



Outsourcing of Treasury Expertise

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The outsourcing of treasury-related systems provides access to more than just affordable software. This article explores the fact that the expertise of operators that accompany an outsourcing service is one of the most overlooked benefits.

Within the past several years, the concept of Software as a Service (SaaS) has seen tremendous growth in treasury and other areas. People in the treasury software marketplace have come to realise the value of:

- Best-of-breed software without significant up-front capital expenditures.
- Built-in reliability with minimal technology involvement for the company.

Traditionally, treasury software has been installed within the walls of a company and operated by a member of the treasury staff. Given the broad range of expertise required for a treasury professional, and ever-increasing demands on their time, it is difficult for a treasury professional to truly master the intricacies of complex software, regardless of the benefits. For applications that are not mission critical, or for those not used on a daily basis, this is especially true.

The Job Nobody Wants

For example, take the rather mundane task of verifying and analysing bank fees each month:

- Every treasury professional knows that bank fees require monitoring, and account analysis statements are often rife with errors.
- Each bank seems to have come up with a different way to bill for the same services.
- With the new global bank-fee billing standard now available, the job has only become larger. Now, treasury has the ability to review their bank fees for their non-US banks as well.

However, treasury has many daily duties to perform. As a result, this information is often ignored or only given a cursory review. Bank fees are just paid, or even debited directly from the bank account. Today's banking world involves greater controls and increased compliance requirements. Nevertheless, bank fees are simply paid, as the process often happens outside of the normal accounts payable (A/P) arena.

As treasury professionals attempt to understand and control bank fees, they are often dumbfounded by differences in statement calculations and services across different banks. Very often, even the banks themselves cannot explain how these bills are being calculated.

Each month, it can take days for a member of the treasury staff to reconcile bank fees - even with the assistance of a bank-fee software application. In many cases, it is a chore to decipher what each bank is sending and what the differences are between each bank.

In the end, other pressing tasks come up. Once again, the bank-fee review gets pushed aside; once again, the fees are simply paid.

Enter the Specialist

In today's business world, the outsourcing of various functions is an increasing trend. Whether it is payables, payroll, or any number of other areas, the concept of business process outsourcing (BPO) is rapidly growing. Outsourced functions allow a company to reduce operating expenses, while providing access to the latest and best applications for managing the outsourced function.

Hundreds of systems are available that perform a variety of treasury functions; some of these systems are relatively easy to use. Nevertheless, most applications still require a user who truly understands them. Furthermore, to run a treasury organisation effectively, many different applications may be required. As a result, it's nearly impossible for anyone to become an expert user, especially in less frequently used systems.

One of the most overlooked benefits of BPO is the expertise of the operators that accompany the outsourced service:

- A quality outsourcing provider is staffed by treasury professionals - people who understand the goals and demands of the organisation.
- Moreover, outsourcing staff have taken an additional step: they have become an expert in one particular area of treasury.

For tax management, bank-fee reconciliation, or any number of other treasury functions, powerful systems are available to manage these tasks. When these systems are combined with an expert user who performs that function exclusively, BPO becomes much more than a cost-savings tool. It now allows businesses to perform a function - which may have been ignored in the past - in a highly effective, efficient manner.

Outsourcing the process of bank-fee reconciliation process provides the treasurer with an expert who can identify exactly:

- What each bank is billing for.
- How each bank is calculating the critical elements in an account analysis statement.

As bank-fee experts deal only with bank fees, they can:

- Identify errors easily.
- Decipher statements quickly.

Experts know exactly how each bank processes the account analysis from dozens, or even hundreds, of other companies (which, most likely, use the same banks).

Bank-fee reconciliation involves much more than merely confirming you have been charged the correct price for service line items. There are over 20 categories of errors that commonly occur on account-analysis statements. Very often, these errors can be spotted by an expert's eye using the appropriate tools. Frequently, these experts understand how banks process fees better than the banks themselves. And, when it comes time to negotiate your next round of bank service prices, this is important information.