



How to Build a Business Case for a TMS

Kyriba delivers a best-of-breed, on-demand treasury management solution that helps organizations reduce risk, improve compliance, optimize decision-making and increase productivity



A Presentation for Windy City Summit 2011

Reasons to Automate Treasury

What is a Treasury Management System (TMS)?

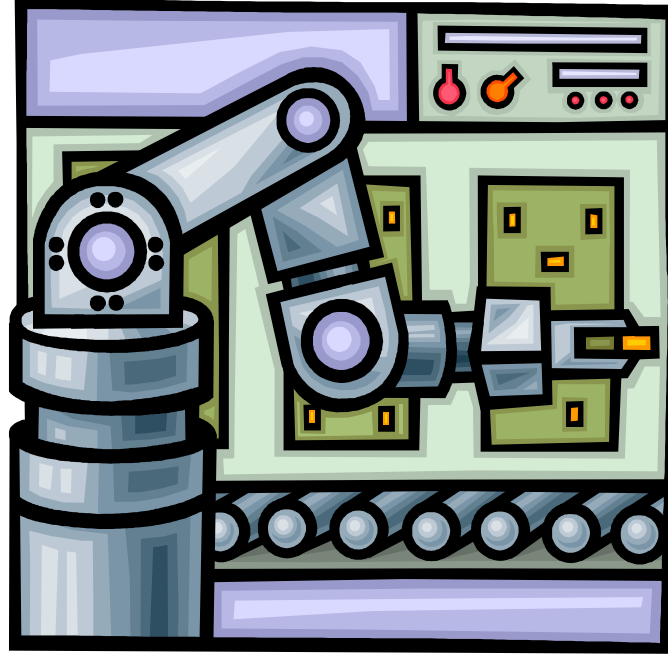
How to prepare the business case

- Estimating costs & savings

Q&A



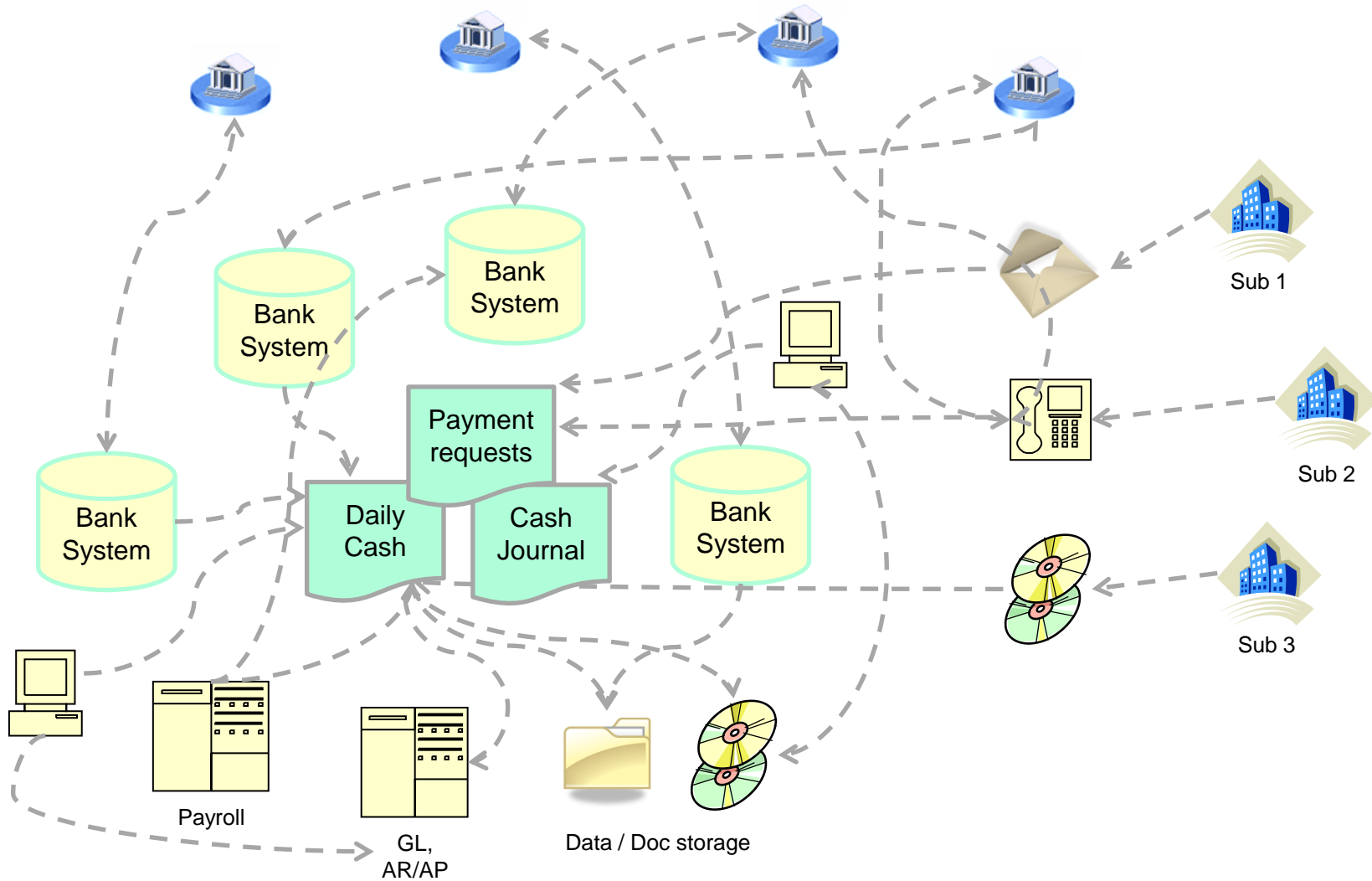
Reasons to automate Treasury



- **Spreadsheets, spreadsheets, spreadsheets...**
 - Manual entry
 - Calculation errors / manual errors
 - Static / point in time
 - Not connected to external systems
 - Version control issues
 - Security issues
 - Storage issues
- **Multiple banking and investment platforms**
- **Manual processes to gain visibility**
- **Multiple reporting tools**
- **Home-grown automation and reporting**
- **Lack of IT support**



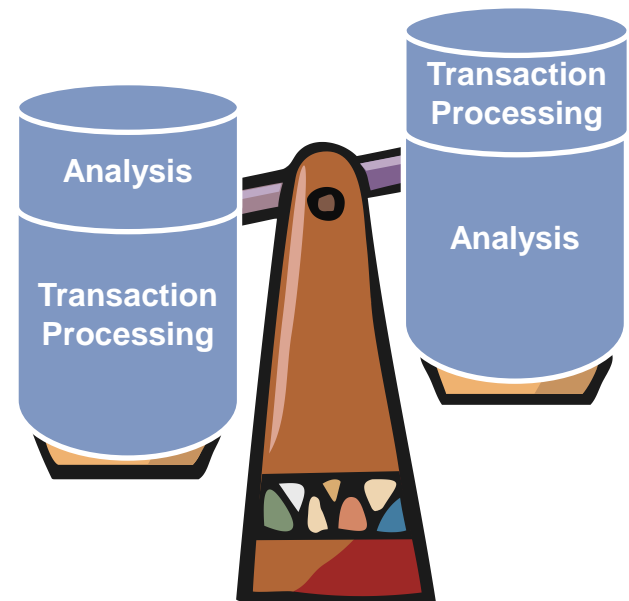
Cash Management before state



Why companies consider Treasury automation

What we hear from in the marketplace:

- “We spend too much time on spreadsheets”
- “By the time we compile the reports, it’s often too late to take advantage of opportunities”
- “Lack of standardized workflow creates inconsistencies and errors”
- “We are tired of relying on IT”
- “We have outgrown our bank solution”
- “We would love to automate, but we can’t afford to install a software solution”
- “We need to do more with less”
- “Our environment is complex – we have multiple banks and subsidiaries all over the world”
- “We want a single environment to manage and report on our cash.”



**Treasury
Today vs. Tomorrow**



A central repository to manage cash and liquidity across your organization



What does a TMS Do?

TMS capabilities

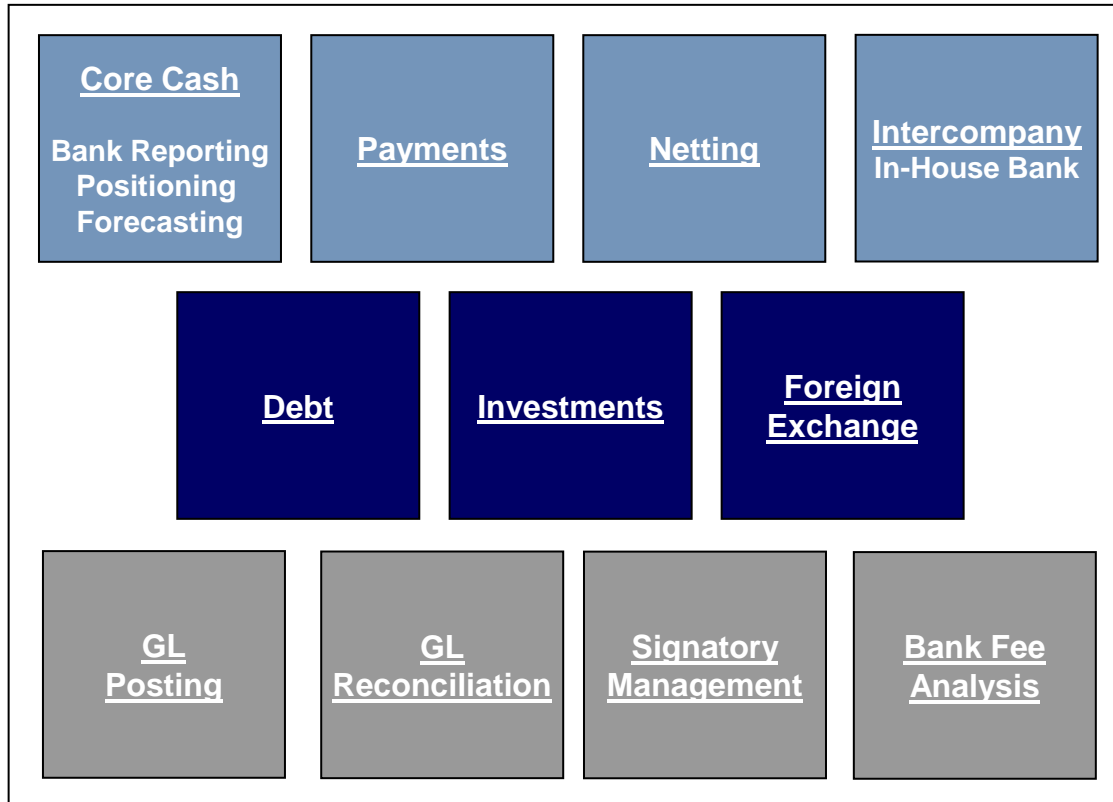
- Manage in-house banking and intercompany movements
- Perform bank fee analysis
- Manage bank signatures
- Reconcile bank to book
- Manage FX spots, forwards, swaps
- Cash positioning and forecasting
- Automate GL posting to your accounting system
- Consolidate reporting/tracking for all financial instruments
- Accounting for all financial instruments
- Integrate debt/investments and FX into cash forecasts



What are the benefits of a TMS?

- Streamline processes
- Eliminate manual activities
- Reduce errors
- Control / segregate processes
- Facilitate auditing / SOX
- Faster access to information
- Standardize reporting



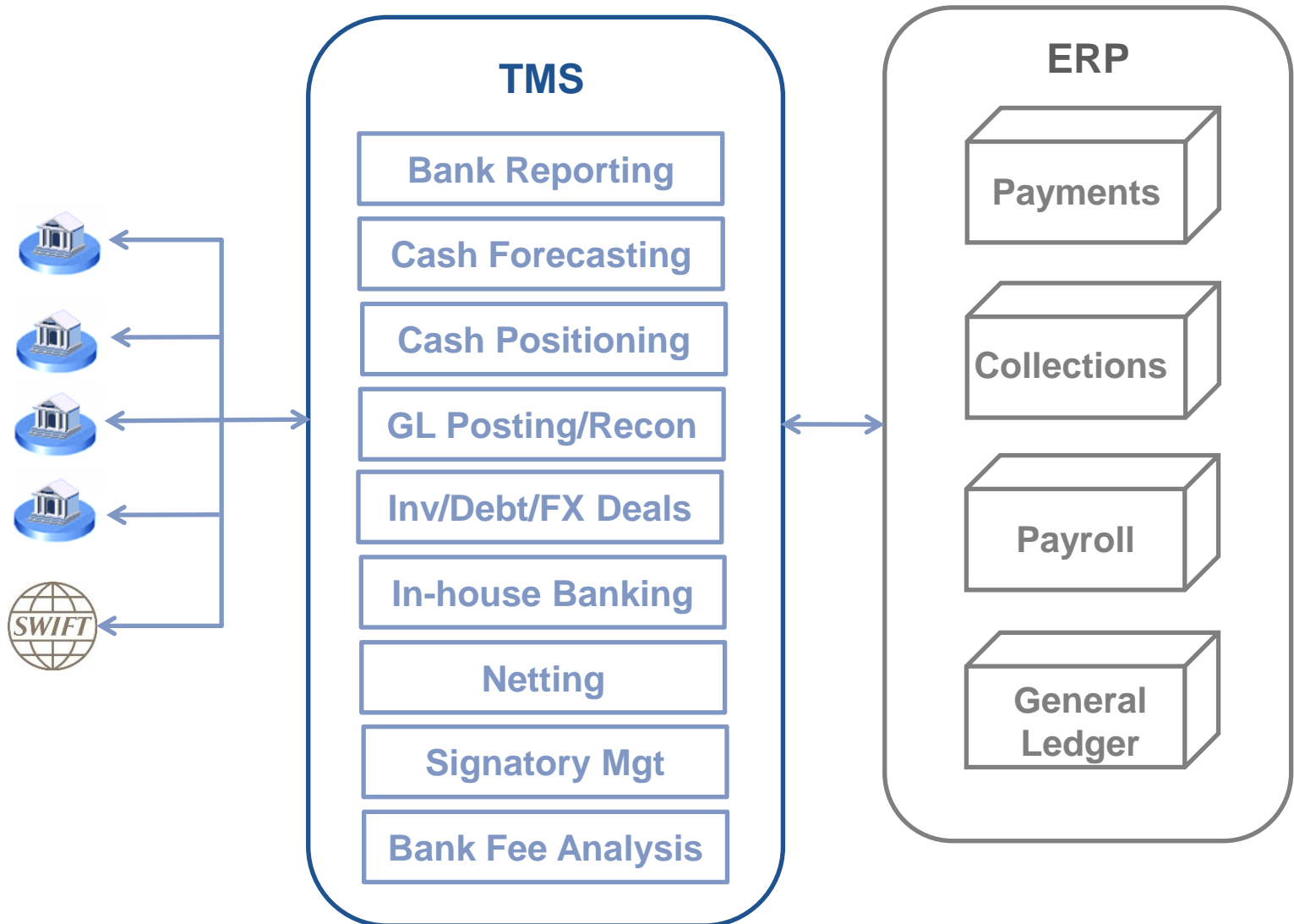


Liquidity

**Financial
Instruments**

**Back Office
Management**





No! There are three different types:

- Installed
- ASP Hosted
- Software-as-a-Service (SaaS)



Treasury technology options: Installed vs. SaaS (sample)

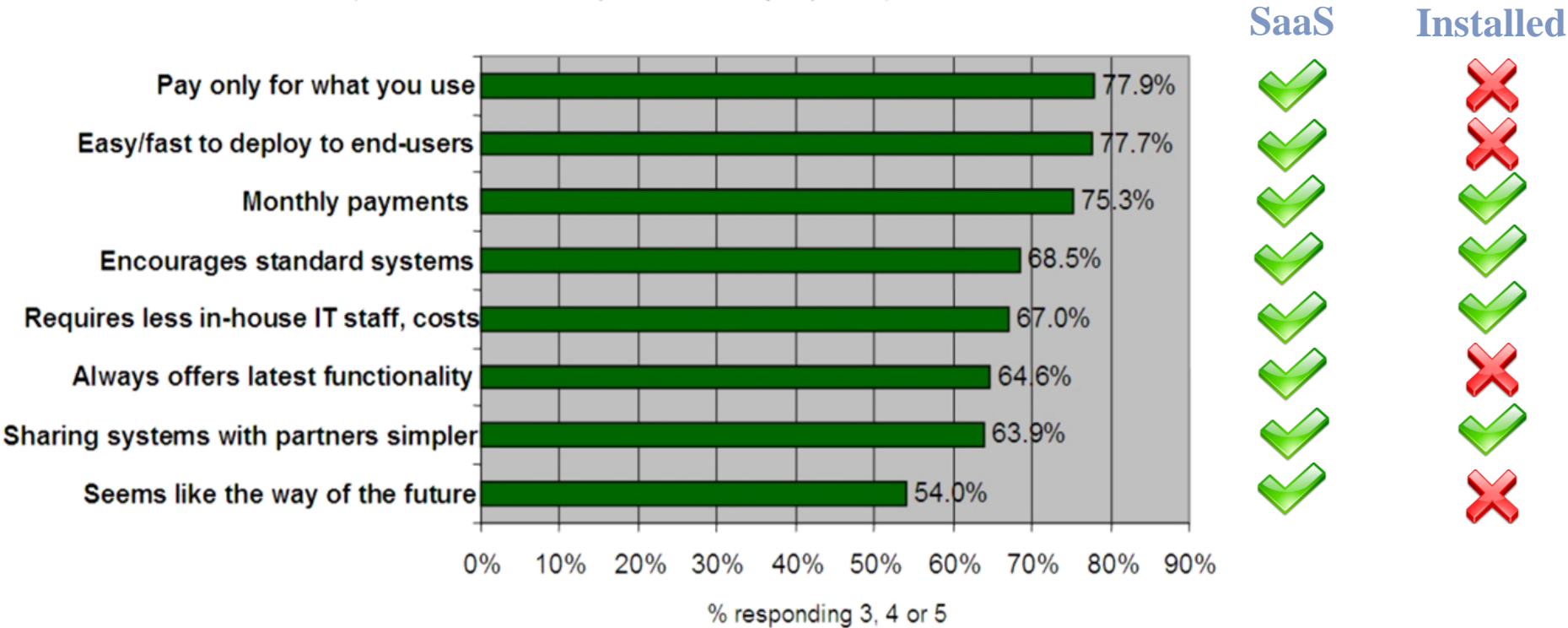
Installed Software	Software-as-a-Service (SaaS)
Single workstation or client server	Single or multi-user access: via Internet
No remote access: without Citrix or network infrastructure	Remote or local access: via browser
Highly customized: by client	Very flexible and configurable: by client or user(s)
Internal IT support needed: for maintenance, disaster recovery, and data storage	Little to no IT support needed: for any reason, disaster recovery and data storage provided by vendor
Implementations can take longer: due to install phase	No installation: phase needed
Clients pay for every upgrade: and may fall behind on versions	Simultaneous upgrades: no clients fall behind
Significant capital investment	No capital investment: and < 12 month ROI



From a recent IDC survey: Why do companies want SaaS?

Q: Rate the **benefits** commonly ascribed to the 'cloud'/on-demand model

(Scale: 1 = Not at all important 5 = Very Important)



Source: IDC Enterprise Panel, 3Q09, n = 263



1. Identify the problems you will solve
2. Identify current costs
3. Estimate the savings
4. Identify other ways resources can be used
5. Assess your risk tolerance
6. Estimate TMS costs
7. Prepare business case and cost/benefit analysis



1. Identify the problems you will solve

- Inadequate cash visibility
- Data aggregation / bank reporting?
- Spreadsheet errors
- Inaccurate forecasts
- Unfavorable investment / borrowing decisions
- Difficult in-house banking methods
- Signatory management problems
- Long month-end processing
- Controls / workflows
- Resource issues
- High IT resource requirements...



2. Identify current costs

- **Resource costs**
 - Treasury + Accounting + IT
- **Bank fees**
 - Online users
 - Balance reporting
 - Linesheets
 - Online transaction history...
- **Opportunity costs**
 - In-house banking?
 - More favorable rates?
- **Cost of errors**
 - Overdraft fees
- **IT charges...**
 - Data storage
 - ERP connectivity



- **Save time/resources**
- **Decrease dependence on IT**
- **Reduce bank fees**
- **Unearth trapped cash**



How does automation save time?

- Many tasks are completed before you arrive at work:
 - Bank reporting
 - GL posting
 - Reconciliation
- Workflow management
- Automate intercompany flows
- Automated reporting
- Faster month-end processing



What can you do with this time savings?

- Spend more time on analysis, less on transaction processing
- Reallocate or eliminate resources (treasury, accounting, IT)
- Work on other projects that are valuable to the organization



Estimate time/resource savings

Task	Resources	Today	With a TMS	Savings \$\$\$
Bank Account Reconciliation	Treasury			
GL Reconciliation	Accounting			
ERP interfaces	IT			
Bank polling	Treasury			
GL posting	Accounting			
etc.				

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- **Achieve global visibility**
 - Reduce idle cash balances
 - Reduce daily cash forecast variances
 - Improve forecasts
 - Improve receivables management
 - Improve timing/term of financial decisions
- **Reduce Bank Fees**
 - Rationalize / reduce # of banks & accounts
 - Reduce online storage history
 - Reduce linesheet storage
 - Reduce number of online users
 - Reduce daily bank reports
- **Decrease dependence on IT**
 - Reduce IT storage & maintenance charges
 - Avoid purchasing HW/SW
 - Reduce annual audit costs



Time saved

Fortune 500 healthcare company: *“Previously, our first ten business days were dedicated to month-end closing. Now, our cash manager can complete this work in one business day. Automated reporting allowed us to eliminate at least one position in another business unit.”*

Reduced IT costs

Fortune 500 transportation company: *“We were able to realize an immediate savings of \$3,000 per month in IT maintenance and storage costs.”*

Reduced bank fees

Fortune 500 transportation company: *“We reduced the amount of history stored for online bank reporting from 12 months to 60 days”, resulting in a \$75,000 savings per year.”*

Unearth trapped cash

Mid-Corporate insurance company: *“We reduced cash balances by 25% with the clear visibility to all of our balances and the ease in which we can concentrate funds and send them to our investment account.”*



4. Define other uses for these resources

- Spend more time on forecasting
- Bank fee analysis
- Scenario analysis
- Risk management plans
- Reallocate headcount within the business
- Reduce headcount
- More automation!



Business continuity

- What if the office is inaccessible?
- What if you can't access in-house systems or spreadsheets?
- In case of a staff outage, who can do the work? Have they been trained?
- Is there a clear workflow or to-do list?
- Do the replacements have the appropriate privileges?

Efficient audits

- Do you have easy to produce audit reports?
- Is there tight security around your systems?
- Do you have to audit multiple bank systems?



Reduced manual errors

- Is your team rekeying bank data into spreadsheets?
- Is treasury or accounting manually assigned GL codes?
- Have you experienced any losses due to keying or calculation errors?



- **Select preferred vendor / identify costs**
 - Installed solutions (onsite)
 - ASP (hosted, single instance)
 - SaaS (hosted, shared application/database)
- **Identify internal costs**
 - HW/SW
 - IT
 - Resources
- **Identify bank costs**
 - BAI reporting
 - Payment formats
 - Bank testing
- **Other?**



7. Document the business case & cost/benefit analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
BENEFITS					
Enhanced revenues					
Cost reduction					
Labor reduction					
Decreased overhead					
Total Benefits					
COSTS					
Hardware					
Software					
One-time fees					
Recurring fees					
Total Costs					
NET BENEFIT					



8. Present to Senior Management for approval!



Questions?

John West

jwest@kyriba.com

312-612-9378

