

Strengthening business links

A reliable treasury management system was a key requirement for the Dixons Group and IT/2 has proved the ideal solution.

FOR THE GROUP TREASURY FUNCTION of one of Europe's largest electronics retailers, with a turnover approaching £6bn, keeping abreast of the latest developments and advances in treasury technology is essential.

In 2001, the Dixons Group, which includes brands such as Currys, PC World and The Link in the UK, was expanding across Europe, both organically and through acquisition, and this was placing new requirements on the group treasury function based in Hertfordshire.

"We were using a Dos-based system and, although it was reliable and resilient, the technology was very old," says Matthew Hurn, Group Treasurer of the Dixons Group. "We realised that we needed a new treasury solution that could support the business and the continual development of the group's expansion at the same time."

The group's key requirements were for a robust and secure treasury system that combined best practice with single data entry and straight-through processing (STP). The new system would be integrated with a range of auxiliary systems, including banking applications responsible for payments and statements. It would also have to link to the Reuters service used by Dixons for foreign exchange (FX) and money market rates, and Crossmar, the deal-matching confirmation system used by group treasury.

Although not planned for the initial phase, the ability to interface with the group's general ledger was also a key requirement.

Dixons drew up a tender document, which detailed the minimum functionality requirements, and then invited nine companies to bid for the project, before shortlisting three. The solution providers were then asked to make presentations showing how their systems would manage the specific transaction and output requirements of the business. The system selected would have to fit in with the group's IT strategy and be compatible with its preferred database structure.

"We evaluated the three systems and their suppliers on a number of criteria, including functionality, capability, development/customisation potential, FTSE clientele and, obviously, value for money. We also wanted assurances as to the ongoing support of the vendor and wanted to assess how significant a client we would be to them," adds Hurn.



Matthew Hurn
Group Treasurer,
Dixons Group

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The group decided in favour of SimCorp's IT/2 and implementation started in May 2001, with the new solution going live for UK-based group treasury activities at the end of the year. Treasury operations at Dixons' insurance captive in the Isle of Mann were also transferred to the IT/2 treasury system and database and the new solution was also rolled out across Dixons' Scandinavian electronics company Elkjop, based in Oslo, Norway. Since going live across the three European businesses, IT/2 has provided Dixons with a number of important business benefits, from control enhancement and process efficiencies to improved levels of reporting.

Hurn points to increased visibility of exposures across the group and greater control over the activities of the remote treasury functions as two important steps forward.

Direct interfaces between IT/2 and four banks for automatic statements and funds transfers, as well as links to Reuters and Crossmar, have automated several processes, which have eliminated the need for manual intervention.

By interfacing directly with Reuters' FX and money market rates service, IT/2 also receives regular rate updates that recalculates Dixons' position in the markets, enabling the group treasury function to take appropriate action in good time.

Once a deal is input into the system, the payment requirements are automatically signalled, thereby eliminating the need to rekey in data and confirmations of matching deals are fed into IT/2 directly from Crossmar. As Hurn explains: "IT/2's single point of entry is clearly a big advantage for us, as it enables STP. We input information once and the whole process flows automatically."

He adds that the new solution has also significantly enhanced the quality of reports generated for analysis, as well as the information that can be made available to management and the board.