Highly Commended Winner

Harnessing the Power of Technology

Baird
US

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Multiple benefits for Baird from automation of client transactions

The challenge

In 2016, Baird was implementing a treasury management system (TMS) for cash and liquidity management and payments – a relatively new application for brokerage and wealth management. It was looking to improve processes, reduce error and minimise reputation risk as a client service business. The amount of work that makes up the settlement cycle had become more and more labour intensive and Baird needed to keep all of the paperwork moving to route funds to and from the proper accounts. This was being done manually, by a three-person treasury department.

Evaluation of treasury management systems revealed Baird needed capabilities over and above those that TMS rules engines offer 'out of the box' for automatically booking payments to the customer ledger. Something smarter and more intelligent that could capture that record and then validate it against the back office system was required to show that the data that was being pushed through to the ledger to be booked was in fact good, valid data.

The solution

While it was clear treasury would get value from a TMS, higher level automation was still required. In collaboration with the chosen TMS vendor, a strategy for automating a real-time, straight through process was developed.

Additionally, some members of Baird's IT group had been looking for a use case to build a web server to host APIs and latched onto this project to build that hosted environment with the intention of scaling it for other applications across the company.

For this project, APIs allow the TMS to speak with front and back office systems, and allow the back office system to tell the TMS that the number it is sending through is good. The TMS can then validate it as a good instruction. Failed matches get pushed into an exception queue for further analysis.

Baird is hosting all of the data in its back office system and publishes nodes of data out onto the web server for very specific points but it does not want the TMS to have access to all the personal customer data a record might contain. The APIs allow for this discrete access to information by the TMS.

Best practice and innovation

Corporate treasury professionals are the change agents needed to push innovation across partner ecosystems. Banks are beginning to use APIs and other technologies to improve business with corporations, but they need corporations to initiate innovation with projects such as this one.

By combining a multi-tenant SaaS treasury solution, API technology and the principles of RPA, not only is it a solution for Baird but also a foundation for the corporate treasury industry as a whole to achieve real-time, straight through processing of transactions. This is evident through the many questions Baird receives about this project from corporate treasury peers.

Key benefits

Automating real-time client transactions to the back office system has reduced risk of human error, saved time, increased volume and led to doing more without increasing headcount. The solution enables Baird to push some of the front-end processes out of treasury to the respective business units, as best practice dictates. Automating the GL process, and doing so in a way that data can be validated, means every time there is a match an associate doesn't need to go searching through the general ledger to try to validate that it is a good match.

The benefits to Baird overall are risk mitigation and leading-edge client service. Baird now also has an API web server that is being used for applications across the company to support the business.

"While the treasury and finance teams are garnering the recognition, this was really a collaborative effort between, IT, risk, finance, and operations. When our colleagues in IT presented the idea to use API back in 2015, few of us on the 'business side' understood what that meant, we only had a vision. It took a team effort to turn that vision into a reality, and the ambition to push for something cutting edge. Finding the right business partners in the TMS space proved vital, as well as the ability to leverage close ties with our banks. The fact that nearly four years later this project is still being recognised for treasury innovation, even with API's now a commonly used solution, really shows where we were at the time. We hope this project inspires other corporate treasurers to innovate daily, be change agents within your organisation, and never doubt what can be achieved through collaboration," says Steve Huse, SVP Ops, Capital Market Operations, Baird.

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