

OVERALL WINNER

Best Cash Management Solution

BW Maritime

Singapore

Jessica Cheung, VP Group Treasury



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A truly collaborative solution between corporate, bank and TMS partner

Company profile

BW Group is a leading global maritime group involved in shipping, floating gas infrastructure and deep-water oil and gas production, and has been delivering energy and other vital commodities for more than 80 years, with a current fleet of over 160 ships.

The challenge

Over years of mergers and acquisitions, BW Group's bank accounts had grown to hundreds, with a dozen banks in eight countries. Operations were inefficient and there was no real integration between its banks and ERP system.

As Jessica Cheung, VP Group Treasury recalls, "We had poor visibility over our cash, non-standard connectivity and file formats, a high volume of cross-border and cross-currency payments, time-consuming reconciliation, poor cash flow forecasting and cash pooling was manual. We needed a treasury function capable of supporting our future growth; things had to change."

The solution

BW Maritime decided to tender for its cash and liquidity management and a treasury management system in 2016. They had three primary aims:

1. Improve efficiency and internal controls (including rationalising the bank account structures, consolidating the banking platforms and improving connectivity between ERP and the banking platform, straight through payments).
2. Enhance yield and reduce cost (improve visibility of cash, automate pooling of funds, reduce bank charges and transaction costs).
3. Rationalise internal funding structure (setting up an in-house bank and central treasury centre to centralise payments and receipts).

The bespoke solution the company chose features the following key components:

Cash management solutions

On the cash management front, BW Group appointed Citi as its global banking partner to help with its overall treasury and cash management structure, providing optimisation, standardisation and efficiency to support its growth.

The solution has enabled the following:

- Reduction of bank accounts.
- Consolidation of bank accounts in more than ten markets to a single banking partner, enabling centralisation of cash and bank accounts in Singapore to improve cash visibility and operational efficiency.
- Setting up a physical USD pool and a multicurrency notional pool that has enhanced yield, reduced trapped cash and improved operational efficiency.
- Optimising FX solution for cross-currency/cross-border payments via the WorldLink functionality.
- Adopting a new global harmonised file format (XML).

Rollout of treasury management system (TMS)

BW Group appointed Kyriba as its TMS provider. Treasury transactions such as borrowings, derivatives, deposits previously in excel spreadsheet are now transferred to Kyriba.

Changes to internal workflows

Internal workflows of AP, AR, GL and treasury were reviewed and streamlined, with the key focus on simplicity, automation, security and internal control. A new legal entity was set up to be the in-house bank (IHB) and payment factory of BW Group and its subsidiaries.

As well as acting as the FX netting centre, the IHB also acts as the payment factory, where all payments are consolidated and centrally dispersed from the payment bank accounts, which reduces the number of payments, improves operational efficiency and reduces transaction costs.

Best practice and innovation

BW Group has been able to transform its entire treasury and IT processes. By means of the three-pronged approach BW Group was able to harmonise its global cash management accounts with a single bank and utilise a single file format for payments and statements, thereby reducing reconciliation time, enhancing cash forecasting to support business initiatives, enabling an automatic liquidity structure and last but not least, establishing the first steps for the build of an IHB.

Cheung concludes, "Considering the multitude of benefits achieved so far, this demonstrates that strong collaboration between a corporate and its banking partner is vital to deliver the best in class cash management solution along with a robust technical infrastructure in place to support our commercial and future growth."

Key benefits

- Improved efficiencies.
- Manual processing eliminated.
- Increased automation.
- Bank accounts reduced by 20%.
- Cashflow forecasting improved.
- Working capital improved.
- Systems connectivity greatly enhanced.
- Reduced transaction costs and banking charges.