

Standardizing Treasury Processes for Increased Efficiency

Customer Profile

Company: Autoneum
Industry: Automotive supplier
Headquarters: Winterthur, Switzerland
Employees: 16,000+
Website: www.autoneum.com



Business Need

Autoneum has a large and diverse number of bank relationships and accounts to manage. The company wanted to standardize processes and formats of its payment files and bank statements for better security and centralized visibility, as part of a larger, global drive for process optimization.

PRODUCT, SOLUTIONS & SERVICES

- **ONEHub**
- Hybrid Service Bureau
- SWIFT Service Bureau
- Reporting
- Payments
- TMS Connection
- ERP Connection

BENEFITS

- Standardized, repeatable, scalable treasury processes
- Increased business efficiency and cost-savings
- Reduced credit risk
- Eliminated the need for FX deal confirmation service providers by exchanging MT300s via Fides
- Additional cost-savings from using the free sanction screenings included with the Fides solution

Autoneum streamlines treasury with a payments factory built on Fides and SAP, realizes time- and cost-savings

About Autoneum

Autoneum is the global market and technology leader in acoustic and thermal management solutions for vehicles and a partner for light vehicle manufacturers around the world. The company develops and produces multifunctional, lightweight components for optimum noise and heat protection.

Autoneum is the global leader in acoustic and thermal management for vehicles. The company develops and produces multifunctional, lightweight components and systems for interior floors and engine bays, as well as the underbody. Customers include almost all automobile manufacturers in Europe, North & South America, Asia and Africa. Autoneum operates 67 production facilities and employs over 16,000 people in 24 countries. Headquartered in Winterthur, Switzerland, Autoneum is listed on the SIX Swiss Exchange (ticker symbol AUTN).

Autoneum's Business Need

Autoneum has a number of legal units, but its payment and reconciliation processes were not standardized across all these entities back in 2011. This resulted in a lack of cash visibility at the corporate level, as well as higher risk. At the same time, a company-wide initiative was in place to increase efficiency and optimize processes, making the time perfect to implement new treasury technologies. Autoneum's treasury team determined that a payment factory would solve its immediate challenges and also create a framework that could evolve to meet future needs.

Treasury centralization does not equal standardization

Back in 2012, Autoneum had centralized treasury operations within its head office, but there was still quite a bit of work to be done. The company had more than 45 bank relationships, and more than 150 bank accounts globally, along with large positions of locally-based cash with many other non-core banks. Autoneum's legacy treasury management system and ERP weren't as effective or efficient as the team would have liked. And a lack of standardization for payment file processing and bank statement receipt was an additional challenge.

The local businesses were responsible for the preparation and release of payments, with very limited transparency for the head office in Winterthur. There was no standard message type (such as MT940) for payments or reporting. Bank statements were paper-based, and booked manually. AP payments and treasury transfers were paid via locally structured host-to-host connections, individual e-banking systems, or even by fax.

Creating a payment factory

Autoneum's treasury team wanted daily visibility into cash and liquidity, as well as payment flows in a standardized format and through a standardized channel. In short, they wanted a payment factory.

As Autoneum defines it, a payment factory means having centralized payment flows for treasury and AP payments, and a process involving the transmission from legal entities' ERPs to a central connectivity solution. The payment factory should also include centralized execution of file transfers in a way that is effective and low-cost, and enable transfers via one central bank connection or interface to the appropriate bank and account.

The first steps toward building this payment factory were focused on the company's ERP system. As part of a global process re-engineering project, Autoneum chose to implement SAP. SAP's treasury module, TRM, was selected for treasury use in September 2012, and its in-house cash module was licensed for future use.

Next up was streamlining all bank-related elements, from reducing the number of accounts to creating a more aligned approach to connecting the company's various legal entities.

Best-in-class bank connectivity

Autoneum had been using Fides for daily collection of MT940 and MT942 statements and liked the unique Fides hybrid approach, which allows for bank connections to be made via SWIFT, EBICS, host-to-host, or any alternative channels. As many of Autoneum's banks were in countries where EBICS was an option, it saved the company a significant amount of money and also time getting connections set up as EBICS is faster to implement from a connectivity perspective.

Using Fides as a hybrid service bureau means AP and treasury payments go via SAP's Bank Communication Manager to the SFTP middleware and from there via Fides out to banks via SWIFT, the EBICS network, or whichever other channel makes the most sense to meet Autoneum's needs.

The payment factory was initially rolled out in Switzerland in 2013, then to the US and Canada in 2014, and in 2015 to France, Spain and Portugal. The story continued around the world, from China to Poland and points in-between. The project rollout was finally completed in January 2021, with the go-live of the legal unit in the Czech Republic.

“Using Fides as a service bureau gives us the ability to make global payments seamlessly and cost-effectively, with the cash visibility we need.”

**Janko Hahn, Head of Treasury Operations,
Autoneum**

A single bank gateway delivers results

Autoneum was very happy with the results from payment factory. The company now has bank connectivity with one single gateway to the banks from and to the SAP TMS in a straight-through processing setup.

Now Autoneum has eight core banks for transaction banking activities, resulting in higher transaction volumes and lower transaction costs for those core banks, and far fewer local bank relationships than were previously needed. There is a stable SWIFT connection for the US/Canadian bank and for the bank in Mexico and China. The process is considerably more transparent with direct upload of bank statements to the TMS and ERP. And there is now a uniform approach to approving and releasing payment runs.

One immediate benefit was the ability to decrease US- and Canadian-issued checks from 1000 a month to roughly 200. As ACH payments are significantly lower than bank fees for checks, the savings were enormous.

“Fides delivers significant cost savings, as we are able to connect to our banks using the most cost-effective channels, optimize our payments, and not worry about incompatible formatting or other issues that in past would have required excessive manual work.”

**Janko Hahn, Head of Treasury Operations,
Autoneum**

Payment factory evolution

As an automotive supply industry, Autoneum faced circumstances typical of this market: low margins, high cost pressure and tough, credit-related discussions with its banks. This was exacerbated in 2019 when Autoneum’s cash pool bank threatened to remove its zero-balancing intraday limits, which would have created significant operational risk along with an added workload burden for the treasury team.

This led to the need for a new treasury development: the move to payments-on-behalf of and collections on-behalf of its subsidiaries. The goal here was to further reduce complexity, further streamline bank relationships and bank account landscape, and ultimately further optimize processes. The company decided to start with the entities located in the Euro zone.

In 2020, Autoneum held a feasibility study with one of the big four consultancies, to verify from a tax and legal perspective if the on-behalf-of approach (payment & collection-on-behalf-of; “POBO/COBO”) would work, and if so, what hurdles might be linked to such a project. Once the company got the green light, it began to prepare internally, working with the key stakeholders such as Tax, Legal, Sales, and Purchasing, and also working with IT on the SAP in-house bank solution setup. All this took another 18 months.

By late 2022, Autoneum was ready to identify the best bank partner for its “POBO/COBO” needs, and should be able to begin the rollout in the second half of 2023.

Moving to a digital future

The company had determined from a legal perspective that a virtual account solution would be fitting perfectly to the further cash centralization efforts for its Legal Units of Business Group Europe as transactions in EUR are representing around 40% of their global sales. The use of virtual accounts helps segregate specific activity for tracking to the correct legal entity, making it easier to report and account for cash movement.

With virtual accounts, Autoneum will be able to move away from old-school cash pooling. The virtual account setup will also have an additional benefit: As all money in EUR will soon be physically coming in and going out via a single account vs. the previous setup of using several accounts in a zero-balance structure, banks no longer need to worry about credit risk in regards to the typical “intraday limits” assigned by the banks to the zero-balancing structures.

As of 2023, Autoneum’s treasury evolution has paid off. The company believes it has now soon achieved the highest possible standards for payments and collection that can be put in place today, but looks forward to seeing what technology advancements the future may hold.

“Fides is the leader in bank connectivity for good reason. They bring years of expertise to bank setups, messaging, and payments – and they offer flexibility and multi-channel delivery that other providers cannot.”

**Janko Hahn, Head of Treasury Operations,
Autoneum**

About Fides

Fides is the world leader in multibank connectivity, payments and transaction communications. A market leader for more than a century, Fides is committed to making financial operations as efficient, transparent and secure as possible for all organizations. More than 4,000 clients rely on Fides for efficient cash and liquidity management, through connectivity to more than 13,000 banks and comprehensive workflow, reporting, conversion, validation and security services. Whether you access via the secure Fides **ONE**Hub or leverage our seamless integration with third-party ERP, TMS and other backend systems, Fides is the only platform you need.

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