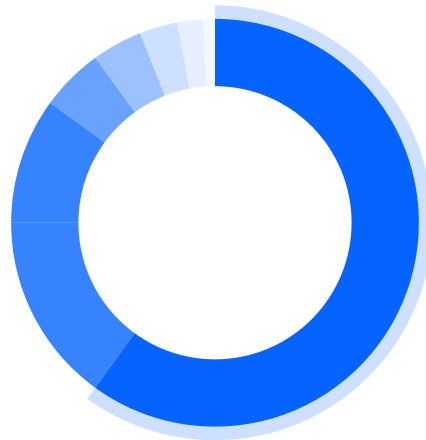




Deciding Between a TMS, A Modern Cash Flow Management Platform, and the Rest

A Buyer's Guide to Modern Treasury Management Tools

Monthly cashflow distribution



- Payroll 60%
- Tax 15%
- Deposite - AR 10%
- Intercompany 5%
- Debt 4%
- ZBA 3%
- Benefits 2%
- Credit Cards 1%
- Returns 0%

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Introduction

Over the past few years, your company has tripled its revenue. Transaction volume has increased exponentially along with it, leading to a significant challenge. Despite the tremendous increase in volume, locations, currencies, and complexity, your treasury headcount and cash management processes haven't scaled at the same rate. So, your finance team spends up to one week per month just aggregating bank data in spreadsheets manually, limiting the time it has to spend on analysis.

What you *really* want to do is find the right solution to gain complete visibility into cash activity and provide valuable cash insights to support real-time, data-backed decisions. But, you don't want to implement something that would require a huge investment, a long timeline, and IT resources.

Does this scenario sound familiar?

Today, treasuries have more options to digitally transform than ever, thanks to innovations in financial technology. While spreadsheets and treasury management systems have been the status quo since the 80s, there's now another type of solution: a cash flow management platform, incorporating the latest tech like bank APIs and machine learning and all the advantages they can offer.

In this guide, I'll cover the differences between a TMS and a cash flow management platform as well as other alternatives so you can make the best decision for your treasury's toolkit.

What is a Traditional Treasury Management System (TMS)?

A treasury management system or TMS helps manage liquidity, financial risk, cash reporting, and forecasting. This type of system was introduced originally as a way to fix the challenges associated with collating bank data.

How Does a TMS Work?

Many traditional TMS rely on SWIFT MT940 statement transfers to collect bank data. This means they must generate end of day statement files using the MT940 file format for each bank.

If automating data collection is an important capability for your treasury, then this solution might not be ideal for you since the MT940 file format is outdated in terms of automating data collation. Auto-matching payment rates can be as [low as 20%](#), which leaves you with the task of manually processing approximately 80% of your organization's bank statements.

On the other hand, some TMS use the BAI2 format, which can deliver approximately 65% automation, but the manual task needed to process the shortfall is also time-consuming.

Ultimately, SWIFT MT940 and BAI2 have standardized information exchanges across financial institutions, but they still present challenges for automating data collection due to discrepancies in file information.

Pros

- Manage data from multiple bank accounts
- SOC I & SOC II Complaint
- Integrates with ERP Systems
- Feature dense, with modules that serve treasury professionals with very particular needs and use cases

Cons

- The newest TMS on the market was originally built over 20 years ago, which makes it difficult for them to compete with emerging solutions with better tech infrastructure
- They typically rely on SWIFT MT940 statement transfers with limited API connection capabilities, meaning it is often a very difficult process to connect your bank
- Difficult to easily consolidate and normalize transaction data from multiple banks, which leads to treasurers having to consolidate their bank data manually, inviting the potential for human error and data inaccuracies.
- Core TMS functionalities are not equipped with the scalable computing resources needed to analyze big data sets and provide visibility into a company's global cash transactions

- Professional services are often required to help configure and maintain your TMS
- Difficult to customize out-of-the box workflows plus a steep learning curve means it will take a good amount of time to see the value from it
- It takes six months to one year minimum to set up a standard TMS suite and requires hundreds of thousands of dollars in investment upfront
- Forecasting capabilities leave room for improvement

Regarding the average TMS, an article published in the [Strategic Treasurer](#) points out that, according to many treasurers, they fall short when it comes to forecasting:

“ The treasury management systems that I’ve seen just don’t provide enough forecasting functionality to justify their cost. ”

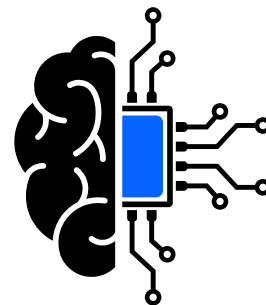
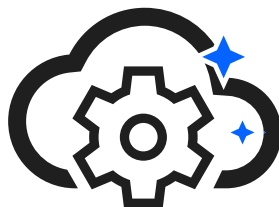
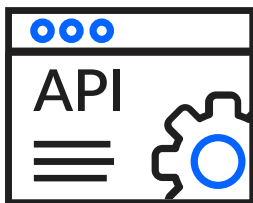
– [Steven Peterson](#), Senior Manager of Treasury, Chick-fil-A



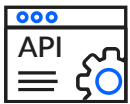
Cash Flow Management Platforms

Similar to what Mint and Venmo have done through APIs for the world of personal finance, cash flow management platforms are starting to do for corporate finance management: making payments and cash flow management—money movement—easy and lightning fast.

The rise of these platforms, including Trovata, has been made possible thanks to open banking APIs, cloud technology, and ML/AI. These new technologies usher in advanced capabilities for treasurers to analyze and monitor cash flow more efficiently and effectively.



Let's look at what these technologies entail more closely:



Open Banking APIs

Do you remember having a tin-can phone conversation as a kid? This incredibly advanced technology involved connecting two tin cans through a hole in the bottom with a piece of string. When you pulled the string tight, the two tin cans turned into walkie talkies. Essentially, an API is like the string that connects the two cans. APIs act as a phone line between banks and third-party applications.

The game-changing aspect of APIs is that they share data in real time. Meaning, you can access a real time view of your cash position across all of your banks. No more endless bank logins or sifting through end of month bank statements.

Here at Trovata, we have partnered with leading banks such as Wells Fargo, Capital One, and JP Morgan Chase to build the world's largest library of business and enterprise bank APIs. The result is a bridge that connects multiple bank partners and their distribution and delivery of data to customers in a new way. Currently, Trovata offers direct connections to over 50 enterprise banks and more than 2,000 business banks in the US, UK, EU and Australia.



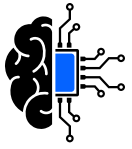
Cloud Computing

Cloud computing is the on-demand availability of computer system resources, especially data storage, without direct active management by the user. It normally uses a “pay as you go” model, which can help in reducing capital expenses.

Unlike legacy treasury management systems which were originally developed as on-premise solutions, cash flow management platforms are cloud-native, enabling teams to get them up and running faster, with improved manageability and less maintenance, making required IT resources a thing of the past compared to on-prem.

Modern cash flow management platforms utilize cloud computing to create a “lake” of your financial data, or a centralized repository. There, you can store all your structured and unstructured data, as-is, at any scale. This means, your data is no longer solely accessible via bank portal.

Learn how [Square transformed its treasury back office with a bank data lake](#).



ML/AI

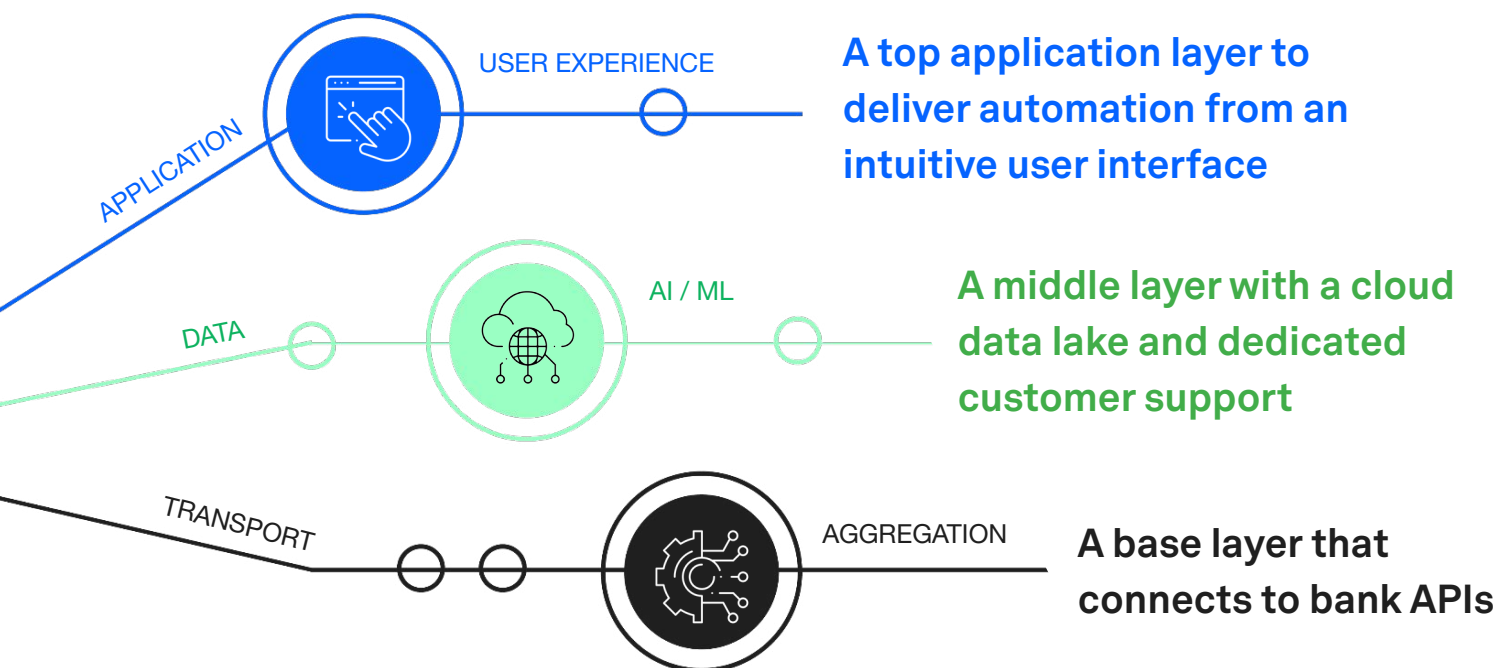
Machine learning algorithms applied to cash management are vastly improving the way treasurers view and create reports. The algorithms are trained to sift through data in seconds to spot financial trends without the bias that could arise when done by a human.

ML algorithms are also helpful to analyze historical data trends and can be applied to cash flow forecasts, improving their accuracy.



How Does a Cash Flow Management Platform Work?

A cash flow management platform like Trovata provides an end-to-end solution consisting of three layers:



With its unique 3-tiered structure in particular, Trovata is the first truly cloud-based, machine learning enabled cash flow tool that provides visibility into all financial data and moves control of the information over to you instead of the bank.



“ As a treasurer or CFO, you’re constantly trying to get your arms around what is the working capital needs for your business. And so what Trovata has done is used JP Morgan and other banks’ APIs to get real-time data fields to real time data feeds, index that, and then overlay an elegant user interface for cash forecasting and working capital management. ”

– Jason Tiede,
Global Head of FinTech and Partnerships
at JP Morgan Payments

Pros

- Manage data from multiple bank accounts, banks, and currencies
- SOC I & SOC II Complaint
- Integrates with your ERP System
- Cloud-native, bank data lake to aggregate and consolidate data
- Find and tag bank transactions more easily with natural language search
- Easily build powerful reports and forecasts, enhanced by AI/ML
- Configure customizable dashboards and completely customize your workflow without needing IT resources
- Costs significantly less than a TMS
- Robust payments features and capabilities from RTP to ACH to wires
- Mobile app to securely manage money from anywhere and on the go

Cons

- As a newer technology, some finance leaders might be hesitant to to adopt it
- Fewer add-on/non-core cash management features than what TMS systems offer
- More expensive than using spreadsheets

Why Do Scaling Treasuries Choose a Cash Flow Management Platform Over a TMS?

In today's uncertain economy, it's more important than ever to be smart with your organization's life blood. Being able to obtain total cash visibility helps identify idle cash that could be moved into a short-term investment vehicle as well as opportunities to reduce spending and conserve runway.

Overall, a cash flow management platform is a lighter, more flexible, and less costly solution for treasurers looking to automate cash management and do more with less.

Here is a side-by-side comparison of the leading cash flow management platform, Trovata, vs the leading Treasury Management System:

	Trovata	Leading TMS
Implementation	6-10 weeks , straightforward process	6-10 months , highly complex process requires 3rd party implementation vendors
Bank Connectivity	API-first	Core bank connectivity is built primarily upon file and Swift-based bank data transmission
IT Resources Needed	None	Required, especially for onboarding and customizing workflows/reports
Ease of Use	User-friendly, intuitive interface optimized for simplicity and customization	Broad functionality, yet difficult for users to customize and navigate without creating mastery of the product
Workflow & Reporting Flexibility	Edit, customize, and adjust as needed - no external or IT assistance required	Difficult to change out-of-the-box configurations without customer support plus vendor & the client's IT team
Product Release Cycle	Bi-weekly, features added regularly	Quarterly/Bi-Yearly
Paid Professional Services	None required	Yes
Customer Service	In-app live chat, unlimited users can access the Client Success team	Support requests are subject to user limits
On-Going Support	Access to dedicated Client Success and Account Managers	Limited, paid professional services for added support
Mobile App	Yes	No

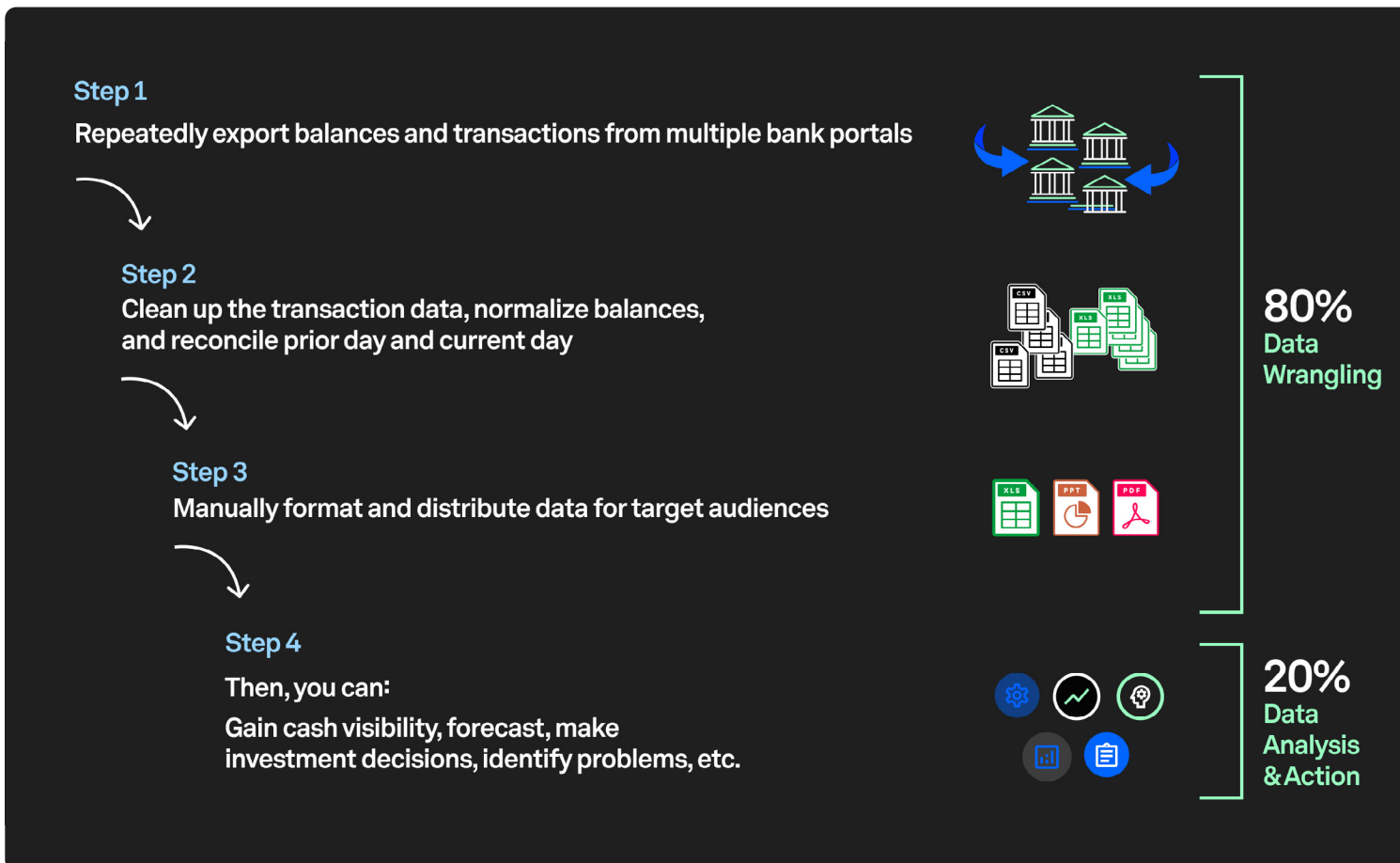


What About Other Alternative Tools for Cash Management?

Spreadsheets

If you're leaning towards managing cash across multiple banks, bank accounts, countries, and currencies in spreadsheets, you might want to reconsider that.

Here's what a typical spreadsheet-based cash management workflow looks like:



As you can see in this workflow, several preparatory steps are needed, from downloading bank data to reconciling file formats, just to to tee up your data to draw insights from it.

Some other disadvantages of spreadsheets include:

- **Siloed information** - Since traditional spreadsheets were never meant to be shared among multiple people, it becomes difficult to identify who has the most current and accurate numbers.
- **Spreadsheets are error-prone** - According to a research study by IBM, 88% of all spreadsheets contained at least one error. When it comes to your company's lifeblood, aka cash, there's no room for error! Plus, the more hands you have in a spreadsheet, the more chances of having errors.
- **No out-of-the-box scenario modeling & variance analysis capability** - Since it takes an incredible amount of time to produce the most basic reports, scenario modeling is a distant dream for many teams.



Bank Portals

It's true that you might be able to manage cash just by logging into your corporate bank portal until your treasury operations become more complex and your workflows outgrow it. Once you add a higher volume of transactions and throw multiple currencies into the mix, it becomes apparent that you need something better to help you scale.

“ We used Wells Fargo's Commercial Electronic Office® (CEO®) platform for managing cash flow and liquidity. However, as we grew, we ran into problems because it wasn't bank agnostic, nor did it support multiple file formats, which was problematic because now we were dealing with multiple currencies, from pesos to euros. That's when they recommended we use Trovata. ”

– VP & Treasurer, Krispy Kreme

A cash flow management platform consolidates all of the info from your banks and accounts into one place. With a free or paid plan, Trovata boasts features that bank portals don't such as automatic transaction categorization, report management, and forecast analysis, leading to tremendous time savings and enhanced decision-making.

Bottom line?

Banks aren't IT companies, that's why they've invested in and partnered with platforms like Trovata which offer an excellent user experience and user interface so you can evaluate cash flow activity more easily.

Enterprise Resource Planning (ERPs)

Traditionally, ERPs like Netsuite or Oracle facilitate the tracking of a company's product chain from procurement to sales. Some organizations choose ERPs to keep their financial teams all in one software, however there are many limitations with ERPs when using them as an end-to-end treasury solution.

If you wanted to customize your ERP system to meet the needs of your treasury, it would be incredibly costly, resource heavy and time-consuming since ERPs weren't designed to handle the complete suite of treasury operation. Adding new integrations manually leads IT teams to become buried in manual workflows as they are responsible for maintaining current and future integrations.

The great news is that, it doesn't have to be an either-or situation. A good TMS or cash flow management platform will integrate with your ERP for more accurate data. By linking the two, you can gain complete visibility into your transactions and automate aspects of your routine reconciliation.

“ We have multiple accounts, across multiple banks and tens of thousands of transactions each month. Reconciling the accounts is a mammoth task. Having Trovata automate our bank data directly into Sage Intacct [their ERP] is a huge timesaver for the team and significantly accelerates our month-end close process. ”

– Richard Pawlowski, CFO of Yadav Enterprises



Business Intelligence Tools

According to Microsoft, Business intelligence (BI) tools are types of application software that collect and process large amounts of unstructured data from internal and external systems, including books, journals, documents, health records, images, files, email, video, and other business sources.

Some treasurers, frustrated with their TMS and the limitations of spreadsheets turn to business intelligence tools to analyze cash and create reports. With a BI tool, you can create highly customized reports, connect with a tool like Tableau to visualize data, and link to several data sources at the same time.

While business intelligence tools may be suitable, like spreadsheets, you can use them however you want, which means they don't provide the guide rails that a purpose-built cash flow management platform does. Additionally, a lot of initial set up and learning are needed because you'll have to master these tools to generate useful reports. With a cash flow management platform, you already have out of the box analysis and reporting.

Making the Business Case to Adopt a Cash Flow Management Platform

If you want to digitally transform your treasury today, it wouldn't make sense to choose a solution that is based on decades' old technology. That would be like buying a flip phone instead of a smartphone if you were buying a cellphone today for the first time.

As more departments including treasury move to the cloud, it only makes sense to choose a cloud-native cash management platform. This is great news because these days, you don't have to be a large enterprise that can afford a one million dollar TMS implementation to start managing cash like a pro. A cash flow management platform can help you start analyzing, reporting, and forecasting cash in a fraction of the time with ease, thanks to APIs.



Pioneers of Their Industry Are Also Pioneering New Treasury Tech

Not sure if you're ready to bet on a cash flow management platform? You don't have to purely take our word for it, check out these examples of successful treasuries at high-growth companies that have made the switch!

CrowdStrike

A global cybersecurity leader, CrowdStrike, saw its revenue increase two-fold while cash and cash equivalents climbed from just over \$250 million in January 2020 to over \$2 billion as of April 2022.

That's when its treasury reached a tipping point which sparked their search for the right treasury tool.

“**Implementing a treasury management system (TMS) seemed to be the obvious solution to help automate cash management processes. However, even if we managed to secure the IT resources, which were already stretched to the limits to cope with the corporate growth, traditional TMS systems have a long lead time for implementation – a luxury we simply could not afford.**”

– Priti Kartik, Senior Director, Treasury at CrowdStrike

Due to its already overburdened IT department and the nature of its lean team, CrowdStrike quickly realized a TMS wouldn't be ideal. This meant that the treasury team would have to carve its own path and turn to emerging solutions that could help it to scale and automate treasury.

In the end, Trovata helped CrowdStrike by linking it with its banks' direct API connectivity, providing its treasury team full visibility of its entire \$2B+ cash balances in less than a month. CrowdStrike was even recognized during the 2022 Eurofinance Awards for their digital transformation.

Learn more about [CrowdStrike's treasury's digital transformation.](#)

Eventbrite

Eventbrite is also a pioneer in its space, helping event planners and participants streamline event planning, RSVPs, and ticket management.

Before Trovata, gaining a daily view of Eventbrite's liquidity was a manual and time-consuming process. Eventbrite's treasury team had to spend 2-3 hours per day logging into their various banking portals, downloading statements, and manually consolidating and normalizing their transaction data before uploading it into their treasury management system (TMS).

Even though their TMS promised to simplify data processing across all their bank accounts, manual workflows were often required to normalize data, leaving less time for analysis and action.



“ While you can build reports in many legacy treasury management systems, it’s not as user-friendly as Trovata. The daily API with transaction details makes reconciliations on Trovata much easier compared to our previous TMS. ”

– Niall Burke, Global Treasury Manager, Eventbrite

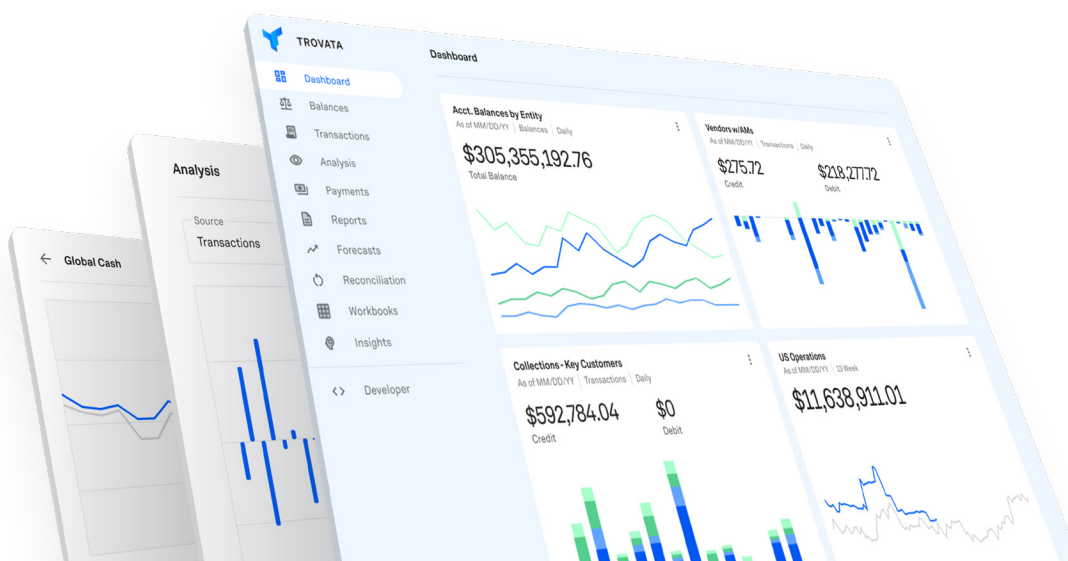
By making the switch to Trovata, Eventbrite saved 48+ hours a month by automating bank data aggregation with banking APIs, experienced a 50% cost reduction by switching from a legacy TMS to Trovata, and achieved 100% data accuracy achieved through eliminating human error with automation.

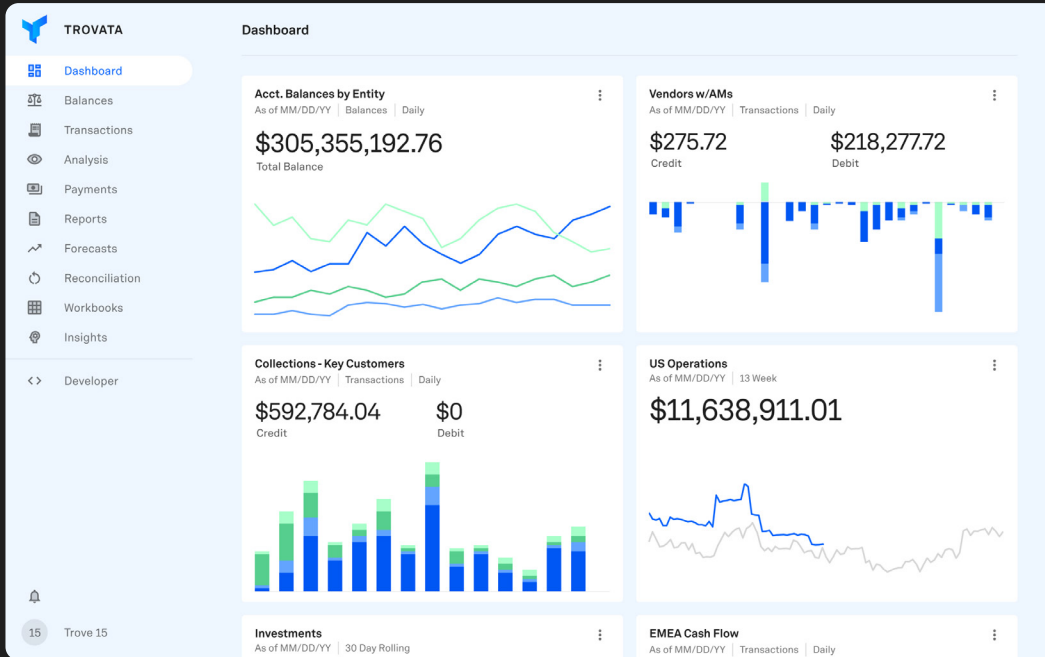
The New Wave of Treasury Technology is Here

When taking control of your cash, you no longer have to pick between two outdated choices: 1) spreadsheets or 2) legacy treasury management systems that run on 20-year-old technology, require 6 months to a year to implement, and cost hundreds of thousands of dollars.

As a next-gen technology platform, Trovata is helping many of the world's largest financial institutions digitally transform commercial and corporate banking with our growing network of direct API integrations.

What that means for you is the ability to take full control of your own multi-bank data with a single source of truth. Leveraging APIs, a cloud bank data lake, and machine learning technology, Trovata empowers everyone to analyze, report, forecast, and move money like a pro—no matter who your business banks with. No IT required.





Ready to try a cash flow management tool?

Explore for yourself to discover how managing cash is better with Trovata. Request a demo today.

[Get Demo](#)

