

# Modernization of the Group's Global Banking Infrastructure With Coupa Treasury

**Industry:** Automotive Industry

**Geography:** Europe, North and South America, Asia, Africa

## Challenges:

- Highly complex setup with 30+ e-banking tools
- Different processes locally
- Non-standardized data

## Solution:

- Coupa Treasury

## Results:

- A single, centralized banking system with integrated SWIFT connection
- Fully automated account statements for real-time financial status and improved cash positioning
- Reduction in the number of banking partners by 50% and correspondingly reduced costs
- Reduction of electronic bank statements to a single format
- Maximum security through standard group-wide banking model and digitalization of signing authorities

Brose is the world's fourth-largest family-owned automotive supplier. The company develops and manufactures mechatronic systems for vehicle doors and seats and electric motors, drives and electronics for steering, brakes, transmissions and engine cooling. The group has around 25,000 employees at 65 locations across 24 countries and generates sales revenue of 6.2 billion euros (2019). One in two new vehicles worldwide is fitted with at least one Brose product.

The group's global banking project aimed to harmonize the existing payments infrastructure and to standardize and automate processes across the group. The objective was to significantly improve global banking transparency, visibility, security, and efficiency while ensuring responsibility for payment processing remained decentralized.

## The challenge: highly complex setup, different processes locally and non-standardized data

Brose has been using Coupa's system since 2013 for core treasury functions such as cash management, contract management, and planning and for intercompany reconciliation and netting.

However, Brose administered the system manually outside Germany, which meant that the central treasury had to wait for information and additional manually entered data from abroad to obtain the daily financial status overview. Obtaining an overview of cash flows or the status of the authorized signatories at the click of a button was not possible.

There was no single standardized system for group-wide payments, which led to disparate processes across local finance departments. More than 30 different e-banking solutions were in use at the group worldwide. Another difficulty was that, although a single ERP system is in place group-wide, the various companies had configured it separately and used it differently in practice. As a result, the quality of the data generated by the ERP system was extremely variable.

## Brose's treasury profile

Brose's central treasury team, existing of 4,5 full-time equivalents, is responsible for the group's asset management, cash management, financing, and financial risk management as for the management and control of group-wide payments.

More than 400 users work together on Coupa's treasury management system to process payments, to allocate cash, to net intercompany invoices, for bank and payments authorizations, to manage FX, commodities, and derivatives, for funding and guarantees.

### Approach: an ERP system and a treasury system for a standard global banking model

The approach adopted for the project was to use just two systems – the SAP ERP system and Coupa's treasury management system – to achieve group-wide standardized processes and to automate these processes wherever possible. Automation of the harmonized, standardized processes was global, enabling the two systems to communicate seamlessly and accomplish straight-through processing. Conversely, the fact that the Coupa system is independent of the ERP system ensures maximum flexibility in banking communication.

**“Using Coupa Treasury enabled us to reduce the workload involved in processing payments by up to 40%. We even halved the number of banking partners we have. We now enjoy significantly improved transparency, visibility and security.”**

— Andreas Meyer, Director Treasury, Brose



Brose uses the system to automatically collect all account statements worldwide, providing full visibility over all cash flows and accounts.

The integrated user rights system, which is managed electronically by central treasury and therefore helps provide a corporate compliance audit trail, enables separation of duties and multi-level approval to be incorporated at every stage, bolstering process security and reliability. The standardized processes and high degree of automation prevent errors and manipulation.

## Change management on three fronts: technology, processes and mindset

Brose's treasury team was aware that the introduction of a single standard group-wide model would mean that employees would have to get used to some completely new rules and procedures.

The team therefore initiated change management at a very early stage – all heads of local finance departments were informed in workshops during finance manager meetings at the start of the project in 2016. Changes had to be initiated on three levels: technology, processes and the mindset of the impacted users. By providing information at an early stage, the treasury team was able to demonstrate that the changes would strengthen the group companies rather than curb their role.

**“Although there is a global CGI format, each bank has its own requirements, which must also be accounted for in the SAP system. Coupa's system enabled us to standardize the different formats and thus reduce by 50% the work required to ensure the SAP system operates properly.**

— Andreas Neumer, Treasurer, Brose

Coupa's system is able to free up valuable time for value-adding activities and get results faster. Local users no longer waste their time collecting data or performing redundant manual tasks. The feedback from Brose's companies has been great: users spend up to 40% less time preparing payment files and have seen their workload significantly reduced by the automatic provision of electronic account statements. Local finance managers know that the processes are absolutely secure and protected from any manipulation.

## Specific requirements for ISO 20022 CGI and successful format integration for a local Chinese bank

Brose split implementation of Coupa Treasury into a number of aggregated sub-projects, with rollout staggered on a bank-by-bank basis. The first stage of this process involved Brose informing the banks of each group company about the project and clarifying in advance which formats were to be delivered and processed in the future (ISO 20022 CGI). Although there is a global CGI format, each bank has its own requirements, which must also be accounted for in the SAP system. Coupa Treasury enabled Brose to standardize the different formats and thus reduce by 50% the work required to ensure the SAP system operates properly.

A particular challenge was to apply the standard global banking processes to a local bank in China. As the bank did not provide any information on the formats which could be delivered, Brose used the existing formats of a major global bank also based in China. Using this format, Brose carried out test payments through Coupa Treasury with historical payment files for the local bank to check that the payment files were processed without any problems. From the test runs, it was possible to identify the code and develop an appropriate payment file format which ensures smooth communication with the local Chinese bank.

Connecting the local Chinese bank was a milestone for Brose. The workload involved in processing payments in China was reduced by 40% and the company now enjoys full visibility over cash flows locally.

## **In focus: completely digitalized bank authorizations process**

Together with rolling out Coupa Treasury, Brose has completely digitalized the process for electronic bank authorizations in the system. Before Coupa Treasury was introduced, the central treasury had no overview of the current signing authorities; now it can even grant and withdraw authorizations at the click of a button. A full audit trail is also recorded in the system. Digitalizing the electronic signing authorities in Coupa Treasury enabled Brose to significantly increase banking security. Central treasury knows about every authorization and is able to act quickly and at any time.

The individual department submits a request digitally in Coupa Treasury for new signing authorities. The request is digitally signed by two people from the company's senior management team. The request then goes to central treasury which adds the signing authority to the system via the user rights and roles of the relevant users.

## **Brose's banking processes now**

Across the group, payment files are now created in the ERP system, checked and completely automatically transferred to Coupa Treasury. Within the system, the signing authorities are checked, and the payment files are then sent to the banks. Worldwide, the electronic account statements (MT940/ CAMT.053) are sent to Brose's own corporate SWIFT code and automatically transferred to the ERP system every 30 minutes.

During the transfer to the ERP system, a batch input file is generated that minimizes the manual steps for booking account transactions. In addition, for most companies pre-booked items are automatically displayed in the system at regular intervals in order to improve the efficiency of daily cash positioning on accounts.

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— Vanessa Rose, Treasurer, Brose