

On-time treasury: managing the flood of data

Data underpins every aspect of an on-time treasury. Yet, unprecedented volumes of data can quickly overwhelm treasuries adapting to new ‘on-demand’ business models. To manage the flood of data effectively, treasury departments must avoid the hype of instant data while balancing the pace of data initiatives with the appropriate support.

As businesses increasingly rely on technology and automation, data is required and generated exponentially. This data creates enormous opportunities to transform processes through improved decision-making and automation in a potentially virtuous cycle.

With so much talk of opportunity, it is easy to get caught up in the hype of a few select companies with business models that necessitate lightning-fast speeds. However, the reality for most companies is that processing must match reliable data availability, which requires a delicate balance between speed and precision.

Modern treasuries are quickly evolving to support “always-on” and “on-demand” business models; therefore, decision-makers must be continually informed. Our last article discussed how this pressure drives even more focus on visibility and transparency in bank account and liquidity structures.

Without adding the right data at the right time, automation initiatives fail to achieve desired outcomes, and decision-makers revert to spreadsheet models.

Beyond liquidity, there is pressure for high-speed data, which has value. Nevertheless, in many companies, data is still not centralized, meaning confidence in, and reliability of, data is still more critical. Automation initiatives will only achieve desired outcomes if they offer the right data at the right time. Without that, decision-makers will revert to spreadsheet models.



Key takeaways

- Treasurers are under increasing pressure to support more rapid business processes requiring vast amounts of data.
- Low investment in data initiatives and limited data skills can be hurdles for treasury, along with the hype of immediacy and the plethora of data solutions.
- Rather than getting caught up in the hype, treasurers should focus on the quality of available data and quantifiably improving business processes, particularly through the use of mature visualization solutions.
- Treasurers who embrace curiosity and partnerships can expand the treasury’s influence along the value chain.
- Support models focusing on actionable insights and intelligence rather than data offer a cost-effective way of moving ahead, and core relationship banks should play a key role.

It follows that the pace of data flows and the application of data need to be appropriate and specific to each business. Before any acceleration or expansion of data flows can achieve their goals, there needs to be a level of awareness of the underlying processes, the data that feed into and flow from those processes, and the appropriate level of accuracy, dependability and connection of that data.

There is an opportunity at every level of data maturity

With the proliferation of data has come a profusion of data solutions focused on advanced and high-speed applications. Yet, too many options can be fraught with danger. Most treasurers will recognize the risk of spinning too many plates when it comes to data transformation — but complacency with systems that need to move forward has equal risk. Both lead to missed opportunities.

Regardless of where a company falls on the spectrum of manual to automated processes, there is a transformative opportunity to enhance decision-making using data, from simply adding data at the right point in a process to advanced artificial intelligence. The key to an on-time treasury is to solve a need when it arises, and for data, that means a precise application to a business process that needs to change.

Balancing pace with precision by focusing on operational efficiency

Data in itself is often not the solution. Instead, insights that lead to informed, timely decisions and operational effectiveness are the solution. So, to ensure the application of new data or data infrastructure leads to tangible value, it must focus on achieving greater operational capability.

For most treasuries, data visualization tools offer “low-hanging fruit” — data projects that produce transformation and insight in reasonable bite sizes rather than multiyear, multisystem initiatives. Data visualization tools have evolved into a combination of mature treasury applications and rapid prototype capabilities that can quickly transform vast amounts of data into meaningful insights. Integrating these data visualization tools with other financial platforms has also advanced, improving collaboration and the accuracy and local applicability of insights.

A precise, on-time perspective will zone in on ‘low-hanging fruit’ — data projects that produce transformation and insight in reasonable bite sizes.

Risk management and supply chains are two areas of opportunity for treasurers looking for a place to start. Both have come under increasing focus given market and logistics disruptions and geopolitical changes, yet both processes frequently run on spreadsheets. Nevertheless, just a tiny amount of well-applied data can have a marked impact on these processes. Applications in these areas are expanding rapidly to include AI for materials planning, integrating shipping, weather data and intelligent warehousing, which tangibly improve efficiency by feeding more accurate cash flow and risk management processes.



The expanding role of an on-time treasury

The field of supply chain management aptly illustrates the changing perspective and burgeoning role of a data-led treasury. The right precision and pace of data inspire confidence. When applied across end-to-end processes, this creates opportunities in nontraditional areas of influence. In many cases, treasury's influence is expanding from outputs like cash flow forecasting to every operational process along the supply chain and working capital cycle that feeds that process.

Given its direct impact on cash flow, working capital has been a traditional area of focus for treasury, particularly accounts payable and receivable. Yet the biggest challenge for many firms is demand planning and inventory management. With the proper focus on data and infrastructure, treasuries prepared to get into the nuts and bolts of inventory can improve cash flow and contribute to the broader business.

To stay on top of these changing business priorities requires investing in data and a data strategy and road map for treasury that includes the right balance of incremental traditional system improvements with new areas of opportunity or rapid innovation.

Keep moving with empowering support models

When it comes to data, one of the biggest challenges for treasurers is competition for investment and scarce advanced data skills, which are often absorbed by other core, sales or customer-centric areas of the business. The challenging economic forecasts for the coming years are likely to squeeze costs further and increase this issue at a time when expectations are high, and so much opportunity exists.

Nevertheless, with the right amount of curiosity and meaningful partnerships, treasurers can continue to make progress. With opportunities in process-specific, decision-oriented visualizations,

treasurers should embrace the spectrum of support models that go beyond simply raw data to more advanced tools and insights. Insight and artificial intelligence 'as a service' models offer cost-effective and developer-light opportunities for tangible results.

The long-term challenge is linking these solutions across the data ecosystem into a cohesive architecture and data strategy rather than individual add-ons that are incompatible or incomplete. Your relationship bank should play a core role in this process, given the level of data sharing and insights bank data can provide. For example, Bank of America has invested in a cohesive data infrastructure that supports intelligent cash flow forecasting, accounts payable risk and anomaly detection, and insight-driven dashboards to improve working capital efficiency and payment routing.

Regardless of what stage of data maturity or system integration you are at, speak to your Bank of America relationship manager to understand how we can help you manage the flood of data with precision and pace.

This series of articles and podcasts will highlight the key misconceptions and opportunities of on-time treasury. We trust you will find this frank approach refreshing. Speak to a Bank of America representative to understand our practical approach to on-time treasury, led by our treasury advisory group.



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