



CASE STUDY

HITACHI ABB POWER GRIDS HARNESSES THE POWER OF THE CLOUD

Global Energy Company Builds a New Treasury with FIS® Treasury and Risk Manager - Integrity Edition and FIS® Swift Services

When the ABB group divested its Power Grids division to Hitachi Group in 2020, the resulting joint venture, Hitachi ABB Power Grids (HAPG), was looking to create a new central treasury entity. Part of the agenda was implementing a new, agile treasury management solution, including trading, netting and settlement workflows – all on a software-as-a-service basis.

Challenges



- Diverse banking landscape and fragmented ERP solutions
- High volumes and complexity, including 100+ entities and significant foreign exchange hedging
- Lack of historical transactional data or cash flow data as previous flows had been comingled with other businesses

Going live



- Build-up phase completed in just six months
- FX and commodity exposures successfully re-hedged
- Daily visibility over up to 80% of the group's bank accounts
- Automated reconciliation of high-value treasury and intragroup netting flows

Solution



- Agile and resilient cloud-based treasury management system
- Light set-up for SWIFT connectivity and messaging infrastructure with FIS Swift Services
- Two-way trading interface between FIS Treasury and Risk Manager - Integrity Edition and FXall
- Integration of netting, FX and lending/borrowing flows to achieve efficiencies
- Commodity hedging for trade capture, fixing and settlements, as well as valuation and accounting

“We needed a solution in place that could push through billions of dollars in funds and deposits plus sizeable hedging volumes a month or two later. FIS Treasury and Risk Manager - Integrity Edition met our requirements and since it is a SaaS model, we were up and running in a quick timeframe .”

Barna Gergely, Head of Global Treasury Operations at Hitachi ABB Power Grids

Seeking a pragmatic, light and scalable solution

HAPG's team is an innovative and tech-savvy treasury department that handles the processing of extremely large volumes of transactions. And the team needed to go live in a short space of time.

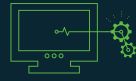
Drawing on the treasury team's prior experience, and sourcing views from peers via an informal treasury network, HAPG chose FIS Treasury and Risk Manager - Integrity Edition as its treasury management solution and adopted FIS Swift Services for SWIFT FIN Messages.



“We were able to implement FIS Treasury and Risk Manager - Integrity Edition and FIS Swift Services within six months. We have successfully re-hedged FX and commodity exposures, gained daily visibility over up to 80% of the group's bank accounts, automated reconciliation of high-value treasury and intragroup netting flows and streamlined bank connectivity.”

Barna Gergely, Head of Global Treasury Operations at Hitachi ABB Power Grids

Partnering with FIS



Rapid implementation

Despite the setbacks brought by the COVID-19 pandemic, the build-up phase of the solution was completed within just six months.



Cash management and accounting improvements

HAPG enhanced its cash visibility, increased its efficiency in centralising cash, and implemented a full treasury accounting setup in Treasury and Risk Manager - Integrity Edition.



Integration of netting flows

FIS worked with HAPG to create a more efficient solution for internal netting settlements. The resulting setup supports the processing of large flows across multiple currencies and entities, while improving user experience.



Trading efficiencies

The integration of FX confirmations and settlement netting confirmations via the trading platform and into the treasury management solution created further efficiencies.



The initial impact

When HAPG went live with Treasury and Risk Manager - Integrity Edition, most of the pre-divestment intercompany funding flows were booked via a series of non-cash book transfers and cross-border physical flows. In total, the treasury booked more than \$4 billion equivalent of gross funding flows into its new system.

Full-blown operations ramped up a few weeks later when the divestment went live and the standalone group was created. In the following months, the team successfully re-hedged all the FX and commodity exposures of the underlying business, managed its cash pooling and multi-bank sweeping structures, and efficiently took care of diverse intercompany netting, funding and trading flows.

Cash visibility was enhanced by implementing MT940s, while FIS Swift Services allowed a light set-up for the management of SWIFT connectivity and messaging. Foreign exchange hedging volumes are managed in an efficient and streamlined way without a substantial impact to the daily operations team, via utilization of functionality and interfacing.

A highlight of the project was the integration of the company's netting flows into Treasury and Risk Manager - Integrity Edition, and the further netting of FX and lending/borrowing flows using Treasury and Risk Manager - Integrity Edition's IBA solution. As a result, HAPG can seamlessly process large flows across multiple currencies and entities.

HAPG quickly achieved its goals: streamlining large and complex flows and increasing visibility with a cloud-based treasury management solution.

Key benefits



Efficient cash management

Treasury and Risk Manager - Integrity Edition handles 32 currencies across 33 bank accounts, with over \$85 billion equivalent flows managed to date.



Quicker netting process

The team has saved many hours in the monthly netting process. In addition, the processing speed and robust solution make for a well-controlled and positive user experience.



Improved Hedging Workflow

Gross annual hedging volumes of over \$30 billion are processed via a two-way trading interface between Treasury and Risk Manager - Integrity Edition and FXall.



Lower total cost of ownership

HAPG's CFO and top management recognized the treasury's achievements in implementing an effective and resilient solution at a lower cost.

About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our more than 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.



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