

## Customer Background

A Multi National Conglomerate, head quartered in Singapore, is listed on the Singapore Stock Exchange with over S\$18 Billion on Market Cap. Having over 200 subsidiaries operating in about 35 countries, the company is in the business of Offshore and Marine, Property and Infrastructure. It has an active central treasury servicing the funding, investing, borrowing and hedging needs of the entire group.

## Business Challenge

### Obsolete

The group used a system built in-house. The system was semi-automated and required significant manual work which was largely done in a number of spread sheets. Further, the in-house system was becoming technologically obsolescent and difficult to maintain.

### Visibility

The system served only for the central treasury team, while the subsidiaries, which interacted actively, had no access to the system. Transaction requests from the subsidiaries were sent through e-mails and chats. Conversely, the central treasury did not have a view of the cash and exposure positions of the subsidiaries. In time of volatility, the top management had to make frantic phone calls to know the group's total exposure to a particular bank.

### Manual

Settlement of funds was manual. The central treasury frequently resorted to netted cash settlements to reduce transaction costs. Thus funds from a maturing FD of a subsidiary could be placed partly as a fresh deposit in another bank and partly used to pay a supplier of the subsidiary.

### Limits

The system did not enforce limits on various dealing activities. In particular, alerts and exception reports on any breach was not automated.

### Reporting

Period end reporting of financials was cumbersome, since the existing system did not allow for revaluation of monetary balances held in other currencies, accrue interest on loans and deposits, amortize premiums/discounts and mark to market traded investments. Much of this had to be done manually to comply with IAS 39 and FAS 133 regulations for fair value reporting.

## Overcoming the Initial Challenges

### POC

The Request For Proposal required the vendor to demonstrate a test case that had a complex scenario involving multiple netted settlements in various currencies and under various value dates. CSPL bid for the RFP in association with CSC Inc., the US based Fortune 500 IT systems integrator. After a couple of product demos, a 3-day workshop was organized at the customer's premises. It was an hands on session where users entered various cases including a few complex scenarios. The working of the solution was to their expectation.

### Availability

Considering the criticality to the system and the sensitive nature of the data, the customer wanted a POC on high availability and disaster recovery features of the product. Organized at the HP labs in Singapore, the customer's IT team performed a thorough hands-on evaluation of the high-availability features and also carried out a security assessment of the product. The product passed these tests successfully.



## Project Challenges

### Phases

The customer proposed a phased implementation of the product – Phase 1 where the access is restricted to central treasury users and Phase 2 where the access is thrown open to users from the various subsidiaries. After a close study of the RFP, we proposed that Phase 1 be further split to 2 stages – one covering money market and FX and the other covering all the rest of the functionality.

### Features

Individual requirements were deeply thought through, covering the process flow, reports, user experience, controls, exceptions and alerts. It was discovered during this process that many of the finer elements that were required were not present in the RFP. CSPL took the view that such features will be provided even though they were not as part of the contractual obligation. The users responded by dropping older requirements that had no meaning now for them. This spirit of mutual accommodation made the discovery process meaningful and mutually beneficial for both parties.

### Timeline

Compared to the time lines originally envisaged as part of the proposal, the new projected time line was stretched by about 33%. CSPL completed the delivery of the both the Phases as per the agreed time lines.

## Key Benefits

### Increased Revenue

- Elimination of bid-offer spreads through the 'in-house banking' feature
- Better rate bargaining passed on to even very small entities within the group
- Elimination of transit float through netting off of cash settlements, resulting in reduction of funds physically transferred

### Reduced Cost

- Lowering of bank charges due to netting of settlement obligations and fewer cash transfers
- Automation of most work, eliminating the need for manual data entry, communication and reconciliation

### Reduced Risk

- View of group-wide cash, deposits, borrowing and other exposures
- Monitoring and control of group-wide counter party risk
- Tracking of exposures and trades against various limits set and to be alerted in real-time on breaches
- Availability of complete audit trail for various operations and authorizations performed in the system

### Increased Accuracy

- Automation of cash flow computations
- Auto-generation of accounting entries for multiple business units in their respective base currencies, which flow seamlessly to their respective ERP systems through a GL interface
- Generation of bank instructions through SWIFT or in other pre-specified formats without the need for manual preparation
- Reduction of errors through elimination of manual work

### Promoting Strategic Role

- Central treasury providing tools to manage capital structure, cash management, liquidity management, stewardship of assets, foreign exchange management, interest rate risk management, corporate finance, and debt and investment management

Today, the customer has a fully automated Central Treasury, capable of handling many asset classes with absolute control over their operations, with very high visibility on exposures and installed in a high-tech data center with high availability.





## About Chella Software

We are a financial market specialist serving corporate treasuries and capital markets. We spend a lot of time understanding your business, and do everything we can to contribute to your success.

Our products offer an elegant way to automate your operations, increase revenue, cut cost, control risk and improve visibility to stakeholders. Above all, it helps you take informed and timely decisions. It runs on commodity hardware, is easy to implement and does not require much training.



### Subbiah Rajagopal

Head - Client Engagements

Tel : +91 22 4295 0272

Mobile : +91 77383 67301

Email Id : subbu@chelsoft.com



**Deloitte.**  
Technology Fast50

India 2011

Chella Software among 50  
fastest growing companies in 2011