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Accelerating Treasury Success at Chassis Brakes International

Chassis Brakes International is an example of the growing number of mid-cap corporations that have successfully introduced SWIFT's cloud-based solution Alliance Lite2 for bank connectivity. This is increasingly provided as an integral element of sophisticated, cost-effective treasury management systems (TMS) such as Exalog's Allmybanks, as Chassis Brakes International's experiences demonstrate.

Treasury organisation

Treasury at Chassis Brakes International was not well-established until three or four years ago with a decentralised approach to cash management. As a private equity-owned business, however, managing group liquidity and unlocking cash flow was a major

priority, which led to a project to centralise and optimise cash and treasury management. At the same time, Chassis Brakes International reviewed and rationalised its banking partners to increase operational efficiency whilst ensuring appropriate coverage and risk management across all markets.

Implementing a TMS to underpin the group treasury function was essential. Following a detailed evaluation process, Chassis Brakes International selected Exalog's Allmybanks solution. As SWIFT Alliance Lite2 is integrated within Allmybanks, it provides a turnkey solution for cash management and bank connectivity. H el ene Brunou, Group Treasury Director at Chassis Brakes International, who also managed the project explains,

"We were already familiar with SWIFT based on experiences with previous organisations, and we recognised that it was the best way to communicate with multiple banking partners in a consistent way."

The combined Allmybanks and SWIFT Alliance Lite2 solution enabled Chassis Brakes International to connect directly to its banks via SWIFT, using both FIN and FileAct, without the need to implement a SWIFT gateway or appoint a service bureau, therefore saving costs and resources.

Project progress

Chassis Brakes International took a phased approach to implementation, and rolled out Allmybanks with SWIFT to each entity in turn. As the group treasury function is small, a key user is appointed in each region to provide expertise and support in each time zone, who then liaises with group treasury as required. In 2014, the solution was implemented in Europe; 2015 - United States, Brazil, South Africa and Australia; 2016 - China; India and Thailand and in 2017, Mexico. Therefore, all the Group's entities are now live on Allmybanks and SWIFT, with the exception of a small entity in Japan that will implement the solution once it has completed its ERP rollout which will enable the delivery of XML files.

Chassis Brakes International now has 113 users actively engaging with Allmybanks and SWIFT across 20 entities, sending around 5,000 payments a month

and reporting on 56 bank accounts. Chassis Brakes International has appointed one international bank per country and in certain cases, one local bank to cover payments such as salaries and local taxes that international banks are not always in a position to process. H el ene Brunou notes,

"When selecting partner banks, support for SWIFT for corporates was a key selection criterion. In virtually all cases therefore, we were able to connect to our banks via SWIFT, with one or two exceptions, where our local banking partners do not yet support SWIFT corporate access. Furthermore, we can support the vast majority of payment types, except for a few local payment types in a limited number of countries."

Project outcomes

Chassis Brakes International now has comprehensive visibility of cash across the business, and collects MT940 (end of day balance and transaction reporting) and MT942 (intraday balance and transaction reporting) information from each bank. Payment processes have now been automated from end to end: payments initiated in the Group's ERP, payroll and expense systems are converted into XML when necessary, transmitted automatically into Allmybanks and disseminated to the relevant banks (see box 1). H el ene Brunou continues,

"We have no paper in our processes now: everything is now digitised. This helps us from an efficiency perspective, but also, our banks know that all instructions will be sent electronically. Like many other corporations, attempted fraud is a major problem for us; consequently, end-to-end automation is a very valuable way of tackling this risk."

In addition to streamlining processes and communicating with banks through a single channel, Chassis Brakes International has standardised formats

Box 1 Chassis Brakes International's treasury solution in brief

Receive, view and export account statements

- Automatic and manual treasury reconciliation
- Intraday bank accounts (MT942)

Handle payments and collections

- Internal validation
- Payment status reporting
- History of remittances sent and transactions received
- Visibility over payment instructions transmitted
- Database of beneficiary settlement instructions
- Pre-defined payment templates

Manage operational treasury

- Forecast balances, consolidated by value date, entity etc.
- Management of intercompany activities (e.g., loans, investments, current accounts)
- Risk management (via a link to Finance Active)
- Borrowing and investment (term loans & deposits)

Define rights and signing authorities for users

- Rights per perimeter
- 4 eyes principle

Set up banking communication via SWIFT

- SWIFT profiles



H el ene Brunou, Group Treasury Director, Chassis Brakes International



based on XML ISO 20022 v3, with just a few modifications for some banks. As Charlotte Leroy, Key Accounts Sales Manager for Exalog's Allmybanks says,

"ISO 20022 offers clear benefits for consistent payment and information processing, and potentially reduces processing times. Allmybanks incorporates tools to convert files received in text format from ERPs or other payment system automatically. This avoids the need to make expensive modifications to ERPs to support local bank XML requirements."

Overcoming challenges

As a global business, one of the difficulties that Chassis Brakes International experienced was that banks had different levels of readiness and expertise in supporting corporate connectivity via SWIFT. Hélène Brunou notes,

"While we managed to connect to all our banks within our project scope, we experienced different levels of SWIFT knowledge from region to region. Given that most SWIFT projects are global in nature, it is therefore important to build in sufficient time to overcome this, particularly given potential time zone differences, geographic distance from group treasury and language barriers."

It was also important for treasury to understand the differences in payment culture in each region and therefore support the diversity of payment and collection methods. To do this, Hélène and her team built good relationships with local entities to understand their needs, define local specificities, train local users and support their 'go live'. Hélène Brunou also emphasises,

"Project discipline is vitally important. We kept minutes of every meeting that clearly listed action points for each individual. Communication was essential at every point during the project, both with internal and external stakeholders, and is ultimately key to project success."

Charlotte Leroy, Exalog adds,

"As Hélène points out, each region has its specificities for payments. Allmybanks is designed to support these local requirements to meet the needs of a broad customer base. Allmybanks is available in six languages,



Charlotte Leroy, Key Accounts Sales Manager, Exalog's Allmybanks

including Mandarin, and is UTF-8 compliant to support multiple character sets.

Chassis Brakes International has successfully built a group treasury function that supports their cash and treasury management objectives today and as these evolve in the future. By building a best-in-class treasury technology infrastructure, the Group's treasury can respond to future market and internal changes, and develop its banking strategy based on the needs of the business within its existing connectivity

Exalog

Created in 1984, Exalog is a specialist in cash management solutions and a pioneer in software-as-a-service (SaaS) having launched its first fully web-based solution in 1999.

Allmybanks is Exalog's cash management solution designed for international corporations that need to manage treasury, payments and bank connectivity globally. Allmybanks is a 'SWIFT Certified' solution, with SWIFT's cloud-based Alliance Lite2 integrated within the application for rapid, convenient access to multi-bank capabilities via SWIFT. As of April 2017, around 9,000 companies use Exalog's software in 60 countries.

framework. In addition, a key achievement as a mid-cap corporation with limited available resources was to deliver a highly cost-effective project that delivered both internal and external savings. Hélène Brunou concludes,

"Key to our cost benefit analysis was that the savings in bank charges would finance the project. We have achieved this by rationalising our banks, and streamlining connectivity, so we have achieved better commercial terms whilst minimised IT costs internally." ■



Chassis Brakes International

Chassis Brakes International was founded more than 90 years ago, and is one of the world's largest manufacturers of automotive braking solutions. Its products - disk brakes, drum brakes, electro-mechanical parking brakes and rotors - are dedicated to passenger cars and light commercial vehicles. Since June 2012, the company has been part of KPS Capital Partners, LP portfolio companies. The group has a global footprint with operations in Europe, Asia, South Africa, North and South America, and employs 5,200 people in 15 countries at 13 manufacturing sites and 11 engineering centres or sales offices. In 2016, CBI generated revenues of €882m.