

In 2013, Toshiba Europe's treasury renamed itself 'Treasury of Toshiba of Europe'.

This may seem a small change, but it represented a comprehensive restructuring process that involved moving all of our European treasury functions to a central shared service centre (SSC). Our goal was to combine the treasury expertise within our European companies and establish an innovative competence centre.

### Background

Toshiba is one of the world's leading, and most innovative, companies in electronics and technology. Both the product portfolio and the financial apparatus of our European business are broad in scope – 20 national companies and offices maintain 116 accounts in 14 currencies at 30 banks. Previously, the various subsidiaries in Europe pursued very different approaches to cash management. But when liquidity fell

into short supply during the financial crisis, the group decided to push the standardisation of its processes. Toshiba's Tokyo headquarters ordered the restructuring of treasury activities to achieve greater group-wide transparency.

The group began centralising by its treasury competencies and is now consolidating its cash and liquidity management for its various subsidiaries. This restructuring began in autumn 2013 and is still ongoing. Since October 2013, Toshiba Europe's treasury has been organised into an SSC. We began by merging the treasury departments of three companies. In the near future, we will be adding another two subsidiaries, and we will have up to 21 European Toshiba companies under the umbrella of this competence centre by 2017. This includes organisations both from different European countries and from different business sectors – for example, Toshiba Tec Germany, which supplies fax and copying machines, and Toshiba Electronics Europe, which is responsible for electronic components.

Along with treasury, Toshiba Europe's accounting team was moved to the shared service centre so that the two functions can work closely together. At Toshiba, treasury has become at least as important as accounting and controlling for the obvious reason – a company without liquidity faces a serious problem, possibly even worse than a loss for the financial year. Therefore, I view cash forecasting as one of the most essential tasks that treasury performs.

### Challenges

The biggest challenge with bringing together the individually organised treasury departments into the SSC was merging the various existing cash management processes and procedures. The subsidiaries had been using different

## SSCs: ADVICE FOR OTHER TREASURERS

**1.** Gradual harmonisation is very important – be as slow and cautious as needed. Very often, it is necessary to find interim solutions or workarounds to solve a certain problem while gradually adopting new processes. If all group companies had to change their processes completely and at the same time, ie merge processes without any intermediate steps, then the whole project of building up an SSC could easily fail. The treasurer would not gain a complete overview of all companies, and organisational units would have to face too many changes at once.

**2.** Learn as you go along. Each new treasury that joins

the SSC brings learnings. At Toshiba of Europe, we found that the transition required a lot of time and effort for the first few companies. We are getting faster with the companies integrating now, because both sides have learned from the previous harmonisation of processes.

**3.** Establish a single and standardised system. You need one mandatory system for all companies in the group. You cannot align processes if each unit operates on a different platform. For certain formats, you may still find interim solutions for importing or exporting data, as long as the data converges in a

single database. It is absolutely essential to have data consistency and transparency, otherwise you will have double data entry and processes, and completely lose sight of the overall objective.

**4.** Remember to keep it simple. When we have to align our processes, we want them to be as well-defined and clearly structured as possible. We want everything to be simple and well documented, so that we can offer these processes as services to all of Toshiba, if we decided to do that. Everyone joining the company should immediately understand what it is that we do and how we do it.

# United we stand

WHAT'S THE SECRET TO SUCCESSFULLY SETTING UP A EUROPEAN SHARED SERVICE CENTRE? OLAF SCHIMANSKI EXPLAINS

enterprise resource planning and treasury management systems (TMSs) with varying levels of support for cash management. Some organisations did not even have a specialised system. Moreover, the underlying processes were fundamentally different in each subsidiary, so we had to begin by finding a common standard. This was made harder by the fact that most of the treasury organisations that were being merged into the SSC did not have process descriptions, and there are few treasury manuals or guidelines.

To manage cash and plan liquidity efficiently in the SSC at European level, it is necessary to have a good TMS on which to map all the processes. We use a TMS by Bellin, which I am very happy with and it works well in the service centre. Since the individual companies remain the owners of their bank accounts, it is important that we can maintain an

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overview of the accounts and manage the corresponding rights.

We are happy that we made a decision to choose our TMS at the beginning of the restructuring process because it provides additional stability and structure. Once you have established well-designed processes in cash management and payments, you do not want to start all over again.

Simplification and standardisation have been the key objectives in the whole SSC project. There is always a need for optimisation, especially in the payments area. We built a comprehensive payment factory at Toshiba Europe, which replaced the individual payment solutions that were previously in place. As a result, we could manage all transactions from one system – our TMS. We are applying the same principle to the SSC. In order to bring the payments of all the companies onto a single platform, we are designing and implementing role concepts, assigning system-side signature authorisations, etc.

Authorisation of payments is being made as simple as possible, while enabling as much control as feasible. Since signature authorisations are decentralised, payments will be signed directly by the group companies (although I still approve every payment before it goes out). It is crucial to have electronic signature authorisations and to keep them

configured properly in the system. Each time we add new users, financial institutions or bank accounts, we test the authorisations to ensure that everything keeps running smoothly.

Restructuring your treasury is not just extra work, it is also a great opportunity. You can use it as a way to streamline your bank relationships and payment formats. In our case, I see great potential for group-wide standardisation and simplification of processes. Companies within the group can learn from each other. For example, my previous company within Toshiba generates its daily financial status overview with one click of the mouse. Most other subsidiaries do not have this feature yet, but they soon will. By establishing SSCs – there will be five such centres within the worldwide group, with one being in Europe – Toshiba hopes to improve transparency. 📈



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