



TREASURY

# DIGITALIZATION ENHANCES THE STRATEGIC POSITION OF THE TREASURER

Treasury departments are currently under pressure from two sides: Firstly, they are confronted with new regulatory changes for payment ecosystems, compliance regulations and provisions on combating money laundering and terrorist financing, which they must tackle by means of processes, technology and personnel. At the same time, digitalization is changing the business model of their companies. New technologies are coming to the fore, which redefine the payment area. The traditional, role, structure and staffing of the treasurer are thus being redefined. However, the opportunities of digitalization do not by any means pose a threat. Using them skillfully enables the treasurer to play a greater strategic role in future.

Cash and liquidity management, monitoring of accounts receivable and accounts payable accounting, budget and finance planning and financial risk management are the traditional core functions of the treasury as transaction and reporting center in the company. This is not going to change in the future either. What is new is that data material will be better exploited in the future by enhanced technologies. Among these technologies are: automation, artificial intelligence, big data analytics, machine learning, robotic process automation, open application programming interfaces (APIs) and cloud services. The “next generation treasurer” combines them to create a digital tool kit so he or she can become a more strategic bearer of risk and competence center for analytics in the company.

## ENGAGE IN WINNING HORIZONTAL THINKING

Digitalization is a horizontal phenomenon. It affects traditional industries, their definition and boundaries. Companies are no longer attacked in the core of their industry, but at the perimeter. Those who do not pay attention, but restrict their strategy to their own industry, will be among the losers. However, those who engage in winning horizontal thinking -

platform strategies, user-centric thinking, etc. - are much more immune from unpleasant surprises. Because these thought patterns are very similar across industries. We can shape our own future by borrowing from other industries. This can be transferred to the company level: The treasurer can also connect to new predictive maintenance technologies.

Changes in the treasury due to digitalization are already apparent and even acknowledged by the industry: In the middle of 2018, the British Economist Intelligence Unit conducted a study among European Senior Corporate Treasurers on behalf of Deutsche Bank. More than half of those questioned stated that their company had already changed its business model on the basis of disruptive technologies and this had a (negative) impact on their area of activity. Thus, significant innovations can be found in the areas of multi-channel payments, mobile solutions and product life-cycle of supply chains.

## DIGITAL ICING ON THE CAKE IS NOT ENOUGH

The fact that a negative impact is perceived or even feared is reflected in the ingrained “gut instinct” of the treasurer as custodian of the company finances. The analysts of the Economist Intelligence Unit discovered that many were still not ready for the enhancement of their traditional role. The industry must break free from this role as a response to digitalization. It needs a stronger entrepreneurial perspective which seizes new opportunities instead of lying in wait for threats. Because digital technologies give you the opportunity to carry out formerly manually performed processes faster and more efficiently by means of automation. This creates room for new themes and strategic participation.

It is not just a question of using new technologies within existing systems. Too often the focus remains fixed on more efficiency, automation and incremental advancement of



existing technology. Covering up old business processes and putting “digital icing on the cake” lead to the past. Those who think like that have not understood the fundamental ideas of digital transformation, which read: Innovative technologies first open the door for completely new business models and processes which would have been utterly inconceivable without them. What is required is not just a digital strategy, but a business or company strategy in which digital technologies become an integral part of the value chain architecture. Digitalization as a means to an end for future business goals!

**DATA IS THE TREASURER'S NEW GOLD**

“Software is eating the world”, it used to be said. Today, data is the new gold. Liquidity data, payment flows and cash flows in real time contain essential information, which can only be properly evaluated by the available technology today. Thus, they become the treasurer's “gold nugget”. Cloud-based payment platforms such as TIS are the basis for making data available in real time to central office. The treasurer can evaluate it with AI software, can train neural networks with his or her payment patterns and receive solvency forecasts of individual clients, who are just as relevant for Purchasing as for Sales, the CFO or Executive Board. He or she provides his or her business partners with information, which is not just recommendations for action at an overall holistic level. But they reach down to the level of individual customers or customer classes.

Meanwhile, banks have a regulatory obligation to open their business processes to the public via open API. They can broaden the scope of cooperation to include Fintechs and integrate process steps faster, which these may master better, into the business process landscape via open interfaces. The open API concept requires openness and readiness to adapt the function to the new mindset. Treasurers must learn to think in accordance with the open API framework.

**SPARRING PARTNER FOR THE CEO**

Those who use the new data analysis opportunities will be a relevant sparring partner for the CFO/CEO. The treasurer is in an ideal starting position, because he or she is at the source: where the cash is. Especially in a volatile, complex business environment, a free cash flow buffer is precisely the currency that a company requires for experiments in the area of digital transformation. The treasurer thus plays a strategic role - less in the sense of long-term planning as before, but rather in such a way that the company can now, with his help, perform agile capital allocation for experiments.

**DOES ONE WANT TO REMAIN A TREASURER?**

Treasurers need not fear being disrupted if they are ready to think outside the box and jump at new opportunities.

They have the potential to take on a more creative role in the company, to contribute to new business models and to adopt a strategic position. This also requires a new mental model. Does one want to remain a treasurer? Or does one acquire skills in the areas of software engineering, data science and project management or lead a team comprising these disciplines. This should no longer even be a question for the next-generation treasurer.

**DIGITALIZATION PLACES NEW DEMANDS**

**The treasurer of tomorrow...**

- pro-actively contributes to his or her company reaching competitive advantages in an uncertain business environment.
- creates the financial conditions for an entrepreneurial, exploratory and agile organizational development.
- becomes strategic advisor for the CFO and Executive Board during the change to new digital business models.
- uses digital technologies to meet the demand of the company for real time financial information and to intensify cooperation with suppliers and banks (via open APIs).
- deals with ethical questions connected with artificial intelligence and new risks (cybercrime).



#### **ABOUT THE AUTHOR: TIS**

TIS (Treasury Intelligence Solutions GmbH) based in Walldorf has been combining experience and competence in financial planning since 2010, with particular expertise in cloud computing. The result is the TIS solution: a comprehensive, highly scalable cloud platform for managing company-wide payments, liquidity, and banking relationships worldwide. TIS enables SMART PAYMENTS to help the customer make better decisions by analyzing financial and operative performance on the basis of the real time of the payment flows. The TIS solution has been successfully used for years in medium-sized and large companies, such as Fresenius, DACHSER, BearingPoint, Heidelberger Druckmaschinen, Marquard & Bahls and Swiss Airlines. TIS provides Software-as-a-Service (SaaS) and offers internationally operating customers key advantages, such as lower costs, risk prevention, a higher degree of transparency, shorter integration times, fast worldwide roll-outs and smooth updates. The high level of security and deep integration of the platform with existing ERP systems are attested by the ISO-27001, SOC 1 and 2, as well as SAP certifications. Financial Times and Statista recognize TIS as one of Europe's Fastest Growing Companies 2019.

Further information can be found at [www.tis.biz/en](http://www.tis.biz/en)

#### **ABOUT THE AUTHOR: DR. CARSTEN LINZ**

Dr. Carsten Linz is a proven expert in entrepreneurial leadership, innovation and business model transformation. As a multiple entrepreneur and New Business Developer he has built up several hundred million EUR-business in the course of his career. He was also responsible for transformation programs for up to 60,000 employees. For SAP, he leads the Center for Digital Leadership, a renowned think tank for next-generation digital innovation and transformation approaches. Mr. Linz is active as a business angel and in the investment committee of the largest European seed fund and holds several advisory board seats.

As an extended faculty member, he teaches Executive MBA courses at the Mannheim Business School, the European School of Management & Technology Berlin, the University of St. Gallen and the Stanford Graduate School. He is the author of several books, among them "Radical Business Model Transformation: How to Gain the Competitive Edge in a Disruptive World," which was awarded the Top Business Book 2018 and translated into five languages. His articles have appeared in Forbes, Harvard Business Review / Managers, ZDNet, Computerwoche, Frankfurter Allgemeine Zeitung, D!igitalist Magazine, CIO Magazine.

Dr. Linz was named "Top 100 Digital Influencer", awarded the "Innovation Landmark" by the German Federal President, awarded the "Award of Excellence" by the Global Institute of Logistics, and named "Leader" in the Gartner Magic Quadrant. He is an advisory member of the Digital Enterprise and Digital Platforms & Ecosystems projects of the World Economic Forum. Dr. Linz is a sought-after keynote speaker (London Speaker Bureau) and advises board members all over the world.



**TIS – KEY FACTS AT A GLANCE**

- Leading cloud platform for standardized, automated and global payment transactions between companies, IT departments and banks.
- Replacing resource-intensive and erratic manual processes.
- Transparent, simplified control of liquidity in real time.
- Maximum security in relation to governance, auditing and compliance requirements, together with SAP and ISO certifications.
- Proven cost savings from 0.2 to 1 million euros per annum.



**WHO IS BEHIND TIS?**

Treasury Intelligence Solutions – a limited liability company founded in 2010, with its head office in Walldorf, Germany. As a result of excellent feedback from our customers, the company has grown rapidly. We look forward to giving your company more freedom as well!

**JÖRG WIEMER – CEO & JOINT FOUNDER**

Jörg Wiemer, MBA, is a joint founder and CEO of TIS. He holds a diploma in Business Management, and can look back on more than 20 years of experience in the spheres of treasury and corporate finance. Most recently he was Senior Vice President and Head of Global Treasury at SAP AG, in which position he and his team were responsible for International Treasury Management.

**EROL BOZAK – CTO & JOINT FOUNDER**

Erol Bozak, MBA, is a joint founder of TIS, and as CTO is responsible for the areas of product development and services. He holds a diploma in Computer Science. As a former Director of Technology Development at SAP AG, he has wide-ranging experience in the development of management systems, including virtualization and Cloud Computing. In these areas Mr. Bozak holds more than 40 national and international patents.

The founders of TIS: Jörg Wiemer, Erol Bozak (left)



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