KDD075 - Future system to support Treasury activities

Status	Approved
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Issue

A decision is required as to whether to transition Treasury activities from Quantum to SAP S/4HANA, and whether a change in scope should be requested in order to bring Treasury operations into the SyWay ERP Project.

Recommendation

The Recommended option is: **Option D: Transition from Quantum to S/4HANA as part of the SyWay project, with increased scope for value-adding items**

The KDD is to be revisited should the change request process result in a significant variation in the cost estimates outlined within this document.

Main points supporting the recommendation:

S/4HANA can meet the Treasury business requirements with mostly standard design. Minimal custom development will be required.

Treasury activities transitioning from Quantum to S/4HANA will result in significant simplification of design and integration.

Accuracy and automation level will increase.

Improve the level of support via Syensqo IT.

With Treasury operations in S/4HANA, it increases the opportunities to simplify the IHB design.

Although this has the highest implementation cost, this cost is partially offset by annual License savings and the potential to eliminate other related applications like Misys.

Should any funds be needed to improving Quantum, the view is that a better use of resources would be to channel efforts to S/4HANA and reap the simplification, automation, integration benefits plus improve business processes for the longer term (future proofing).

The assumption is that additional scope will be assessed on a case by case basis, to ensure there is a balanced between scope, cost, benefit and complexity.

Additional Scope considerations for Option D:

1. Short-Medium Term liquidity forecast.
2. Increase Scope for Inter Company Loans.
3. Additional value adding \ medium to high frequency instruments (to be assessed on a case by case basis).
4. Moving Correspondence and matching from Mysis to SWIFT and S4\HANA.
5. Bank Fee Analysis.
6. Reporting: Review of reports including Credit Risk & EMIR reporting.

Note: Hedging and Hedge accounting are in scope.

Out of Scope:

Commodity Risk Management and the SAP module Financial Risk Management for Commodities are out of scope for this KDD and the SyWay project.

High Level points relevant to the other options considered:

Option A: Continue Treasury Operations activities in Quantum, "As-Is"

The most cost effective option from an implementation perspective, although annual licensing costs are higher.

Business will continue with the existing gaps and complex integration into S/4HANA. This integration between systems will need to be built by the SyWay project.

Continue with the FIS vendor offering poor level of support.

This option is an effective in the short to medium term solution, but not the most optimal for the longer term future proofing of Syensqo.

Option B: Continue Treasury Operations activities in Quantum, but invest to improve the functionality

Although the overall implementation cost will be lower than transitioning to S/4HANA, this is not seen as the best utilization of the additional resources, as the complexity associated with integrating Quantum with S/4HANA will continue.

If any funds and resources are to be allocated to the Treasury system, these funds should be directed to S/4HANA and not Quantum.

Option C: Transition from Quantum to S/4HANA as part of the SyWay project - "like for like" Scope

This is the second best option, as it simplifies the implementation being like for like.

This option has a lower implementation cost, but comes with lower\later improvement and future proofing.

Background & Context

Quantum

Quantum is an application provided by FIS. It is a common application in the market to manage Treasury operations.

The Quantum system was implemented for Treasury operations as follows, wave 1 = Q2 2019, wave 2 = Q2 2020, and the existing 5 year license expires on 14th June 2028.

The Quantum system functionalities currently do not meet all requirements and would require ad'hoc developments by FIS.

FIS in not seen as a good partner.

- Dissatisfaction with FIS, the supplier of Quantum, due to operational challenges and support issues.
- The current treasury processes are heavily reliant on manual interventions and face significant challenges due to system limitations and supplier issues.
- Poor support from FIS makes evolutions all the more cumbersome. No significant evolutions in Quantum have been deployed since 2020.

S/4HANA

The Treasury Operations modules in S/4HANA are;

1. TRM: Treasury Risk Management
2. CM: Financial Cash Management

A scope review was performed to determine whether S/4HANA has the functionality to manage Syensqo Treasury activities. The outcome of the review highlighted that SAP has a high fit level, along with the opportunities to make improvements.

Refer to the Scope & Analysis section for for details on Treasury activities

Licensing Costs

Quantum

- License Acquisition, One-off every 5 years 300k
- Annual Hosting Cost of 100k per annual
- Support cost of 70k per annum.

SAP ECC (existing Licenses utilized by Treasury)

- TRM

S/4HANA

- TRM License Cost (perpetual license in place): 20k per annum. TRM is required in S/4HANA whether or not Quantum is transitioned, and there is existing limited use of TRM in PI1 for Intercompany loans. Hence, should Treasury activities transition to S/4HANA, there are no "additional" license costs.
- CM License Cost: Already in place.

License Savings: Annual saving of Euro 100,000 on licensing costs.

Implementation Costs

Refer the the Options section for the estimated implementation cost for each option considered.

Brief Overview of Quantum and S/4HANA in Relation to Treasury Activities

Quantum

Front Office

High Frequency FX instruments are in Quantum and are working effectively. Low Frequency deals are not in Quantum.

Money Market: only short term deposits for Thailand and India are in Quantum, which are working effectively.

Securities, Guarantees, Working Capital, Equity Derivatives - are not configured in Quantum,

Middle Office

Basic reports are in place, however further detailed analysis is often performed in excel. Not able to develop new reports.

Quantum cannot manage or assist with EMIR reporting

Confirmations are automated, although a separate application is used to perform the matching.

Back Office

Accounting is poor and not fully automated. For example Quantum cannot manage the flip between interest expense and interest revenue.

Inter-Company Loans require integration with SAP and Quantum cannot manage long term to short term reclass, which is also the situation for all financing and bonds. Interest is calculated manually.

S/4HANA

Scope:

Standard S/4HANA functionality can effectively meet Syensqo's treasury business requirements, largely with Standard configuration, however some enhancement may be required.

Existing scope can be managed and additional scope can be considered.

Improvement opportunities:

S/4HANA can bring improvements in the following areas;

- Accounting: increased accuracy and automation.
- Liquidity Forecast: will be implemented to provide a short-medium (4-5 weeks) term cash forecast.
- Inter Company loans: will see improvements in coverage and automation.
- Assist with EMIR reporting , whether in manual or automated.
- Correspondence can be streamlined, potential to eliminate existing separate matching system.

Simplification:

- With Treasury operating fully in S/4HANA, and fully integrated in the one system to all relevant process, this will significantly simplify the design the integration (interfaces, reporting, accounting, payments, market data, confirmation).

Automation:

- Further automation can be achieve, from fully automated accounting entries, automatic liquidity forecasts, automated treasury payments

Scope and Detailed Assessment between Quantum and S/4HANA

Instruments: FX

Instrument	Details	Type	Source	Scope Yes\No	Frequency 1. High 2. Medium 3. Low		In Quantum Yes\No	Quantum Effectiveness 1. High 2. Medium 3. Low		S4 Functionality 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	S4 Module
FX Spot	Set-up: Foreign Exchange - FX: FX Spot An FX spot transaction is entered into between two parties where both parties agree on exchanging two currencies at an agreed exchange rate on a spot value date (as defined by market standards - D+1, +2 or +3) .	External Internal Mirror	360T Bloomberg Manual Request	Yes	High		Yes	High		STD Easy	TRM
FX Forward	Set-up: Foreign Exchange - FX: FX Forward An FX Forward contract functions as an FX Spot contract but with a settlement date that is in the future (later than the spot date)	External Internal Mirror	360T Bloomberg Manual	Yes	High		Yes	High		STD Easy	TRM
FX Swap	Set-up: Foreign Exchange - FX: FX Swaps A transaction where both parties agree on the trade date to enter into an FX spot transaction (@ spot date and spot rate) and to enter into an FX forward transaction that mirrors it (@ forward date and Forward rate equal to the same spot rate + forward points).	External Internal Mirror	360T Bloomberg Manual	Yes	High		Yes	High		STD Easy	TRM
Non-Deliverable Forward	Set-up: Foreign Exchange - FX: FX NDF A transaction where both parties agree on the trade date to enter into an FX forward transaction @ a specific forward date and commit to perform an FX spot transaction that mirrors it @ the same forward date at a spot rate defined by a pre-agreed fixing rate (usually covered by a Master Currency Agreement).	External Internal Mirror	360T Bloomberg Manual Request	Yes	Medium		Yes	High		STD Easy Fixing Automation Non STD Easy	TRM
FX Request	Set-up: Foreign Exchange - FX: FX Request When Affiliate doesn't know target instrument in FX	Internal	Request	Yes	Medium		Yes	High		STD Easy	TRM

Participating forward	Set-up: Foreign Exchange - Currency Option: Participating Forward A transaction where both parties agree on the trade date to enter into an FX forward transaction @ a forward rate (which is out of the market) and with a pre-agreed percentage of participation. At maturity, if the market spot rate is more favorable than the agreed Forward rate, the participation percentage of the nominal amount is not exchanged. If the market spot rate is less favorable than the agreed Forward rate, the full nominal amount is exchanged. @ Syensqo, this instrument being an option strategy, it is registered as two vanilla options as follows (example: Syensqo Sell USD buy EUR with 30% Participation): - Syensqo Buy Put USD call EUR at 100% of nominal amount @ strike X and premium -Y - Syensqo Sell Call USD Put EUR at 70% of nominal amount @ strike X and premium +Y Both options have the same value date	External Internal Mirror	Manual	Yes	Low		No	NA		STD Easy	TRM
Currency options (Vanilla)	Set-up: Foreign Exchange - Currency Option: FX Option Vanilla See Participating Forward	External Internal Mirror	360T Manual	Yes	Low		No	NA		STD Easy	TRM
Zero cost collars	Set-up: Foreign Exchange - Currency Option: Zero cost collars This is an option strategy which is traded as follows (example: Syensqo Sell USD buy EUR): - Syensqo Buy Put USD call EUR @ strike X and premium -Y - Syensqo Sell Call USD put EUR @ strike Z and premium +Y Both options have the same value date	External Internal Mirror	360T Manual	Yes	Low		Partly	Low Accounting is manual		STD Easy	TRM
Interest rate swaps	Set-up: Open (FIS/ Syensqo Phase 2) An interest rate swap is a derivative in which Syens qo Agrees with a counterparty to exchange Floating Interest rates (of a specific loan) for a Fixed interest rate. At each interest maturity, Syensqo would pay the counterparty the agreed-upon fixed rate and the Counterparty would pay Syensqo the Floating rate as per loan agreement fixing definitions.	External	Manual	Yes	Low		No	NA		STD Easy For Instrument STD Complex For Valuation	TRM

Cross currency swaps	Set-up: Open (FIS/ Syensqo Phase 2) A cross currency swap is a derivative contract in which Syensqo agrees with a counterparty to exchange principal and interests in different currencies over the lifetime of a loan. This type of derivative is used to hedge exposure linked to a loan in foreign currency. Both parties agree to exchange notionals (at inception and at maturity) and to exchange interest payments at each interest term.	External	Manual	Yes	Low		No	NA		STD Easy For Instrument STD Complex For Valuation	TRM
FX Order SELL	Set-up: Dealing: FX Order SELL Only for reporting purposes: OCO (Order cancel Order) left with a bank (or not) requesting them to execute Sell Currency vs Currency 2 if the spot rate reaches one of two pre-defined levels (Take profit or Stop Loss)	External	Manual	Yes	Low		No	NA		STD Easy FX Orders & Options are std. Exact design will be reviewed in Detailed Design in needed.	TRM
FX Order BUY	Set-up: Dealing: FX Order Buy Only for reporting purposes: OCO (Order cancel Order) left with a bank (or not) requesting them to execute Buy Currency vs Currency 2 if the spot rate reaches one of two pre-defined levels (Take profit or Stop Loss)	External	Manual	Yes	Low		No	NA		STD Easy FX Orders & Options are std. Exact design will be reviewed in Detailed Design is needed.	TRM

Instruments: Money Market

Instrument	**Details**	**Type**	**Source**	**Scope** **Yes\No**	**Frequency** 1. High 2. Medium 3. Low		**In Quantum** **Yes\No**	**Quantum** **Effectiveness** 1. High 2. Medium 3. Low		**S4 Functionality** 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	**S4** **Module**
Overnight Deposit	Set-up: Money Market: O /N Deposit Overnight investment with counterparty for pre-defined fixed interest rate. Template defined as: Fixed rate Interest payment at maturity	External	360T Manual	Yes	High		Yes Thailand & India only	High		STD Easy Deposits are standard . To be reviewed further in detailed design if needed.	TRM

MM Fixed	Set-up: Money Market: MM Fixed <= 3m, MM Fixed > 3m <= 1y, MM Fixed > 1y Money Market Instrument with Fixed interest rate that can be: Borrowing or Investment Intercompany or External 3 subtypes by maturity (for accounting purposes): Up to 3 months Between 3 months and 1 year More than 1 year Interest calculation formula defined as periodic, can be set to interest paid at maturity.	External Internal Mirror	360T Manual	Yes	Medium		No	NA		STD Easy	TRM
Call/Notice accounts	Funds are deposited on an account with a counterparty for a given interest return but with no specific time period. Funds can be withdrawn with a pre-defined notice period	External	Manual	Yes	Low		No	NA		STD Easy	TRM
Investment bonds		External	Manual	Yes	Low		No	NA		STD Easy	TRM
I/C Draw-down Facilities	Multiple MM can be linked to one Draw-down Facility	Internal	Manual	Yes	Low		No	NA		STD Easy	TRM
Credit Lines		External	Manual	Yes	Low		No	NA		STD Easy	TRM
Money Market Funds		External	Manual	Yes	Very Low		No	NA		STD Easy	TRM
MM Float	Set-up: Money Market: MM Float <= 3m, MM Float > 3m <= 1y, MM Float > 1y Same as above but floating rate.	External Internal Mirror	Manual 360T	Yes	NA for now		No	NA		STD Easy	TRM

Instruments: Securities

Instrument	**Details**	**Type**	**Source**	**Scope** **Yes\No**	**Frequency** 1. High 2. Medium 3. Low		**In Quantum** **Yes\No**	**Quantum Effectiveness** 1. High 2. Medium 3. Low		**S4 Functionality** 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	**S4 Module**
Commercial Paper	Set-up: Securities: Commercial Paper A short-term funding instrument. Commercial paper can be issued by the company within the framework of a program. Issuance is performed through an Agent and Dealers who are the intermediary between the company and the investors. Amount (1.0 B €) and max maturity (12 months) are defined by the program and the interest rate is pre-agreed before each issuance.	External	Manual	Yes	Low		No	NA		STD Easy	TRM

Bonds / EMTN (issues)	One template by Issue: For Fixed rate: Fixed Periodic For Floating rate: FRN CGL Periodic	External	Manual	Yes	Low		No	NA		STD Easy	TRM
Hybrid Bonds		External	Manual	Yes	Low		No	NA		STD Easy More details will be required	TRM
Security Identifiers	Security Identifiers will have to be created for each ISIN code. It can then be linked to one or multiple Commercial Papers. Naming convention: Maturity date as the name and ISIN Code as description.	External	Manual	Yes	Low		No	NA		STD Easy	TRM
“Funding pre-hedge instruments		External	Manual	Yes	Low		No	NA		More details Req'd to make an assessment. To be reviewed in Detailed Design in need be.	TBD

Instruments: Working Capital

Instrument	**Details**	**Type**	**Source**	**Scope** **Yes\No**	**Frequency** 1. High 2. Medium 3. Low		**In Quantum** **Yes\No**	**Quantum** **Effectiveness** 1. High 2. Medium 3. Low		**S4 Functionality** 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	**S4** **Module**
Bank draft	Exclusively used in China: Bank drafts are commitment issued by a financial counterparty for the benefit of a Syensqo Client. The client uses this bank draft as a payment method to Syensqo. Once received by Syensqo, a bank draft can be either used as a payment method to one of Syensqo's suppliers, kept until maturity (at which point it can be settled for cash with the issuing counterparty) or it can be discounted.	External	Manual	Yes	High		No	NA		More details req'd. This is be address as part of detailed design	TBD
Supply chain & reverse factoring	Confirm if in TMS and which purpose (reporting only?). Review with BW current report also - Currently done through a development in PI1 for IFRS postings at month-end, invoice by invoice	External	Manual	Yes	Med\High		No	NA		More details req'd. This is to be address as part of detailed design	TBD
Sale of Receivables	Set-up: Money Market: Sales of Receivable This is currently a manual process.	External	Manual	May not be worth it	Medium		No	NA		Non STD Complex (for the reason that this process requires integration with external parties) More details req'd. This is to be address as part of detailed design	TBD

Instrument Guarantees

Currently out of scope and done manually.

Instruments Equity Derivatives

Instrument	**Details**	**Type**	**Source**	**Scope** **Yes\No**	**Frequency** 1. High 2. Medium 3. Low		**In Quantum** **Yes\No**	**Quantum** **Effectiveness** 1. High 2. Medium 3. Low		**S4 Functionality** 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	**S4** **Module**
LT options (calls) on Syensqo share (Bermuda)	circa 8 years maturity (traded on SSOM) => those options may be exercised or resold	External	Manual	TBD Check with Gerald	Medium		No	NA		More details req'd	
Total return swaps (TRS)		External	Manual	TBD Check with Gerald	Medium		No	NA		More details req'd	
LT options (calls) on Eurostox50 index (US)		External	Manual	TBD Check with Gerald	Medium		No	NA		More details req'd	

Interfaces & Communication

Function	**Details**	**Scope** **Yes\No**	**Frequency** 1. High 2. Medium 3. Low		**Quantum** **Connectivity** **Yes\No**	**Quantum** **Effectiveness** 1. High 2. Medium 3. Low		**S4 Functionality** 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	**S4** **Module**
Deals	360T Bloomberg	Yes	High		Yes	High		STD Easy	TRM
Correspondence Confirmations	Misus Finastra	Yes	High		Matching is performed in a separate application called Mysis	Yes		STD Easy or STD Complex Via SWIFT	TRM
Market Data	Refinitiv Icon	Yes	High		Yes	High		STD Easy with additional SAP module. Non STD complex to interface	TRM

Treasury Payments & Bank Statements

Function	Details	Scope Yes\No	Frequency 1. High 2. Medium 3. Low		Quantum Connectivity Yes\No	Quantum Effectiveness 1. High 2. Medium 3. Low		S4 Functionality 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	S4 Module
Treasury Payments	Treasury payments related to instruments managed in Quantum. Complexity - Quantum send payments to SAP BCM for payment	Yes	High		Yes	High		STD Easy	BCM
Bank Statements	Bank statements are imported in SAP, then interfaced from SAP to Quantum	Yes	High		Yes	Medium Some statements are missing		STD Easy	BCM

Cash Management

Function	Details	Scope Yes\No	Frequency 1. High 2. Medium 3. Low		Quantum Connectivity Yes\No	Quantum Effectiveness 1. High 2. Medium 3. Low		S4 Functionality 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	S4 Module
Cash Position	Treasury payments related to instruments managed in Quantum. Complexity - Quantum send payments to SAP BCM for payment (double check this)	Yes	High		Yes	Medium		STD Easy	CM
Short-term Cash Forecast	We can use Quantum to generate a ST cash forecast, but the data on WC is poor and not interfaced - to be investigated	Yes	High		Yes	Medium		STD Easy Accuracy is dependent on the end-to-end process	CM
Bank Fee Analysis	No proper data / report to analyze bank fees today - everything is manual, full reconciliation with P&L is almost impossible	Yes	Medium		No	NA		STD Complex CAMT86. Not all banks can provide this. Could be beneficial for the main accounts	CM

Reporting

Function	Details	Scope Yes\No	Frequency 1. High 2. Medium 3. Low		Quantum Connectivity Yes\No	Quantum Effectiveness 1. High 2. Medium 3. Low		S4 Functionality 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	S4 Module
FX Exposure	Automatic for WC BS Hedge, Manual requests for the rest of BS Hedge, manual input for Cash Flow Hedge	Yes	High		Yes	High		STD Complex Possibly Non STD Easy	TRM
Counter Party Risk		Yes	High		Yes	Medium		STD Complex	TRM
Cashflow Hedging	Issues when exposures are switching signs, report difficult to maintain	Yes	High		Yes	Medium		STD Complex	TRM

Spread Analysis	Used to compute interest rates on IBAs / Intercompany funding	Yes	High		No	NA		Non STD. Some portions, like interest calculation could be standard, however this process will likely continue outside of the system. More detail to be captured in Detailed Design if needed.	TBD

Accounting

Function	Details	Scope Yes\No	Frequency 1. High 2. Medium 3. Low		Quantum Connectivity Yes\No	Quantum Effectiveness 1. High 2. Medium 3. Low		S4 Functionality 1. STD Easy 2. STD Complex 3. Non STD Easy 4. Non STD Complex	S4 Module
Accounting Entries	Need to qualify how the postings are done for each instrument above, some are fully automated, some are fully manual	Yes	High		Yes	Medium Some Auto Some Manual		STD Easy	TRM
Hedge Accounting	For FX Hedge accounting	Yes	High		Yes	High		STD Complex	TRM

Assumptions

Additional review and assessment will be conducted for the implementation timing after the decision of the KDD is concluded. If the decision is to stay with Quantum, then no additional tasks are required in regards to this KDD. If the decision is to move to S/4HANA, then an additional step is required to determine the implementation approach and timing.

Any increase in scope from that available in Quantum today will be assessed on a case by case basis, to ensure the implementation in focused on added value items.

Any configuration within Quantum is out of scope for the SyWay project. Hence, Option B will be managed outside of the SyWay project.

Implementation cost estimates have been provided in the KDD to aid high level comparisons. The detailed cost will be determine as part of the official change request.

For option C & D, the temporary Quantum integration cost is conservative, with the possibility to reduce depending on the implementation approach decided.

As the current Quantum license end on 14th June 2028 , at this stage it is assumed it can be extended for a period of less than 5 years, for example ability to extend by 1 year. This point is still being reviewed.

Constraints

Existing Quantum License expires 14th June 2028.

Impacts

If Treasury operations are to transition to S/4HANA the below positive impacts arise;

- Integration benefits arise from all activities on the one system. Eg. Automatic accounting postings, the intercompany loans will transition fully to TRM.

- Elimination of existing interfaces between Quantum and SAP

- Allow for further simplification of the future IHB process

Business Rules

Not applicable at this point of the decision making process

Options considered

Implementation cost estimates have been provided in the KDD to aid high level comparisons. The detailed cost will be determine as part of the official change request.

For option C & D, the temporary Quantum integration cost is conservative, with a high probability of reducing the cost depending on the implementation approach decided

Option A: Continue Treasury Operations activities in Quantum, "As-Is"

Treasury operations will continue within Quantum, with no additional spend to eliminate existing gaps.

Continue with complex integration between Quantum and SAP. This integration will need to be implemented by the SyWay project to link to the new S4/HANA system.

Quantum license cost is 100k higher than S4/ANA per annum.

Continue with poor vendor and support.

Estimated Implementation Cost: Euro 780k

No additional budget required. This cost is already in SyWay project budget

Quantum \ Syensqo Business Cost: 0

SyWay Project Cost: 780k (this cost is already factored into the SyWay project budget).

SyWay Project Scope: WRIEF design, build, unit test, integration testing, UAT, Data, Regression Test, cut-over, support) + TRM IC Loans: Estimate: 1 FTE over 36 months.

Option B: Continue Treasury Operations activities in Quantum, but invest to improve the functionality

Treasury operations will continue within Quantum, however additional expenditure required to eliminate existing gaps and issues.

As per Option A, except this will required additional spend on Quantum.

Estimated Implementation Cost: Euro: 1.43m

Addition budget required for the Syensqo business (not the SyWay Project): 650k

Quantum \ Syensqo Business Cost (2.5 FTEs for 12 months) = **650k**

Additional budget required.

Quantum is out of scope for the SyWay project. Any improvement activities within Quantum will need to be manage outside of the SyWay project.

Already budgeted in SyWay project

SyWay Project Cost: **780k** (this cost is already factored into the SyWay project budget). Estimate: 1 FTE over 36 months

SyWay Project Scope: WRIEF design, build, unit test, integration testing, UAT, Data, Regression Test, cut-over, support) + TRM IC Loans.

Option C: Transition from Quantum to S/4HANA as part of the SyWay project - "like for like" Scope

Treasury Operations will transition to S/4HANA as part of the SyWay project. The scope will be aligned with the existing scope within Quantum

Simplification and automation is achieved.

Simplifies the "implementation" being like for like.

This option has a lower implementation cost, but comes with slightly lower\later improvement and future proofing.

Estimated Implementation Cost: Euro: 3.3m

Additional budget required for the SyWay project: 2.5m

SyWay Project: Change request will be required to bring this scope into the SyWay project

SyWay: TRM and CM implementation: Estimate of 3.5 FTEs (Lead, Functional Consultants, Technical Consultant, Data Consultant, Testing, cut-over) over 36 months = **2.7m**. (This cost will be confirmed once the implementation approach is devised).

SyWay: Temporary Integration with Quantum for any transition period : WRIEF design, build, unit test, integration testing, UAT, Data, Regression Test, cut-over, support) + TRM IC Loans: Estimate: 1 FTE over 36 months **780k**.

SyWay: Saving from simplifying existing process possible with Treasury Operations within the one S4HANA System. (estimate: Wrief design, build, test, deploy, support. 6 months of 1 FTE equivalent activity) = **144k** .

Option D: Transition from Quantum to S/4HANA as part of the SyWay project, with increased scope for value adding items

Treasury Operations will transition to S/4HANA as part of the SyWay project.

The scope will consider additional business requirements in addition to what is already within Quantum.

S/4HANA can meet the Treasury business requirements with mostly standard design. Minimal custom development may be required.

Result in significant simplification of design and integration.

Accuracy and automation level will increase.

This option has a higher implementation cost, but comes with more tangible improvements and also higher level of future proofing.

Estimated Implementation Cost: Euro: 4.1m

Additional budget required for the SyWay project: 3.3m

Increase Scope will result in an increase in cost. This additional scope cost is similar in magnitude to the cost to improve Quantum.

SyWay Project: Change request will be required to bring this scope into the SyWay project.

SyWay Project Cost: Estimate of 4.5 FTEs (Lead, Functional Consultants, Technical Consultant, Data Consultant, testing, cut-over) over 36 months = **3.5m.** (This cost will be confirmed once the implementation approach is devised).

SyWay: Temporary Integration with Quantum for any transition period : WRIEF design, build, unit test, integration testing, UAT, Data, Regression Test, cut-over, support) + TRM IC Loans: Estimate: 1 FTE over 36 months **780k**.

SyWay: Saving from simplifying existing process possible with Treasury Operation within the one S4HANA System. (estimate: Wrief design, build, test, deploy, support. 6 months of 1 FTE equivalent activity) = **144k**

Total Cost of Ownership

The analysis below compares the total cost of ownership for the four options.

- Comparing the total cost over a 10 year horizon focusing on 1) New configuration & deployment costs 2) License costs 3) Technical upgrades 4) Support costs.
- Does not consider potential savings of the temporary Quantum integration costs in the move to S/4HANA scenarios, as this will only be known once the deployment approach is developed.
- Does not aim to quantify automation, simplification benefits of moving to S/4HANA, as this may rely on subjective analysis.

Scenario	Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total Cost before Go-Live	Total Cost after Go-Live	Total Cost
Option A: (Base Case) Quantum remains as-is	SyWay Quantum Interfaces		260	260	260										
> SyWay interfaces: 780 k€	Additional Config & Development														
	License				300					300					
	Savings/Cost avoidance														
	Recurring Costs	300	500	300	300	500	300	300	500	300	300	500			
	Total	**300**	**760**	**560**	**860**	**500**	**300**	**300**	**500**	**600**	**300**	**500**	**2,480**	**3,000**	**5,480**
	Cumulated Cash	**300**	**1,060**	**1,620**	**2,480**	**2,980**	**3,280**	**3,580**	**4,080**	**4,680**	**4,980**	**5,480**			
Option B: Quantum remains with enhancements	SyWay Quantum Interfaces		260	260	260										
> SyWay Interfaces: 780 k€	Additional Config & Development		260	260	130										
> Additional developments (out of SyWay): 650 k€	License				300					300					
	Savings/Cost avoidance														
	Recurring Costs	300	500	300	300	500	300	300	500	300	300	500			
	Total	**300**	**1,020**	**820**	**990**	**500**	**300**	**300**	**500**	**600**	**300**	**500**	**3,130**	**3,000**	**6,130**
	Cumulated Cash	**300**	**1,320**	**2,140**	**3,130**	**3,630**	**3,930**	**4,230**	**4,730**	**5,330**	**5,630**	**6,130**			
Option C: Move Quantum to S/4 with as-is functionalities	SyWay Quantum Interfaces		260	260	260										
> SyWay temp interfaces: 780 k€	Additional Config & Development		833	833	833										
> Additional SyWay Development: 2.5 m€	License														
	Savings/Cost avoidance														
	Recurring Costs	300	500	300	320	130	130	130	130	130	130	130			
	Total	**300**	**1,593**	**1,393**	**1,413**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**4,700**	**910**	**5,610**
	Cumulated Cash	**300**	**1,893**	**3,287**	**4,700**	**4,830**	**4,960**	**5,090**	**5,220**	**5,350**	**5,480**	**5,610**			
Option D: Move Quantum to S/4 with enhancements	SyWay Quantum Interfaces		260	260	260										
> SyWay temp interfaces: 780 k€	Additional Config & Development		1,100	1,100	1,100										
> Additional SyWay Development: 3.3 m€	License														
	Savings/Cost avoidance														
	Recurring Costs	300	500	300	320	130	130	130	130	130	130	130			
	Total	**300**	**1,860**	**1,660**	**1,680**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**5,500**	**910**	**6,410**
	Cumulated Cash	**300**	**2,160**	**3,820**	**5,500**	**5,630**	**5,760**	**5,890**	**6,020**	**6,150**	**6,280**	**6,410**			
Scenario B vs Scenario A (Stay As-is \ Base Case)	Yearly	0	260	260	130	0	0	0	0	0	0	0	**650**	**0**	**650**
	Cumulated	0	260	520	650	650	650	650	650	**650**	**650**	**650**			
Scenario C vs Scenario A (Stay As-is \ Base Case)	*Yearly*	*0*	*833*	*833*	*553*	*-370*	*-170*	*-170*	*-370*	*-470*	*-170*	*-370*	***2,220***	***-2,090***	***130***
	Cumulated	*0*	*833*	*1,667*	*2,220*	*1,850*	*1,680*	*1,510*	*1,140*	***670***	***500***	***130***			
Scenario D vs Scenario A (Stay As-is \ Base Case)	Yearly	0	1,100	1,100	820	-370	-170	-170	-370	-470	-170	-370	**3,020**	**-2,090**	**930**
	Cumulated	0	1,100	2,200	3,020	2,650	2,480	2,310	1,940	**1,470**	**1,300**	**930**			
Scenario D vs Scenario B (Spend on S4 Vs Spend on Qunatum)	*Yearly*	*0*	*840*	*840*	*690*	*-370*	*-170*	*-170*	*-370*	*-470*	*-170*	*-370*	***2,370***	***-2,090***	***280***
	Cumulated	*0*	*840*	*1,680*	*2,370*	*2,000*	*1,830*	*1,660*	*1,290*	***820***	***650***	***280***			

Evaluation

	Option A **Continue Treasury Operations activities in Quantum, "As-Is"**	**Option B** **Continue Treasury Operations activities in Quantum, but set-up a project to improve the functionality**	**Option C** **Transition from Quantum to S /4HANA as part of the SyWay project - "like for like" Scope**	**Option D** **Transition from Quantum to S /4HANA as part of the SyWay project, with increased scope for value adding items**	**Option A**	**Option B**	**Option C**	**Option D**
Front Office: Instruments • Level of System Functionality matching business needs	⊕ High frequency instruments are working well in Quantum . ⊖ Medium & low frequency instruments are not set-up in Quantum.	⊕ High frequency instruments are working well in Quantum. ⊕ Additional instruments may be considered and configured in Quantum.	⊕ S/4HANA can effectively cover the existing scope (that is configured in Quantum). ⊖ Introducing new new Instruments into S/4HANA will not be considered in this option.	⊕ S/4HANA can effectively cover the existing scope (that is configured in Quantum). ⊕ Introducing new Instruments into S/4HANA will possible in this option.	**Medium**	**High**	**Medium**	**High**

Front Office: Placing Deals • Level of Ease to place deals • Integration level	⊕ Deals are placed in 360T and Bloomberg ⊕ Effectively integrated with Quantum	⊕ Deals placed in 360T and Bloomberg. ⊕ Effectively integrated with Quantum.	⊕ Deals can continue to be placed in 360T and Bloomberg. ⊕ S4\HANA has TPI (API) integration in place with 360T and Bloomberg.	⊕ Deals can continue to be placed in 360T and Bloomberg. ⊕ S4/HANA has TPI (API) integration in place with 360T and Bloomberg.	**High**	**High**	**High**	**High**
Middle Office: Reporting • Coverage • Accuracy level	⊕ Base level reports are in place. ⊖ Analysis often performed in Excel. ⊖ Developing additional reports is difficult. ⊖ Spread analysis is performed outside of Quantum.	⊕ Additional reporting capabilities can be assessed and implemented where possible. ⊖ Limitation of being in a separate system will continue. ⊖ Spread analysis is performed outside of Quantum.	⊕ S4/HANA standard reports can be utilized with the added advantage of data will in the one S4/HANA system. ⊖ Reporting will be limited to existing scope. New reports will not be considered on this option.	⊕ S4/HANA standard reports can be utilized with the added advantage of data will in the one S4/HANA system. ⊕ Additional \ improved reports will be considered in this option. Some examples potential scope include but are not limited too; Credit Risk EMIR Reporting Bank Fee Analysis Spread Analysis	**Medium**	**Medium**	**High**	**High**
Back Office: Confirmations • Automation Level	⊕ Confirmation are automated ⊖ Matching is performed in a separate \ non-Quantum system called Mysis, at an additional cost.	⊕ Confirmation are automated ⊖ Matching is performed in a separate \ non-Quantum system called Mysis Finastra, at an additional cost.	⊕ This option will continue with the existing matching process.	⊕ Confirmations matching can be automated in S/4HANA (Correspondence Framework). Further analysis is required as part of Detailed Design. However, connectivity to the banks can be via SWIFT. Hence no need for Misys, saving on the license costs. ⊕ Connection to SWIFT is already in place.	**Medium**	**Medium**	**Medium**	**High**
Back Office: Accounting • Accuracy Level • Integration Level • Simplicity Level	⊖ Interfaces required to move data between systems in order to complete accounting entries. ⊖ Interfaces required, increasing complexity. ⊖ Some accounting entries are manual.	⊖ Interfaces required to move data between systems in order to complete accounting entries. ⊖ Interfaces required, increasing complexity. ⊕ Existing manual entries can be reviewed with the aim to automate.	⊕ Accounting entries for standard transactions are manage by standard automatic postings. ⊕ Hedge accounting possible, although implementation requires additional effort. ⊕ All transactions are within the one S/4HANA system, no need for interfaces, lowering complexity.	⊕ Accounting entries for standard transactions are manage by standard automatic postings ⊕ Hedge accounting possible, although implementation requires additional effort ⊕ All transactions are within the one S/4HANA system, no need for interfaces, lowering complexity.	**Low**	**Medium**	**High**	**High**

Cash Management 1) Cash Position 2) Short to Medium term liquidity forecast. • Meeting Business Requirement • Accuracy level • Simplicity level	⊕ Cash position in being managed today, and treasury are able to fund the immediate term +2 days. ⊖ Short to medium term liquidity forecast is not being performed at present. ⊖ Integration with AP & AR items is not in place. The volume of data was not worth interfacing as accuracy level were low. ⊖ Low level of simplification in the large data needs to be interfaced from SAP to Quantum.	⊕ Effort may be placed on improving short-medium term liquidity forecast in Quantum ⊖ Improving the accuracy level will continue to be a challenge with Quantum being a separate system to S/4HANA. ⊖ Integration with AP & AR items will still introduce complexity with the huge data to be interfaced from S/4HANA to Quantum.	⊕ Cash Management module can effectively meet the business requirements. It can also achieve an improvement to the existing level of effectiveness. ⊕ Significant simplification opportunity, as all transactions are within the one S/4HANA system. This Option will only focus on the Cash Position,.	⊕ Cash Management module can effectively meet the business requirements. It can also achieve an improvement to the existing level of effectiveness. ⊕ Bank Fee analysis is possible, however this will require additional implementation effort, which can be manage via accounts in scope for this analysis ⊕ Significant simplification opportunity, as all transactions are within the one S/4HANA system This Option will only focus on the Cash Position & Short-Medium term liquidity forecast.	**Low**	**Low**	**Medium**	**High**
Market Data • Coverage Level • Integration Level	⊕ Market data automatically interfaced via Refinitiv Icon. ⊖ The interface is a non-standard custom development. ⊖ Complexity in replicating market data into multiple systems (Quantum & S4),	⊕ Market data automatically interfaced via Refinitiv Icon. ⊖ The interface is a non-standard custom development. ⊖ Complexity in replicating market data into multiple systems (Quantum & S4).	⊕ Market data can be interfaced into S/4HANA. ⊕ Simplification by having one input into S4 that can be utilized for all system requirements, for Treasury and non-treasury processes. ⊖ This option will continue with custom built interfaces.	⊕ Market data can be automatically interfaced into S4. ⊕ SAP provides a standard integration as apposed to a custom built interface. SAP MRM (Market Rates Management) comes with a license cost. ⊕ Simplification by having one input into S4 that can be utilized for all system requirements, for Treasury and non-treasury processes. ⊖ SAP MRM (Market Rates Management) comes with a license cost. SAP MRM Limitation - it only provides end of day rates.	**Medium**	**Medium**	**High**	**High**
Favorable License Cost Favorable in regards to number of users per license	⊖ 100k per annum. ⊖ License limits the number of users.	⊖ 100k per annum. ⊖ License limits the number of users.	⊕ 20k per annum (no additional License cost as TRM is required with all options).	⊕ 20k per annum (no additional License cost as TRM is required with all options).	**Low**	**Low**	**High**	**High**
Support Level	⊖ FIS Quantum support level in poor. ⊖ There are less resources with Quantum skillset in the market. ⊖ Upgrade delivery is poor and with issues.	⊖ FIS Quantum support level in poor. ⊖ There are less resources with Quantum skillset in the market. ⊖ Upgrade delivery is poor and with issues.	⊕ Opportunity to improve support level with Syensqo IT resources	⊕ Opportunity to improve support level with Syensqo IT resources	**Low**	**Low**	**High**	**High**
Favorable Implementation Cost	⊕ No Implementation Costs on the Quantum ⊖ Implementation Cost for the SyWay project to build interfaces and integrate with Quantum	⊖ Implementation Costs Required for Quantum. ⊖ Implementation Cost for the SyWay project to build interfaces and integrate with Quantum	⊖ Implementation Cost Required. Refer to the details and background section . ⊕ This implementation cost will be lower than the other S/4HANA option - Option D	⊖ Implementation Cost Required. Refer to the details and background section. This is the highest implementation cost option.	**High**	**Medium**	**Medium**	**Low**
Reduced Implementation Complexity	⊕ Nil complexity as there is no implementation with this option.	⊖ This option carries a higher level of complexity in regards to the implementation. If the design and build in changing with Quantum, this will cause challenges for the SyWay to build the integration on a target system that is changing.	⊕ Although this option involves new implementation within S4/HANA, having a like for like scope will be easier to manage as there is a design already in place, albeit in a new system.	⊖ Increasing scope will result in a more complex implementation.	**High**	**Low**	**High**	**Low**

Simplification Level	⊖ Current Simplification level is is Medium - Low. Integration and interfaces are required between SAP and Quantum. Some integration is automated, some manual postings are still required. Integration for Cash Management is complex. Quantum in not operating in a Optimal manner. Interfaces into SAP required to make Treasury payments. Integration for IHB will continue to be complex.	⊖ Even with Additional spend to improve Quantum functional , integration and interfaces are required between SAP and Quantum. The integration for effective Cash Management would continue to be complex. Integration for IHB will continue to be complex.	⊕ One of the main advantages of treasury operating in SAP is the full integration with other modules. ⊕ Standard integration for: Accounting APM\BCM for payments and statements, and Cash Management Report are also produced on data with the one system ⊕ Treasury Operations within S /4HANA allow options to reduce to complexity within the existing IHB design. A reduction in complexity will required less enhancement or less complex enhancement which save on implementation cost and also BAU support.	⊕ One of the main advantages of treasury operating in SAP is the full integration with other modules. ⊕ Standard integration for: Accounting APM\BCM for payments and statements, and Cash Management Report are also produced on data with the one system ⊕ Treasury Operations within S /4HANA allow options to reduce to complexity within the existing IHB design. A reduction in complexity will required less enhancement or less complex enhancement which save on implementation cost and also BAU support.	**Low**	**Low**	**High**	**High**
Level of Future Proofing	⊖ Continuing "as-is" will result in a low level of future proofing the treasury activities.	⊖ Investing in Quantum will improve the functionality for the medium term, however FIS is a poor partner and future changes will continue to be a challenge.	⊕ Transition to S/4HANA will improve the functionality level and in-house support will be utilized to manage future changes. ⊕ Having Treasury in the one SAP system removes the integration complexity, which no longer needs to be managed into the future.	⊕ Transition to S/4HANA will improve the functionality level and in-house support will be utilized to manage future changes. ⊕ Having Treasury in the one SAP system removes the integration complexity, which no longer needs to be managed into the future. ⊕ Additional Scope in this Option will further contribute to higher level of future proofing.	**Low**	**Medium**	**High**	**High**
Automation Level	⊖ Automation level is currently at medium\low level in Quantum.	⊕ Further automation options may be identified and reviewed for new implementation candidates. ⊖ With Quantum in a separate system to the may ERP system, automation will continue to be compromised.	⊕ Further automation of Treasury payments and deal confirmation possible. ⊕ Accounting postings are fully automated. ⊕ Increased automation of Treasury payments. ⊕ Increased automation within Cash Management (Cash Position). ⊕ With all Treasury operations activities along with IHB on the one system, this allows to foundation for further automation, and any AI \ Machine learning possibilities.	⊕ Further automation of Treasury payments and deal confirmation possible. ⊕ Accounting postings are fully automated. ⊕ Increased automation of Treasury payments. ⊕ Increased automation within Cash Management (Cash Position and Liquidity Forecast). ⊕ Confirmations can be automated. Although this will require a non-standard interface, as is the case in Quantum. ⊕ With all Treasury operations activities along with IHB on the one system, this allows to foundation for further automation, and any AI \ Machine learning possibilities. ⊕ Reducing the probability of having to pay late payment penalties, as a result of having additional functionality in the system.	**Low**	**Medium**	**High**	**High**
					High (3) **Medium (4)** **Low (7)**	**High (2)** **Medium (7)** **Low (5)**	**High (10)** **Medium (4)** **Low (0)**	**High (12)** **Medium (0)** **Low (2)**

See also

File	Modified
PDF File proof approval KDD075.pdf	May 30, 2025 by DANKIR-ext, Soukaina

Change log

Version	Published	Changed By	Comment
CURRENT (v. 125)	**May 20, 2025 13:12**	**WENNINGER-ext, Sascha**	
v. 124	May 20, 2025 13:11	**WENNINGER-ext, Sascha**	formatting updates and alignment
v. 123	May 19, 2025 08:37	**ZAPONNE-ext, Antonio**	
v. 122	May 16, 2025 17:31	**DANKIR-ext, Soukaina**	
v. 121	May 16, 2025 11:32	**ZAPONNE-ext, Antonio**	
v. 120	May 16, 2025 11:26	**ZAPONNE-ext, Antonio**	
v. 119	May 16, 2025 11:24	**ZAPONNE-ext, Antonio**	
v. 118	May 06, 2025 11:24	**ZAPONNE-ext, Antonio**	
v. 117	May 06, 2025 06:21	**ZAPONNE-ext, Antonio**	
v. 116	May 05, 2025 04:57	**ZAPONNE-ext, Antonio**	

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Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

May 30, 2025	Actor	Type	Activity	Version
Approved	DANKIR-ext, Soukaina	State	changed state to Approved at 1:53 pm	v125
Pending SteerCo Review	DANKIR-ext, Soukaina	State	gave *Final Approval* approval at 1:53 pm	
May 20, 2025				
	WENNINGER-ext, Sascha	Edit	updated the page at 1:11 pm	
	MADJARIAN, Gilles	State	changed expiry date to '03 Jun, 2025 11:26 am' at 11:26 am	
		State	changed state to Pending SteerCo Review at 11:26 am	v125
Pending Stakeholder Review	MADJARIAN, Gilles	State	gave *Stakeholder Review* approval at 11:26 am	