



Adding to its treasures



William Ward-Brew
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Implementing a new treasury management system has enabled Anglo American’s treasury functions to become truly global.

ANGLO AMERICAN PLC is a global leader in the mining and natural resources sectors, with interests in gold, platinum, diamonds, coal, base and ferrous metals, industrial minerals, and paper and packaging. Operating in Africa, Europe, South and North America as well as Australia, these interests are run as individual business divisions, with some of the larger businesses having their own treasury functions.

At the corporate headquarters in London, the group treasury is responsible for risk management, including currency, commodity and interest rate exposures, cash management and funding, as well as providing a treasury advisory, execution and funding service to Anglo American operations. Up until three years ago, it relied on a treasury management system (TMS) that had been enhanced in-house over a number of years, but the decision to relocate the group treasury from Luxembourg to London was the catalyst to upgrade the system.

Group treasury wanted a new solution that provided greater functionality and eliminated the need for manual intervention in the management, settlement and confirmation of deals, while also providing more sophisticated risk management and reporting. “The previous system had very limited functionality. There was not enough front-end deal capture, it had limited accounting ability and limited integration with payment systems and the financial general ledger,” explains William Ward-Brew, Treasury Manager at Anglo American.

After nearly four months of assessing TMS vendors against its requirements, the group opted for Sungard’s Avant-Guard Quantum – an open platform treasury system that provides front-to-back office processing and integrated treasury, risk, accounting and cash management capabilities.

The system provided advanced functionality, including a multi-currency ledger system, automated bank reconciliation and confirmation of deals, sophisticated risk management and reporting tools. With the previous TMS, bank transactions were reconciled manually, and the group treasury relied on Excel and manual spreadsheets for data capture and management.

“The greater functionality afforded by the system has enabled us to carry out deals in a much more streamlined way and this has been reflected in the speed of deal confirmations and reporting on the facilities we have in place, and our accounting process,” says Ward-Brew. “By doing so much more, the new system has enabled

the treasury department to move forward and develop its operations in other ways, allowing us to enhance the approach to our treasury activities.”

The scalability and the opportunities Avant-Guard Quantum offers for future enhancement and development have provided Anglo American with a “future-proof” solution. “The new TMS has given us a platform that we can build on. At the moment, we are using it to provide us with full confirmation of foreign exchange and money market deals, but it has the capability to be expanded to handle other instrument message types when these are available” says Ward-Brew.

Since the TMS was installed at the group treasury in London, it has been expanded to incorporate the South African corporate treasury function, which now benefits from its straight-through processing (STP) capabilities and advanced risk management and reporting tools.

Ward-Brew explains: “There are three key advantages this expanded platform provides: it allows us to share consistent data, standardise operations between the two offices, and benefit from a measurable cost savings from rationalising onto a single system.”

An additional enhancement is the web-based interface which connects smaller Anglo American business operations that do not have their own treasury functions to the central TMS by providing greater visibility into their operations and requirements, as well as more reporting information.

Internally, the company is considering a seamless connection of the system to the market pricing portals it uses. “The main business benefit here is finer prices from a wider pull of banks in a much shorter timescale,” says Ward-Brew.

In the near future, the company will be migrating to Quantum Avant-Guard version 4, which offers a more robust technical infrastructure and, consequently, more speed and processing power.

Aside from improvements in functionality, the new solution has also allowed Anglo American to benefit from full support and maintenance from Sungard, which ranges from advice on upgrades to helpdesk services. “Our previous system had been customised so much in-house that it could not be supported by a helpdesk,” says Ward-Brew.