

Corporate Client Casebook

Treasury and Trade Solutions





Centralization



Digitization



Expansion



Integration



Regulation

Theme

Industry



Energy & Chemicals



Diversified Industrials



Metals & Mining



Branded Consumer



Healthcare



Technology



Media



Telecommunications



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Welcome

Welcome to the Citi Treasury and Trade Solutions Corporate Client Casebook. We are pleased to bring you this comprehensive collection of best practices that focuses on unique solutions developed in partnership with leading multinational corporations. As you'll see on these pages, in working together with Citi, these organizations have been able to achieve their strategic treasury and working capital objectives.

Throughout this casebook, you will read about companies who have overcome the challenges of decentralization, digitization, expansion, integration and regulatory hurdles as they conduct business across Europe, Latin America, Asia Pacific and the United States. You will learn how these organizations were able to drive efficiency through process centralization, implement cross-border pooling solutions, leverage supply chain finance to strengthen critical partnerships, and achieve greater operational efficiencies while enhancing and optimizing their working capital.

The success stories revealed in these case studies have all been achieved over the backdrop of a highly complex global landscape. They demonstrate the power of innovation through collaboration and are a clear validation of what can be accomplished through partnership. At Citi, we are firmly committed to helping you achieve your treasury and working capital goals while overcoming the challenges facing your business, regardless of geography or sector.

Citi Treasury and Trade Solutions is proud to provide a global platform of industry-leading solutions that take full advantage of our on-the-ground experts in more than 90 countries.

We hope that sharing these real-world best practices will be helpful to you as you endeavor to achieve your critical corporate objectives. Citi always stands ready to work with you, serving as a trusted partner.

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Syngenta

Move to regional treasury mode boosts treasury support for business

World-leading agri-business company Syngenta aims to grow its business from regional sales of \$13.4 billion in 2012 to \$25 billion by 2020. Latin America is seen as a critical region to reach these goals.

The Challenge

Syngenta decided to create a regional cash and treasury model to eliminate challenges associated with fragmented, inconsistent information and processes. The goal was to standardize processes and information flows across countries to facilitate best practices while still taking into account Latin America's complexities, both in terms of the seasonality of Syngenta's business and the diverse regulatory environment.

The company needed to reflect treasury's role as a partner to its regional business units by reducing risk and facilitating both day-to-day activities and strategic growth. It needed a solution to support sustainable delivery during market volatility as well as flexibility to support new business models, such as barter models, with innovative financing solutions and supply chain tools, in order to maintain its competitive lead and ensure that its solutions are attractive to customers.

The Solution

Working with Citi as one of its main regional partners, Syngenta rationalized its account structure, standardized payment processes and information flows, and reduced the number of electronic banking systems it maintained. It also implemented a single gateway to its core banks through SWIFTNet. A streamlined banking and technology framework enables significantly enhanced visibility of cash across the region so Syngenta can monitor liquidity and market risk effectively and can transfer surplus cash to fund deficits wherever possible.

The Result

The shift from decentralized to regional treasury operation has transformed the way that Syngenta's treasury supports the company and assists business growth. These solutions have increased automation, enhanced the quality of information, improved compliance and had a positive impact on both the balance sheet and profit and loss. Once the company had robust and trustworthy information flows, it could then build new methods and tools to improve business intelligence and manage costs more systematically. Syngenta is now able to proactively recommend and deliver solutions that address unrealized customer needs, reduce working capital needs and create business models that enhance its competitive position.



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Braskem

Export prepayment facility a success despite difficult market conditions

Braskem is the leading integrated petrochemical cracker and thermoplastics producer in Brazil.

The Challenge

March 2007 – Braskem, Ultrapar and Petrobras announced the acquisition of Grupo Ipiranga, in which Braskem would keep 60% of the petrochemical assets for USD 1.2 billion. Citi, along with two other banks, provided USD 1.2 billion in two-year bridge financing for the acquisition. As part of the bridge loan take-out, Braskem issued a ten-year USD 500 million bond in May 2008, with Citi as a joint bookrunner. Part of the remaining USD 700 million of bridge financing was structured as a syndicated Export Prepayment (EPP) facility with Citi as a joint bookrunner as well. The EPP was launched in August 2008, before Lehman Brothers' bankruptcy, and successfully closed in October 2008.

The Solution

As a joint bookrunner, Citi structured a USD 500 million five-year EPP for Braskem (rated BB+ by S&P, Ba1 by Moody's, and BB+ by Fitch) that addressed the concerns of banks in the worsening financial and economic environment. Close bank relationships and knowledge of market conditions pre-empted the facility from potential concerns while still fulfilling Braskem's structure and pricing expectations.

The security structure of the EPP was designed to reassure investors: It required that Braskem assign a combination of cash and export sales agreements amounting to 110% of the debt service due in the next interest period to a collection account.

The Result

The syndicate attracted 19 banks to the EPP despite turbulent market conditions. Following overwhelming demand, the EPP was upsized from USD 500 to USD 725 million. Despite bank risk aversion increasing following the collapse of Lehman Brothers in September 2008, not only did no banks withdraw from Braskem's EPP, but the facility saw an additional USD 175 million of commitments from eight institutions. Furthermore, no market flex was required and no change was necessary to the financing structure.

The ability to anticipate the concerns of banks investing in the EPP and its execution expertise were crucial to its success. Had the transaction appeared in the market later, the financing could have faced insurmountable hurdles. Similar transactions during the period had to be restructured or withdrawn.

As a result of the success of the EPP, Braskem achieved the desired financing costs, significantly lower than anything that could have been achieved in the period beginning in October 2008, and has fully repaid its bridge financing. Moreover, Braskem's reputation in the financial markets has been further enhanced.



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Eletrobrás

A USD 600 million A/B loan for capital expenditures

Latin America's largest energy company, Eletrobrás, is responsible for 38% of Brazil's total generation capacity, by means of 30 hydroelectric plants, 15 thermoelectric plants and two thermonuclear plants.

The Challenge

Centrais Elétricas Brasileiras S.A.- Eletrobrás (Eletrobrás), Brazil's state-controlled power generation and transmission company, is the largest energy company in Latin America. Based in Rio de Janeiro, the company also encompasses multiple regional subsidiaries: Furnas, Chesf, CGTEE, Eletrosul and Eletronorte.

Eletrobrás maintains its leadership by continually modernizing and expanding its already sizable infrastructure – namely, a network of hydroelectric, thermoelectric and nuclear power plants, and a power distribution/transmission grid that spans Latin America.

In 2008, Eletrobrás was seeking a significant infusion of capital to help finance major infrastructure projects for itself and its subsidiaries over a four-year period (2009-2012). The goal: increase power capacity and expand the transmission grid. Having capital on hand internally would allow the company's subsidiaries to finance their projects internally, at more attractive rates than they could achieve individually by going outside to commercial markets.

Given the weak economic environment of early 2008, Eletrobrás sent its Request For Proposal (RFP) to multiple commercial banks. Among them: Brazil-based Corporación Andina de Fomento (CAF) and Citi.

The Solution

Given the challenging global economy, Citi knew that an innovative approach was required to craft and submit a winning proposal. Therefore, the bank teamed with CAF, who enjoyed "Preferred Creditor Status" in Brazil.

Together, Citi and CAF submitted a creative and highly tax-efficient proposal to Eletrobrás: a USD 600-million loan divided into two parts:

- A 12-year A-Loan of USD 150 million
- A 7-year B-Loan of USD 450 million

While Citi acted as the joint bookrunner and mandated lead arranger, CAF acted as the lender of record. The entire financing amount was provided by CAF, representing its largest-ever A/B loan – as well as the largest A/B loan closed in the Brazilian market that year.

Because of its size, the B portion of the loan was subsequently syndicated, achieving meaningful oversubscription with commitments from 11 commercial lenders.



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As is often the case in transactions of this size, there were a number of challenges to overcome. One was a short runway. Eletrobrás required precision timing in order to close the transaction by its self-imposed deadline of August 2008. Citi's and CAF's ability to meet that deadline proved to be fortuitous for Eletrobrás, as a month later global commercial credit markets collapsed.

Another hurdle was regulatory in nature. Since the Brazilian government is the majority owner of Eletrobrás, multiple authorizations were required from government authorities, including treasury and planning ministries and other agencies. Working in partnership with the company and the Brazilian government, Citi and CAF were able to procure all necessary sign-offs.

The Result

Thanks to the innovative A/B loan from Citi and CAF – and the stable execution achieved in a challenging global market environment – Eletrobrás now has the required funding it needs to finance multiple infrastructure projects through 2012. With ample revenue derived from debt services, the company can offer its subsidiaries reliable, low-cost project financing with zero exposure to currency variations.

If Eletrobrás's comments are any indication, the Citi/CAF alliance was a successful match. The company commended the working relationship between Citi and CAF, citing Citi's presence throughout the transaction and its proactive approach to meet client demands. Eletrobrás also lauded Citi's ability to structure the transaction, organize meetings, and provide all the answers they needed.

Finally, Eletrobrás fully intends to contact Citi on future RFPs – not only for financing, but also for other requirements, such as currency trading and rate swaps.

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British American Tobacco (BAT)

British American Tobacco plc is a leading tobacco group headquartered in London, United Kingdom, with brands sold in around 180 markets

A treasury management strategy was put in place to help a leading tobacco group streamline payments and reconciliation across Africa.

The Challenge

Centrally managing disbursements and related reporting across Africa is not easy. But that's what BAT needed to do: Evolve its cash and treasury management strategy to streamline its payment and reconciliation process across an area with varying levels of central banking and clearing sophistication. Local market insight and awareness would be critical – and so would scale. And that meant a solution provider who could both support a centralized banking solution to support BAT's finance shared service center (FSSC) in Stellenbosch (SA) and understand the nuances of the different countries in BAT's operational scope.

The Solution

Initially, Citi provided BAT with basic e-banking services. With STP still in its infancy, payments would be loaded separately. But over the next five years, Citi would help transform BAT's banking into a fully

integrated solution including ERP-based payment approval, host-to-host file-based connectivity (via CitiConnectSM for Files, Citi's file-exchange and messaging portal) and automated payments and reporting reconciliation. Given Citi's vast network and presence, BAT could proceed to expanding into new countries with the support of Citi's channel connectivity and local market guidance.

The Result

Today BAT facilitates payments across 17 countries in Africa via Citi's channels, including countries where Citi does not have a physical banking presence. BAT's FSSC has transformed its cash and treasury functions into one of the leading examples of efficient centralized banking operations and continues to become secure, operationally efficient and cost-effective. As BAT's business grows and payment infrastructure develops across Africa, BAT is well-prepared to ensure its SSC can evolve as well, maximizing its business opportunities via a world-class banking partnership.



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Cemex

Centralized wire-transfer solution improves visibility and control

Cemex is a regional leader in the building solutions industry that provides high-quality products and reliable service to customers and communities in South America, Central America and the Caribbean. Its net sales in 2013 were \$2.23 billion with an operating EBITDA (earnings before interest, taxes and depreciation and amortization) of \$793 million.

The Challenge

Cemex's operations in South America, Central America and the Caribbean make 240 cross-border wire transfers a month in U.S. dollars, euros, Mexican pesos, Swiss francs and other currencies. The company's regional office in Bogotá, Colombia has been working to automate, standardize and centralize wire transfer procedures across the region, using flat files generated from their SAP system to avoid manual loading and the possibility of human error in the process.

The Solution

Citi has a longstanding relationship with Cemex and already provided local payments services through PayLink and CitiDirect. Citi proposed a cross-border wire transfer solution that would standardize systems

and processes throughout the region. The solution uses CitiDirect to automate U.S. dollar payments from Cemex's New York account and WorldLink for cross-border wire transfers in euros, Mexican pesos, Swiss francs and other currencies. A single interface is used, streamlining wire transfers for treasury staff. The solution improves visibility and control at the regional office level and alleviates the risk of transfers to incorrect beneficiaries, accounts or even banks, thereby reducing the cost of the return of the funds and tracking of payments.

The Result

Cemex chose Citi's solution and received close support from the bank's implementation team. Within just a few weeks, the first test file for the solution was sent and, following minor changes, the solution went live. The first payment was successfully processed for Cemex. Cemex has gained an automated and centralized process for cross-border wire transfers that have significantly improved efficiency to the company's regional office. By understanding Cemex's strategy and objectives, Citi has been able to effectively use its tools and systems to create a successful solution for the company's requirements.



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Michelin

Centralized automated solution improves efficiency and control over sensitive payroll payments

As the world's leading tire manufacturer, Michelin brings better mobility solutions to millions of customers around the globe. Given the nature of its business, it has a large employee base of over 100,000 employees worldwide, with over 50,000 in Western Europe alone.

The Challenge

A few years ago, Michelin embarked on a project to reorganize its treasury and centralize many aspects of its financial operations including cash management. Due to its sensitive nature and separate local processes, payroll was not included in the original project. This meant that Michelin was not yet able to reap the full benefits of bank provider consolidation, as it still depended on a number of banks to make payroll payments across the many countries it operated in, each with its own formats, platforms, reporting and security standards.

After consolidating and centralizing functions such as Accounts Payable (A/P), Michelin sought a centralized solution for its payroll payments through a single provider, channel and file format.

The Solution

Citi has a longstanding relationship with Michelin which has deepened as the company has rationalized its banking partners across the region.

Michelin worked closely with Citi in its treasury centralization project – a combined project team migrated all of Michelin's supplier payments to a centralized, automated cash management solution. For the next phase, the joint Michelin and Citi project team migrated Michelin's payroll flows to a central solution with Citi, which required diligent focus, due to the sensitive and complex nature of payroll. Citi's Integrated Payment Services allowed Michelin to consolidate and centralize its payroll disbursements across the region. Michelin sends high volume salary payments across multiple countries, including France – its home market, through a single file format and single host-to-host connectivity with Citi. Michelin also leveraged Citi's WorldLink solution to achieve a centralized salary disbursements solution for its international employees – Citi integrated WorldLink with Michelin's chosen third-party payroll provider for seamless end-to-end processing.

Key features of Citi's solution included customized entitlements to maintain confidentiality of sensitive payroll information and authorization profiles to suit Michelin's needs. In addition, Citi designed and implemented a payroll monitoring service for Michelin to ensure timely processing of salary payments to employees.



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The Result

Citi's integrated, end-to-end technology solution has simplified, standardized and automated Michelin's domestic and expat payroll payments across the region and harmonized it with Michelin's overall cash management structure. Michelin's centralized treasury group know how much cash is available, how much is needed to cover payment runs, and the amount of excess balances that can be invested or repatriated, thanks to having its full regional cash management structure, including processing of sensitive salary payments, supported by Citi.

Michelin now requires just a single file format, which includes payroll payments across multiple countries and currencies to make domestic salary payments to employees across multiple countries. Citi's global platform reduced complexity and increased visibility and control, leading to operational efficiencies and increased error-free straight-through processing. Additionally, Citi's unique payroll monitoring service provides an extra level of reassurance that Michelin's employees are paid on time, every time.

Paul Orsoni, Group Treasurer, Michelin, comments: "We have been very satisfied with Citi's reliability on these sensitive flows overall. Working with Citi, we have been able to build a cost-effective and integrated solution that has met our goals. We look forward to continuing our collaboration with Citi, as regulations, market standards and technology evolve to enable further optimization."

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Siam City Cement

Cementing suppliers relations in Thailand and beyond

Established in 1969, Siam City Cement Public Company Limited (SCCC) is Thailand's second-largest cement producer with a market share of 27%, as well as vertical integration into aggregates and ready-mixed concrete businesses. SCCC is listed in Thailand with 36.8% held by Holcim Ltd, Switzerland. Citi has been SCCC's trusted partner bank for over ten years, providing payment and collection services, including support for domestic payments.

The Challenge

Despite SCCC's leading position in Thailand, senior management recognized that a more geographically diverse strategy would help the company to reduce income volatility resulting from variable domestic demand. Cement is difficult and expensive to transport so SCCC's geographic expansion meant that the company was increasingly working with an international supplier base. At the same time, optimizing working capital was a vital objective for the company to avoid borrowing costs and to support its strategic development.

The Solution

SCCC approached Citi to find a solution that would support its working capital objectives by extending days payable outstanding (DPO), while ensuring robust relationships with key suppliers.

In addition, the solution needed to be integrated seamlessly into existing systems and process flows without adding to the administrative burden either for SCCC or its suppliers.

These discussions resulted in Citi providing a supplier financing program, which is characterized by competitive costs, close integration and highly efficient processes. Implementation took less than one month, enabling SCCC and its suppliers to derive rapid benefit from the solution. Citi, SCCC and its suppliers make use of the same platform, CitiConnect® for Trade, into which SCCC uploads approved payments to designated suppliers. Suppliers are advised automatically that receivables are available for financing, and can then decide whether to discount the amount or not. Citi then pays the relevant amount on the discount date or due date as required. The platform also provides SCCC with invoice warehousing and payment information management enhancing processes such as reconciliation.

The Result

Both SCCC and its suppliers have derived considerable benefit from the program, with enthusiastic takeup by the initial group of suppliers, despite this technique being relatively new in Thailand. These companies, which are smaller than SCCC with more constrained access to credit, benefit from enhanced liquidity at a competitive price. SCCC has increased DPO from 15 to 45 days while strengthening relationships with suppliers. Looking ahead, SCCC is seeking to expand the vendor community using the program further, based on the success already achieved.



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Vale

Pragmatic approach to treasury centralization creates value

Vale is one of the largest mining companies in the world, with a presence on five continents and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) of \$22.7 billion in 2013.¹

The Challenge

A cornerstone of Vale's ambition to create long-term value is its global pipeline of new projects. To help support this expansion, Vale wanted to establish a best-in-class global treasury. Achieving this goal was challenging, considering Vale operates in markets with diverse characteristics in terms of tax regimes, legal landscapes and technology availability. The company also needed a solution that reflects its own complex structure of multiple subsidiaries that operate disparately.

The Solution

Rather than trying to design a single solution to implement across the whole enterprise, Vale set out to clarify its broad objectives and then adapt solutions to specific geographical areas. To help with this task, Citi spent time understanding the nature of Vale's trading flows, local regulations and the commercial ecosystem (including supplier and customer flows as well as end-to-end financial and commercial

processes) as part of a treasury consultative and benchmarking process; the aim was to identify areas for improvement.

The first step in the solution was to consolidate information in order to improve cash flow forecasting. Vale then rationalized its treasury processes to improve its efficiency and agility. Central to the solution is a recognition that cultural differences and the level of maturity of each market must be taken into account.

The Result

Vale's pragmatic approach to treasury centralization drove its agenda. While the company ultimately intends to create a centralized treasury structure – and has established shared service centers in Brazil and Malaysia – local treasury staff continue to execute transaction tasks in many locations. This approach reflects the hugely diverse operating environments that Vale operates in – some of which are among the most complex in the world; local knowledge is crucial in such conditions. However, this pragmatism has not been at the cost of improved efficiency. Vale has become a global benchmarking pioneer and its introduction of best-in-class local industry value propositions has helped to create value.

¹Vale: A Global Leader in Creating Long-Term Value. Source: gtnews, June 2012



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Barrick Misquichilca

Leasing contract facilitates mine expansion

Barrick Misquichilca is a subsidiary of Canadian mining company Barrick Gold Corporation. It began operating in Peru in 1993.

The Challenge

Barrick Misquichilca is the second-largest gold mining firm in Peru and operates the Pierina and Lagunas Norte gold mines. The company wanted to expand its Lagunas Norte mining operation through the construction of processing pools, leaching pads and the purchase of equipment and other associated services and required finance. The scale and structure of the transaction were a significant challenge: Barrick Misquichilca required up to \$147 million, plus General Sales Tax (Impuesto General a la Venta), over seven years in a single financial leasing contract, making it one of the largest-ever Peruvian leasing deals.¹

The Solution

Citibank Peru proposed a \$147 million seven-year financial leasing contract covering five different projects. The leasing includes a disbursement and availability period of two years, during which time the structures will be built so that the property can subsequently be leased. Crucially, the transaction involves the participation of the Canadian government

agency, Export Development Canada (EDC), acting as guarantor of 50% of the transaction. In addition, a substitution mechanism is applied to the counterparty credit, which when added to the documentary structure enables portfolio risk diversification and reduces client concentration risk, as well as making it easier to meet legal limit requirements.

The Result

Citi acted as the lessor and structuring agent of the financial leasing contract, valued at up to \$147 million. The comprehensive guarantee from EDC for up to 50% of Citi's final hold enabled Citibank Peru to allocate the credit risk of the transaction efficiently.

"This operation has enabled us to obtain funds at a low cost and in a timely manner in order to meet the disbursement needs for the construction of the new leaching pad and other associated projects at the Lagunas Norte mine. The signing of this creative and innovative contract has contributed to the corporate social responsibility profile, by incorporating local financing for the expansion project," says the Barrick Peru Leasing Team, which includes Rafael Rossi, Financial Manager and Edward Uribe, Capital Head.

¹Barrick Leasing Named Deal of the Year by *Trade Finance Magazine*, May 2012



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Mondelēz International

“One Bank” project successfully transforms Mondelēz European treasury and business services into excellence

Mondelēz International (MDLZ) is one of the world’s largest snacks companies, with global net revenues of USD 35 billion. Its portfolio has nine billion-dollar brands that include Cadbury, Nabisco, Oreo, Tang and Trident, and another 52 brands that each generates over USD 100 million in revenues. Its 110,000 employees manufacture and market food and beverage products for consumers in 165 countries.

The Challenge

MDLZ (then Kraft Foods Finance Europe) operated its treasury and intercompany activities through a sophisticated liquidity management structure from a centralized location that also covered and executed high-value treasury transactions. The company executed its supplier- and operations-related payments through its European Business Services Centre (EBSC).

The EBSC faced challenges in working with multiple banking providers and using multiple electronic banking channels. These banking arrangements were complex, leading to high levels of banking fees and resource-intensive supporting functions, and limiting the ability to take advantage of improved banking technologies.

The EBSC is responsible for:

- Providing services for an ever-expanding list of markets spanning Central and Eastern Europe,

Dubai and Bahrain, in addition to the company’s European and Nordic operations; centralized transaction processing: invoices, expense claims, vendor master data and receipt allocation.

- Centralized financial management and reporting: banking, general accounting for period-end closing, assets accounting, inter-company accounting, VAT and standard reporting.

MDLZ decided to streamline its treasury and business services to release resources within its EBSC organization to focus on more value-adding tasks for the market organizations. When designing the future “One Bank” solution, the project team focused on the following three material objectives:

- Bring simplicity, consistency and transparency to treasury operations - with the goal to rationalize the number of accounts it held and to reduce its overhead variable costs.
- Collaborate, preferably with just one bank across the entire region, which could provide full end-to-end services and control.
- Move to a bank-agnostic delivery channel and global file format - establishing a foundation to build on by migrating to a corporate SWIFT solution (via a service bureau) and implementing one global ISO XML file format.



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After a thorough evaluation and a rigid treasury- and procurement-led RFP process, MDLZ mandated Citi to be its single bank provider. The criteria MDLZ used to determine its future banking provider included expertise in connectivity (particularly ISO XML V3 formatting), consistency of service and solution delivery, pricing, country footprint and – most importantly – consistent and fully controlled treasury and trade capabilities across in-scope countries. The track record with peer/reference organizations was also a material consideration.

Though MDLZ had worked with Citi before – on other implementations and advisory functions pre-RFP – Citi's selection was ultimately based on its ability to ensure that MDLZ's internal policies and rules would be adhered to.

The Solution

As a result of working closely with Citi, the “One Bank” cash management solution is now live in all 24 of the targeted markets, where the EBSC has adopted best-in-class instruments provided by Citi to manage the EBSC's accounts payables, accounts receivables and liquidity structure. With Citi's solution, the EBSC is using pan-European standardized SEPA Credit Transfers and SEPA Direct Debits, which provide MDLZ with consistent market standard infrastructure to execute its euro payments and collections supported from many account locations and through consistent connectivity (XML). During the SEPA-adoption process, Citi played a key role in advising MDLZ on critical areas such as data-conversion end-enrichment with BICs and IBANs for SEPA.

Throughout the project, MDLZ drew on Citi's product, delivery and in-country expertise to help onboard respective market organizations onto the “One Bank” project. MDLZ and Citi worked in close collaboration to accommodate the local requirements and ease the onboarding of regional and local stakeholders.

It is important to highlight that, in Europe, MDLZ faced a simultaneous challenge of having to integrate a number of former company acquisitions, like LU and Cadbury. As a result, there was a need for the project to take into account different cultures with each acquisition while harmonizing and simultaneously transitioning to a best-in-class business services organization.

Further pressure was added to the company following the demerger from Kraft Foods. MDLZ and Citi worked together in close collaboration, where joint steering committees with senior participation from both sides were material in accommodating the additional needs and significantly accelerating testing cycles.

As a further step in the company's journey towards centralization, MDLZ is now looking to work with Citi to centralize its payroll payments.

The Result

By reshaping its banking infrastructure in the EMEA region and harnessing Citi's payment and messaging platforms, MDLZ has managed to drive greater efficiency in its transactional banking activities. The foundation built for the EBSC will be used as a blueprint for a global rollout to other parts of MDLZ.

MDLZ is one of the first companies to implement ISO XML Version 3 as single global file format, using Citi's expertise in this field. The project has positioned MDLZ to further increase its operational efficiencies and improve its working capital management, evidenced by the recently launched global supplier finance project with Citi for which the same architecture was used, realizing an immediate technology saving.

The "One Bank" solution now in place with Citi has achieved the following benefits for MDLZ:

- Higher operational efficiency through the automation of operational and treasury payments and collections, which have considerably increased STP and STR rates.
- The automation of the cash-concentration process in a single location with a true end-of-day sweep to optimize cash flows and reduce manual work and errors.
- Using SEPA Credit Transfers and Direct Debits to enable a more streamlined and simplified payment and collection process. (MDLZ is already SEPA-compliant.)
- Releasing the EBSC teams from repetitive tasks so they can focus on value-adding tasks that will support business growth.
- Reducing the number of banking interfaces by selecting a single bank provider for the region and thereby substantially cutting connectivity costs.
- Building a single, global file format and with that a bank-agnostic solution.

- An integrated approach and infrastructure to managing supplier payments from end to end, including accelerated payments through supplier finance and efficient disbursement of low-end spend through commercial cards.
- Building the "foundation" that will support future corporate actions and allow for the centralized and efficient integration or exclusion of future investments and divestments.
- Automation will reduce error and fraud, helping MDLZ to meet compliance and control standards.
- The upgrading of the processes within the EBSC will create a state-of-the-art business services organization that attracts talent.
- Significant improvement on bank KPIs at a glance include:
 - Reducing clearing from 29 to 1.
 - Reducing bank accounts from 475 to 300.
 - Increasing STP payments from 0% to 95%.
 - Reducing file formats from 110 to 2.
 - Reducing bank EB connections from 25 to 1.
 - Reducing payment methods from over 40 to 4.

The principles of simplicity, transparency and consistency will continue to create a service culture in which functions can be moved from one center to another to make full use of resources and the centers can now focus on value-added tasks while continuing to drive efficiencies from within. This further contributes to MDLZ's goal of becoming a leading organization for treasury and business services excellence.

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InterContinental Hotels Group

Leveraging RMB internationalization to optimize working capital

InterContinental Hotels Group (IHG) has over 4,500 hotels globally across its seven primary brands, with over 661,000 rooms, and a further 2,000 hotels in the pipeline.

The Challenge

IHG is a company that has placed China at the heart of its growth strategy. With 170 hotels already established in Greater China, and a further 155 in the pipeline, 70% of which are already under construction, China is the single most important growth region globally. In March 2012, IHG announced the launch of a new upscale international hotel brand designed for the Chinese traveler, in addition to the IHG brands already operating in China, including InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn and Holiday Inn Express.

IHG's business model focuses on managing and franchising hotels, with only a small proportion of hotels directly owned. In China, management fees have historically been invoiced and paid in USD by Chinese hotel owners, and remitted into IHG's regional management company in Hong Kong. At the same

time, the company has significant liabilities in RMB to support their expanding operations in China, so its treasury department had been purchasing RMB to fund these payments. IHG approached Citi to address this currency mismatch, whilst also intending to optimize access to liquidity and leverage the appreciating RMB.

The Solution

Citi worked closely with IHG to structure a solution that would meet PBOC and SAFE approval, whilst leveraging the most recent opportunities presented by RMB deregulation. With Citi's help, IHG changed their management contracts into RMB for their hotels based in China, and set up RMB accounts at its re-invoicing center in Hong Kong to handle RMB collections. The solution helped to minimize the need for IHG to purchase RMB since the management fees had provided a pool of RMB covering most of IHG's requirements. Since July 2010, RMB has been a deliverable currency in Hong Kong, so RMB held offshore in Hong Kong can then be swept to IHG's cash pool with Citi in London.



Centralization



Digitization



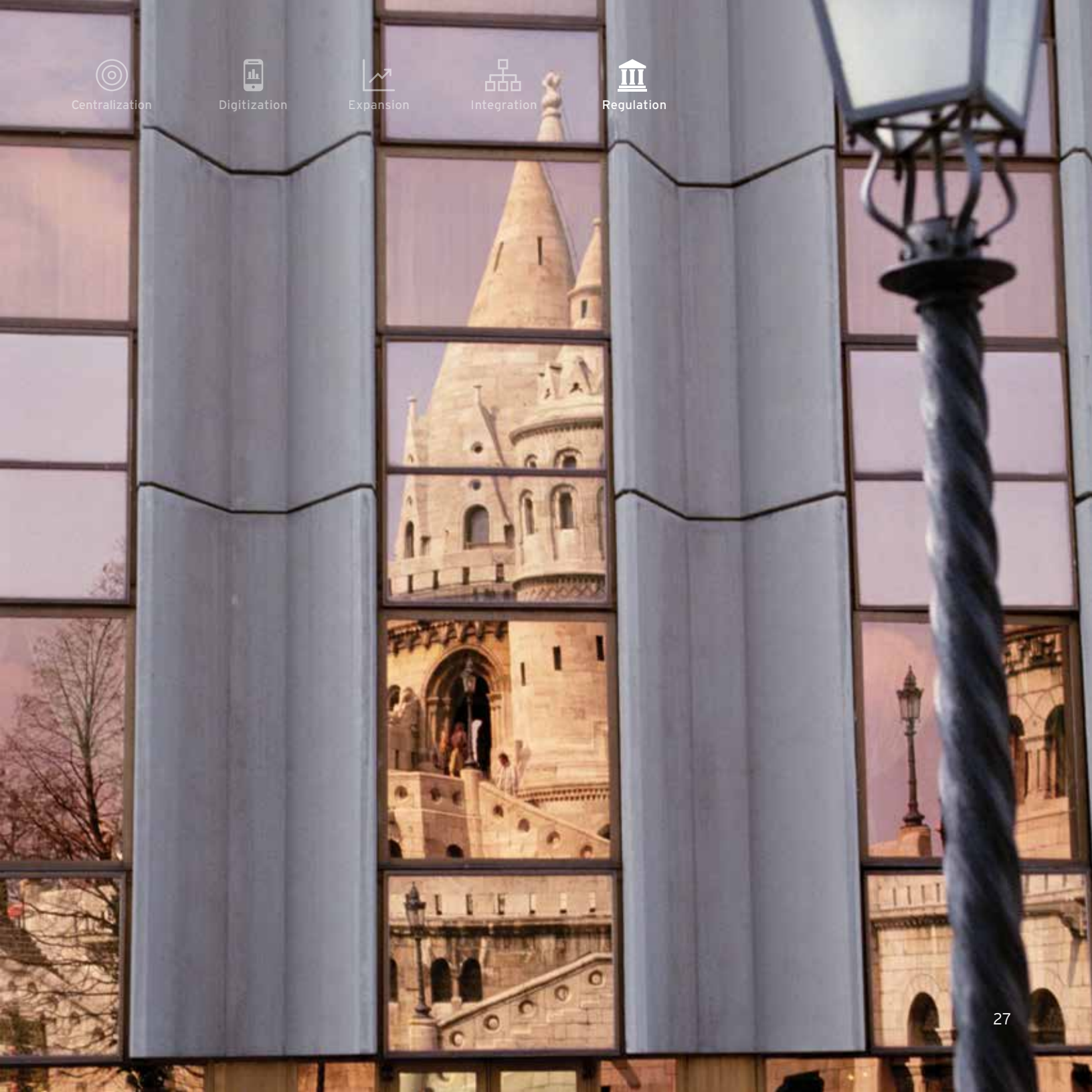
Expansion

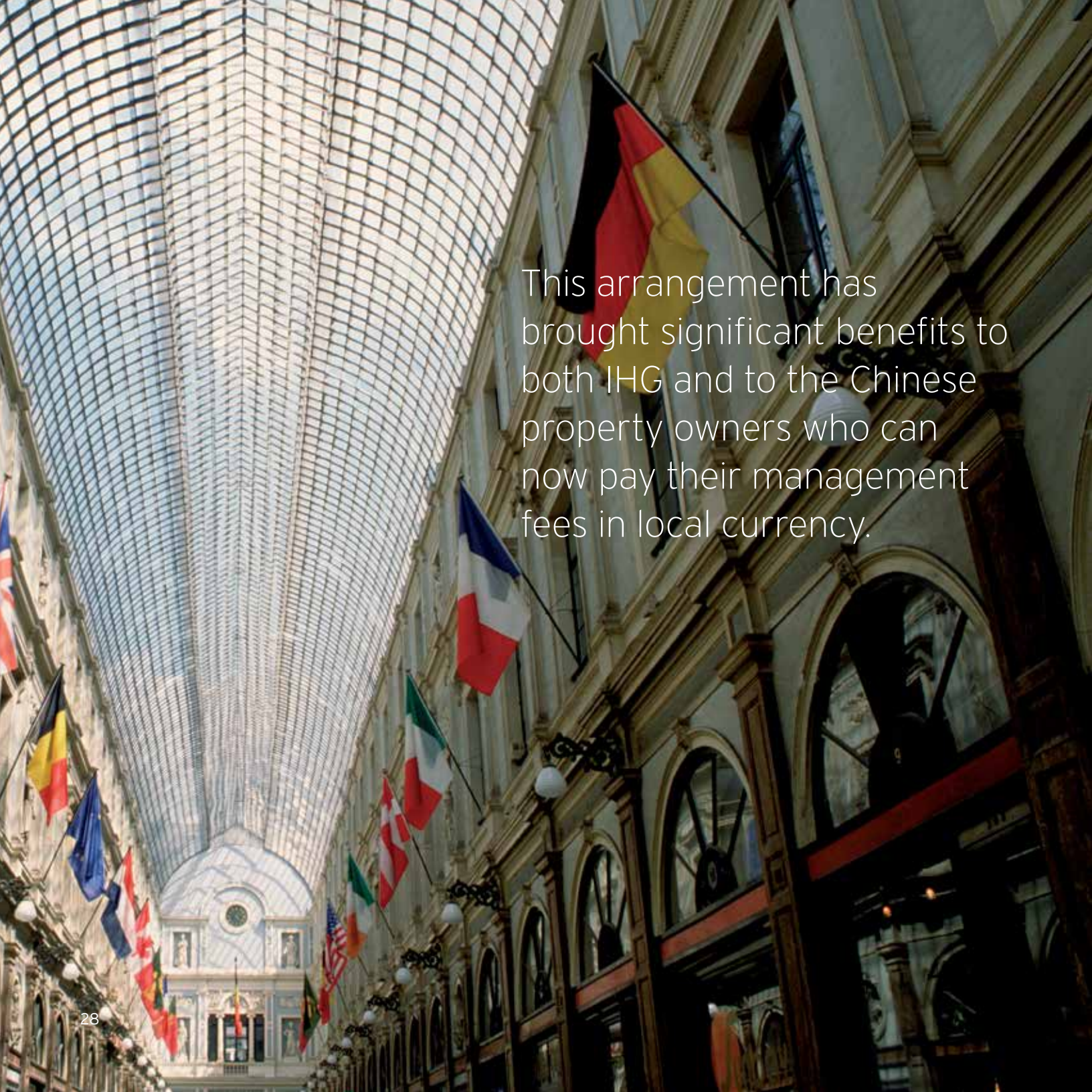


Integration



Regulation





This arrangement has brought significant benefits to both IHG and to the Chinese property owners who can now pay their management fees in local currency.

The Result

This arrangement has brought significant benefits to both IHG and to the Chinese property owners who can now pay their management fees in local currency. For IHG, the costs to buy RMB have been minimized, creating substantial savings, with new RMB revenues creating a natural hedge for RMB liabilities. By including offshore RMB (CNH) in the multicurrency cash pool, IHG can access these funds in whatever currency required.

“Implementing this solution has sent a clear message to our customers and suppliers that we have a long-term commitment to building a sustainable business in China. Property owners can pay fees in RMB, which is more convenient for them, while at IHG, we can now fund our payment obligations with limited reliance on having access to the FX markets. We anticipate that the offshore RMB market will continue to develop, opening up further opportunities in the future. In the meantime, Citi has helped us to leverage our RMB balances across the group through our multicurrency cash pool,” says Dennis Cook, Regional Director, Taxation and Treasury, Asia Pacific Region, InterContinental Hotels Group.

Luxottica Group S.p.A

RMB adoption opens a world of new efficiency

Luxottica Group is a leader in premium, luxury and sports eyewear with manufacturing, retail and wholesale operations that span 130 countries worldwide. Net sales for the 2012 financial year exceeded EUR7 billion.

The Challenge

Luxottica has adopted a regionalized treasury structure with each treasury center responsible for cash and FX risk management in its own region. The regional treasury centers report into the group treasury based in Italy.

In China, Luxottica has two manufacturing facilities plus retail and wholesale operations. The Chinese subsidiaries import and export raw materials and finished products to and from various group entities, the invoice currency primarily in USD, EUR and AUD. In addition, various group entities have trade flows with third-party suppliers in China where the invoice currency is in EUR or USD.

In 2010, the treasury team reviewed its FX flows worldwide with the objective of simplifying the invoicing process (in particular, the Chinese flows) to minimize the FX risk in particular regions and concentrate it in Europe, where the company's main manufacturing facility and HQ are based and its exports worldwide account for a significant percentage of the group's FX exposure.

The Solution

The internationalization of the RMB was gaining momentum at the time so Luxottica assessed this in relation to flows with Chinese entities and decided that all intercompany flows with China would be re-invoiced in RMB.

As part of the review and transition to the new invoicing process, Luxottica mapped out all the relevant flows that would be affected by this change and worked with Citi Transaction Services on solutions to support the initiatives.

At Luxottica, this involved its fiscal and tax departments, with a particular emphasis on transfer pricing; the IT department, charged with amending accounting systems and billing/logistics systems; and the treasury team, which coordinated with all relevant departments, including local finance teams.

In the process, the treasury team in Europe opened a number of offshore RMB accounts with Citi to collect and pay RMB and manage the FX risk using spot and forward deliverable RMB contracts.

The whole project was completed in only six months.



Centralization



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Luxottica has adopted a regionalized treasury structure with each treasury center responsible for cash and FX risk management in its own region. The regional treasury centers report into the group treasury based in Italy.



The Result

Adopting the RMB has brought significant efficiencies to Luxottica:

- Simplified invoicing for China and reduced currency pairs managed from AUD, EUR and USD to RMB.
- Simplified hedging process, removing FX risk from China and concentrating FX risk in Europe.
- A greater natural hedge than it had before.

Looking to the future and at plans for the RMB's further application, Luxottica is open to rolling out the re-invoicing to third-party suppliers to achieve further efficiencies and more favorable trade terms (since onshore suppliers do not have to hedge the currency risk on their side).

Moreover, with the increased liberalization of the RMB, Luxottica is considering integrating the RMB into a global cash-pooling solution (such as multi-currency notional pooling) to concentrate its cash.

To support the expansion of its business in China, Luxottica is also open to exploring opportunities relating to financing the business onshore in RMB.

Luxottica is considering integrating the RMB into a global cash-pooling solution (such as multi-currency notional pooling) to concentrate its cash.

GlaxoSmithKline

Streamlining cash management with centralized liquidity structure

GlaxoSmithKline Plc is a science-led global healthcare company that researches, develops and sells a broad range of innovative medicines, vaccines and consumer health care products that are used by millions of people around the world, allowing them to do more, feel better and live longer. GSK's global headquarters are in the UK, and it has a number of offices and manufacturing sites around the world.

The Challenge

GSK had a decentralized and manual liquidity management structure in a number of its markets. It was keen to find a solution that would help generate greater efficiency, visibility and control of cash in these markets.

GSK wanted to centralize its group-level liquidity, automate it and manage it on a daily basis. In particular, the company wanted to combine different currency pools in central Europe and Asia to reduce the need for inefficient overnight FX swaps. It wanted to do this by acting on the liquidity pool in a base currency (GBP) without the loss of value on cut-off times and FX conversion.

The Solution

Citi is one of GSK's main banks with relationships in 56 countries for the full range of treasury services. We have strong relationships in China, India, Africa, Central Europe, Latin America and the United States.

With this background, GSK's Treasury mandated Citi to implement a multicurrency notional pool in London.

The Citi team worked closely with GSK's Treasury to establish a project team and governance structure. They worked to document GSK's business requirements and technical connectivity and construct a solution for GSK using Citi systems. This is an ongoing process and in addition to this, Citi Operations, Technology and Customer Service teams arranged training for relevant GSK teams.

In Europe, the project covers GSK accounts in the following countries: the UK, the Czech Republic, Hungary, Slovakia, Poland, Romania, Finland, Norway, Sweden and Denmark. In Asia, it covers Australia, New Zealand, Singapore, and Hong Kong. As a result, the range of currencies that the solution covers includes: the RON, CZK, EUR, PLN, HUF, NOK, SEK, DKK, GBP and USD, as well as the AUD, NZD, SGD and HKD, with additional currencies currently under consideration. All accounts are set up for cross-border target balance structures with the sweeps taking place daily, one-way, whereby both credit and debit balances



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Expansion



Integration



Regulation



The solution successfully addressed the strategic objectives to reduce counterparty risk and third-party debt levels. Moreover, it decreased idle cash left in bank accounts to improve interest yields, resulting in multi-million pounds of cost saved on an annual basis.

will be swept between source and header accounts. GSK will be able to have visibility and control over the accounts via Citi's online platform, CitiDirect® Online Banking, which also provides a comprehensive reporting capability.

The Result

GSK's Treasury is pleased with the control, visibility, cost savings and new efficiencies of its new centralized and automated liquidity management structure. It has helped GSK streamline its banking structure and optimize its cash management.

The solution successfully addressed the strategic objectives to reduce counterparty risk and third-party debt levels. Moreover, it decreased idle cash left in bank accounts to improve interest yields, resulting in multi-million pounds of cost saved on an annual basis.

The new processes implemented by Citi also align with GSK's new in-house bank model and broader strategic cash management objectives.

Roche

World's first automated RMB cross-border pooling solution

Roche is a global leader and pioneer in health care. Headquartered in Basel, Switzerland with over 85,000 employees across more than 150 countries, the company creates innovative medicines and diagnostic tests that help millions of patients globally. Roche is also the world's largest biotech company with 14 biopharmaceuticals on the market.

The Challenge

With one of the most advanced treasury management models in the industry, Roche has a centralized cash pooling structure managing 90% of their global liquidity. Roche's global cash pool covered 50 countries, 45 currencies and 175 affiliates but did not include subsidiaries in China before 2014 due to regulatory constraints.

Isolated from the global cash pool, Roche China's surplus cash could not be centralized with global liquidity. At the same time, Roche's Treasury in China had to seek external borrowing each time their cash positions went into a negative position. This happened on a monthly basis following the payment pattern, incurring financing costs.

With ongoing RMB internationalization and the Chinese government's easing measures allowing cross-border RMB pooling in early 2014, the company, with guidance from Citi, identified an opportunity to integrate Roche's

China entities into their global pooling structure. This would decrease the need for external financing, and reduce their foreign exchange exposure as well as local bank counterparty credit risk exposure.

The Solution

Partnering with Citi, Roche had participated in the People's Bank of China's (PBOC) pilot RMB Cross-border Pooling Program in 2013. Citi worked on the proposal and application materials to PBOC, and facilitated face-to-face meetings with the regulator to demonstrate the background, needs, flows and benefits of Roche's cross-border pooling solution.

With the launch of the Shanghai Free Trade Zone framework in February 2014, Roche became one of the first few companies to receive PBOC's approval for the structure.

Citi set up Roche's RMB cross-border pooling structure with a fully automated sweeping platform between China and Hong Kong, where the global pool header has an offshore RMB account. This included defining key parameters, such as the optimal zero-balance structure, intra-day overdraft facility size, pooling interest rates, control measures on funding resource and utilization to be in compliance with PBOC regulations, as well as reviewing and finalizing the agreements for local and cross-border pooling, and the facility agreement. Internally, Roche also embarked on an SAP reconciliation initiative, under



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which the pooling transaction entries will be reconciled automatically by SAP. Automated reconciliation is enabled by Citi's detailed liquidity, interest allocation and pooling reports.

The Result

Roche had been a pioneer in RMB internationalization for both current and capital account items since 2010. Their RMB cross-border pooling structure is a landmark solution that represents the next step in China's RMB internationalization reform that brings increasing operational efficiency to large and multinational companies.

By integrating China into their global pooling structure, Roche benefited from the following:

- Improved group liquidity management
- Reduced financing costs for both China and its overseas entities
- Reduced FX costs as RMB is now centralized in the group cash pool
- Reduced bank counterparty credit risk exposure in China
- Elimination of manual work with Citi's fully automated RMB cross-border sweeping platform

Besides RMB cross-border pooling, Roche is also the first company approved by PBOC for RMB cross-border POBO/ROBO and Netting. Roche has a very strong global netting system. The pooling and netting arrangements will take the company to an even higher level of centralized liquidity and treasury management.

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Day Lewis

Supply chain finance allows access to credit and increased working capital

Day Lewis Group is the UK's largest independent pharmacy chain owning and managing over 200 pharmacies across the country. These outlets are predominantly based in local community and secondary high street locations. Throughout its 38-year history, Day Lewis has been developing from a traditional retail pharmacy business into a patient-orientated service provider, dispensing pharmaceutical and other retail products, providing a diverse range of clinical services to its customers.

The Challenge

Day Lewis needed capital in order to expand its store base. As a supplier of pharmaceutical products to the NHS, the company joined a supply chain finance (SCF) scheme provided by Citi which allowed it to unlock credit and boost its working capital at a much lower cost.

Day Lewis has over 205 pharmaceutical outlets in the UK, each providing prescription medicines to NHS patients. The company then invoices the Department of Health (DoH) which reimburses the company on average 36 days later.

In the aftermath of the credit crisis, Day Lewis' banking partners imposed a working capital covenant on the business, presenting it with a significant

challenge. Making internal improvements to its working capital management was not easy: One problem was that the NHS does not reimburse pharmacy the VAT paid by the contractors for customer prescriptions on time, obliging it to claim it back through a separate and lengthy accounting process with HM Customs and Excise.

Affordable bank finance might have provided the business with some respite, but with a lack of liquidity in the market place, the company found the cost of borrowing prohibitively expensive. The credit rating of its NHS debtor, because of the absence of documentary evidence, was not taken into account by the bank, making the interest rate payable much higher. Under these conditions, finding the required capital to follow through on its plans to open new stores and grow the business became increasingly challenging.

The Solution

Day Lewis considered selling its NHS debt to a third party, but found the rates on offer too steep to provide a sustainable solution to the problem. Then the company heard about the SCF solution provided by Citi on behalf of HM Government. Through this solution, Day Lewis secured cheap invoice finance based on the NHS' credit rating. This meant Day Lewis not only received payment for its prescription invoices a month earlier, but the cost of borrowing was significantly cheaper than options explored previously.



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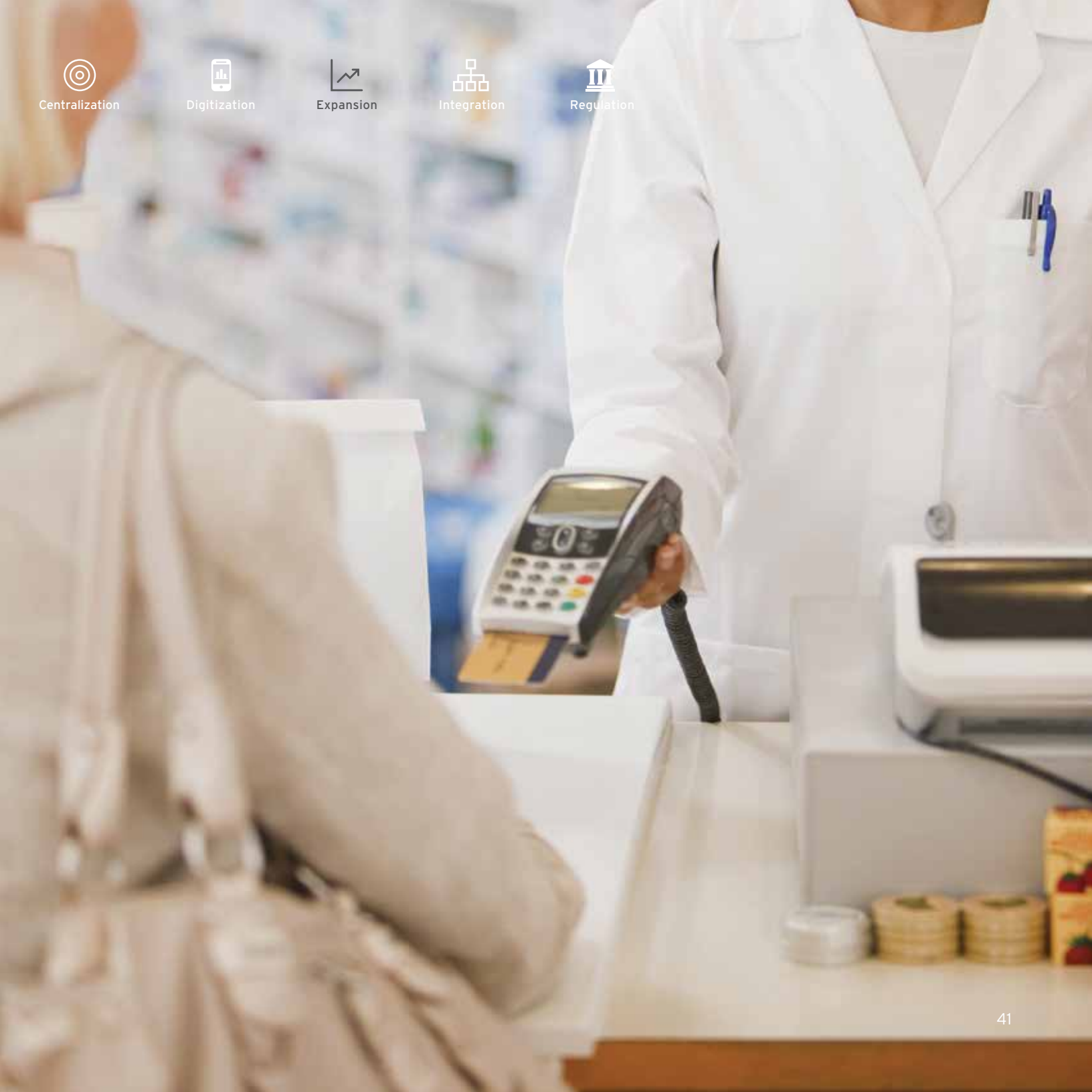
Expansion



Integration



Regulation



An aerial night photograph of London, showing a dense urban landscape with illuminated buildings and streets. The text is overlaid on the upper half of the image.

Following uptake of the Citi solution, the company's balance sheet was transformed, almost overnight. In addition to a substantial saving of £200,000 in interest costs, Day Lewis was able to reduce its overdraft. In turn, it also received a sum of £6.5m back for capital expenditure.

Kirit Patel, the company's CEO, admits he was surprised at how straightforward the process proved. Besides a few minor formalities concerning its syndicated borrowing facility, the company faced few legal obstacles to its participation in the scheme. As soon as Citi had spoken to the syndicated banks on Day Lewis' behalf to explain the terms of the arrangement, the company was given the go-ahead.

"The only reservation I could think of at the time was that it seemed to be too good to be true," Patel recalls. "But we investigated it and we had high-level meetings – and there was really no catch."

The Result

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That money will now be used to expand the Day Lewis store base. "We have freed up working capital and acquired capital expenditure to increase the number of shops," says Patel. "It was a Downing Street scheme to free up working capital for capital expenditure. Now that is exactly what we are going to be doing – spending more money on new stores and freeing up cash in the economy."

Groupon

Single platform for Latin America lowers costs and improves efficiency

Groupon makes it easy for people to search and discover great businesses. It operates in 48 countries across the world.

The Challenge

Groupon grew rapidly in Latin America, both organically and through acquisitions. As a result, the company had multiple banks across its nine regional markets – Argentina, Brazil, Chile, Colombia, Panama, Peru, Puerto Rico, Uruguay and Mexico. These banks used different systems, procedures and processes. Consequently, it was difficult for Groupon to achieve the level of visibility and control it needed as it grows in Latin America.

Groupon decided to rationalize its bank relationships and issued a request for proposal to provide payments and cash management services across Latin America. Specifically, the company sought a single platform throughout the region that would enable a centralized treasury structure and real-time visibility and control at business unit, and regional and global treasury level. Groupon also wanted to standardize workflows and integrate technologies to gain operational benefits.

The Solution

Citi's solution draws on its strength in Latin America, where it operates in 23 countries. The CitiDirect online banking platform provides a single region-

wide electronic banking tool for payments and collections, with real-time reporting, full treasury visibility and state-of-the-art technology. CitiDirect offers full functionality at business unit level, at each of Groupon's three regional hubs – Chile (covering Argentina, Chile, Colombia, Panama, Peru, Uruguay and Puerto Rico), Brazil and Mexico – and at the company's global treasury in Chicago.

The Result

Citi has successfully implemented CitiDirect in the nine Latin American markets where Groupon operates. This unified solution has standardized processes throughout the region, enhanced visibility and control, and reduced costs at country, regional and global levels. "As a fast-moving technology company with a major presence in Latin America, Groupon needed a solution, a platform and a bank that covered the region in a seamless way. Citi's solution was smoothly implemented and has delivered all of the expected benefits. It's also easily replicable, which will be helpful as Groupon grows as a company," says Bradley Downes, Treasury Sr. Manager at Groupon.



Centralization



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Regulation



MercadoLibre

Centralized treasury improves visibility and control

MercadoLibre is an e-commerce ecosystem in Latin America, encompassing marketplace, payments, advertising and e-building solutions. It has operations in 13 countries in the region.

The Challenge

MercadoLibre expanded in Latin America rapidly and as a result had a decentralized structure that made it difficult to achieve visibility and control. Moreover, this structure meant that the company had a large number of bank relationships and accounts that were difficult to manage.

As part of an initiative to centralize its treasury structure, MercadoLibre wanted to introduce a single consistent platform across its 13 countries of operation and rationalize its banking relationships across the world (both in Latin America and the United States.) The company's objectives were to achieve real-time visibility and control at business unit and treasury level, integrate technology effectively and standardize workflows.

The Solution

Citi proposed a solution using its CitiDirect online banking platform to give MercadoLibre a single tool for payments and collections. It offers real-time reporting, full treasury visibility and state-of-the-art technology.

To improve MercadoLibre's cash management efficiency, Citi created a zero-balancing account structure for each entity and opened demand deposit accounts in New York for investment purposes. Citi proposed the use of SWIFT MT940 messages to gather information on a timely basis for all non-Citi accounts for cash reporting purposes.

The Result

Citi's integrated cash management solution gave MercadoLibre the tools and structures it needed to centralize and standardize its treasury, and improve its liquidity structure for local and offshore accounts. It also enabled the company to centralize payments from its shared service center in Argentina.

Following the successful implementation of the solution for MercadoLibre, Citi deployed the same structure for MercadoPago (a peer-to-peer payment mechanism owned by MercadoLibre), which has subsequently become one of Citi's largest transactional clients in Latin America.



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Oracle

Deep-dive analysis drives efficiency gains in Shared Services Center

Oracle is the largest enterprise software company in the world and a leading supplier of computer server and storage systems. Citi has a strong partnership with Oracle and is their largest provider of corporate banking services, fully supporting the company's global treasury operations, including payments, receivables, liquidity and investments, and trade services in 44 countries.

The Challenge

As part of its commitment to best practice, Oracle's global shared service center (SSC) identified key areas where standardization and streamlining of financial processes could be improved. These included staff training; accounts receivables reconciliation; and manual processes maintained in country and in the SSC. As their lead bank in Asia Pacific, Citi was asked to devise a strategy to help Oracle achieve its objectives.

The Solution

Citi, working with Oracle's operations staff and management, performed an extensive review of Oracle's processes on-site as part of its SSC operations consulting service. Following careful analysis, Citi recommended the following improvements:

- Use of a CitiDirect® Online Banking training program for staff in both India and China to reduce challenges caused by staff turnover.
- Local language reporting for China and Taiwan was proposed to reduce manual intervention in bank reconciliation.
- Use of virtual account and electronic lockbox solutions to alleviate Oracle's cash receipting issues and increase cash application rates.
- Introduction of host-to-host connectivity to eliminate manual file handling.

The Result

Oracle appreciated the thoroughness of Citi's operational deep-dive analysis and the level of engagement shown in developing relevant recommendations and implementing them.

Among the many benefits achieved by the project was an improvement in the auto-cash receipting rates for the countries that implemented electronic lockboxes: one key market enjoyed a 40% increase in auto-cash receipting rates. By implementing CitiDirect Online Banking training, staff can now be trained without the need for face-to-face interaction, reducing the amount of time needed for staff to become operational. Other Citi recommendations resulted in a reduction of manual collection processes in the SSC and in country.



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Regulation





Energy & Chemicals



Diversified Industrials



Metals & Mining



Branded Consumer



Healthcare



Technology



Media



Telecommunications

Microsoft

Optimized account services through eBAM

Microsoft is a worldwide leader in the Information Technology industry and provides software solutions and services to individuals and businesses.

The Challenge

As a multinational corporation working with multiple banks in over 100 countries, the company's treasury group has the considerable challenge of managing approximately 800 accounts supporting 230 legal entities. With Citi alone, Microsoft opened over 40 accounts and submitted over 700 signature updates in 2010.

Microsoft's Cash Management Team recognized the critical need to facilitate and simplify their Account Administration process. A solution was needed that would allow them to centrally manage, compile and validate accounts, operating signers, legal entities and authorized signers. The treasury professionals also needed to ensure that all supporting documents, such as identity and legal papers, were kept up-to-date, properly stored, indexed and remained easily accessible for future Account Management activities.

Account Administration is heavily reliant on paper processes, both on the corporate side as well as the bank side, due to individual country regulatory requirements. Microsoft needed a technological solution that would allow them to shift these cumbersome manual processes to more efficient electronic ones. "Going electronic" would reduce supporting documentation needs, cut processing

times and eliminate reliance on physical "wet-ink" signatures prior to submitting a request to Citi.

The Solution

To address pressing Account Administration needs, Microsoft turned to Citi's eBAM (Electronic Bank Account Management) web-based application to effectively and efficiently manage their Citi accounts globally. As a result of recent legal and technological developments, account-related processes, such as Account Opening, Account Maintenance and Signer Maintenance, no longer require the exchange of paper documentation and in-person, wet-ink paper signatures. Digital signatures and electronic communications are now considered legally enforceable documents.

Citi's eBAM solution provides Microsoft with a convenient channel to communicate electronically for Account Maintenance and Signer Management requests, allowing them to replace many of their existing paper-based processes with digital ones. Additionally, Citi's eBAM offers full control, visibility and transparency of bank account management requests made to Citi.

The solution features an easy-to-use dashboard for access to real-time status on bank account maintenance requests, online management of designated authorized signers, prepopulated account forms, full audit trail of all actions and signatures associated with account requests, and comprehensive reporting around accounts, legal entities and signatories.



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The Result

Since implementing Citi's eBAM solution, Microsoft's Treasury has dramatically reduced its reliance on paper-intensive processes. The use of digital signatures and electronic workflows reduces or eliminates the need for supporting legal documentation such as banking resolutions, power of attorney documentation and certificates of incumbency. Citi eBAM enables the users to save valuable time and resources. "Citi's eBAM tool is intuitive and very user-friendly," stated the program sponsor. "We manage our eBAM accounts with greater efficiency, while adhering to our internal controls."

In addition, eBAM meets Microsoft's critical reporting requirements, allowing treasury to maintain an accurate status of historical and in-flight requests. The program has proven so successful to date that Microsoft is currently expanding its use to additional countries, allowing the company to load legal entities and accounts on eBAM for electronic processing, tracking and reporting.

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Omnicom Group Inc.

TreasuryVision® solution provides balance reporting data to support total control of globally dispersed bank accounts

Omnicom Group Inc. is a leading global marketing and communications services company serving over 5,000 clients worldwide.

The Challenge

Omnicom's decentralized structure meant its treasury had to deal with more than 3,700 bank accounts at more than 150 banks across six continents for the company's 1,500 plus agencies, creating significant cash management, risk management and banking challenges not typically faced by more centralized companies.

90% of Omnicom's non-restricted cash balances were already centralized on a daily basis through a series of pools and sweeps within an integrated, regional in-house banking structure. However, other than at the end of reporting periods, treasury had no consistent visibility into accounts that were not directly linked to the in-house bank structure or in regulated markets. As a result, they were unable to fully optimize their allocation of liquidity. Equally challenging was the lack of full control of bank accounts across the company, which made it difficult to fully quantify or manage risk from local banks that were beyond treasury's view.

To rectify these issues, treasury set an objective to develop a system that would ensure a comprehensive, real-time database of all the

company's bank accounts and balances. They sought to implement automated, online processes and workflows for the approval of new accounts, and identification and closure of all redundant or unnecessary accounts. Treasury wanted online monitoring and control of account "conditions of use" where specific operating restrictions are applied to accounts, as well as full tracking and exception reporting of accounts and balances to optimize cash and financial risk management. Furthermore, any solution chosen would have to provide flexible management reporting capabilities across all business units, countries and regions.

The Solution

Omnicom turned to Citi Treasury and Trade Solutions (TTS) to help implement their Global Cash Control System (GCCS) that would rely on Citi's TreasuryVision® solution to gain greater visibility and control of its bank accounts. Though it's a central GCCS database, Omnicom Treasury is now able to store a wide range of key information on all its agency accounts and Group banks worldwide. The TreasuryVision solution provides a convenient channel for all bank balance reporting via SWIFT MT950s.

Once the new infrastructure was fully established, treasury was able to utilize the balance reporting data, and automatic processes and workflows they had developed to dramatically consolidate bank



accounts and banking activities. They did this by identifying patterns of activity and spotting candidates for closure, such as dormant accounts and accounts with unsatisfactorily-rated banks. This ensured total control of all bank accounts. By gaining greater visibility in bank accounts, treasury was also able to fully analyze liquidity management structures to identify inefficiencies and ensure optimal cash allocation, and improve the accuracy of cash forecasting and targeting. Treasury could now more effectively track and minimize financial and counterparty risk.

The Result

The development of Omnicom's GCCS has been a "game-changer" for the company. The company's business culture is built on leveraging new trends, innovation and best practices, and GCCS has allowed treasury to add tremendous value to the organization. The implementation has elevated Omnicom's cash and bank account management to the level of industry best practice.

The GCCS solution has delivered the following critical benefits:

- Total control of all bank balances and accounts throughout the group.
- Liquidity reallocation and optimization – enabling the company to reduce cash held outside its banking structures by well over \$75 million. This is now available for other purposes and reduces borrowing costs by \$5 million.
- The closure of over 1,000 bank accounts providing an annual direct saving of over \$1,300,000.

- Capability to immediately assess the impact of changes in market, sovereign and banking risk and take rapid action.
- Rapid and efficient on-boarding of acquisitions into group cash management and banking structures.
- Comprehensive, granular and flexible management reporting integrated with other Omnicom systems.

The integration of TreasuryVision's balance analytics capabilities with Omnicom's GCCS systems has proved highly beneficial and dynamic for the client. As a result, there is now optimal cash and bank management visibility and control. In addition, key financial management decisions can now be made very quickly – an invaluable advantage in today's volatile global economy.

The integration of
TreasuryVision®'s balance
analytics capabilities with
Omnicom's GCCS systems has
proved highly beneficial and
dynamic for the client.

Sky TV

Leveraging the advantages of a single, integrated treasury solution

Sky TV (Corporacion Novavision), the leading satellite television provider throughout Central America and the Caribbean, offers the finest TV experience available to more than 200,000 subscribers, with annual sales of over USD 60 million.

The Challenge

Having grown to market prominence in Central America and the Caribbean through strategic acquisitions, Sky TV sought to centralize its treasury across borders. The goal: gaining the efficiency, flexibility and financial leverage afforded by a single integrated solution for managing liquidity, payment and receivable flows.

The Solution

Citi was uniquely positioned to help Sky TV maximize the advantages of a centralized treasury, supporting business growth, reducing operating costs, and guaranteeing security and control over financial processes. In fact, Citi has been delivering an integrated solution that concentrates treasury operations for nearly a decade.

Today, the advanced capabilities of Citi's electronic banking platform, CitiDirect® Online Banking, ensure integrated domestic and cross-border payments and receivables along with the acquiring services for

credit card payments. Citi's consultative approach, taking the time to understand the unique needs of the company's business, helped deliver the right payment, collections and liquidity solutions, positioning Sky TV for continued growth.

From a treasury center in Mexico, Sky TV has group-wide visibility and control across subsidiary relationships in Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Panama, Nicaragua and Belize – and it relies on the same world-class service in every country.

The Result

Sky TV's optimal solution was the outcome of its long-standing relationship and active partnership with Citi. Working with Citi, Sky TV leveraged the bank's expertise in local and global banking and continuous investment in the latest technologies.

Sky TV Regional Treasurer Jorge Hernández Santoyo first explored this opportunity while engaged as a participant in Citi's 2007 Treasury Management Week event. "Through participation in the forum," he says, "I gained a comprehensive understanding of Citi's extensive footprint and how Citi was prepared to put connectivity and integration to work. Citi's consultative approach, taking the time to understand the unique needs of our business, helped deliver the right payment, collections and liquidity solutions, positioning Sky TV for continued growth."



Centralization



Digitization



Expansion



Integration



Regulation



Vodafone

TreasuryVision® delivers total visibility of liquidity positions across the organization

Headquartered in London, Vodafone Group Plc is a multinational telecommunications company; the world's second largest mobile telecommunications company as measured by both subscribers and revenues that provides services to over 453 million subscribers in more than 65 countries via owned and operated networks in 21 countries and partner networks in over 40 additional countries.

The Challenge

For a company approaching a quarter century in existence, Vodafone had grown by acquisition and wanted to establish greater control over their liquidity risk management processes. With thirty operating companies across multiple continents including developed countries and emerging markets, Vodafone needed to understand their liquidity positions by country and currency as well as their liquidity risk.

Vodafone sought a flexible and easy-to-deploy solution that provided visibility across their bank accounts and liquidity positions to central treasury and the operating companies. To deliver this objective, they explored solutions from established bank and technology partners to support their needs.

The first challenge was to understand, rationalize and simplify the volume and breadth of bank accounts and banking partner relationships globally. Their second challenge, given their operating structure, was to prove

that the solution also would make it easier for the operating companies to manage their liquidity and risk.

The Solution

Turning to Citi and TreasuryVision allowed Vodafone to implement a non-invasive globally scalable web-based solution that not only enabled them to identify opportunities to rationalize and simplify the number of bank accounts held globally, but also allowed their operating companies to streamline and tailor their reporting needs to manage their liquidity.

Once global visibility on a multibank basis began to be established through TreasuryVision, Vodafone could begin to optimize their liquidity structures and rationalize existing banks and bank accounts where possible by reviewing the role of each bank account supporting their core business and determining if adverse risk would be introduced through closure. Synergies between the buy and sell side were also checked to ascertain if the banks were customers of Vodafone or if contractual requirements necessitated use of a particular bank in particular geographies.

Next, Vodafone has begun the continuing process of identifying and closing dormant or redundant accounts to achieve a reduction in the number of bank accounts. Doing so has yielded a saving from the direct fees for those accounts coupled with the internal cost of maintaining processes for those bank accounts. This process will continue to increase the savings Vodafone can generate from this global, central solution.



Centralization



Digitization



Expansion



Integration



Regulation



Dedicating resources to work consistently on the project along with the Citi team can ensure that focus is maintained through competing priorities.

Vodafone automated balance reporting through TreasuryVision for accounts with material volume flows held at third-party SWIFT-enabled banks, ultimately delivering ninety percent of their European bank accounts to report balances daily automatically. For non-SWIFT-enabled banks, bulk upload processes to TreasuryVision were created, allowing Vodafone to complete the picture of their global liquidity position. Given this new level of automation, reconciliation processes and compliance checks were also greatly simplified.

In collaboration with Citi, the TreasuryVision solution was implemented by Vodafone in a phased manner bringing on operating companies by geography, allowing each operating company to see their own bank balances and liquidity positions. By using the 'My Analytics' module, Vodafone is able to build ad-hoc reports in real-time to meet their bespoke reporting needs.

In addition, custom user guides tailored for local audiences, cheat sheets and training sessions were created to explain the necessary components of the solution throughout the Vodafone Group.

The Result

This strategic initiative providing aggregated visibility across over numerous bank accounts has enabled Vodafone to drive value across their organization and facilitate decision making and proactive management at all levels. In short, TreasuryVision became the centralized resource to enable more effective Liquidity Risk management across geographies, currencies and counterparties through:

- **Heightened risk management** with improved cash control (i.e., counterparty, currency, country level exposures)
- **Streamlined enforcement of treasury policy globally** from exception reports, balance based and aggregated threshold monitoring and alerting

- **Greater awareness** via monitoring multi-bank liquidity & cash pool positions, daily visibility into subsidiaries cash holdings
- **Better business decision-making and operating efficiencies** through streamlined processing due to the integration of diverse financial data resources onto their single operational platform TreasuryVision.

With more effective liquidity risk management in place, over 150 bank accounts closed, coupled with many processes now automated, Vodafone had the opportunity to retire legacy systems, and deliver on the significant savings expected through reducing banking and operational costs.

Fraser Lee, Assistant Treasurer, Vodafone Group Plc, imparts a number of lessons the team learned along the way:

- The central treasury team should seek signing authority up front over subsidiary bank accounts enabling direct negotiation with local banks, removing this burden from operating company partners.
- Dedicating resources to work consistently on the project along with the Citi team can ensure that focus is maintained through competing priorities.
- Communicating continuously across the organization to maintain buy-in through the course of the project and uncovering potential blockages before hitting critical path was crucial. Regular communications and updates as accounts were closed, legacy systems retired and colleagues freed up for other assignments aided in an enterprise-wide appreciation of time savings and lower ongoing costs.

Türk Telekom

Strategic leveraging of partnerships improves visibility and efficiency

Türk Telekom Group, the leading communication and convergence technology group in Turkey, provides integrated telecommunication services from PSTN and GSM to broadband internet.

As of December 31, 2012, Türk Telekom Group companies have 14.3 million fixed access lines, 7 million broadband connections and 13.5 million mobile subscribers. Group companies have a modern network infrastructure covering the whole country and offer a wide variety of services to residential and commercial customers all over Turkey.

The Challenge

Türk Telekom has more than 300 offices countrywide, of which each collects cash from subscribers. The company's main cash management challenge was to collect the funds from these offices and deposit them into the HQ current account. In the previous cash management setup, there were three ways to collect cash: pick-up by armored cars from 165 offices; deposit into an account held with a state-owned bank for further transfer to the HQ account, and direct debit from dealers. The first two collection methods were at the root of the problem, effectively having a negative effect on cash flow visibility, predictability and usage.

Firstly, the cost for armored car collections was considerable and there was a growing dissatisfaction with the service level. There was also significant inefficiency built into this model in terms of working capital management because the cash was picked up from the offices daily at 5 p.m. Türk Telekom could not utilize the cash on the same day, which meant the company was sitting on an excess of idle cash.

Secondly, the company faced a delay when offices used the bank deposit method. "Our offices went to the state-owned bank and deposited cash into their accounts, and the bank then transferred the money to Türk Telekom's HQ account," says Tamer Karabulut, Head of Treasury Operations, Türk Telekom. Consequently, it would normally take one day for the amount to show up in the HQ account. In addition, Türk Telekom wasn't able to determine the amount collected per unit each day. As a result, the treasury's cash flow forecasts were not accurate.

Hence, the company decided to explore alternative collection channels to reduce costs and accelerate and improve the efficiency of the cash collection process.

The Solution

Türk Telekom reached out to its banking partners for a solution, but most came back with the same cash management structure, including armored car collections – some offering a slightly lower price. However, the company was really looking for



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an innovative solution that would be preferable in terms of cost and efficiency. Citi was the only bank to come up with an innovative solution. The solution leverages Citibank A.S. Turkey's partnership with Post Bank of Turkey (PBT), which has 4,000 online branches countrywide, effectively the largest branch network in the country.

Citi's corporate clients can benefit from cash deposit transactions. For Türk Telekom this was a particularly ideal solution as they share the same offices with PBT in many locations, as a result of being a business unit of PBT before being hived off as a separate company in 1995 and privatized in 2005. The physical proximity of the locations effectively eliminates the burden of moving cash and reduces the cash collection costs by nearly 20%.

In the PBT branches, with the custom designed Citi collection screens, offices can deposit cash until 5 p.m. local time. Cash deposit transactions are performed in a straight-through process (STP) on PBT teller screens. Identification details of the depositors are then saved in a database and this data is automatically displayed for future transactions, which makes the transaction entry process more efficient.

The Result

When a cash deposit is made, Türk Telekom Treasury can see the amount in their accounts online, same day, as well as how much each office has deposited. "Because we can monitor all the cash inflows, we are now able to forecast the future," says Karabulut. Implementation of the solution has had a positive impact on the cash collection process of Türk Telekom in terms of efficiency.

Türk Telekom can automate incomings reconciliation and increase efficiency thanks to a tailor-made reconciliation tool in which Citi combines a standard MT940 SWIFT message with corresponding transaction codes of Türk Telekom.

The project began in June 2011 and the first transaction was realized in November that year. Treasury set up the new process and informed their offices.

The company opted for a phased regional roll out and completed on-boarding all of the eligible offices by August 2012. Today, Türk Telekom is using Citi's solution at 145 points through post offices countrywide. Monthly volume has reached TRY17 million, with a total number of 2,500 transactions. Citi is now looking at developing a solution for offices in locations that are not covered by PBT.

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