Functionality or processes – a chicken or egg issue?

What are the priorities of a system implementation from a product design and process consulting point of view? The Global Treasurer talks to experts at BELLIN to find out.

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Date published
February 26, 2019

Categories
FinTech

What does implementing a treasury management system mean for a company? Increased transparency, visibility and efficiency come with the promise of optimized workflows, processes and more convenience. Or is it the other way round? A best-in-class tool or best practice processes – what comes first? Should companies select a software vendor based on desired functionality and then match their processes to the new system? Or should they redesign their processes before selecting and implementing a new tool?

The product point of view

Who would be better placed to assess the role of a tool in helping companies take their treasury to the next level than someone whose job it is to oversee the make-up of this tool? Nikolai Diekert, Director Product Management, spends his days researching, assessing and implementing treasury management system features.

He and his team determine what functionality the tool should have to best support treasury departments. This involves keeping a close eye on the market as well as gathering feedback and input from clients and potential clients.

"System functionality needs to address client requirements in the best possible way and enable them to digitize and automate those tasks that can easily be performed by a tool," Diekert says. "Implementing this functionality gives companies the instruments and range of capabilities they need to perform better."

The process consulting point of view

But what about the processes surrounding the tool? What good is the best functionality if ill-adapted processes and workflows prevent users from making the most of them? Philipp Friedrich, Senior Treasury Consultant at BELLIN is frequently involved in pre-implementation process evaluations:

"A software implementation always means changes to procedures in a company and clarifying responsibilities," he says. "Failing to address process and workflow changes will keep you from making the most of a new system. Every company should take a good hard look at what procedures are in place and what new procedures might be required or desirable. What best practices should be implemented and what can and should you do without?"

A process-based tool: the best of both worlds

Clearly, functionality is crucial, but so are processes. So, what does come first?

One thing is clear, the worst you can do is try and replicate existing systems and processes in a new system. You might be making costly modifications only to realize that the new system offers a much easier, better solution. Or you might be applying processes that worked perfectly fine with your old tool to a new system that calls for completely different workflows. Ultimately, functionality and processes go hand in hand. What you really need is a process-focused tool.

Do the experts agree? Friedrich explains: "Process improvement is a key success factor in a system implementation. But, of course, the system needs to be excellent as well. That's why system selection, implementation and process design should be done in stages and at the same time. An initial assessment will help you determine important requirements. It will also show you if there's potential for optimization before you introduce a system. Some processes might need changing regardless of which system you're going to introduce, others can be optimized ahead of time, for example by cleaning up your data or developing guidelines."

Diekert adds: "We design our systems to reflect best-practice standard processes. As a company, you should make sure that your current processes can be executed with the system you choose. This is where you need to implement the functionality before you can build processes around it. A system has to be versatile and flexible as well as process-focused to enable companies to transfer best-practice functionality to best-practice procedures."

Done incorrectly, implementations create costly disruptions, budget overruns and delays. What you need is the right functionality as well as corresponding workflows and processes. Far from mutually exclusive, the two interact and complement each other.

Featured contributors

Nikolai Diekert – Director Product Management, BELLIN

Diekert is Director of the BELLIN Product Management Team and his focus is on ensuring BELLIN products meet current and future treasury management requirements. With his excellent problem-solving skills and extensive knowledge of financial markets, Nikolai has been a real asset ever since he joined the Product Management Team in the spring of 2017, coming from the BELLIN Advisory Team. He studied mathematics in Freiburg and Bordeaux and is a Certified Corporate Treasurer.

Philipp Friedrich – Senior Treasury Consultant, BELLIN

Friedrich has been a Treasury Consultant for BELLIN since 2016. He oversees implementation and TMS migration projects and provides guidance on restructuring treasury departments and in-house bank setups. In addition, Philipp conducts treasury research, particularly on financial regulations (EMIR & FMIA) and the valuation of derivatives. He studied Business Administration at Hochschule Heilbronn (Germany), International Business Management at Staffordshire University (UK) and Economics at the University of Basel (CH).

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