



## Occupying the Center of the Chessboard

*Two technology firms respond to the Best-of-Breed approach*



**STRATEGIC  
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# 1 Introduction

In the Treasury Update (vol 3.2) column on technology, “New Developments in Treasury Technology” (on page 15) we identified the similar strategic moves made by SunGard Financial Systems and Wall Street Systems. We call these strategic moves “occupying the center of the chessboard.” To explain that reference, here’s an analogy we hope won’t be carried to the extreme so as to lose its relevance.

In chess there are generally two sources of power or strength. One lies with the pieces you possess, and the other with the position of those pieces. Controlling the center of the board is one way in which a player uses his or her position to exert influence over the outcome of the game. One can usually project more power and control from the center of the board than from other locations.

In the cases of SunGard and Wall Street Systems, both firms’ strategies—as described in public documents and in interviews—show their intent and progress on acting as the main hub for treasury information and transactions. They offer a more open architecture, allowing other products and firms to plug into their environment. This increased openness lets each firm plug “gaps” in their offering with best-of-breed providers while allowing a client to make an investment in the roadmap.

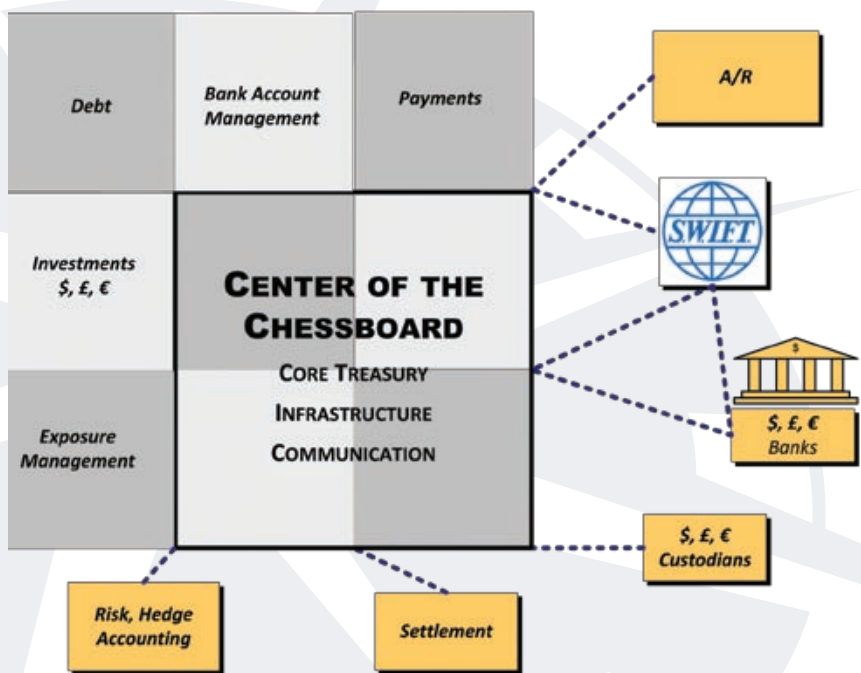


Exhibit A: Center of the Chessboard



## 2 SunGard EcoSystem

SunGard’s “EcoSystem” views the chessboard as larger than other treasury vendors. Their acquisitions of payable vendors (Trax and the corporate assets of PayFormance), collection related vendors (GETPAID and Aceva) and communication vendors demonstrate the breadth of its view (see Exhibit C.) SunGard’s EcoSystem covers core treasury activities and the cash conversion cycle. It is affirming the point that the treasurer owns working capital and must be able to connect both within the organization and with external partners. This ownership of a working-capital mindset is appropriate, even if the particular processing areas do not report directly to treasury.

<b>PARTNER</b>	<b>AREA</b>
<b>REVAL</b>	<i>Hedge Accounting</i>
<b>360T</b>	<i>Financial Transactions</i>
<b>MISYS</b>	<i>Confirmation Matching</i>
<b>SPERANZA SYSTEMS</b>	<i>Bank Account Management</i>

Exhibit B: Wall Street Systems Partner Examples

Additionally, both SunGard and Wall Street Systems have announced arrangements with other firms that help with financial business issues and/or treasury issues (i.e., SunGard partnering with FIREapps for identifying risk exposure and Wall Street Systems partnering with Reval to manage hedge accounting activity).

SunGard’s acquisition spree over the past several years has become part of an integrated plan. By pushing into connectivity areas, including its global relationship with SWIFT, it has pulled the right pieces together. It defines this area as the “EcoSystem” and provides many of the specific solutions as well as a focus on connectivity. Each part of the system has to “talk” internally and externally. SunGard is focused on making this a more streamlined and simpler process. It’s already done a lot of the heavy lifting, though a substantial amount of work lies ahead.



The main tactics in managing the EcoSystem seem to be:

1) *Develop everything in a common architecture.* This means that if one application improves, say, hedge accounting, that all treasury systems would use that development for all platforms. And, those platforms would find their home in the SunGard EcoSystem.

2) *Make everything “talk” to everything else.* Connectivity is widely acknowledged to be “a pain” for organizations, and the wheel is reinvented dozens of times each day. SunGard wants to ease that pain by offering what we refer to as ‘connectivity as a service’ (CaaS) and mass payments.

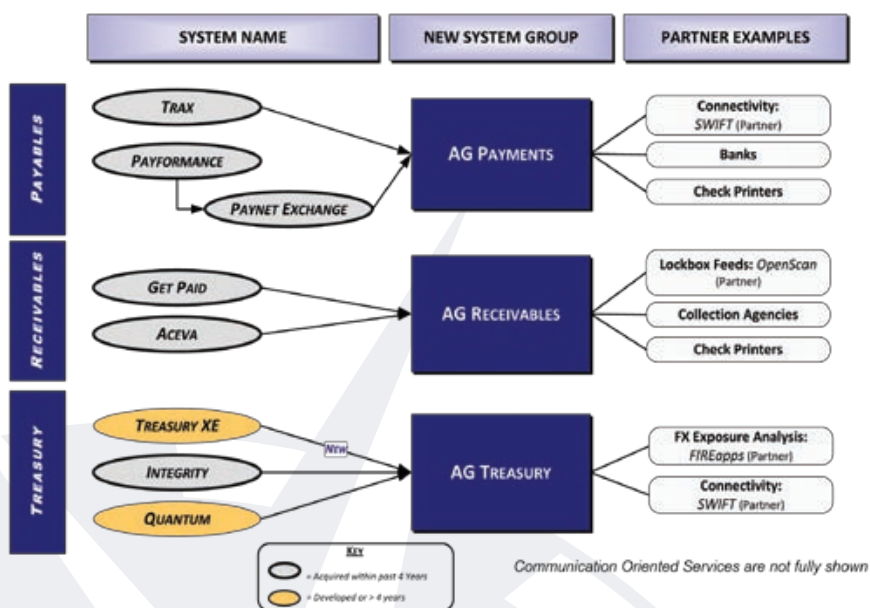


Exhibit C: SunGard Ecosystem Participants

### Wall Street Systems.

After sitting quietly, and selectively targeting prospects for several years back to the Trema days, Wallstreet has created a plan to occupy the center of the chessboard for treasury departments. Instead of battling all of the best-of-breed solutions on many fronts, it has opened up and incorporated some of those systems into its environment. The premise is that while connecting a few best-of-breeds together is relatively simple with today’s technology, the ad hoc approach becomes more cumbersome and problematic as organizations keep adding systems to the mix.



### Description and Analysis.

The Center of the Chessboard Strategy includes data connectivity through communication management and data transformation/mapping across systems inside and outside a company's data center. To add additional value, vendors and Treasury departments must help this strategy mature by including or supplementing the following three application spanning services:

- Connectivity as a Service (CaaS)
- Treasury Optics – visibility well beyond the dashboards of today
- Business Process Management (BPM) – leveraged for critical processes that span applications

By allowing others to plug into its integrated partner network, the perspective is that clients have a clear roadmap to move forward upon, without having to throw anything out as they expand or as their needs shift over time. The Wallstreet system sits in the middle, controlling the flow of information between systems (a treasury equivalent to the IT Enterprise Application Infrastructure (EAI) model).

### Competitive Shift and Opportunity.

These developments represent both incremental and strategic shifts. These “center of the chessboard” approaches represent a counter to the best-of-breed providers by offering a longer term integrated solution kit. Since the systems will increasingly offer additional plug-in capability and tighter integration, they simplify the growth path.

### Review Your Company's Technology Annually.

Organizations that seek to use technology to help drive value and protect the organization must continually monitor what is available and what new offerings may mean to their organization. While technology is simply a tool to help treasurers accomplish their goals, significant advances and developments can make an enormous difference in how successful treasury meets its organizational needs.

In light of the significant developments that arise during the course of a year, every treasury group should revisit their treasury information and technology plans annually. There are too many significant changes and developments underway with treasury technology to not make a review part of the annual process for astute treasury groups. ❁

#### Update of Select News:

27-Apr-2010: Wallstreet Systems acquires Speranza (eBAM) absorbing one of their center of the chessboard partners.

2-Jun-2010: Wallstreet Systems acquires CityFinancials (TWS) filling in the cash & risk space between WST and WSS.

For more information see related blog entries at:  
[blog.strategictreasurer.com](http://blog.strategictreasurer.com)

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