interview

Imad Ben Mariem
Director, DataLog

Changing the world of payments – niche system providers are increasingly filling the holes left by traditional players in the cash management market. DataLog is one such company that is changing the face of the payments market.

The world of treasury management technology is shifting rapidly. As treasury increasingly becomes strategically linked to financial management across the organisation, the needs and wants of the average treasurer are changing dramatically, and the cash and treasury management solution market has had to change to meet those needs.

Competition is fierce and those systems providers that cannot not keep pace will be left in the dust. Not only is technology changing, but also the landscape in which system providers find themselves. Traditional players now face stiff competition not only from ERP providers and banks, who are looking to take a piece of the cash management market, but also from new niche providers, that are using their expertise to meet very specific needs of treasury.

One such solution provider is DataLog Finance. DataLog was formed in 1997 to fulfill the need for a specialist system geared to manage an in-house payments factory. The group developed software for large-cap multinational corporations – such as food and drinks company Danone and IT firm IBM – which allows those companies to centralise all payments and send payment instructions to their various banks via a single, unique point. Says Imad Ben Mariem, director at DataLog: "Today we have a staff of 20 people, with a turnover of about €2mn."

Back in 1997 DataLog was the only company offering such a payments factory solution – called Cash-Pooler – and it was the client server version that was rolled out to companies such as Danone. Explains Ben Mariem: "When, for example, Danone wanted to install a worldwide payments factory in 1997 they searched through all those companies that specialised in cash management software. The only product doing what they wanted to do was our product."

For companies such as Danone there was a risk in installing CashPooler across the globe – in Danone's case that meant over 100 subsidiaries in 60 countries – because DataLog was a young company with no history. Ben Mariem adds: "Their choice, really, was to do this with DataLog or not to do it at all. They chose to do it with us, and they have been with us ever since."

DataLog products have since been completely revamped as web-based solutions, and have been well received both by those that began as client-server customers and by newer customers. The company now offers web versions of CashPooler, as well as CashReport – a treasury reporting system, and CashNetting – a netting system for compensation of intra-group payments.

CashPooler allows centralisation of international payments and information processing, explains Ben Mariem: "By centralising payments this transforms cross-border transactions into domestic transactions – which reduces bank fees and reduces FX and IR transaction costs, as companies can then make fewer transactions."

CashReport is a treasury reporting system that lets subsidiaries send to central treasury all information – such as bank balances, FX exposure, and so on – and thus allows central treasury to handle rate risk and FX risk. CashNetting is an internal netting system, in which subsidiaries import –

either manually or automatically – all intra-company payments into the system on a monthly basis, which can then be offset and managed centrally.

The products also centralise deployment and updating tasks, cut down on entry redundancy and errors due to manual entry, thus reducing administrative work and costs across the board.

One key issue for corporate treasurers that is being addressed by DataLog Finance is that of communications between treasury and external systems – in particular bank systems. CashPooler works to simplify interaction between upstream systems – such as accounts and payroll – and downstream systems – such as Treasury – by using a powerful file converter.

In addition, the system has a bank communication module – CashCom – which connects to banks using a number of protocols, including Etebac 3/5, X400 messaging, FTP, SWIFTNet, and so on.

However, Ben Mariem notes that communication with banks can still be an issue, particularly for companies that have global operations and different banking partners in many or all of the jurisdictions in which they operate. "That is why we have worked quite hard to build SWIFTNet connectivity into our system," he says.

Adds Ben Mariem: "We are, for example, currently helping Danone to use the SWIFTNet version of our product, which will allow them to communicate with ease with all of their banks worldwide." He says this is already in place for some of Danone's operations in France. "We are continuing rollout across France and we will roll it out worldwide in 2006 and 2007," he says.

When it comes to managing transactions both internally and externally, another key issue for treasurers is that of security. To deal with this, DataLog is working with banks on electronic signature security software via SWIFTNet. "This is a feature that does not exist today on SWIFTNet, so

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we are working with banks to develop acceptance for this new feature."

Ben Mariem says that French corporates are quite interested in online security via electronic signature. "French banks and companies are quite open to this as a standard, but outside France it does not have as much of a following," he says, adding that global corporates and banks must get behind electronic signatures before it can become a global standard. Such standards are essential to increasing global use and acceptance of online payments management.

SWIFTNet has gone a long way to making the dream of interfacing and managing payments with multibanks a reality. But at the moment, this is only possible for very large-cap companies, notes Ben Mariem: "With only one bank there is no advantage. SWIFTNet is hard to use and costly. The only case in which it is advantageous is to eliminate multiple bank communication systems and have just one communication portal." He says this is likely to change, however.

"There is a trend to focus on smaller corporations, and this is true with SWIFTNet," says Ben Mariem. "We are working on a SWIFTNet Service Bureau which will give mid-sized companies access to SWIFTNet." DataLog has all the software designed, and is looking for a partner to handle hosting of the site. They expect to roll out the service bureau by the end of the year.

The cash management world will be a different place in the coming years. With so much change in the technological and regulatory environments, global cash management is in a state of change and corporates are increasingly looking to niche players such as DataLog to provide cutting edge solutions unavailable from other sources. ∎

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by Denise Bedell