

Banking CIO Outlook

MARCH-2018

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Top 10 Treasury Management Technology Solution Providers - 2018

Treasury management solutions prioritize functions such as cash management, cash forecasting, and risk management in existing or future investments. With an increasing demand for actionable insights and greater visibility into their global liquidity, most financial organizations turn towards treasury management solutions to centralize and automate treasury operations. The automation of manual processes promotes a consistent approach towards a task which leads to a reduced margin of errors. Also, the employees can focus on issues such as regulatory changes and risk management while the menial jobs are performed through automation.

As the industry moves from monolithic software to banking web services, digital signatures that encourages paperless workflows offers the desired flexibility and agility to the operations of the financial organizations; making it more streamlined. Similarly, with the large-scale adoption of big data,

the organizations can tag and organize their internal data while analyzing additional data via external sources. Big data analytics is crucial in planning the organizations' roadmap in terms of prospective investments. Furthermore, to protect the data and stay compliant with regulations, the organizations are adopting cybersecurity and risk management solutions.

With this rapid evolution in technology, it is imperative that financial organizations invest in the right provider that suits their specific necessities while understanding the dynamics of the market. Keeping that in mind, Banking CIO Outlook brings top 10 companies to the fore that offers tailor-made and unique solutions for treasury management. The companies featured here offer powerful solutions coupled with innovative strategies that can help your business succeed.

We present to you "Top 10 Treasury Management Technology Solution Providers - 2018."



Company:
Arcesium

Description:
Provides comprehensive and flexible middle-and back-office solutions designed to meet the needs of today's alternative asset managers

Key Person:
David Nable
Managing Director & Head
of Commercial Strategy

Website:
arcesium.com

Arcesium Bridging the Gap in Post-Trade Processes

In a world of digital innovation, regulations upheaval, and volatile geopolitical environment (think Brexit), the role of treasury managers is becoming more strategically important than ever. To maintain their position of trust and protect their clients' assets, they need the right tools to properly communicate and check the validity of the data and sources they receive. "When most of the market starts with the assumption that the broker is correct and give a workflow to move the money around, we start a step earlier and validate the numbers before starting the workflow," explains David Nable, Managing Director and Head of Commercial Strategy, Arcesium.

Unlike typical startups that develop a product and then search for the best market opportunities, the Arcesium platform was designed, built, and tested to service the sophisticated treasury team within the D.E. Shaw group, a global investment and technology development firm with more than \$46 billion in investment capital as of October 1, 2017. Nable describes their unique concept: "We independently replicate the terms that banks offer asset managers as opposed to simply building workflows around what brokers report," thereby addressing a key gap in the market. "There is no commercially available technology that does what we do." Partnering with a trusted client, Blackstone Alternative Asset Management, was a natural progression that enabled this joint-venture to quickly double their staff since its creation in 2015.

The success of the solution, he explains "is the result of giving smart, accomplished people sophisticated technology

tools to be able to do their job." He then details the three main features of this recipe for success: a technology designed as a completely open architecture, where clients have programmatic access via shared APIs; the concept of independent replication, with an extremely detailed level of granularity; and providing the client with a very clear view of how much they are paying and allowing them to determine how best to allocate internally the cost of capital to their different portfolio management teams, strategies or funds, a complex task most firms don't do because it is very difficult, for example.

"We work with our clients," Nable continues, "to go through each of their financing agreements, understand how the clients think they should work and compare how they are actually being implemented by the street." This individual and detailed approach allow their clients to validate

what their brokers calculate and identify potential and real mistakes resulting from good faith errors or bad data. The system automatically highlights discrepancies that are easily missed when dealing with hundreds of accounts numbers.

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"We find errors constantly. Across our business, collateral disputes in the tens of millions of dollars are a regular occurrence," states Nable. "On the interest side, we find brokers, counterparties and banks attempting to incorrectly charge our clients real dollars. These errors can happen for a variety of reasons, but most commonly, due to the sell side imperfectly implementing highly complex asset-based methodologies." Over 2017, he estimates that savings across the entire client base exceeded a billion dollars in excess collateral recalled from the street back to their clients' funds that they were then able to redeploy in trading and investments.

Arcesium is on a rapid growth trajectory, investing heavily in the platform and expanding into new services, with their current offices in New York and Hyderabad (India). Nable concludes: "While treasury remains a major component of our platform, over the next six months we are looking forward to new functionalities and forecasting possibilities, as well as increasing the ways clients can access and benefit from our capabilities." **BC**



David Nable