As treasurers move towards rolling forecasting and budgetary approaches, which prioritize risk, the traditional annual budget process is being marginalized, says Stephen Malinak, Global Head of Content Analytics, Thomson Reuters. In this 24x7 treasury environment predictive analytics, connectivity and ‘big data’ computing power are vital. Are you equipped?

**WHY BIG DATA IS A BIG DEAL**

**LINK YOUR TMS TO THOMSON REUTERS DATA & FINANCIAL MARKET CONNECTIVITY**

It’s awful. Why did no-one see it coming? This was reportedly the response of the British Monarch to the credit crunch and it perfectly illustrates the need for effective predictive modelling.

Treasurers who saw the crash coming could have been in a risk-averse hedging position that minimized counterparty and bank risk, with locked-in funding and rates. Equally, those advanced treasuries that can nowadays spot consumer, market or political/regulatory trends ahead of rivals can benefit their firms.

Those who invest or hedge first tend to win, but spotting risk and opportunities before others requires ‘big data’ analytical tools and ‘big computing’ power. Luckily Moore’s Law states that computing power doubles every two years so cheap processing power is available on-the-shelf or via Software-as-a-Service (SaaS) third-party contracts in the cloud. Many treasury management systems (TMS) are implemented in this way. Treasurers can therefore access the chip power they need, but good quality data and the connectivity to act upon it is another matter. Thomson Reuters can provide this by linking your TMS with its capital markets execution platforms, data reporting and analysis tools, in a vendor neutral manner, which can include Excel and other third-party tools.

You can bring your risk, cash management and accounting all under one roof, delivering an integrated treasury workflow.
MORE FREQUENT REPORTING & DATA DEMAND

Chief financial officers (CFOs) and boardrooms increasingly expect treasurers and financial controllers to report monthly or even more frequently. This rolling budget approach requires big data number crunching and analysis tools, as much as a risk-aware treasury does. New regulations on the capital markets also require better reporting of hedges and trades. The drivers for a connected ‘big data’ enabled treasury are numerous.

There is even a new job title for this 24x7 connected approach with heads of financial planning and analysis (FP&A) – what once would’ve been called controllers or directors of planning and forecasting in Europe – now cropping up all over the place. There is a head of FP&A at Alliance Boots, for instance; at the pharma firm Norgine; at easyJet; at the insurers Legal & General; and at many other firms. The FP&A title is no longer just an Americanism as the analytical imperative goes global. The function itself has always been there. But the A for analysis in the job title is becoming paramount in a big data environment where predictive planning and forecasting is prized and automated cash management and payment systems are taken for granted, freeing up time to focus on risk.

DEFINING BIG DATA

Unstructured data is how ‘big data’ was traditionally defined, referring to the explosion of social media content and internal untagged business data that was unleashed when the digitalization of firms, people’s lives, trades and the associated e-commerce revolution gathered pace. The term has since come to also mean the ability to analyse data streams, from whatever source they are mined, structured or unstructured, using the cheap processing power that is now available to everyone.

For instance, as well as analysing Thomson Reuters historical tick data from financial markets in order to feed predictive models, treasurers may also want to know how a marketing campaign might impact orders, the supply chain and profits? By assessing customer sentiment on Twitter, Facebook and online this is possible – equally our Eikon terminal users can assess market sentiment using the the social media monitor, which tracks Twitter sentiment and analyzes data to track specific tweets, people and companies and has just been recognized by the FStech Awards.

Predictive information can be fed into a TMS and an Excel spreadsheet reporting tool, impacting the purchasing department, risk function and ultimately Boardroom updates in double-quick time. It can all be carried out in one technology stack, under Thomson Reuters integrated treasury workflow.

Thomson Reuters can handle the coming ‘big data’ environment by providing you with:

• The processing power to crunch numbers and access historical financial data for modelling purposes. You can also access our StarMine Quantitative Analytics package. This suite of proprietary alpha-generating equity analytics, stock selection models, credit risk analytics, and macroeconomic forecasts cannot be found anywhere else.

• Social media mining tools on Eikon can reveal customer and market sentiment, alerting users to market moves.

• Report figures to the Boardroom and cross-departmentally to colleagues via our Excel integration tools.

• Link to your preferred TMS provider via your Reuters terminal, enabling supply chain payments and accounting procedures to be integrated with risk processes.

• Use Thomson Reuters data and market connectivity in order to track global financial markets and successfully hedge and report risk.

For more information on our full suite of solutions for corporate treasurers, please visit financial.thomsonreuters.com/corporate-treasury

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