



Industry: Engineering

Geography: Headquartered in Europe, global operations

Challenges:

- Establish a global and centralized treasury function with minimal staffing
- Introduce group-wide centralized cash management
- Optimize intercompany clearing, financing and FX trading
- Improve agility and returns via a payment factory

Solution:

- Coupa Treasury

Results:

- Complete visibility of cash, intercompany concentration and FX activity for greater agility as well as clarity in liquidity planning
- Payment factory setup resulting in seven-figure interest gains
- AI-powered fraud prevention for more than 200,000 payments per year

Prime Treasury – From Zero to Hero

Based in London, the United Kingdom, **Primetals Technologies** is a world leader in metallurgical plant solutions and specializes in steel engineering. The company was formed in 2015 as a joint venture of Mitsubishi Heavy Industries and Partners and now has over 60 locations with 40 entities in 20 countries. Thanks to its investment with Coupa Treasury, Primetals Technologies was able to implement its in-house bank strategy and add value in multiple areas including bank independence, interest optimization, intercompany clearing and netting and centralized foreign exchange (FX) trading.

Background: Build Treasury From the Ground Up

When the joint venture was announced in 2014, the future Primetals Technologies was faced with building a treasury from scratch and becoming completely stand-alone within only a few weeks. This included performing thousands of FX trades in the first year of activity, performing revaluations including hedge accounting, trade finance, opening bank accounts and ensuring payment readiness without any legacy.

The treasury team had to start from zero, with just one employee, no structure, no guidelines, no bank accounts, no treasury management system and a looming deadline.

At the same time, group companies were still leveraging a heavily centralized in-house bank on custom-built tools. The system performed exceedingly well at high cost for the central treasury. Yet it was not designed with users in mind and as a result, all other entities found the current in-house bank difficult to implement. Lack of system adoption across entities opens the door to lack of visibility, inaccurate liquidity planning and weakened risk control.

Challenges

Primetals Technologies was looking to replace the custom-built tools paired with the centralized in-house bank that were in place prior to the joint venture. For Jeremy Hamon, the initial sole member of the treasury team and now Head of Group Finance, the way forward was a centralized treasury management system. The solution needed to help:

- ✓ set up group-wide cash management using a payments-on-behalf-of (POBO) and receivables-on-behalf-of (ROBO) model
- ✓ optimize intercompany clearing, financing and FX trading
- ✓ reduce bank account volume and payment formats

Establish Cash Management as Standard Practice Across the Group

After selecting Coupa Treasury, Primetals Technologies was able to reap the maximum benefit of their centralized treasury management solution thanks to rapid and personalized implementation.

In the record time of six weeks, Jeremy Hamon and his growing team introduced the solution with the support of Coupa Treasury. The implementation included the setup of group-wide cash management considering hundreds of new external accounts aiming at creating internal accounts in a second step. Thanks to the POBO model, local entities found the centralized solution much easier to implement, which accelerated adoption rates and, from Finance's point of view, underpinned an optimal post-merger integration process.

Transform Intercompany Financing and FX Trading to Support Data-Driven Decisions

With group-wide cash management up and running, Primetals Technologies leveraged Coupa Treasury to capture all their FX trading, including an interface to 360T, a multi-bank trading platform for over-the-counter financial instruments. The group-wide financial status with detailed intercompany financing balances and FX trading positions became available with one click.

FX visibility plays such a critical role at Primetals Technologies because liquidity planning relies in part on FX hedging specific to a global industry. Here, the international framework needs to be considered. Steel plants are more likely to be placed on the outskirts of cities in developing markets. Payments in these countries are heavily regulated, making compliance a key issue while adding layers of complexity to liquidity planning and funding due to far greater FX risks.

“You can't have good risk management without good cash management.”

— **Jeremy Hamon,**
Head of Group
Finance, Primetals

Reduce System Dependencies to Optimize Agility and Financial Health

Since 2016, Primetals Technologies has essentially created a payment factory with Coupa Treasury that works with multiple in-house banks. In practice, intercompany accounts are used to perform payments in a single, standard format that all map to the required external formats. Previously, the treasury team had been grappling with 85 formats. As a result, the multiple in-house banks are bank agnostic and can quickly choose banking partners on a currency basis, ensuring best access to cut-off time and full optimization for the group of interest on swap dispositions. Currently, these additional interest gains are estimated in the seven-figure range. The POBO model also enabled Primetals Technologies to close more than 100 bank accounts and limit its number of core banks to just 3.

The Path Ahead

Today, the Primetals Technologies Treasury team is made up of 10 professionals. Through relying on Coupa Treasury, they have achieved greater independence from ERP systems as well as increased their independence from banks. With one investment, Primetals Technologies has optimized its cash management, intercompany clearing and FX trading.

The team is also collaborating with Coupa to integrate what Primetals Technologies calls a “trade finance warehouse” into the solution. Traditionally more conservative, trade finance products such as bank guarantees and letters of credit also stand to reap the benefits of an automated workflow.

Under Jeremy Hamon’s leadership, the Primetals Technologies Treasury team is taking advantage of AI capabilities within the Coupa Treasury solution. The initial results are very promising. Able to analyze more than 200,000 payments a year, the AI saves the team hours of work screening payments for fraud prevention. The larger aim is to leverage the AI to support more strategic work done by the treasurers themselves. In liquidity planning, for example, the AI can extrapolate cash trends based on input and existing algorithms. Yet treasurers still must evaluate the underlying history of those trends using the latest knowledge the AI can’t capture – but the foundation looks very promising.



“ Only Coupa Treasury could provide what we needed in a short timeframe. For this kind of challenge, we could not have been supported by another tool available on the market. ”

— **Jeremy Hamon,**
Head of Group
Finance, Primetals

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Coupa Treasury