



Grifols partners with SWIFT for cash management automation

“The SWIFT for Corporates solution ensures the availability of the information necessary for timely decision-making and prudent financial planning”

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The challenge

Grifols had taken a decision to centralise their global cash management activities and a solution that would allow them to efficiently and effectively control their extensive network of global accounts was essential. The new system needed to be adapted to meet the specific requirements of the health industry and also deal with the complexity of the relationships between the company and individual in-country public authorities, each with its own peculiarities and regulatory requirements.

The key requirements:

- Centralise the cash management activities of several companies that develop products and services in different sectors (Bioscience Division, Diagnostics Division, Hospital Division and Raw Materials & Others Division);
- Increase the efficiency of the financial management and reporting in the areas of R&D finance and procurement projects. Specifically, the increased investment in production facilities of more than 266 million euros in 2015, up from 252 million euros in 2014 and the recently announced industrial investment plan in its Bioscience Division during 2016-2021, 360 million euros, for the expansion of the production capacity of plasma-derived medicinal products,
- Ensure the accurate and automated delivery of the daily cash positions for all bank accounts worldwide, streamlining financial reporting and supporting timely decision making.

The solution

Grifols have embraced SWIFT solutions since 2008 and this recent project demonstrates ongoing commitment to their investment in SWIFT and value of the relationship the two organisations have built over the years.

The success of this current project demonstrates the value of a project team that combines the expertise of both Grifols and SWIFT with a mutual appreciation of the business challenges, requirements and a commitment to deliver a solution that would meet the needs of this growing business.

The resulting solution proved to be a great success and some of the key indicators include the completion of the SWIFT online registration process which was fast and efficient. The first phase, connecting all the Grifols accounts, demonstrated the value of adopting the MT940 message standard for daily bank balance reporting. Today, 98% of the Grifols accounts are live.

The cash position reporting was based on a “follow the sun” approach incorporating Australia, Europe and the Americas. By moving to a centralised cash management reporting system, significant improvements have been made in the speed of processing payments and the peace-of-mind security the SWIFT network offers. Reconciliation of bank accounts is 4 times faster using the automated process and Grifols has improved visibility of cash flows, operating in their cash management activities in near to real-time.

Grifols has continued to grow as a global business and relies on the SWIFT for Corporates solutions to support their treasury operations. In 2009, the treasury department managed a turnover of around 900 million euros. By the end of 2015 this had grown to in excess of 3,930 million euros. With such significant growth in the number and complexity of the financial transactions involved, automation and scalability of the solutions have played a vital role creating a solid technology platform that will continue to support the increasing demands of the company.

By embracing technology, industry messaging standards and enabling automation, Grifols has increased the number of companies in the group, the number of countries in which it operates and the number of people that it employs, without having to increase the number of resources required to support the significantly increased workload. A tribute to the value of the investment in this centralised cash management approach and the scalability of the technology supports the demands of the treasury team not only today, but well into the future.

The result

Today, Grifols connects seamlessly to the SWIFT platform and has streamlined all treasury processes. The flexibility of the platform means it can cope with the demands of the growing business, any new business units or banking partners can be quickly and easily integrated into their cash management system.

Realising economies of scale, benefits are extended beyond the treasury to the audit department and across all back office processing areas, delivering significant and demonstrable return on investment. In terms of the growing network of banks, corporates and financial institutions that continue to join SWIFT, this increases the value of being part of the inter-connected community for global transaction processing and communication.

The SWIFT for Corporates solution makes it possible to optimise the management of operational treasury and financial products used by Grifols to:

- integrate the processes for sending and receiving bank files with the ERP systems
- monitoring the status of all transactions with financial institutions

- enable faster reconciliation of cash positions and contributing to improved accounting performance
- automate the delivery of cash positions early in the morning, enabling timely fund transfers between bank accounts
- manage the sweeping of cash pooling accounts and associated account balance reporting
- manage the value date and commission controls
- obtain timely banking business reports
- integrate the management characteristics of financial products (loans, swaps, futures, options, etc.) allows the consolidation of all areas included in the front, middle and back office of the procurement functions of these products in the market. The implementation of these products in SAP, with the TRM module (Treasury and Risk Management) allows integrated management of the cash position and cash flows

Benefits and competitive advantages of the SWIFT for Corporates solution

- Global visibility of cash and operations
- Ensures financial stability and compliance with payment commitments
- Allows optimization of available resources and associated cost reduction
- Lowers the cost of financial transactions and provides economies of scale when multiple bank connections are necessary;
- Immediate measurable results in interest savings
- Makes it possible to set all approval flows
- Supports the implementation of SEPA
- Reduces payment processing time by 50%
- Reconciliation processes are 400% more efficient and 95% of reconciliations are now automated
- Reduction of operational risks with savings in hidden costs, such as security, are incalculable
- Notable savings in terms of payroll processing time
- Flexibility to connect with banks of choice
- Use recognised industry standards for all message formats and procedures
- Standardise on a single multi-bank connectivity platform

The advantages for Grifols

- Centralised treasury management to regulate financial flows and loans between its subsidiaries
- Cash visibility, real-time information
- Reduction of operational times and risks
- Harnessing of economies of scale
- Cost reduction and control (visible and predictable)
- Possibility of framework contracts with global banks

“SWIFT supports the development of an integrated treasury model and ensures a service tailored to the meet the needs of Grifols’ global business not only today but also into the future.”