



CASE STUDY

HITACHI TREASURY HARNESSSES THE POWER OF THE CLOUD

Hitachi ABB Power Grids 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 while using software-as-a-service tools.

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 of the project 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 flows into Treasury and Risk Manager - Integrity Edition, and further netting of FX and lending/borrowing flows via the treasury management solution into the Inhouse Bank Account (IBA) solution
- Commodity hedging using Treasury and Risk Manager - Integrity Edition for trade capture, fixing and settlements, as well as valuation and accounting

“We needed to have a solution in place that could push through billions of dollars in funds and deposits, and 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

Share your challenges. We'll show you how to solve them.

Seeking a pragmatic, light and scalable solution

Unusually for a treasury handling large volumes, HAPG's team wanted to adopt a light and agile cloud-based infrastructure with minimal overheads – and the team also 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.



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

With the new solution, 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 into Treasury and Risk Manager - Integrity Edition

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 providing a positive user experience.



Trading efficiencies

The integration of FX confirmations and settlement netting confirmations via the trading platform and into the treasury management solution allowed for further efficiency.

“We were able to implement FIS treasury management and managed 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



The initial impact

When Hitachi Energy 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 took care of diverse intercompany netting, funding and trading flows.

Cash visibility was enhanced by implementing MT940s, while FIS Swift Services allowed a light setup for the management of SWIFT connectivity and messaging. Foreign exchange hedging volumes of over \$30 billion are now processed by a two-way trading interface between Treasury and Risk Manager - Integrity Edition and FXall.

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. This setup has enabled large flows to be processed across multiple currencies and entities.

“HAPG has demonstrated that a firm with large and complex flows can successfully meet its needs with a cloud-based treasury management solution.”

Key benefits



Efficient cash management

Daily visibility of up to 80% of the group's bank accounts was achieved by implementing MT940s. The solution handles 32 currencies across 33 bank accounts, with over \$85 billion equivalent flows managed to date.



More efficient netting process

The time taken to complete the monthly netting process has been significantly reduced, saving many hours for the team. In addition, the processing speed and robust solution make for a well-controlled and positive user experience.



Hedging volumes

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.



Cost-effective solution

HAPG's CFO and top management have welcomed 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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