ACT LEADING TREASURY PROFESSIONALS

CASH MANAGEMENT CONFERENCE REPORT

AN UPDATE ON CASH MANAGEMENT / **SPRING 2014**

ACT LEADING TREASURY PROFESSIONALS

The world of cash

The ACT Annual Cash Management Conference celebrated its 10th anniversary with aplomb in February. At the two-day event, which was held in a stylish central London venue, more than 215 delegates gathered to listen to a range of engaging speakers and panel sessions. The conference also showcased some examples of treasury best practice in the UK and continental Europe, and enabled treasurers to network with peers and exhibitors in relaxed surroundings.

Year on year, the conference further cements its reputation as the essential meeting place for treasurers looking to get the most from their cash and liquidity management, and share best practice. It does this by encouraging treasurers to exchange knowledge and views – with each other, with their suppliers and with the ACT. It also continues to focus on improving many of the core skills of treasury – liquidity management, cash flow forecasting and working capital management, to name but three examples.

But while there is plenty of continuity in cash management, change is also a recurrent theme. In the treasury world, as in the wider one, technology has been a major driver of change since the conference first launched in 2005. Today's treasurers have an exciting technological toolkit that encompasses state-of-the art treasury management systems, SWIFT connectivity, FX trading platforms and online bank portals. They can also take advantage of important developments, such as the Faster Payments Service and the Single Euro Payments Area.

Naturally, the shadow of the global financial crisis still hangs over us and, with it, a cloud of regulation. The Basel III provisions, which are currently being phased in, have profound implications for how the banking sector manages its capital adequacy and liquidity risk. As major customers of banks, it is inevitable that corporates will also feel the effects of Basel III as time unfolds. Right now, though, the biggest headache for many treasurers is meeting the derivative reporting requirements of the European Market Infrastructure Regulation. These took effect on 12 February, the first day of the conference. It will be interesting to listen to your experiences of complying with the rules over the coming months.

But let's return to the world of cash. I am delighted to welcome you to this review of the ACT Annual Cash Management Conference 2014. I hope that the coverage of the event will enthuse, inform and entertain you.

Richard Martin, managing director, global cash management, Barclays

CONTENTS

BARCLAYS

Now and then

The core themes of cash management may be timeless, but the tools that treasurers have at their disposal are constantly evolving

In the world of cash, some things change, but a lot of other things stay the same. That was the message from Richard Martin, managing director, global cash management, at Barclays.

Opening the first day of the ACT Annual Cash Management Conference 2014, Martin extended a warm welcome to more than 215 delegates from across the UK and continental Europe. He revealed that he had prepared for his address by referring back to the programme for the first conference in 2005, which he described as having "a stellar cast".

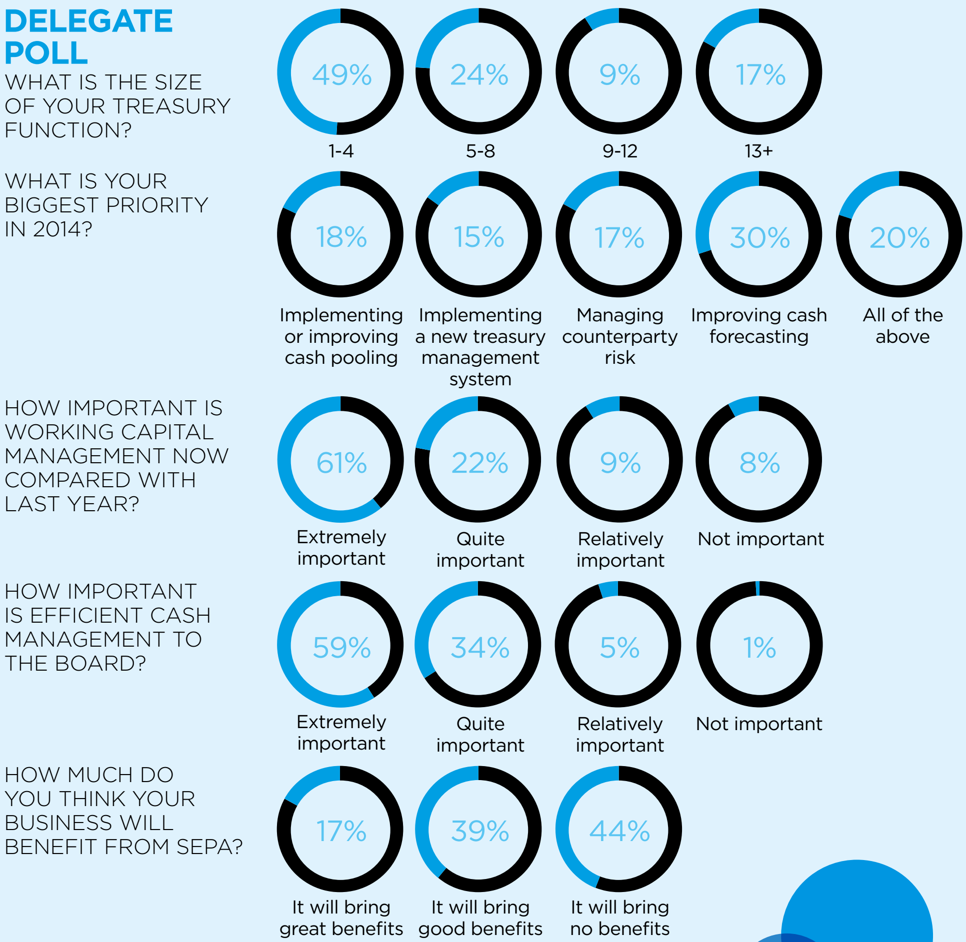
"It struck me how little has changed," he told delegates. "Core cash management is absolutely the same as it has been over time. The core themes have also stayed the same. Looking back, it was regulation and corporates looking for standards in automation and the accounts payable and accounts receivable functions. They were also talking about payment factories."

Innovation was on the 2005 conference agenda, Martin revealed. "At that time, innovation centred on products such as the multi-currency FX settlement system CLS and financial messaging service SWIFT. In addition, cash flow forecasting was forever rearing its head."

Nevertheless, there has been evolution in cash management since the very first conference took place. Martin highlighted the fact that the treasury function has gained in stature over the past decade as another important development. "From a banker's perspective, there is a strong recognition as to the growing importance of the treasury function and the group treasurer's role," he explained. "It's becoming more and more of a strategic function within the business and getting involved in the big decisions. It's also a strong business partner."

Looking back, tasks such as setting the terms of trade may once have been the role of the procurement or sales team, Martin noted. "Now, the treasury function is getting more involved as part of the overall management of the cash position." He cited improved risk management techniques since the financial crisis, a much stronger focus on treasury policies and a greater commitment to automation efficiencies as other examples of treasury evolving over time. "I'm not saying they weren't there before, but I think we have all recognised that a lot has moved on over the course of the past 10 years," he said.

Regulation is ever present and it is increasingly impacting banks and corporates. Martin gave the examples of the 2002 Sarbanes-Oxley Act and the 2009 Payment Services Directive as regulation that "all of us



have to comply with". He added: "Anti-money-laundering-sanction screening is a headache to both you and us, and we're trying to work together wherever we can to minimise disruptions while also making sure that we're fully compliant." Turning to the bank regulatory standards Basel I, II and III, he said there was a "huge amount of regulation in that space with major implications for treasurers".

Martin said that he understood how concerned treasurers are by counterparty risk. "It's very important to you to be able to measure, monitor and assess our performance," he acknowledged. "There's an element of role reversal there. A lot of times you're lending to us now through placing deposits with us."

Banking and payment processing systems have evolved alongside the treasury function, Martin stated. These have been driven by improved technology – the digital world and the impact of mobile payments – as well as the changing patterns of consumer behaviour. He also said that progress had been made in terms of standards. "You have been calling out for a much greater focus. What's the point of having a standard with multiple versions? It's not a standard if there are multiple versions." He continued: "I'm not suggesting that we're there as an industry, but the ISO 20022 XML and SWIFT standards are coming through and being used to great benefit in a lot of situations."

There are more than 1,200 corporate users of SWIFT connectivity worldwide, up from a handful in 2005, Martin told delegates. Automation of the cash position and forecasting has also improved significantly.

Martin described the introduction of faster payments in the UK in 2008 as a "massive step forward". There have now been nearly three billion payments since its inception and £1.5 trillion has gone through the system. "It's a material advance in terms of what it enables us to do in providing services to corporates."

Commenting on the Single Euro Payments Area (SEPA), Martin said: "Like it or not, it's here to stay. We've had an extension of time to get to the final closure date for the local automated clearing house schemes in countries." He highlighted that, according to the European Central Bank, 'SEPA land' had achieved 74% penetration for SEPA credit transfers and 41% for SEPA direct debits by the end of 2013. "It is happening, it will be in place and it's certainly going to be in place by August. That's a task for all of us this year," he stated.

Concluding his "whistle-stop tour" of the past decade in cash management, Martin said: "There have been changes and evolution in the tools that we use, but the core objectives and disciplines remain very much the same." ◆

WHAT DO YOU THINK WILL BE THE BIGGEST CHALLENGE FOR TREASURY TEAMS IN 2014?

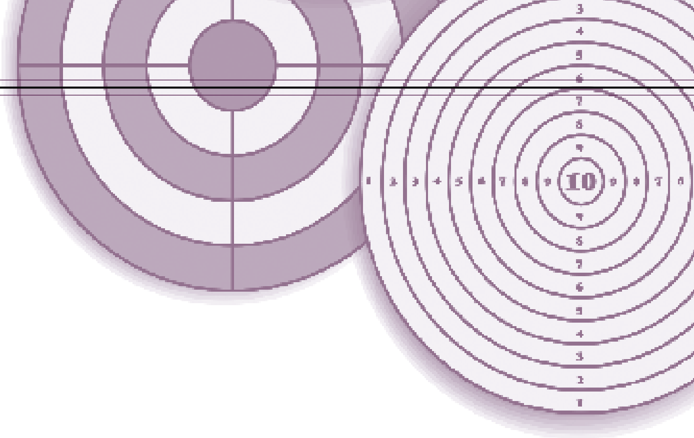
● *"Proving their worth. Treasury used to be about positions and management of finance, but today it is about squeezing value out of all aspects of the supply chain."*
Chris Skinner, director, the Financial Services Club

● *"There is going to be great uncertainty caused by the Scottish independence referendum. The recovery could be stopped in its tracks by a 'Yes' vote or anything more than a token vote in favour."*
John Holmes, former group treasurer, Etex Group

● *"Treasury teams need to ensure that all areas of their businesses have successfully implemented an orderly transition to SEPA before the end dates set by each of the countries."*
Richard Martin, managing director, global cash management, Barclays

SPEAKERS

◆ **Richard Abigail**
Group treasurer, Arup
◆ **Stephen Baseby**
Deputy treasurer, Severn Trent
◆ **Fatah Berkane**
Treasury and finance manager, Unilabs
◆ **Andrew Bishop**
Head of cash management, Gazprom Marketing & Trading
◆ **Chris Brauer**
Founder of the Centre for Creative and Social Technologies and director of innovation, Goldsmiths, University of London
◆ **Andrew Burns**
Senior consultant, Kyriba
◆ **Tim Canty**
Managing director, Canty Treasury Management
◆ **Mike Cassidy**
Head of treasury EMEA, Wyndham Worldwide
◆ **Christophe Chevalier**
Former group cash management director, Accor
◆ **Matthew Clarke**
Group treasurer, Intertek Group
◆ **Royston Da Costa**
Group assistant treasurer, Wolseley Group Services
◆ **Chris Dibben**
Interim assistant treasurer, easyJet
◆ **Paul Downie**
Head of liquidity and FX, Shell
◆ **Mark Foster-Moore**
Treasury operations manager, Kingfisher
◆ **Udo Giegerich**
Chief financial officer, 50Hertz
◆ **Yera Hagopian**
Global head of liquidity, Barclays
◆ **Graeme Hancock**
Group treasurer, Electrocomponents
◆ **John Holmes**
Former group treasurer, Etex Group
◆ **Dominic Jaques**
Managing director, Tresauris
◆ **Gerd Klevenz**
Head of treasury operations and processes, global treasury, SAP
◆ **James Lockyer**
Development director, ACT
◆ **Nicola Marcheselli**
Head of cash management, Barilla
◆ **James Marshall**
Assistant treasurer – operations, Virgin Media
◆ **Richard Martin**
Managing director, global cash management, Barclays
◆ **Peter Matza**
Engagement director, ACT
◆ **Mike Morris**
Finance shared services manager, Unipart Group
◆ **Dan O'Brien**
Group finance director, Tarsus Group
◆ **Martin O'Donovan**
Deputy policy and technical director, ACT
◆ **Bryony Pettifor**
Vice chair, Institute of Credit Management
◆ **Jane Pilcher**
Group treasurer, Anglian Water
◆ **Michelle Price**
Associate policy and technical director, ACT
◆ **Bea Rodriguez**
Senior portfolio manager, BlackRock
◆ **Martin Schlageter**
Head of treasury operations, Roche
◆ **Chris Skinner**
Director, the Financial Services Club
◆ **Will Spinney**
Associate director of education, ACT
◆ **Colin Tyler**
Chief executive, ACT
◆ **Mike Walters**
Product director, global payment acceptance, Barclaycard
◆ **Bob Williams**
Regional finance director, Barratt Developments
◆ **Alison Wilson**
Treasurer, Innocent



Cash challenges

Getting the right amount of money, in the right place, at the right time, isn't always straightforward

Graeme Hancock, group treasurer of FTSE 250 distributor Electrocomponents, outlined his group's approach to cash management. Its main objectives are to keep cash safe at all times and under central control, and to always be able to meet the group's liabilities as they fall due. It also aims to minimise interest and bank charges.

Electrocomponents uses two cross-currency pools – one is in Singapore and the other in London. "We get all our free cash into these two secure locations every night, with two reasonably secure banks," Hancock said.

Subsidiaries are encouraged to use just one bank account, ideally with the pooling bank, and provide good cash flow forecasts. "You need a lot of subsidiary buy-in and support to make the structure work," he said.

Electrocomponents' treasury team invests a lot of time in managing the cash positions of the group's subsidiaries in countries with restricted currencies, such as China, Taiwan, the Philippines, Malaysia and Thailand. "Our key objective is to try to keep our subsidiaries just in overdraft if we can and, if overdrafts are expensive, just in cash," Hancock said. "That's minimising the cash that's not under our direct control at the centre."

He added: "Trying to keep the cash as low as possible, but making sure that subsidiaries can pay their bills means there's a conflict that you need to manage closely."

Currency restrictions change over time, Hancock reminded delegates, giving renminbi as an example. "The renminbi is liberalised, which is good news, but you have to keep up to date with changes," he said. "Sometimes the rules are applied differently in different locations in China, depending on who you speak to. There's quite a lot of learning to go through."

Electrocomponents has plenty of working capital, Hancock explained. "It's part of our task in treasury to drive down working capital investment and liberate the cash for us to manage." He told delegates that cash flow forecasts are vital to good working capital management, along with a strong partnership with the business, commercial understanding, a strong incentive framework and a willingness to try innovation.

Hancock explained that if there is an error in a cash flow forecast, treasury will go back to the subsidiary and have a "dialogue" about it. "We do really rely on forecasts," he noted. "So we need to build a connection with the subsidiaries. They need to understand why we need forecasts. From time to time, it goes wrong, so we just need to learn from that and improve for the future."

Treasury needs to wear a "commercial hat", Hancock said. "We see the value of generating cash and we need to make sure the cash of the business is protected. But the last thing we want to do is to stop investments happening that are in the interests of the business."

He concluded: "Good cash management protects the lifeblood of the business." ◆

THE CHANGE JOURNEY

'Re-engineering your cash management' was the theme of an informative panel discussion hosted by ACT CEO Colin Tyler.

Panellists debated some of the main issues facing treasurers today, including streamlining treasury activities, regulation and treasury management systems (TMSs).

Jane Pilcher, group treasurer at utility company Anglian Water, told delegates that her challenges included determining whether cash management is a continual evolution or a journey of step changes. "When you're running a treasury team and dealing with the costs of change, it's hard to make that decision," she said. "Do you stick with what you've got until it really is broken and then put in something else?"

Pilcher also identified the requirement to report derivatives to trade repositories under the European Market Infrastructure Regulation as a significant challenge because some of the repositories were not prepared. "The infrastructure is not ready," she noted.

Christophe Chevalier, the former group cash management director at French hotel group Accor, highlighted the fact that regulation can bring benefits. Referring to the Single Euro Payments Area (SEPA), he said: "We can take advantage of it right now. It's very important to launch a bank tender at a European level because the next step in parallel with SEPA is to put in place efficient international cash pooling with the right partner, which is directly integrated with our treasury software."

He continued: "Not all banks today are able to provide us with the right service, at European-wide level. So we need to get more competition in international cash management to ease the process of managing a treasury and allow us to have better visibility of our cash. Cash is our core responsibility and it's a very important topic for the board."

Richard Abigail, group treasurer for engineering consultancy Arup, revealed that his first priority was to get through regulation "as swiftly as possible" and focus on implementing a new TMS. When a treasurer chooses a TMS provider, they are choosing a long-term partner, he explained. "Once you have a TMS in place, it's there for a long time. We've been looking

for an organisation that has longevity and will partner with the business for a significant period of time."

TMS systems tend to be very similar to each other, Abigail said, which makes it difficult to reach a decision. During the process of selecting a TMS supplier, he spoke to other treasurers about their experiences. "I really went into the detail," he said. "It's important to get a sense from other treasurers who use your system whether it will actually do your job." Abigail added that it was critical that Arup had its international pooling system built into its TMS because its major subsidiaries all do automated sweeps.

Chevalier said TMS providers needed to include a wider range of functionality in their systems. "Now, in 2014, we are obliged to work with several tools," he said. "My purpose is to work with just one or two maximum to avoid very costly interfaces."

"I want to see the Apple model in treasury," Abigail commented. "An Apple product is so intuitive that you get it out of the box and it doesn't even come with an instruction manual. I would love to see that in treasury systems."

Conference delegates enjoyed mingling with peers and exhibitors

CASE STUDY: CASH POOLING AT WOLSELEY

Royston Da Costa, group assistant treasurer at plumbing product supplier Wolseley, outlined the group's cash pooling strategy to delegates. Wolseley's priorities were to improve operational efficiency, reduce bank charges, lower interest costs and improve efficiency, he said.

Wolseley opted for a global, multi-currency notional cash pooling arrangement because it gave its subsidiaries the ability to control their own cash balances. It selected its pooling provider in conjunction with an external consultancy and got references from other companies.

There were three main learnings from the project, Da Costa said. The first was the importance of maintaining good communication with all the banks who were bidding for the pooling business. Wolseley kept the banks informed throughout the process and held a debriefing session with them at the end. Senior management sponsorship was also vital because it helped treasury to engage with subsidiaries and highlighted to the banks how engaged the company was. Finally, it was necessary to involve Wolseley's tax and legal teams due to the complexity of the project and the fact that each country had its own set of legal regulations that needed to be complied with.

Overall, it cost Wolseley around £50,000 to implement the cash pool, including legal, consultancy and bank fees. The company had estimated that it would make savings of around £400,000, but they actually turned out to be double that.

The big squeeze

Juice maker Innocent needed to release every drop of working capital to survive the financial crisis

Working capital management is very important to juice maker Innocent, the company's treasurer, Alison Wilson, told delegates in an engaging presentation. She explained that Innocent's brand was natural, entrepreneurial, responsible, generous and commercial, and it has a model of sustainable capitalism. "But we are not going to be the Earth's favourite little healthy food and drink company unless we expertly manage our cash," she said.

In 2013, Innocent had a turnover of over £220m, up from a standing start 14 years ago. It expanded rapidly for the first eight years of its existence, but its massive growth trajectory came to a sudden end in 2008. "That was not in the plan," Wilson observed. "It hit us very hard and we learned some key lessons about cash management in that year and the following year. Our *annus horribilis* was definitely 2008. We went into a perfect storm."

So, what happened? Firstly, Innocent's sales fell away. "We're a premium product," Wilson explained. "In financially difficult times, our fruit juice and smoothies can become a discretionary item in your shopping basket very quickly." Furthermore, at the same time as sales were falling away, fruit prices went up in response to bad harvests around the world, squeezing Innocent's margin. The company buys its fruit in dollars and euros, but 80% of its revenue is in sterling, so it is very vulnerable to movements in exchange rates. In 2008, sterling weakened against both currencies, adding to Innocent's woes.

"Then, to add insult to injury, our competitors decided to launch competitive products that year as well," Wilson recounted. "We had been sitting on a category that was growing rapidly and we had 80% of that category. So it was not surprising that competitors wanted a slice of that pie."

Summing up the situation, Wilson said: "Everything was getting smaller when it should have been getting bigger. When you're facing those trading headwinds that we were facing at that time, what you really want is a robust balance sheet with lots of reserves. Well, in 2008, we were sitting on no equity and a large bank loan. Our gearing had gone from a very respectable 0.3% in 2006 to a very unrespectable disaster situation in 2008."

Inevitably, this put pressure on the company's working capital. "We had to squeeze that working capital really hard to pay the wage bill every month," Wilson said. "Action was required."

Realising that it was on the verge of breaching its financial covenants, Innocent decided that it needed to raise some equity fast. It sent out the prospectus for its equity raising on 15 September 2008, the same day that investment bank Lehman Brothers collapsed. "Not great timing," Wilson noted.

Fortunately, Innocent's bank, Bank of Scotland, supported the company by keeping its loan in the business. "We said we would raise equity, we said we had a credible plan for growth, and they believed us," Wilson said.

Turning to working capital, Innocent realised it had completely ignored a very important stakeholder for the business – credit insurance companies. "We didn't have any relationship at all with the credit insurance companies at the start of 2008," said Wilson, "but we knew them very intimately by the end of the year."

This was significant since the company's fruit suppliers had started demanding prepayment instead of payment terms. Innocent disclosed its business plan to the credit insurance companies and shared its quarterly performance reviews with them to give them confidence in underwriting the risk for its fruit supplies. "It was a big tick in the box when we saw those payment terms starting to come through again rather than having to prepay," Wilson observes.

The company also persuaded a handful of its key suppliers to extend reasonable credit terms during this difficult period on the basis that they would reap the benefits if the business plan came to fruition in the way the company expected it to. "We managed to talk to those key suppliers," Wilson explained. "We said we were prepared to pay more if we could get longer payment terms to ease our cash conversion cycle."

CREDIT MANAGEMENT

- Credit management is a key part of cash, Institute of Credit Management vice chair Bryony Pettifor told delegates. She said that the function plays a core role in the order-to-cash process and needs the support of the customer service, finance, operations and sales teams, as well as the board. She acknowledged that although credit management sits within the finance team, it is sometimes seen as the 'sales-prevention department'.
- Understanding the customer is another important role undertaken by credit management, Pettifor said. "We do work with customers to understand their needs and their cash flow."
- Communication skills are vital in credit management. "Speaking to our customers is really important," Pettifor noted. "If you have a relationship with the accounts payable person, they trust you."
- It is necessary to motivate and reward credit teams, Pettifor explained, because "it's a really difficult job". It's also essential if companies want to retain good credit professionals. "If you have the right people working in your team and they understand the need to get the cash in, they will work really hard," she said.
- Pettifor noted that treasurers did not fundamentally understand what credit professionals do. "There is a definite need

She continued: "Between the bank, the credit insurance companies and our key strategic suppliers recognising the value of our business plan, we managed to get through what was a really tricky time."

Innocent learned some lessons from this testing period and, since 2009, it has been back in growth mode. "With working capital in particular, we've learned the lesson of listening to each link in the supply chain," Wilson said. "Listening is free. If you do it well, and you reflect on what you've heard, you can add a lot of value to your business."

Looking to the future, Wilson said Innocent was considering supply chain finance as a means to help its fruit growers reduce their funding costs and ease their cash flow at harvest time, while benefiting from extended payment terms itself. Wilson commented: "We feel that if we can get it right, it would allow us to take our payment terms with these suppliers out to about 60 days and the net impact on their cost base would be positive because their funding costs would be significantly reduced." ◆

CASE STUDY: BARILLA

Ethics have a role to play in working capital management, insisted Nicola Marcheselli, head of cash management at pasta maker Barilla.

He told delegates that Barilla's ethical reputation contributed to it being a world leader in the pasta market. It has strong relationships with its customers, suppliers and banks because they recognise that it's a good company to do business with. In particular, it's popular with its suppliers because it pays all its bills before they are due.

Cash management is a service to the business, Marcheselli said. It aims to be neither a cost nor a profit centre. In 2013, the group set up a centralised cash management structure and it is introducing a new pooling structure in Europe this year for its euro bank accounts. It also has a shared services centre focused on payments and collections.

TWITTER CHATTER

Dave Daniels @DaveTJDaniels

Common theme from this conference – little standardisation from the banks re SWIFT and SEPA – we all want the 'Apple' solution! #cashman14

Chris Brauer @twae

Such a pleasure delivering keynote for Association of Corporate Treasurers. Great friendly audience of risk and liquidity ninjas!

When the cup runneth over

There are many dilemmas facing treasurers with surplus cash to manage

The thorny issue of cash surpluses and what corporates should do with them was the subject of a lively panel discussion hosted by ACT engagement director Peter Matza.

"We are one of a few corporates that are lucky enough to have a significant cash balance," Chris Dibben, interim assistant treasurer at budget airline easyJet, told delegates. "Being an airline, we need contingency funds. For example, if there was another ash cloud incident, we need to be in a position where we can pay people quickly, since cash won't be coming in because we're not flying any planes."

Dibben explained that easyJet's main cash considerations are managing liquidity and counterparty risk. "Yield is often last in the line," he said. easyJet's board wants to know that the company has access to its cash "when and where we need it". He continued: "If you have cash that is invested, you need to make sure that it matures at the right time. That's why money market funds [MMFs] work very well for us. We can get the liquidity we need at short notice."

Recently, easyJet has also started to use tri-party repos, taking a fairly conservative approach. "Our returns are not as high as they could be," Dibben revealed. "But as a corporate, protecting our capital is the main priority for us."

Yera Hagopian, global head of liquidity at Barclays, said that when investing their company's cash, treasurers needed to focus on the fundamentals of the business. "The cash flow requirements of the business and the level of certainty around those requirements will all impact on what the solution looks like." She noted that corporates had responded to the financial crisis by creating a "self-imposed cash buffer" for themselves.

But Hagopian felt it was important that corporates did not confuse counterparty risk with liquidity risk. "Safety is not the same as accessibility," she said. "Sometimes people refuse to tie cash up for longer periods when they could still have safety, and they forgo yield as a result. It's unnecessary."

Corporates need to familiarise themselves with the regulation affecting banks, especially Basel III, Hagopian suggested. "The regulatory driver is to create a safer environment in terms of the bank's balance sheet," she explained. "The aim is to avoid extreme stress in a very short period where the regulator doesn't have the chance to step in." As a result, banks will look at a deposit that is placed in an under-30-day window very differently from a deposit that is placed with a contractual maturity beyond that.

Looking for liquidity

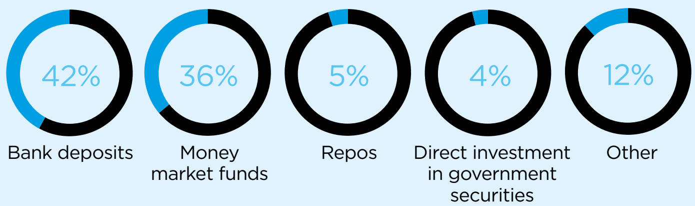
Bea Rodriguez, senior portfolio manager at fund manager BlackRock, explained that the relationship between corporates and MMFs was symbiotic. "We can still offer same-day liquidity," she said. But she said there was a "long-range risk" that regulation of MMFs could affect the services they offer. She highlighted that innovation was taking place, such as investment in so-called 'evergreens' in the short-dated commercial paper markets. "They're not completely risk-free, as nothing is," she said. "You have to think about how liquid those structures might be and how you can get out of them."

Paul Downie, head of liquidity and FX at oil giant Shell, noted that, following the credit crunch, it has been a "pretty rocky five years in terms of knowing what to do with your cash". He revealed that, in the wake of the Lehman's collapse, Shell had invested in US treasuries and repo-type deposits. The world is not that much safer now, he observed, "but the fear has gone a bit". He continued: "We only have short-term deposits not pushing much beyond 30 days". Downie said that Shell had explored some new products, including evergreens, but most of its cash is in MMFs at present. "They're a great shock absorber in how we manage working capital," he said.

Hagopian pointed out that companies do still need to keep plenty of cash with their banks. "I would expect the real operational cash – the stuff that's needed to fund supplier payments, salaries, etc – to sit in

DELEGATE POLL

WHICH DO YOU FAVOUR FOR YOUR SURPLUS CASH?



WHAT WILL BE YOUR BIGGEST TREASURY CHALLENGE IN 2014?

Far left: Yera Hagopian of Barclays; and conference delegates (left)

a bank account because that's where it needs to be to do the funding," she said. "Basel III even recognises that, and assumes that operational cash is sticky and is a better source of funding for banks than discretionary cash. Operational cash belongs on a bank account and banks would expect it to be there as part of the cash management service they provide."

The proposed regulation of MMFs was not necessarily helpful, Downie said, particularly if variable net asset value (VNAV) is adopted. "Funds will have to change the way they operate," he warned. "They will probably have to reduce the duration of their portfolios to avoid volatility in mark to market. That is going to have an impact on yield and what collateral you can buy."

Risk and reward

Rodriguez said that a switch to VNAV should prompt corporates to weigh up the track records of their MMF managers. "That requires assessing how good your manager can be with market timing because that can impact returns," she said. "One of the biggest questions you can ask is, what has been that manager's track record through the crisis? If there have been issues, you want to get into the weeds of why and what has changed in the investment manager's governance structure to make those issues better going forward."

Capital protection is a crucial issue for corporates, Dibben observed. "What difference does VNAV make to what we put in and what we get out? If you pull your funds out, you may not get them all back. You may get more back – which would be lovely – but we treasurers tend to be quite pessimistic."

Downie acknowledged that companies would probably come to accept a marginal variance in the value of their MMF investments. But he was concerned about proposals to stop MMFs having a rating. "That's one of the high-agenda items for me," he said. "I like a group of professional people to be reviewing these funds independently."

Questioned as to whether VNAV would encourage fund managers to take more risks to get higher returns, Rodriguez responded: "I provide a highly operational cash flow tool that has to give same-day liquidity. The idea of taking risk with longer assets seems a mismatch with what I want to achieve on a day-to-day basis. I think we'll end up with assets that are shorter in duration."

The panel was asked whether the market may overestimate the risks associated with banks and underestimate those associated with MMFs.

"Risk needs to be assessed with any investment, whether it's in a basket of different types of securities or whether it's on a particular name," Hagopian observed. "The basket may be more complex to assess, just because it has a lot of different parts. Therefore, you're placing more reliance on the intermediary than the knowledge you may have of a certain counterparty."

Discussing whether corporates should start investing more of their surplus cash in their businesses, Downie said: "The cash is there for working capital purposes. Our capital requirements go up and down all the time."

"Do people think there are initiatives that will generate the returns that investors will inevitably expect?" queried Hagopian. "Although they may be generating a lot of cash, there are still inefficiencies in many corporates as to how they manage their working capital. In terms of opportunities to invest in infrastructure projects, my overwhelming impression is that companies are waiting for the market to improve." ◆

Continental concerns

SEPA, financing and emerging-market growth are priorities for European treasurers

ACT engagement director Peter Matza hosted a panel discussion that examined the perspective of the continental treasurer. He was joined by Udo Giegerich, chief financial officer of German grid operator 50Hertz, and Martin Schlageter, head of treasury operations at Swiss pharmaceutical company Roche.

Schlageter described the Single Euro Payments Area (SEPA) as having "positive side effects" compared with other regulations. "Fifteen years ago, when the euro started, we had treasury teams in different countries, 42 banks, too many bank accounts and too many payment formats," he said. "We would have dreamed of something like SEPA."

"SEPA is a great idea," Giegerich concurred, "but Europe is not a complete single payment area because there are special treatments in each individual country. Also, industry is better prepared for SEPA than some of the banks."

But Schlageter commented that the banks themselves have seemed overwhelmed by SEPA at times and their test systems often went down. "For years, they were trying to use the topic to gain market share, but, at the end, they all struggled with it," he said.

Giegerich noted that SEPA was an advantage for European companies with domestic cash flows because it had increased competition in the banking market.

Bank competition is a concern, Schlageter agreed. Roche has consolidated its bank accounts and has operated with a single euro bank for many years. But he wanted to see more competition in the emerging markets.

Looking forward, Schlageter predicted that we will continue to see new sources of financing emerge due to banks falling out of their traditional roles as the back-up provider of loans.

Supply chain finance was potentially a good way for companies to achieve a "win-win" working capital situation, Schlageter noted. "People have realised that there is value on the balance sheet that can be turned into cash, but you have to be careful about who you open up your balance sheet to".

Giegerich revealed that 50Hertz will triple its balance sheet over the next 10 years by investing in new power lines. "Sometimes it makes sense to bring forward some payments because we immediately get equity remuneration under the deregulated, incentive-based system in Germany," he said. But he pointed out that providing too much money to suppliers brings a credit risk. "Credit risk is not really something the energy industry has seen so far," he said.

Commenting on the future of Europe, Schlageter said there was a shift in growth to the emerging markets. "In the next five years, 70% of our growth will come from the emerging markets," he explained. "Our workforce in China grows by about 1,000 people every year."

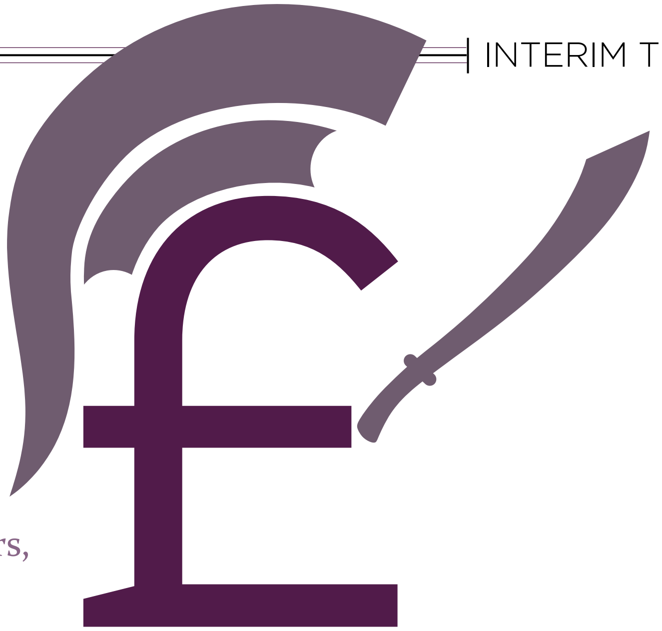
He said that the eurozone appeared stable and calm, but the basic facts were still the same as last year. "None of the countries has really recovered," he noted. "France is struggling tremendously." He did not expect to see a break-up of the eurozone, however. "Politicians have shown that they are really determined to keep the euro," he said. "There's no way of getting out without losing a lot of money. The Germans have benefited significantly from the eurozone over the past 15 years and they know that." ◆

CASE STUDY: 50HERTZ

Udo Giegerich, chief financial officer of German grid operator 50Hertz, told delegates that his company needs to have stringent process management from invoicing through to cash flow because it does a limited number of high-value transactions. "If the invoices do not arrive with the customer, we would run into problems," he said.

Forecasting is helpful to 50Hertz, Giegerich said, but it does not give complete security due to the volatility of power prices. The company has a ¤150m overdraft facility with its cash management bank that it can use without giving advance notice.

The German transmission system operators now carry out netting among themselves to avoid transferring hundreds of millions of euros between each other, Giegerich revealed.



Holding the fort

Interim treasurers may work long hours, but they can make a lasting difference

Experienced interim treasurer Tim Canty explained to delegates what interim treasury entails as a career in an informative presentation. He described interim treasury as the "short-term provision of skilled treasury executives" for a transition or systems development project, often during a period of change or uncertainty.

Interim treasurers are not consultants, but they are often hired to implement recommendations that consultants have put forward to management. "Interims work closely with their clients, usually at the client's premises," Canty said. "They are not members of staff. They act independently through their own limited companies, which allows them to be forthright and objective."

Interim assignments typically last between three and nine months, Canty said, and it is important to commit to an assignment for its full duration. Treasurers who are looking to work as interims should have a strong track record built up over several years at different companies. This is because they need to be able to step in at short notice and add value quickly. They may be called in to help with a major restructuring or cash crisis, or to cover for a key individual who has fallen sick.

Among the tasks that an interim might undertake are:
- Setting up a new treasury function and putting policies and procedures in place;
- Running a request-for-proposal process for a treasury management system, then overseeing its implementation;
- Selecting a new bank relationship;
- Securing alternative sources of short- or long-term finance;
- Negotiating a new loan agreement after a default;
- Advising a company on its fraud prevention and de-risking strategies; and
- Reviewing FX policies.

To make a success of their careers, interim treasurers need to have broad-ranging experience across all areas of treasury, from operational through to project and strategic. Furthermore, Canty highlighted that if they have worked in a wide range of industries, they are less likely to encounter unchartered territory when they take on assignments.

Interim treasurers should not be interested in taking on the role that they are doing on a permanent basis, Canty said. He also explained that they should be "aware of, but aloof to" internal politics, and added that it was important not to overstay in an interim position. "You need to plan when to exit," he noted. "Transfer your skills and depart in an orderly manner to leave a lasting legacy."

Interim treasurers must be prepared to work away from home for long periods, travel, work unsociable hours and "do whatever is needed to get the job done". Canty warned: "It can be a lonely existence if there are no other treasury peers in the organisation."

After interims have completed an assignment, they should take a rest to recharge their batteries, he advised. He also recommended they stay technically up to date by attending conferences and courses, and doing CPD. He suggested that interims keep a 'toolkit' of intellectual know-how built up from previous assignments, such as draft policies and procedures, loan documentation and request-for-proposal templates. ◆

THE CONFERENCE IN WORDS

● *"We've joked that we've been so on the fence between two treasury management systems that it's been quite painful."*
Richard Abigail, group treasurer of Arup

● *"My photo [in the conference brochure] is black and white, which means I've been doing it a long time."*
Bryony Pettifor, vice chair, Institute of Credit Management

● *"I was the first person to do a cross-border direct debit in Europe. Sadly, that was in 1990."*
Colin Tyler, ACT chief executive

● *"'Just lend us the money and trust us' wasn't where the banks wanted to go."*
Bob Williams, regional finance director, Barratt Developments

● *"Cash management used to be the FD sitting with his fingers crossed, hoping there was a cheque in the post from a customer that was sufficiently large to pay a supplier or a credit card bill."*
Alison Wilson, treasurer, Innocent

On the factory floor

Multi-skilling is the secret to a super-efficient shared services centre

Through the wonders of modern technology, Mike Morris, finance shared services manager for manufacturing and logistics company Unipart Group, addressed the conference over the telephone.

He explained to delegates that Unipart's financial shared services centre (SSC) consists of 22 people and it handles the group's accounts payable, accounts receivable, cash management and cash flow forecasting functions.

In accounts receivable, the SSC processes around 250 invoices per day, along with approximately 200 employee expenses per week. From an accounts receivable perspective, it processes around 200 manually raised invoices per month and it also handles the associated cash collection and credit control.

The SSC operates approximately 70 bank accounts worldwide and consolidates around 30 cash flow forecasts from across the group into one forecast that it submits to group treasury on a monthly basis.

Multi-skilling is important to the efficiency of the SSC, Morris said. "About half of the team are super users. They are trained to do any of the processes in the department, taking into account segregation of duties."

He continued: "We had to identify which processes and functions people could work on without creating any form of risk. We identified who could work on what using a competency matrix. It was also very carefully controlled through various profiles in SAP."

Morris revealed that the SSC does 'resource planning', where it plans out the days for staff members. "They work in half-hour time slots," he said. "People come to work in the morning, see which processes they are down to do on the resource planner and get on with it. It's quite an unusual way of working."

All processes in the SSC are monitored on an hourly basis. "We know how much work should be going through at any given time on any given process," Morris explained. "And we display that on our control boards." Team members are expected to work to 'cycle times'; for example, they should process around 60 invoices an hour. The team benefits from the variety that this method of working brings; nobody will work on the same process all day. "It stops people from getting tired or bored," Morris said.

In the past, Unipart had suffered with an invoice backlog, which resulted in the SSC getting a large number of queries from suppliers. After creating the super users and revamping its processes, however, it started to rapidly catch up on its backlog. "Having the multi-skilled pool of people available meant we could move people into the areas where we needed them to be on any given day," Morris said. "This allowed us to catch up with our work. We got to same-day invoice processing within four months of starting the project."

The SSC is now much more efficient than it was before, Morris noted. "We went from having a highly stressed team that were finding it difficult to keep up with demand to a team that had extra capacity in their day. So we were able to introduce more work and start doing work we should have done before. We are now in control of our work." Furthermore, the layout of the SSC has been changed. Previously, it consisted of individual cells, but now, it is a large, open-plan area.

Questioned about the satisfaction of staff members, Morris said: "Initially, there were concerns because this is an unconventional way of working. But it is nothing like the staff feared it would be. They were concerned about being timed, but the whole idea of cycle times is that we can see if a process is working to expectations or not. After all, 99.9% of the time people aren't going to be working slowly; they may be experiencing some sort of problem." ◆

MOVING CASH

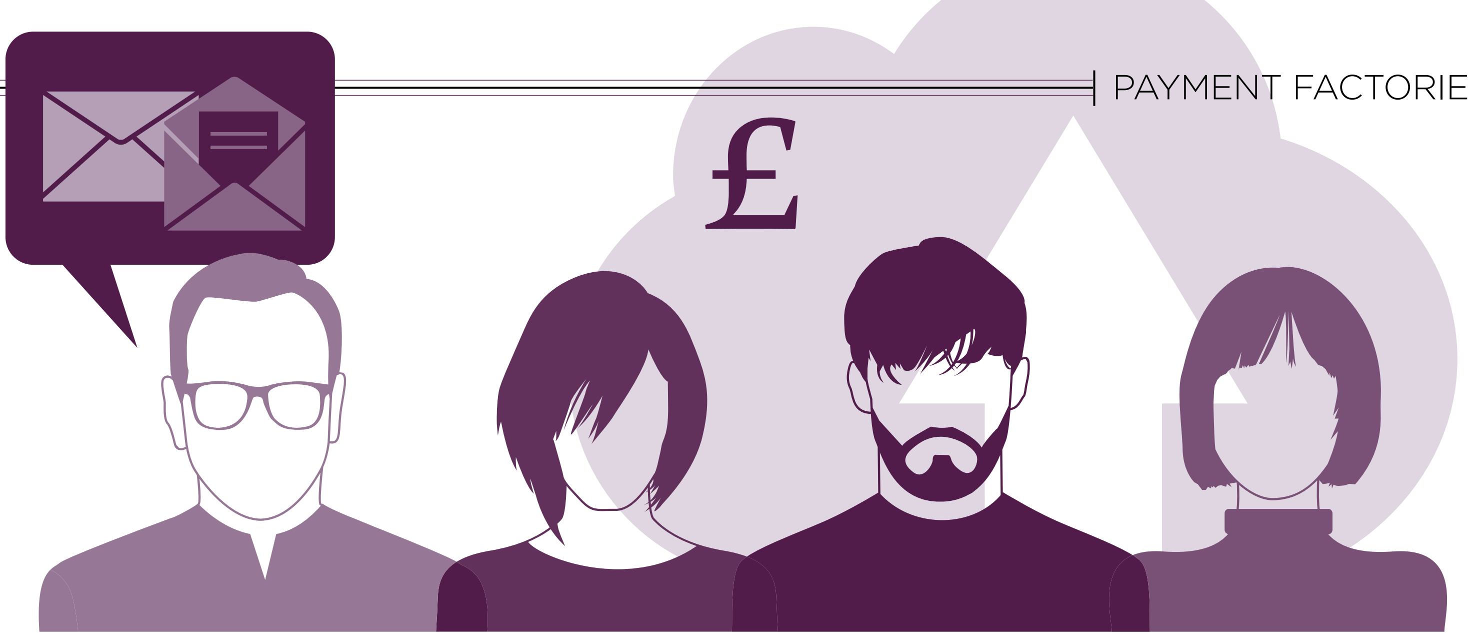
ACT engagement director Peter Matza addressed the issue of moving cash out of problematic countries in a breakout session. Matthew Clarke, group treasurer at Intertek, said that the inspection company takes a flexible approach to cash management in the countries in which it operates, focusing on visibility and control.

He pointed out that since Intertek operates in more than 100 countries, it isn't possible to entirely control cash from London. "You need visibility on the ground, too," he said.

He explained that Intertek worked with a panel of global relationship banks that it had selected because of their geographic coverage. But Intertek cannot only work with those banks in all markets. "There are parts of Asia, Africa and Latin America, where even the so-called universal banks can't provide the same level of service that the local bank can provide," Clarke said, adding: "Often, local banks have more visibility of regulations and more influence with the regulator."

When moving money out of a country, Clarke told delegates that it is important to have a clear strategy for doing it, a thorough understanding of local requirements, proper supporting documentation, good advisers and strong local relationships. He also said it was best to avoid cash build-up in certain countries by using offshore collection where possible.

Andrew Bishop, head of cash management at Gazprom Marketing & Trading, the trading arm of gas producer Gazprom, said that it isn't only moving cash out of countries that is a problem, it can also be difficult to move money into certain markets.



BANK RELATIONSHIPS

Bob Williams, regional FD at housebuilder Barratt Developments and former ACT president, told delegates that strong bank relationships are key to business success.

"Help your banks to understand what your business requirements are," he said. "But keep it simple. The more you complicate things, the more misunderstandings can occur."

Williams related how Barratt was able to refinance in the middle of 2008 by resetting its covenants. Although the mortgage market was drying up, which was bad news for a builder, the company turned around the refinancing in just eight weeks due to the relationship it had with its banks.

In 2013, Barratt also successfully arranged a finance facility for a 50:50 joint venture with housing association London and Quadrant. "We spoke to our core relationship banks and said we wanted to do something slightly different to traditional special-purpose vehicle financing," Williams said. "We wanted a 'mini-house-building facility', like a revolving credit facility, so that we could borrow, repay, borrow, repay, as we went through the cash cycle."

During the negotiation process, the treasury team arranged for Barratt's sales, surveying and operations directors to meet the banks involved and explain the nature of the building programme that the facility would finance.

"It took a while because it was innovative and credit committees were still cautious because they had had their fingers burnt in the property sector," Williams observed. "But we worked the relationship to get the banks over the line. And, to be fair, they were open-minded and flexible to support what we needed, which was why we were successful. It took nine months to put the deal together."

Far left: Andrew Burns of Kyriba talked about the costs of a TMS in a breakout session hosted by the ACT's Will Spinney (left)

UP IN THE CLOUD

Cloud-based cash management was the hot topic of a breakout session hosted by ACT associate director of education Will Spinney.

Andrew Burns, senior consultant at treasury management system (TMS) provider Kyriba, told delegates that on-premises TMSs have high ongoing costs, such as IT maintenance and customised servers.

On the other hand, the cloud is like a utility, he said. "You have shared services within an environment that is accessible through the web." Companies that use cloud-based TMSs benefit from economies of scale, he added, since they don't need to invest in IT resources to look after the system. Therefore, a cloud-based solution can dramatically reduce the total cost of ownership for customers, enabling them to focus on effective strategic decision making.

Burns explained that the cloud enables treasurers to leapfrog old technology and cloud-based products are flexible. He added that cloud technology providers also invest heavily in security for their systems.

Fatah Berkane, treasury and finance manager for diagnostics services company Unilabs, told delegates that he had implemented a cloud-based TMS system in 2011, which is constantly being enhanced. He explained that he values the functionality that comes with the system, as well as its accessibility and flexibility.

In other breakout sessions, treasurers learned about corporate-to-bank connectivity and the challenges for SMEs trying to manage their cash in overseas markets. Speaking at the SME session, Dan O'Brien, group FD of media company Tarsus, said it was important for small companies to have good local management in their overseas subsidiaries.

Companies that use cloud-based TMSs benefit from economies of scale, since they don't need to invest in IT resources to look after the system

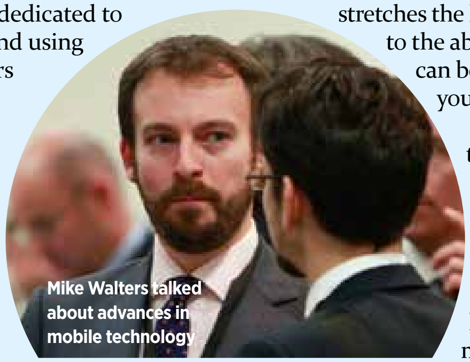
Pay as you go

Consumers expect to be able to buy whatever they want from wherever they are. This has implications for both companies and their treasurers

The mobile revolution is speeding up, Mike Walters, product director, global payment acceptance at Barclaycard, told delegates in an engaging presentation.

He pointed out that, according to research from mobile operator O2, an average consumer uses their smartphone for approximately 128 minutes each day, with nearly half of that time dedicated to browsing the internet and using social media. Consumers typically spend just 12 minutes a day making telephone calls on their smartphones. They are more likely to spend time on their phone playing games or listening to music than talking to someone.

The pace of change has been rapid, Walters said, particularly since smartphones were not in widespread circulation before 2008. He also highlighted that their geographic coverage is extensive. "You can now make a smartphone internet-browse from the top of Mount Everest," he said. "It stretches the locality of the individual to the absolute maximum. You can be anywhere and be using your smartphone."



Mike Walters talked about advances in mobile technology

Social media has also transformed the world, Walters pointed out, and therefore it has had a big impact on businesses. He explained that nearly half of consumers were more likely to buy from organisations that they have followed in a social media environment. "Social media is becoming a sales channel and a mechanism of influence," he said. "So it's interesting for corporates to think about how they interact at a very, very personal level."

Walters emphasised that consumers now expect to be able to make purchases, wherever they happen to be. "We call this m-tailing," he commented. He added that nearly half of all online traffic in the UK for November and December 2013 went through mobile devices, according to IBM.

The challenge for retailers is learning how to function in an omni-channel world, Walters explained. "How do you operate if there is a customer who has bought from you in a shop, has bought from you online,

HOW CONSUMERS ARE USING THEIR MOBILE PHONES

50%

The year-to-year growth of mobile commerce in 2013 compared with 2012

(Source: British Retail Consortium and KPMG)

128 minutes

The time a typical consumer spends on their smartphone daily

(Source: O2)

12 minutes

The average time a consumer typically spends making calls on their smartphone each day

(Source: O2)

$700bn

The predicted global retail spend via mobile tablets and handsets by 2018

(Source: Juniper Research)

£9.46bn

The amount that UK consumers are predicted to spend buying products through mobile devices in 2014 (Source: eMarketer) has bought from you on a mobile app and has been through a comparison website? You know more about that consumer's relationship with you than anybody else does. You just haven't put that together yet. That is the race in the retail environment."

It is crucial that companies know how their customers interact with them, delegates learned. "Cross-selling, reselling and the ability to understand when people will buy is really important and it's up for grabs," Walters said. He gave technology giant Apple and retailer John Lewis as examples of companies that already do this well.

But, worryingly, not all companies understand what they must do in order to succeed. Walters revealed that large numbers of retailers have not yet integrated their processes and technology to compete in a multi-channel environment. "The companies that don't get this cracked are going to find it very difficult to compete with the ones that do," he warned.

"Social media is becoming a mechanism of influence. So it's interesting for corporates to think about how they interact at a very personal level"

While consumers are reaping the benefits of advances in mobile technology, there is still some way to go before treasurers will have systems that are as easy to operate, Walters acknowledged. "Consumers will trade functionality for something that is slick and simple because they feel time pressured," he said.

He added: "There is a strong case to say that you can learn a lot from user interfaces and how consumer technology is built to make it simple. You could certainly port a lot of that into the treasury management system [TMS] environment." But he pointed out that TMS systems are highly automated and complex, which makes them hard to simplify.

"Notification and authorisation processes are already going to your handsets," Walters told treasurers, but he admitted that the concept of a mobile "plug-it-in" TMS was still a long way off. "Apple has seven billion people to sell to," he said. "The TMS platforms have a few thousand companies." ◆

CASE STUDY: SEVERN TRENT

Direct debit is the most commonly used payment method for Severn Trent's utility customers in the UK, its deputy treasurer Stephen Baseby told delegates. Around two-thirds of the water company's customers pay by direct debit, but it also receives around 600,000 cheques annually. "We cannot turn off the supply of cheques," he explained. Baseby added that while use of cheques was declining, they were still a popular payment method. "From a customer service viewpoint, we need to take the money as it comes."

Severn Trent bills 4.2 million households each year, as well as up to 200,000 commercial customers. "That means we have to capture a lot of data, Baseby said. "So technology is important to us. Not only do we need to allocate money very accurately to a very large number of customer accounts, we also work in an environment where the failure to do so is a real cost to us if it results in customer complaints."

He continued: "We must collect money and we must collect data. Then, we must get it into our accounting system and into the customer database promptly so the customer can see the amount that has been paid. These are high-volume, low-margin transactions, so we can't afford to spend much time and money on catching that cash and sorting out mistakes."

Baseby said the rise of internet banking and faster payments had presented issues due to customers not citing their reference numbers correctly. "Many of our domestic customers will have the same surnames and pay exactly the same amount of money in every payment," he explained. "If they just send us their money and their name, and they don't send us a customer reference number, or enter meaningless narrative, the payment just goes into suspense."

Last year, Severn Trent became the first utility company in the UK to allow clients to pay them with their smartphone through Barclays Pingit. Being able to add QR codes to customer bills so that customers can pay them using their smartphones has been a benefit to Severn Trent, Baseby explained. The QR codes are included on bills that go out to customers who do not pay by direct debit. "The nice thing about a QR code is that you can embed individual customers' data in it," said Baseby. "We can now put a QR code on a bill that will have the customer's name, payment value and reference embedded in it. When the customer reads the QR code, all that data goes into the device that they are reading it with. It will then be caught and can be transmitted with the payment."

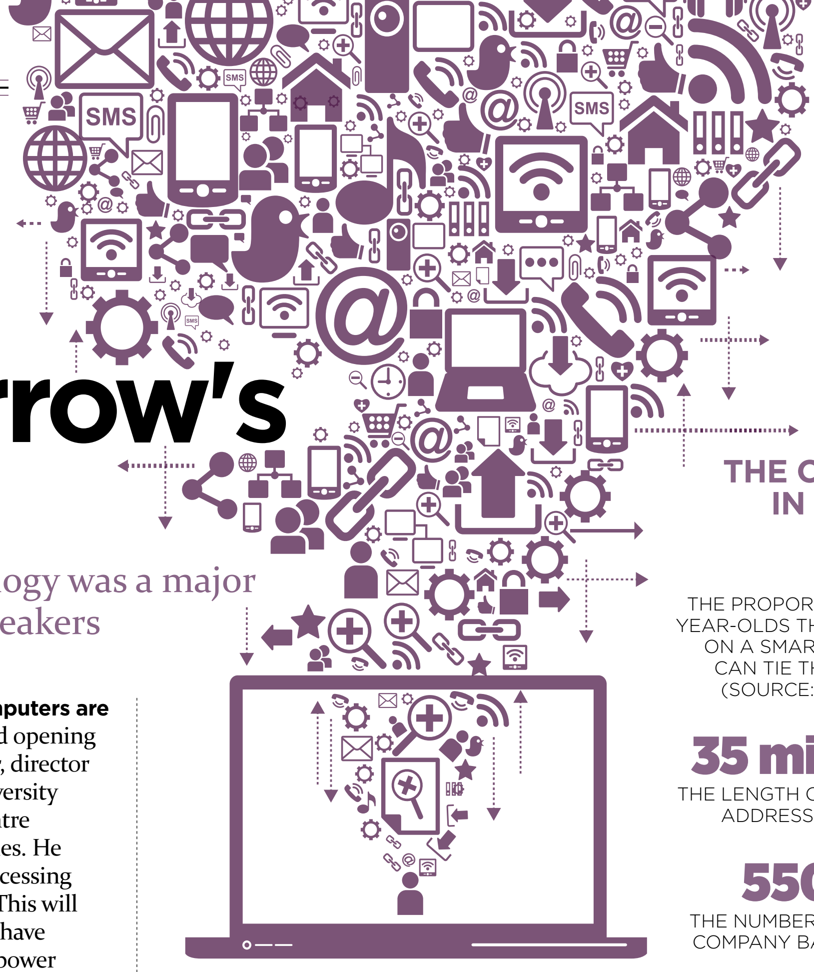
Baseby continued: "The banks are giving us new mobile payment technologies such as Barclays Pingit,

Stephen Baseby: "From a customer service viewpoint, we need to take the money as it comes"

which are very good and very easy to register for. Pingit comes as a faster payment file, so it feeds into existing systems and data flows."

Summing up, Baseby emphasised that treasurers must not lose sight of customer service when reviewing payment processes. "We have to remember that customer service is not asking, 'How can I get the customer to make my life easy and cheap?'" he said. "We need to ensure the customers are satisfied and that they're getting what they want as well. Payment means different things to different people. It's not just about saying, 'Give us your money'; it's also about saying, 'Give us your information'. We want them feel this is all worthwhile."

He concluded: "Do remember not to push your customers over the brink by driving them towards the payment method you want. They may choose not to pay until you go to more expense to chase them."



Tomorrow's world

The power of technology was a major theme for keynote speakers

It won't be long before computers are smarter than we are, observed opening keynote speaker Chris Brauer, director of innovation at Goldsmiths, University of London and founder of the Centre for Creative and Social Technologies. He told delegates that computing processing power doubles every 18 months. "This will eventually lead to computers that have more intelligence and processing power than the humans who are designing them," he said. "Therefore, the machines will start designing themselves."

Brauer explained that, by 2023, the computer processing power that is equivalent to the capability of a human brain will cost $1,000. By 2037, the cost of that processing power will have fallen to one cent. Furthermore, by 2049, an "entire human race worth of intelligence and processing capacity" will cost $1,000, falling to one cent a decade later.

Quoting research by internet security company AVG Technologies, Brauer pointed out that 57% of children aged three to five can operate at least one mobile phone app, while just 14% can tie their own shoelaces. "We can't begin to estimate the impact when that generation of digital natives comes through," he said.

In the meantime, Brauer observed, "we're seeing a transformation in leadership from the last generation that doesn't really get digital to a hybrid one that has one foot in the digital camp and one foot outside of it". This hybrid group, which was typically born in the 1970s, will be leading the global economy for the next 10-15 years, until the first digital natives take over.

Brauer predicted that the rise of the digital natives would transform organisations, leading to flatter structures and new ways of creating incentives and rewards. He also cited big data as an "enormous area of growth" because of the scale of the savings that organisations can generate through use of analytics.

Companies are built for inevitable decay in the same way that humans decay, Brauer concluded. "It's a fact of life for us that we live and we die. And it's a fact of life that companies live and die. So you need to look at your own organisation and understand what kind of opportunities you need to take to slow down the inevitable decay." ◆

THE CONFERENCE IN NUMBERS

57%

THE PROPORTION OF THREE- TO FIVE-YEAR-OLDS THAT CAN OPERATE AN APP ON A SMARTPHONE. BUT ONLY 14% CAN TIE THEIR OWN SHOELACES (SOURCE: AVG TECHNOLOGIES)

35 mins 43 secs

THE LENGTH OF THE OPENING KEYNOTE ADDRESS FROM CHRIS BRAUER

550 million

THE NUMBER OF EGGS ITALIAN PASTA COMPANY BARILLA USES EACH YEAR

The conference gave delegates plenty to think about

DATA MAKES THE WORLD GO ROUND

In the closing keynote address, Chris Skinner, director of European networking forum the Financial Services Club, argued that technology, social media and virtual currencies, such as Bitcoin, are changing the purpose of banks. "Banks are not there for banking; banks are there to manage your data," he said.

These days, it is data – not money – that makes the world go round, Skinner said, hence the popularity of virtual currencies such as Bitcoin. Describing Bitcoin as "a new form of value based around data exchange", he said the currency's potential scared regulators because it is "money without government".

But Skinner pointed out that neither data nor the internet are secure, raising challenges around information security. "We have to be bulletproof in data management," he said. "Banks need to rapidly rethink how they serve you, and manage your data securely for you, and exchange that value for you."

He also highlighted that social change is driving technological change. "It used to be that government, corporates and banks were in control. That's been flipped. In the 1950s and 1960s, technology was driven by large corporate and government needs. Gradually, that's decentralised into the pockets of consumers and society. Because of that, the whole opportunity and threat to trade and commerce is being driven from the consumer upwards, rather than from the government downwards."

Skinner observed that capitalism had died and instead we have a "sharing economy based around conscience and community".


PLACE: Essence's project room, Poland Street, London
PEOPLE: Matt Isaacs, CEO, Essence
Sue Pettican, Relationship Director, Barclays
Essence is at the cutting edge of a dynamic industry, providing international digital marketing solutions to some of the world's leading companies. Having increased turnover from £7.9m in 2008 to £117.5m in 2012, they were looking for a bank with in-depth knowledge of working with fast-growing companies. At a crucial time in Essence's development, the transition to the new bank had to be seamless. Barclays, with a wealth of relevant experience, was the natural choice. Essence CEO Matt Isaacs says, 'Barclays made it really easy for us to move our business to them, and their understanding of our industry has helped us through this period of growth.' For a stronger future, come and talk to us. **Call 0800 015 8642* or visit barclays.com/corporatebanking to find out how we can help your business succeed.**

BARCLAYS