2.0 vendors combine business information management and communication in a much smarter approach. They understand that once the mission critical data of business systems such as ERP, payment solutions or treasury systems are directly linked to the modern communication formats, employees will be much more focussed on their work and will be able to make better decisions faster.

And in treasury?

Treasury is an area where precise, relevant and urgent communication is required. And when you can link treasury information to innovative Web 2.0 type of communication formats, let's call it "Treasury 2.0", immediate return on investment can be realized. **Wouldn't it be even greater if you could combine in one place all your important information from various systems you are working with and communicate directly around mission critical data points?**

One of the largest airlines in the world is doing exactly that and works with ENTARENA, the first Enterprise 2.0 vendor specializing on treasury respectively corporate finance solutions. The airline uses over a dozen software solutions in the treasury department from ERP to reporting tools, from liquidity planning solutions to trading software, from treasury workstations to fuel management solutions.

One of their main problems is the ability to monitor and control banking fees and commissions that the airline pays to their banking partners. Today, it is a manual and therefore cumbersome process to find out how much money is spent at each of their banking partners. Once a quarter, a treasury analyst will spend several days researching and collecting relevant information from multiple IT systems in preparation for price and term negotiations with a single bank. With over fifty banking partners world-wide, this is a labour and cost intensive process. For over four years this DAX-30 company could not identify a reasonably priced solution to solve this problem in an efficient way.

Now, with the ENTARENA service, treasury employees customize dashboards around a particular bank to see and manage information from different systems on demand. A dashboard provides notifications about important events and allows filtering and following of mission critical data points. Treasury employees can easily combine internal data from ERP, trading, treasury and banking systems as well as external data such as market news pertaining to their banks. Furthermore, while in the dashboards they can communicate with co-workers directly in context of the data. The messages can be kept private or shared with the team. While the dashboards lets employees better leverage the data from existing IT systems, the communication features spread knowledge within the treasury department more effectively. The lightweight approach of the new technology ensures a rapid development and deployment in existing treasury landscapes at a limited budget.

Of course this solution will not only speed up the collection of the information by the analysts but it will also provide more accurate and timely information to the Treasurer or his/her designee when negotiating with the banks new conditions on credit lines and fees. Furthermore, through mobile solutions, treasury employees are able to access this data at any time and therefore have up-to-date information even if they are away from the

office. The airline will be able to dramatically reduce bank related cost and treasury employees will have more time for qualitative work.

As Treasury 2.0 solutions are adding immediate business value and bring a fast return on investment they will find a broad distribution across organizations over the next years. The case mentioned in this article is only one example where it makes sense to think about new ways of doing treasury business. Communication around liquidity forecasts, accounts receivables or netting processes are just few examples among many where these solutions can lead to improved cash positions and a better overall treasury processes. With these new innovations, Treasury will improve the bottom line of its company. So the question is: when are you embarking on Treasury 2.0 to conquer new upside potential lands in your organization?

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