



KYRIBA CASE STUDY

Spotify Makes Treasury Music

Innovation - Sound Treasury Management

In alignment with the company's truly innovative approach to technology, and in support of the challenges associated with managing the exponential growth of a world class digital music service, Spotify's treasury team planned an ambitious transformation project in 2014 centered around the Kyriba platform. It started with a review and rationalisation of the company's banking relationships.

Project visionary Johan Bergqvist's strategy to select and work with a core number of banks was totally unconventional and yielded significant returns on relationships and time. Instead of a traditional RFP for banking services, Spotify with support from an external consultancy firm, analysed data to identify which banks that in earlier RFP processes had won in the areas that were relevant for Spotify. These banks were invited to a collaborative workshop to learn about the business and to discuss Spotify's strategic requirements and how the bank and its products could support those needs. Once the banks understood Spotify's business and pain points they could dedicate their time to analyse how they could remove operational friction, instead of answering a five page questionnaire of things someone else already vetted.

Once selected, it was imperative from the outset for Spotify to maximise global bank connectivity and scalability with the utmost efficiency. The innovative and strategic leadership from Bergqvist looked to Software-as-a-Service models to accommodate the fast-paced growth of his own SaaS music product. The transformation project was then initiated following Spotify's decision to join the SWIFT network.

Collaboration - Sharing the Vision

Key to successful deployment was the collaborative approach of a dynamic team who understood the vision and shared a common goal. Delivery of the broad scope within a challenging timeline meant the project was split into two phases. The first phase - run by a cohesive team of solution experts from Kyriba and external



Founded: 2006

Headquarters: Stockholm, Sweden

Industry: Streaming media

Revenue: €3bn

Purchased Kyriba: 2014

“Our goal was to create a solution oriented and agile treasury. We needed a secure, robust and scalable solution that integrated well with our systems, and we found that Kyriba was best aligned to support our needs.”

Johan Bergqvist,
VP, Corporate Finance & Treasury,
Spotify



“Our goal was to create a solution oriented and agile treasury to support short and long term business expansion. As a small team, we needed a secure, robust and scalable solution that integrated well with our systems, and although innovation comes from both internal drive and external collaboration, we found that among other technology partners, Kyriba was best aligned to support our needs.”

Johan Bergqvist, Spotify

consultancy Covarius (www.covarius.com) - focused on building the bank reporting architecture via Kyriba's integrated SWIFT Service Bureau, setting up the Spotify entities to align with the cash pools set-up within the Spotify Group.

A payment import from, and General Ledger (GL) export to the main Enterprise Resource Planning (ERP) solution were set-up, as well as a market data feed and online trading platform interface. With engagement and close involvement from Spotify's IT team, the interfaces were designed and built within a month, enabling the business users to concentrate on the task of end-to-end payment and statement import testing with the banks.

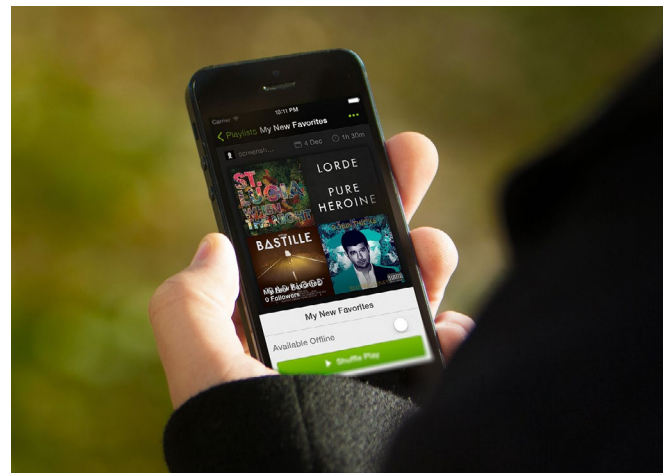
During onsite workshops in Stockholm, the consulting team worked closely with Spotify to design and test workflows built around the SWIFT automation for cash positioning and payments processing. Legacy spreadsheet-based cash positioning processes were quickly decommissioned once automated bank feeds were reconciled to the new process. Segregation of duties built into the approval workflows were shared between the treasury team and accounting department centrally within Kyriba. This enhanced central visibility and security of payments, while reducing reliance on bank-specific software. Finally, the prior day reconciliation workflow with cash categorisation and transaction matching, allowed Spotify to post GL journals for all bank activity to the ERP system on a daily basis.

Risk Mitigation - Treasury and Beyond

In parallel to the global rollout of Kyriba to support Bergqvist's vision of a centralised payment factory for enhanced security and visibility of cash, the second phase of the project extended the functional scope. In order to mitigate the challenges faced by any global organisation working in multiple geographies and currencies, Spotify and one of its banking partners built a cloud-based algo-driven FX solution, thus removing manual work and shifting focus towards more strategic and analytic work. Spotify's Treasury is utilising the Hedge Accounting functionality in Kyriba to ensure a correct and efficient accounting for the derivatives used for hedging the FX exposure.

Expansion - Growing with Intent

Reflecting the effort and vision of its treasury team combined with the agile implementation of Kyriba, Spotify is now fully equipped to perform its function in a rapidly expanding environment. Enhancing visibility through improved cash management and accounting, while mitigating the risk of fraud and human error through a centralised payments factory, the added financial controls, standardised workflows and treasury-wide audit trails have strategically positioned Spotify for its next phase of growth and helped realise Bergqvist's vision of achieving a cutting-edge treasury.



About Spotify

Now available in 61 markets across the globe, serving 140 million active users monthly, of which 60 million paying subscribers, Spotify claims partnering with the right bank and treasury technology has enabled its internal teams to maximise efficiency, collaborate and grow the company. Spotify leverages Kyriba's core cash payments and financial transactions functionality to enhance its centralised treasury operations.