



Improving KONE's Banking Flow for Growth and Transformation



By **Sirkku Markula**, Corporate Treasurer and **Nina Rentola**, Senior Project Manager, KONE Corporation

As a world class elevator and escalator manufacturer KONE Corporation is committed to improving the flow of urban life. In treasury too, the focus is on improving flow, but rather of information and transactions. With operations in more than 60 countries globally, implementing SWIFT has been a crucial way for KONE to harmonise bank communications, while also enabling treasury to standardise processes, improve visibility and control, optimise liquidity and drive future transformation.

Treasury organisation and objectives

KONE's treasury is located in Finland and is responsible for a comprehensive range

of activities including global bank relationships, FX, cash and liquidity management, in-house banking, financial investment, trade finance and funding. Over recent years, KONE has engaged in a

range of harmonisation projects, such as rationalising banking relationships. Activities have been transferred to the company's core banks wherever possible and KONE has implemented cash pooling across major currencies for the group.

A major initiative since 2016 has been to harmonise banking platforms. In the past, treasury used electronic banking systems provided by its banks, both host-to-host and web-based, with separate connections to the ERP platforms. This required considerable technical maintenance and user rights administration.

"Our aim was to streamline and standardise our processes in our treasury and shared service centre (SSC). To do this, we needed to implement common controls and centralised, secure processes. Having implemented a single ERP platform internally, we recognised the opportunity to rationalise our banking platforms and interfaces to streamline connectivity and standardise processes and controls. In addition, we would be able to simplify and upgrade the integration with our ERP to reflect best-in-class security techniques."

Sirkku Markula

Transforming bank communications

KONE recognised from the start that as a single platform, SWIFT would provide a clean, simple and secure way of connecting to its entire banking community, and allow treasury to

establish common processes, controls and integration.

"We operate in some challenging countries, and SWIFT's network was unique in extending across our geographic footprint. SWIFT was a reliable, well-established solution provider that enabled a common approach to bank communication globally."

Nina Rentola

Sirkku and her team opted to outsource SWIFT connectivity to OpusCapita, as opposed to building skills and capacity internally. In addition, KONE could leverage OpusCapita's experience in file format mapping and conversion to achieve the common processes that were required.

KONE commenced the project in February 2016 and had already rolled out SWIFT connectivity to most of its banks in Europe and the Nordics by the end of the same year. In 2017, the team then expanded the project to Asia, including China which is a core market for KONE. The remaining countries, including North America went live by the end of February 2018.

Outcomes

"The ability to harmonise processes in our SSC has been the most immediate and obvious change and we sleep better at night knowing our processes and communications are reliable and secure."

Sirkku Markula



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Sirkku Markula

Corporate Treasurer, KONE Corporation

Sirkku Markula is responsible for the KONE treasury activities in more than 60 countries, including global bank relations, funding, foreign exchange risk management, liquidity management, financial investments, cash management solutions, trade finance incl. bank guarantees. She has almost 30 years of experience working in various corporate treasury roles with several international companies including some years in consulting.





KONE has been able to discontinue its use of proprietary bank platforms, significantly reducing the maintenance overheads. It is far quicker and easier to manage user access rights, which are more cohesive and logical.

“Although managing change is complex in theory, this project has been warmly welcomed by users as it is clear to them that the new solution is so obviously better and easier.”

Nina Rentola

Overcoming challenges

While the project has been overwhelmingly successful in meeting KONE’s objectives, there are inevitably challenges during a complex, global project with multiple stakeholders. It was important to allow sufficient time and resources to conclude agreements with partner banks, each of which typically has a different contractual template. During the testing phase too, each bank also had its own testing processes, so a degree of flexibility was required in the way that testing was conducted in each case.

“By starting with the SEPA countries first, which were already largely standardised, we were able to gain rapid advantage and make SSC users familiar with the new system whilst building experience which could then be applied to more complex countries. In some cases, there were challenges in mapping local formats, but having had the same team in place throughout the project, we have developed skills and expertise that have been valuable in overcoming issues as they have

arisen. OpusCapita and SWIFT have also been very committed to the project, dedicating expert resources and demonstrating considerable flexibility throughout.”

Nina Rentola

Looking ahead

The implementation of SWIFT with OpusCapita has established a strong foundation for treasury to continue in a wider finance transformation project. As part of this project, treasury is reviewing its operating model and looking at new ways of delivering value in the future. In addition, the team is continuing with its efforts to optimise group liquidity, including reducing trapped cash.

With SWIFT now in place, with common processes, controls and formats, treasury has the platform to support further transformation, and the ability to expand the benefit it derives from the platform. This includes optimising processes such as automatic reconciliation, which continues to be challenging in some regions, and exploring the potentials for expanding the range of activities on SWIFT, such as bank guarantee applications.

“Preparation and planning have been key to the success of our SWIFT implementation with OpusCapita and we have benefited from excellent resources across the entire, multi-stakeholder project team. Working closely with both business units and banks to communicate our plans and demonstrate the benefits has generated the project transparency and support that we were seeking, and ultimately resulted in its success.”

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Nina Rentola

Senior Project Manager, KONE Corporation

Nina Rentola began her career in corporate treasuries and banks in Finland and in Sweden in various operational and development roles. She also has experience of management consulting, leading several ICT and change programmes. Nina is enthusiastic about complex global roll-outs, managing multiple stakeholders and making change happen in a financial environment.

