

How managed services de-risk digital transformation in treasury

In brief

- Partnering with Luxoft guarantees each client a tailored, scalable solution that ensures sufficient flexibility and resilience to cope with ever-changing customer needs, regulations and market conditions
- Implementing Luxoft's managed services ensures industry experts take care of your treasury management system. This minimizes risks and downtime while optimizing the total cost of ownership and performance
- Luxoft deploys your treasury managed-services solution, ensuring it works as intended. Our experienced team upgrades, maintains, hosts and modifies applications, freeing up in-house resources for other critical tasks

Treasury has been notoriously resistant to change. However, in a digital-first world, digital transformation is no longer optional for treasurers.

Of course, transforming the treasury isn't without its challenges. But this is where managed services can come in. A managed-services partnership allows treasurers to ensure the digital transformation is smooth while accelerating time-to-market and time-to-value.

As a reliable treasury managed-services partner, Luxoft has first-hand knowledge of what makes digital transformation work in treasury and how managed services can de-risk it. In this article, we'll share our experience of digital transformation in treasury, plus the challenges and benefits of managed services.





What is digital transformation in treasury?

Digital transformation refers to revamping internal processes into digital-first procedures. It means leveraging technology to:

- Enhance efficiency
- Improve customer, employee, or business partner experiences
- Remain competitive

Digital transformation is a strategic undertaking that may require rethinking the business model or specific processes instead of simply digitizing them. It's best thought of as a continuous adaptation, not a one-time overhaul, as technology is constantly evolving, as are customer expectations and market conditions.

Digital transformation in treasury refers to leveraging technology to address common treasury challenges like:

- Improving visibility into global operations and cash and financial risk exposures

- Enhancing liquidity management
- Mitigating FX volatility and market risks
- Optimizing operational efficiency
- Enhancing cash flow forecasting capabilities
- Streamlining regulatory compliance
- Optimizing risk analytics for accuracy
- Assessing risks in real time



Overall, digital transformation in treasury can be divided into three distinct groups:

- Using data to derive insights, make predictions and automate processes
- Enhancing digital interactions with both internal and external stakeholders
- Improving responsiveness and cost-efficiency by rethinking the operating model

The key technologies driving digital transformation in treasury include:

- Cloud technology for maintaining the IT infrastructure in a cost-efficient, agile way
- Application programming interfaces (APIs) for seamless integrations between applications and secure data sharing
- Robotic process automation (RPA) for automating repetitive, rule-based tasks as needed
- Artificial intelligence (AI) and machine learning (ML) for advanced data analytics, including predictive analytics where required



Three key challenges

No two treasury digitization strategies and roadmaps are the same. That's because needs and goals vary from organization to organization, as do the challenges they encounter on their digital transformation journey. That said, three challenges are common to all organizations:

1. Limited talent pool

For 74% of treasurers surveyed by Deloitte in 2022, the limited talent pool is a pertinent challenge when implementing new technologies. Tech talent well-versed in modern treasury solutions is scarce, and competition is cutthroat.

The skill shortage in treasury digital transformation is part of a more significant trend of tech talent crunch. Competition for qualified candidates remains a concern for 86% of CIOs.

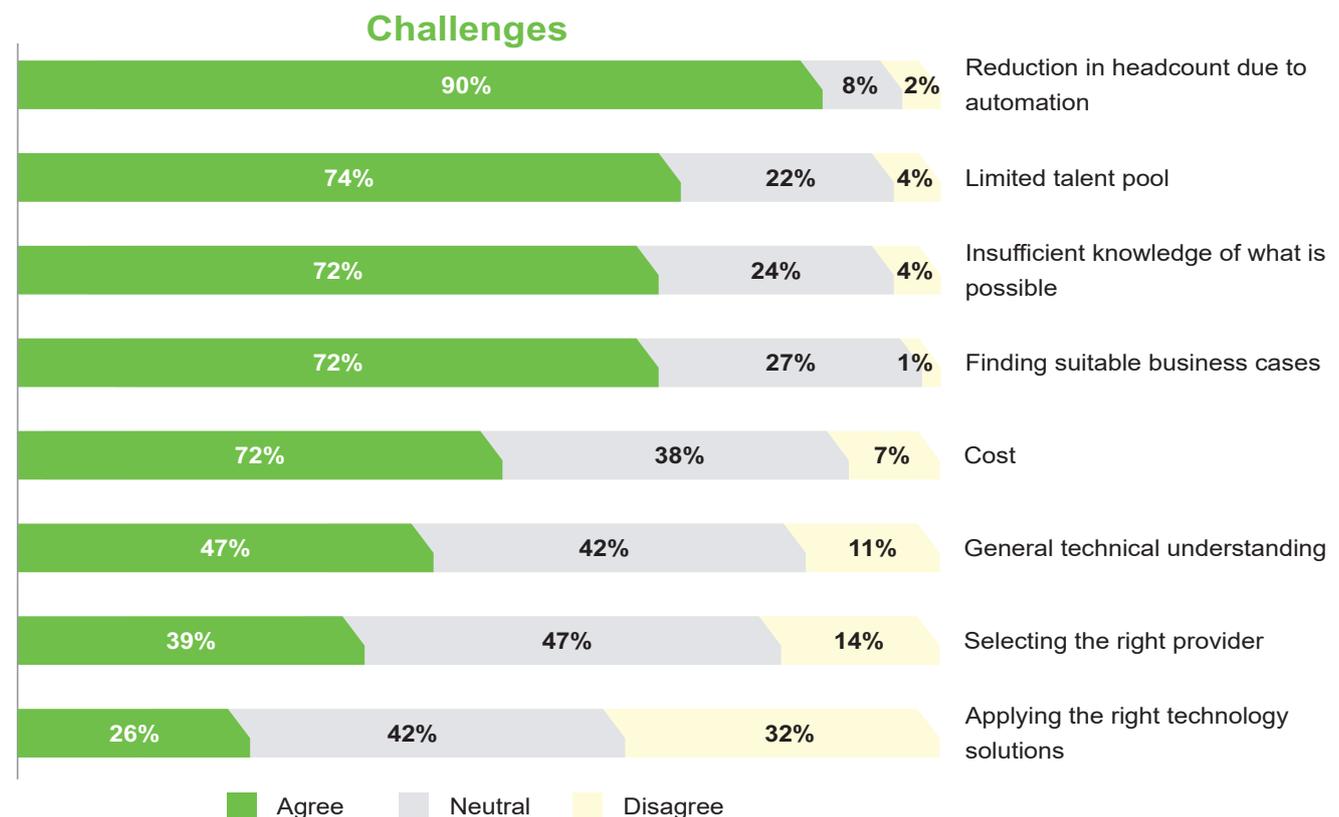
2. Lack of technical expertise

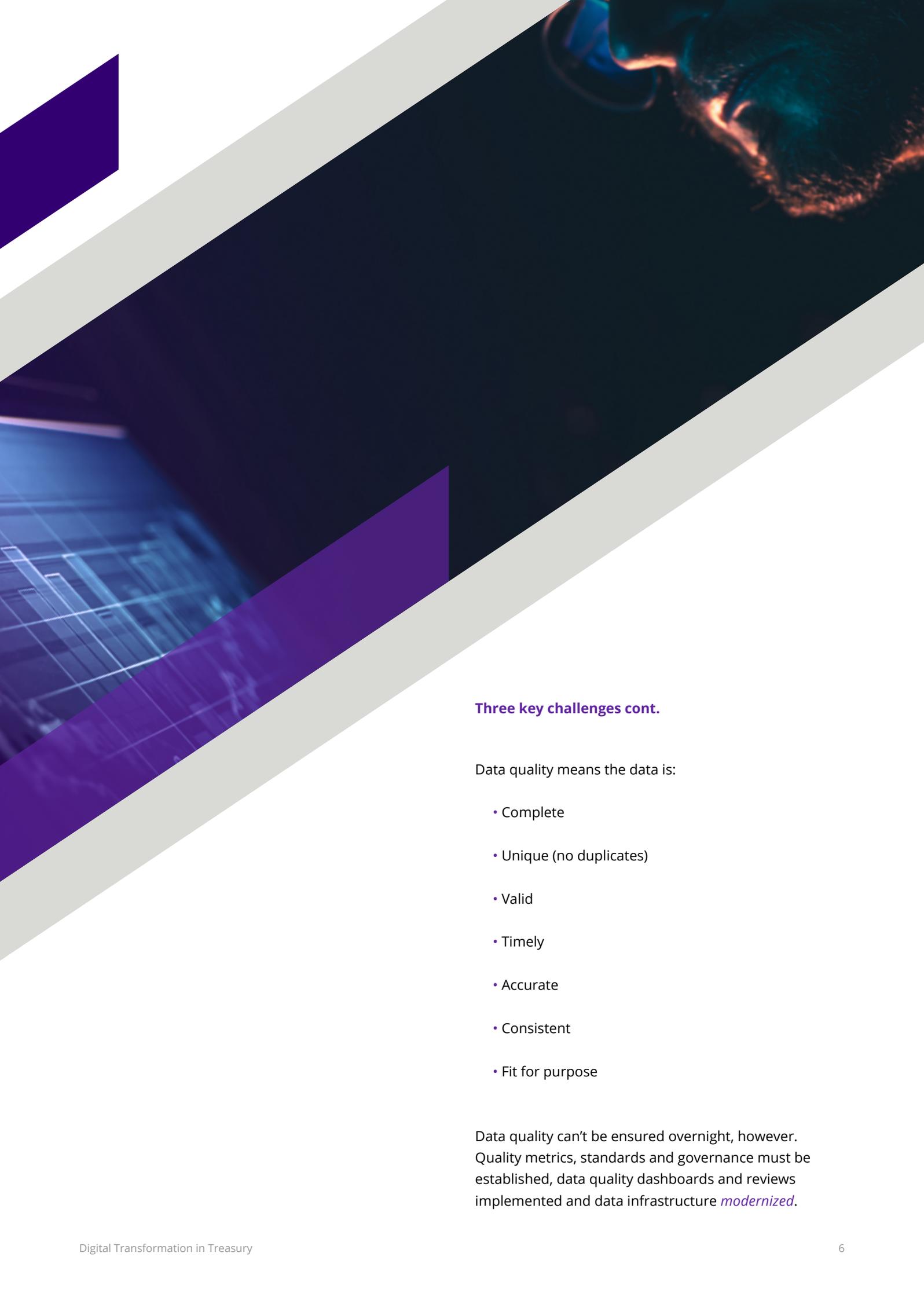
If the organization doesn't have technical expertise in-house due to talent gaps and shortages, it becomes next to impossible to know what could be achieved using technology. That's why lack of knowledge and pinpointing suitable business cases are challenges worth considering for 72% of treasurers.

3. Data accuracy and reliability

According to JPMorgan and EuroFinance's 2022 report, 59% of treasurers consider data accuracy and availability as key treasury challenges. Data quality is crucial for implementing analytics solutions powered by AI and ML. If the data fed into it lacks quality, it's "garbage in, garbage out."

Which of the following challenges do you consider when implementing new technologies?



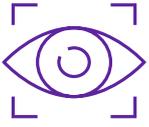


Three key challenges cont.

Data quality means the data is:

- Complete
- Unique (no duplicates)
- Valid
- Timely
- Accurate
- Consistent
- Fit for purpose

Data quality can't be ensured overnight, however. Quality metrics, standards and governance must be established, data quality dashboards and reviews implemented and data infrastructure *modernized*.



Trends to keep an eye on

Slowly but surely, treasury management is changing. Here's an overview of four trends shaping the future of treasury:

- Inadequate treasury or financial risk management system

1. Inflationary pressures and FX volatility

Persisting inflation prompted regulators to increase interest rates. The United States Federal Reserve set the benchmark interest rate to its highest in *22 years*. The European Central Bank also set the rate to a *record high* since the euro was launched to curb inflation. Inflation responses force treasurers to ramp up risk management efforts to protect assets. The FX volatility also adds to the risk exposure, with the main challenges being:

- Lack of visibility of FX exposures and reliability of forecasts
- Manual exposure identification and capture processes
- Lack of understanding by business units
- Ability to analyze exposures and measure hedging results

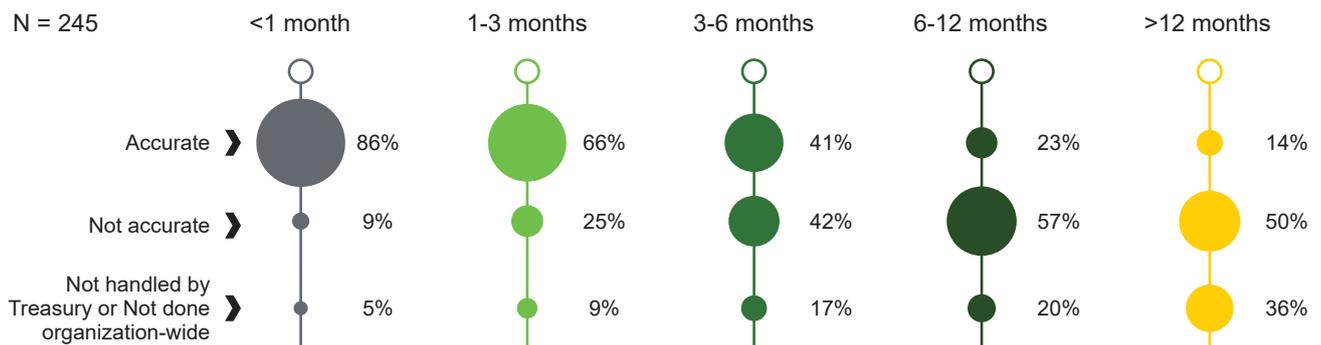
2. Cash forecasting

Improving cash forecasting is among the top three priorities for *41%* of treasurers surveyed. While short-term forecasts (up to 3 months) are believed to be largely accurate, treasurers' confidence dwindles for forecasts beyond that period. In fact, 42% of treasurers believe forecasts for 3-6 months are inaccurate. The figure rises to 57% for forecasts of 6-12 months and 50% for forecasts of over 12 months.

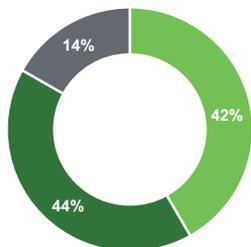
This is where advanced data analytics and visualization powered by real-time data can come to the rescue (that's why 49% of treasurers are considering implementing AI.) AI algorithms can predict cash flows and positions with more accuracy and continuously readjust forecasts using the latest data available.

How would you rate the accuracy of your cash forecasting according to the following horizons?

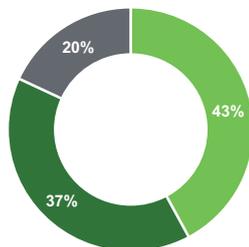
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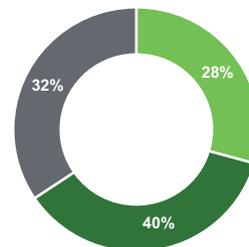
Have you already implemented any of the following technologies or do you plan to do so in the future?



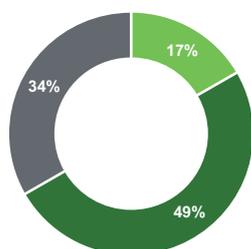
Application Programming Interface (API)



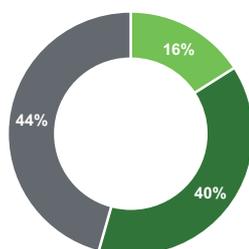
Robotics & Robotic Process Automation (RPA)



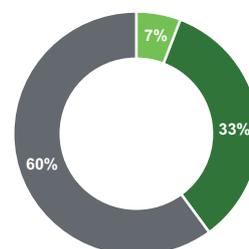
Visual Analytics



Machine learning/Artificial Intelligence (ML/AI)



Big Data



Blockchain

Yes No, but in consideration No, not relevant for us

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In the next 2-3 years, which areas in treasury do you expect to become more automated?



3. Automation

Robotic process automation (RPA) is another technology popular in treasury: 43% planned implementation. However, it's not the only technology powering automation. APIs (42% of treasurers ready to adopt) enable the real-time data exchanges essential in some types of automation.

Over the next several years, treasurers expect to increase automation in the following areas:

- Cash flow forecasting
- Cash management
- FX and interest-rate risk management
- Treasury accounting
- Investment and debt management

4. Real-time data

"Instant treasury" is poised to replace the incumbent operating model, which is based on the previous-day information. One precursor is the rising adoption of instant payments in other domains, from payroll to B2B transactions. Another is the need for real-time data to accurately detect fraud and adjust forecasts without substantial manual input.

APIs drive real-time treasury. They allow two systems to exchange data securely without exposing the business logic of either application. APIs enable data exchange between the treasury management system and an internal application like the ERP system or a third-party one (e.g., a dealing platform or market data source).



Luxoft and Finastra's Kondor help you keep on top of trends

Finastra's Kondor, the leading digital trading and treasury solution, manages global trading activities on a single, flexible and extensible platform. Luxoft, the global leader in systems integration for financial services, has joined forces with Kondor to develop a managed service offering that brings **exponential value** in:

- **Innovation and technology:** Adoption of new technologies and innovations that streamline processes, improve decision-making and provide insights for growth opportunities
- **Cost-effective expertise:** Top experts ensure seamless support, maintenance and third-party systems integration
- **Scalability, security and compliance:** Scalable solutions, robust cybersecurity measures and continuous global support enable our customers to grow securely and adapt to changing needs



As the preferred managed services partner, Luxoft is acutely aware of the challenges that Kondor customers face maintaining existing treasury solutions — cost pressures, regulatory changes, reduced margins, shrinking return on equity, emerging technologies and future trends.

Luxoft's managed service offering takes care of client platforms, keeping you on-trend while you focus on leveraging the full power of Kondor and generating extra value for your firm and clients.



Benefits of treasury managed services

Deploying managed services is one way to address some of these challenges. With managed services, you trust a provider like Luxoft to implement your treasury solution and ensure it works as intended. The vendor takes on upgrading, maintenance, hosting and application changes, removing the need to allocate in-house resources to those tasks.

Here are just five of the benefits treasury managed-services adoption brings:

Solution-specific expertise on demand

A treasury managed-services provider can be certified as an official software vendor partner. In this case, it's a badge of trust, meaning its employees are well-versed in every aspect of the solution, from implementation to change and upgrading.

Hiring managed services ensures genuine experts take care of your treasury management system. This minimizes risks and downtime while optimizing the total cost of ownership and performance.

Industry, domain and technical expertise

The managed services provider also has experience serving clients in specific technologies, industries and jurisdictions. For example, Luxoft, an official Finastra managed services and global systems integration partner, has extensive experience in banking, finance and capital markets.

Such focused expertise allows the service provider to:

- Seamlessly ensure compliance and data security
- Pinpoint the most suitable technology solutions to address the organization's unique challenges
- Design and deliver innovative solutions with tangible business value

Cost efficiency and better resource allocation

Managed services don't just relieve the pressure of running a treasury system yourself. They help you reduce costs by:

- Moving the platform to the cloud
- Using the vendor's expertise to optimize cost-efficiency
- Adapting to changes in business needs

At the same time, treasury solution costs come with a more transparent pricing structure and no overhead required for on-premise infrastructure and in-house recruitment. This allows for better cost control and right-sizing.

De-risking operations

As professionals take care of run, maintenance and upgrade duties, their expertise minimizes the risk of downtime and operational issues. The vendor can catch irritants early on and address them before they become problematic.

Furthermore, the managed-services provider will take preventative measures to ensure the system's smooth operations. Measures include timely updates with minimum disruptions, introducing the latest cybersecurity best practices, etc.

Improved focus and agility

With a treasury managed-services provider, you get a bespoke, scalable solution and a team of experts ready to optimize it whenever your priorities shift. This ensures sufficient flexibility and resilience to cope with ever-changing customer needs, regulations and market conditions.

At the same time, your treasury team can concentrate on core competencies while IT-related tasks are outsourced to an expert partner. Those core tasks include regulatory compliance, customer experience, risk management, strategy and planning, etc.



Choosing the right treasury platform for future growth

The “buy versus build” issue can be debated at length. We can only point out that platform treasury management solutions have evolved. Today, they're highly customizable without bespoke development overheads.

Finastra, a leader in solutions for financial institutions, offers *Kondor*, a treasury solution that helps corporate and commercial banks to manage their treasury operations efficiently. Financial institutions using Kondor were able to:

- Increase treasury transactions tenfold
- Speed up time-to-market for new products by 75%
- Foster 30% growth in customer-driven transactions

Luxoft is a time-tested Finastra partner. Through our partnership, we manage Kondor integration, run, upgrade and change tasks for clients. Clients enjoy the following benefits:

- **Comprehensive risk management features.** From credit and market to liquidity and operational risks, Kondor gives you all the tools you need to assess, control and mitigate risks
- **Real-time view.** With Kondor, you can track P&L, positions, exposures and other treasury-critical data in real time. This enables accurate forecasting and better-informed decision-making
- **One-stop-shop approach.** Kondor covers treasury needs with its comprehensive cross-asset, front-to-back platform with a reduced TCO (compared to running multiple systems). Kondor supports all standard asset classes, as well as non-standard instruments and local market requirements

- **Compliance.** The platform is fully compliant with current and upcoming regulations, including IFRS and IAS39. It also comes with a comprehensive governance and compliance tool for enforcing policies and preparing regulatory reports
- **Flexibility.** Kondor is fully customizable, allowing you to tailor the platform to your specific needs. With it, you can also create and trade new products promptly, reducing their time-to-market by as much as 75%
- **Future-proof architecture.** Kondor is built on an open, API-first framework that allows seamless integration with internal and external tools and applications. Its microservices architecture ensures you can quickly introduce changes or add capability to the system with no unnecessary disruption





Why partner with Luxoft

Luxoft has been a trusted Finastra partner for many years and is now a preferred managed-services provider in Europe, the Middle East and Africa (EMEA). Our offerings span advisory and consulting, Kondor implementation and migration, and managed services. Here's why our clients entrust us with their treasury management:

Industry acumen

We have served clients in the banking and capital markets industry for decades. The accompanying wealth of experience allows us to fully grasp our client's unique needs and challenges, proposing solutions that fit like a glove. As a result, clients see digital transformation bear fruit faster.

Luxoft-Finastra synergy

Our long-lasting partnership with Finastra has helped us gain unrivaled experience of implementing, maintaining and updating its Kondor solution. This hands-on, solution-specific expertise, combined with advanced project acceleration tools and DevOps practices, allows us to streamline implementation and minimize operational risks.

Turnkey solutions

Our as-a-Service solution allows clients to focus on data management and application strategy while we deal with application support, upgrades and module delivery. At the same time, clients retain a direct relationship with the software vendor, but with a simplified structure.

Exceptional cloud capabilities

Under the managed-services engagement model, we host our clients' Finastra systems on a fully compliant, secure and transparent, cloud-based infrastructure. We take care of servers, storage and network so that clients can enjoy cloud scalability, high uptime and cost-efficiency without all the hurdles of maintaining on-prem infrastructure.



We're treasury specialists

With the right managed-services partner, you can focus on business while specialists handle the technical aspects of implementing and maintaining cutting-edge treasury solutions. However, relinquishing control in light of the potential risks can be unnerving. That's why your choice of partner is such a critical decision.

Here's how Luxoft ensures the digital transformation journey is smooth, efficient and comprehensive:

- **Client-centered approach.** We take our time to understand our client's unique challenges fully. This allows us to pinpoint the most suitable solution that will enable them to achieve their business goals faster
- **DevOps best practices.** Our DevOps-driven processes enable us to deliver better, more reliable products, reduce time-to-market and increase flexibility and agility

- **Project accelerators.** With our sophisticated accelerators, we deliver results faster, without compromising quality assurance or performance
- **Simplified change management.** Single point of contact for client implementation, support and upgrade requests. Clients remain in control of the change agenda
- **Optimized costs.** We use our expertise to help clients right-size their infrastructure and keep their costs optimal while retaining impromptu scalability
- **Minimized risks.** Our expertise helps clients implement the right solution from the get-go. It also ensures their data is safe with advanced cybersecurity, problem management, disaster recovery and backup/archiving

Treasury Managed Services

“Minimize risk and down time while optimizing TCO and performance”

[LEARN MORE >](#)





Let's discuss your treasury potential

To learn more about keeping on trend with future technology developments while transforming your treasury with Luxoft's managed services, visit www.luxoft.com. Or, if you'd prefer to talk over a particular digital challenge you're faced with, speak to a domain expert *now*.

About the authors



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Anton's professional background covers 15 years in capital markets IT, amassing solid capital markets solutions experience in delivering global initiatives, including greenfield implementations, upgrades, performance tuning and cloud-solution rollouts. He advises several financial institutions on their capital markets transformation initiatives and provides training for Agile practitioners and capital markets consultants at the Luxoft Training Center.

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Vinod is part of Luxoft's Banking and Capital Markets partnerships team and brings years of experience interacting with banks on leveraging best-of-breed technology to develop their strategic roadmap, across multiple business lines.

To find out more, please connect with us [here](#) on LinkedIn and get in touch.

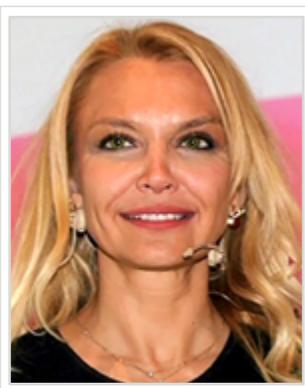


Vincent Prado

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Vincent is the head of product and technology for the Kondor treasury system within Finastra's treasury and capital markets division, where he's driving product strategy and execution. He has 15 years of experience in capital markets, working in sales, trading, financial engineering and product management. Based in Paris, Vincent holds Masters Degrees in both business and financial mathematics and is a certified financial risk manager (FRM).

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Isilay holds two BScs in Statistics and Economics from Middle East Technical University. She started as an FX trader at Garanti BBVA's Treasury, moving on to hold several managerial roles in treasury, risk and wealth management, private and investment banking, plus asset, product and asset liability.

In 2016, she joined Misys as business development manager of treasury, capital markets and risk solutions for southeast Europe. In 2018, she was appointed Finastra country manager for Turkey, progressing to head of channel sales for EMEA in 2022.

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FINASTRA

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by over 8,000 institutions, including 45 of the world's top 50 banks.

For more information, visit [Finastra.com](https://www.finastra.com).

About Luxoft

Luxoft is the design, data and development arm of DXC Technology, providing bespoke, end-to-end technology solutions for mission-critical systems, products and services. We help create data-fueled organizations, solving complex operational, technological and strategic challenges. Our passion is building resilient businesses, while generating new business channels and revenue streams, exceptional user experiences and modernized operations at scale

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