

# Knowledge is king

**John Byrne, CEO at Salmon Software, tells FX-MM editor Peter Garnham why Treasury has never been more important and how technology can improve decision making across organisations.**

Byrne makes no apologies for the fact Salmon Software may be one of the smallest of the competitive Treasury Management System (TMS) providers in the market.

It is, he says, a benefit to the firm's clients since they get a lot of personal attention.

"We don't have upset customers; we are very protective of them," says Byrne. "We are also very protective of our reputation and regard ourselves as having technical excellence both on the financial side and the technology side."

He founded the company in 1986 when Salmon Treasurer, the firm's TMS system, was "a tiny bit of software". Now, he says, it is a huge toolkit with multiple instrument coverage.

"It has evolved through instrument coverage, capability, functionality and a whole variety of different technologies, from DOS to windows to the current version," says Byrne.

Over the years, he says, he has had many competitors that have been swallowed up into the bigger providers, and they tend to be the firm's competitors now.

"In theory we should not be competing with these guys with the resources they have compared to Salmon. However, the way we compete is through the quality of what we have. We have superior products, superior knowledge, superior implementation teams and superior speed of delivery," says Byrne.

"That is crucial. For a company of our size, our customer profile is phenomenal."

## Completing the jigsaw

Byrne says the firm's goal is to provide a complete TMS solution, ensuring that Salmon Treasurer integrates with every financial system around it.

"We picture it as a jigsaw," he says. "We are a TMS provider and developer – that is what we do. We are good at that because that is what we stick to. The job of Salmon is to make all these systems fit together. We can't develop all these systems, nor would anybody want to."

There are three aspects to Treasury Management with Salmon Treasurer according to Byrne. The first is data collection from a variety of different sources, such as bank portals, SWIFT, ERP systems and also rate collection from providers such as Bloomberg and Thomson Reuters and trading portals such as 360T and FXall.

"There is a whole variety of systems out there that our clients use in their day-to-day Treasury activity. From trading portals to bank portals, confirmation matching systems, rates vendors and ERP systems: all of those are providers of data to the treasurer on a daily basis," says Byrne.

"So, Salmon Treasurer collects that data in an automated fashion every day."

Second, the system processes and analyses that data and then, third, feeds the data back out to Treasurers themselves, and vested parties, such as the board,





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that need information out of the TMS, and back out again into third-party systems.

“For example we will send electronic payment messages to SWIFT and various bank portals. We’ll send deal orders to 360T portals. We will send accounting interface journals into the various accounting systems,” says Byrne. “That is what Salmon Treasurer actually is. It is a jigsaw piece which sits in the middle of everything.”

### Improved decision making

The challenge, says Byrne, is to integrate with all the systems within an organisation so that Treasurers can be provided with timely information that will help them make timely and informed decisions regarding how to manage the company’s money.

“The difference between an accountant and a treasurer is that an accountant looks back to see what happened, and a treasurer wants to know what’s happening right now and what action he or she can take to affect things that might happen or he might want to happen in the future,” he says.

That timely information is possible because of technological change and the electronification of data that has allowed for increased rates of straight through processing and automation. In the past, when banks statements arrived in printed form the next day, for example, and many still relied on excel spreadsheets, the information on which treasurers based their decisions was already out of date and could very well be inaccurate.

“In order to make decisions, you need information and your information has to be prompt, and it has to be accurate. If you don’t have prompt and accurate information, your decision making is going to be flawed,” says Byrne. “And flawed decision making in treasury generally tends to have high consequences simply because the amounts of money involved tend to be of a high value.”

After all, as Byrne notes, a treasurer has responsibility for the money a company owns. He therefore need to know where it is, what currencies it is in, what jurisdiction it is in, what form it is in, how risky it is and who it is with. Presented with that information on a daily basis, the treasurer will make decisions to move the money in a variety of different forms: whether he moves cash from one account to another, from one jurisdiction to another, or whether he buys FX or draws down debt on certain facilities.

“Without a TMS, the process to gather information on which to make a decision takes two or three days. So you are making decisions on Wednesday on data that was relevant on Monday,” says Byrne. “Whereas in the TMS with Salmon Treasury, you are making decisions on Monday morning on accurate, timely data that is there in front of you right now.”

It is no longer enough, he says, for treasurers to be making those important decisions two days late.

“Unfortunately for some people it is still regarded as acceptable, but I don’t regard it as acceptable, and shareholders won’t regard it as acceptable,” says Byrne. “You should be improving your decision making.”

## An expanding role

Indeed, since the financial crisis, the role of Treasury in companies has never been more important, as they are increasingly taking on strategic functions, such as forecasting and stress testing in what continue to be volatile financial market conditions.

While cash management is a fairly significant part of a treasurer's daily routine, forecasting appears to be getting more weight attached to it, according to Byrne.

He says forecasting has become a standard requirement now: "Not just treasury forecasting, but amalgamating your treasury forecasts with your ordinary working capital forecasts and cash forecasting, not just in the short term but over a year and two years and making sure they are rolling forecasts so they are modified either daily or weekly with new information. So it is a fairly demanding task."

It extends to currency forecasting and corporates wanting to know the impact of interest rate movements on their debt portfolio and cashflows.

"You can do scenario testing with the TMS and forecasting is an integral part of that," says Byrne. "It infiltrates into treasury in a number of areas, not just the cash requirements that might be out there, the capital requirements, but also the currency requirements. Corporates will have currency requirements and they will need to determine how much they need to buy and sell to hedge the positions that are forecast, at central level and at an individual entity level. It is an important part of day to day business in Treasury."

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## Dealing with regulation

Regulatory reporting, including the increasingly burdensome demands of EMIR reporting for off balance sheet items, is another area in which a TMS can improve corporates efficiencies and capabilities.

"EMIR reporting is fairly onerous now for corporates," says Byrne. "It is difficult for corporates to keep on top of what they are supposed to report; what information they are supposed to give to different trade repositories."

He adds he knows that corporates are very keen to ensure that they are compliant – their job being that if they are inspected by regulators to make sure that their documentation is up to date and everything was reported correctly. Through a TMS such as Salmon those obligations can be simplified as the data that needs to be reported is easily available.

Byrne notes, however, that while he is just in the business of providing information, it is not just regulation for regulation sake: it provides transparency for other interested parties over a firm's financial state.

"This is an obligation not just for the regulators but to shareholders, so that people can determine how to accurately read balance sheets. It is in corporates' own interests to comply," he says. "The whole point of this is to monitor the off balance sheet items."

## Treasury on the move

Another recent development has been the evolution of mobile Treasury technology. Byrne says Salmon is the first to offer this service to treasurers, allowing them to perform certain functions, trade approval and review on the run.

It reflects, he says, the fact that people increasingly want the technology that they take for granted in their personal lives available in their business lives. It also reflects the fact, Byrne says, that Salmon has a continuous R&D process: "It never stops, we are always developing."

Salmon's mobile development is led out of its office in Olomouc, Czech Republic, while its Salmon Treasury system is developed at its head office in Byrne's native Dublin, Ireland.

Alongside, developing the system, the Dublin office is also charged with keeping abreast of technology, says Byrne.

"The reason we keep that here is that Ireland itself is a technology hub. The country is the second largest exporter of software in the world," he says. "We as a country see ourselves to technology what Switzerland is to watches. There is a huge emphasis on technology and development and software here not just by the industry itself but by the government."

Indeed, the Irish government's attitude has helped foster an environment which has seen many of the largest technology companies in the world set up shop in Dublin.

"If you stick a pin within the Silicon Valley, you would probably find that any company you hit with that pin is here," says Byrne. "That is what makes software such

as an important Irish export and out of all of that has come smaller companies like ours because people here are getting exposed to advances in technology and new ideas."

While Salmon may be a relatively small company, Byrne says it punches above its weight because of what it does and how it does it. That, he says, has been guided almost exclusively by the company's philosophy.

"We have a very simple philosophy: we make sure we have top quality software, we have top quality service and we give value for money," says Byrne. "We don't think you can do all that unless you are close to your customers, and to stay close to your customers you need the personal touch which we believe we have."

In other words, Byrne's focus is the customer and the technology, not just growing the company.

"We are very good at what we do, and we will definitely grow," he says. "But we won't grow to the point that we can't look after our customers."

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