

Increasing cash visibility and cash management

Cochlear Ltd. centralizes bank communications with Fides for better cash visibility and lower risk



CUSTOMER PROFILE



Company: Cochlear Ltd.
Industry: Medical Services
Headquarters: Sydney, Australia
Employees: 3,200+
Website: www.cochlear.com

Business Need

Cochlear has operations in more than 20 countries but had limited visibility into all the bank accounts being used. This meant that the treasury team couldn't monitor and control appropriate cash levels and also left the organization open to FX translation risk from the revaluation of foreign currency accounts.

Solution

Fides ARS Web

Benefits

- Cash visibility
- Improved cash management
- Reduced risk
- Flexibility to make future changes to transaction bank

About Cochlear

Cochlear Ltd. is the leader in implantable hearing solutions, controlling an estimated 70 percent of the global market. For more than 30 years Cochlear has helped over 450,000 people connect to the world of sound. With a range of solutions for different types of hearing loss, Cochlear maintains the industry's largest investment in research and development. Founded in 1982, Cochlear is headquartered in North Ryde, NSW, Australia.

Cochlear's Business Need

Cochlear has operations in more than 20 countries, requiring bank accounts in multiple currencies across numerous banks. However, the treasury department was lacking a global bank account register and had limited visibility into the bank accounts for the whole group. As a result, liquidity was difficult to manage and control and the organization faced an unidentified and unmeasurable exposure to FX translation risk.

When Cochlear brought on a new group treasurer in 2016, he immediately prioritized the need for cash visibility across the whole organisation. After consolidating bank account information from all the regional finance teams, the company was found to have approximately 150 bank accounts across 33 different banks. Of these, approximately 20 accounts were determined to be redundant and could be closed. It was decided that a further 25 accounts wouldn't be requested to provide statements to Fides as they had minimal activity.

The next step was to gain visibility into the accounts in order to be able to measure account balances by currency. Using a transaction bank as an aggregator was ruled out, to allow for flexibility to change banks in future if desired. The other options were using SWIFT directly or working with a third-party SWIFT service bureau. Based on their long history in the business and singular focus on multi-banking connectivity solutions, Fides rose to the top of the list.

Solution: Fides ARS Web

Cochlear performed a comparison of SWIFT vs. Fides connection options. Fides costs were significantly lower, the implementation process was easier, and the company's reputation for project management and support led to Cochlear ultimately selecting the Fides ARS Web solution. ARS Web provides visibility into all captured bank accounts via a web portal for convenient global access. Cochlear leverages Fides to obtain bank account balances through a single secure SFTP connection, which also feeds directly into their TMS.

The initial hurdle for Cochlear was getting the ball rolling with the banks, which involved completing the paperwork and sending letters to all of the relevant banks. It took approximately three months from initially signing up with Fides to get most of the bank statements coming in from the banks via Fides. After six months, more than three-quarters of the banks have been on-boarded: 96 bank accounts are sending daily statements to Fides, which represents 90% of all accounts and banks globally.

“With Fides, the solution to obtaining bank account visibility is reasonably simple and easy to implement.”

– Dane Birdseye, Group Treasurer and Insurance Manager, Cochlear Ltd.

With ARS Web, bank statements can be manually downloaded in various formats – something that SWIFT is not able to provide. This, along with the centralized web portal accessibility, was one of the differentiating factors that led to the decision to use Fides' services.

Some of the other pros of using Fides compared to directly connecting to SWIFT were:

- SFTP can be set up to fully automate statements into Oracle ERP
- Fides validation services ensure quality and validation and performs any investigation of data to ensure accurate and consistent reporting
- No need to be a SWIFT member or establish an organizational SWIFT BIC – Fides can host a corporate BIC if needed
- No need for a SWIFT SCORE agreement with each bank
- Fides can accept any format of bank statement – not just SWIFT

Lessons learned

There were a few surprises along the way for Cochlear's treasury team, one of which was the fees that banks charged for sending MT940s. Depending on the bank, the cost ranged from zero up to \$300AUD/month. The team recommends rationalizing bank accounts first – determine which accounts daily statements are really needed for, and how you want to gain visibility into the rest. The implementation and bank onboarding timeline were also longer than anticipated: some banks could establish connectivity within days, while others took up to three months. Of course, none of that could be determined until the initial paperwork was completed and notifications sent. As a result, it took approximately a year to achieve full visibility from the initial investigation, assessment and approval of the project through to full bank account visibility.

Planning for the future

Cochlear will consider implementing the bank statements into their Oracle ERP system, to allow global bank account auto-reconciliation and streamline processes even further.

“I seek out specialist service providers, such as Fides, who can provide expert support and technical solutions to Treasury problems. This ensures I can achieve better practices within Treasury and spend more time supporting the business.”

– Dane Birdseye, Group Treasurer and Insurance Manager, Cochlear Ltd.

About Fides

Fides is the global leader in multi-bank connectivity, enabling corporates to connect to any bank, in any region, through any channel. Fides helps more than 3,000 clients communicate with more than 10,000 banks globally within 170 countries. Whether you are using a Treasury Management System (TMS), Enterprise Resource Planning System (ERP), our Fides web applications, or any combination thereof, Fides is the only bank connectivity platform you need. As an independently operated subsidiary of Credit Suisse, Fides offers SWIFT connectivity to corporates who do not have their own SWIFT BIC code by leveraging the lead bank model. Fides also provides conversion, validation and security services. We are known for our outstanding project management and support services, ensuring a timely implementation and customer satisfaction. With Fides, clients can reach further, and connect faster.

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