

# Transformation at Kofax plc

TECHNOLOGY COMPANY KOFAX PLC HAS TRANSFORMED ITS FINANCIAL MANAGEMENT SYSTEMS. **STEFAN GAISER** OF KOFAX, AND FORTIS'S **GRAHAM BEITH** AND **MICHAEL TURNER**, REVEAL HOW THE PROCESS UNFOLDED AND EXPLAIN THE RATIONALE BEHIND THE CHANGE.

## Executive summary

Over recent months, Kofax has embarked on the next phase in the evolution of its business by centralising business support functions, including financial management. In this article, we talk to Stefan Gaiser, chief financial officer, about some of the ways in which Kofax has started transforming its treasury and cash management, and to Michael Turner, head of cash management – banks & Europe, and Graham Beith, regional director – Thames Valley, both of Fortis, which was recently appointed Kofax's global partner bank.


Americas, EMEA and Asia Pacific. Kofax now services the needs of 10,000 customers and has 1,200 employees globally.

## THE NEXT STAGE

**Stefan Gaiser, Kofax:** Kofax is a global company which operates directly in 36 countries around the world. With our new chief executive officer, Reynolds Bish, joining Kofax in November 2007, we recognised that to move to the next stage in our company's growth, we needed to transform our business to move from a decentralised organisation, with profit and loss at individual country level, to a functionally-oriented company, creating economies of scale and functional excellence. Centralising the treasury and finance function has been a key element in this process.

Part of our transformation project has been to rationalise our financial systems to a single ERP system so that we have a single source of data internally and a global view of our financial position. In parallel with this, we reviewed our external cash management structures and decided to assess the feasibility of working with a single bank globally.

**DUE DILIGENCE PROCESS** We conducted a due diligence process to review the capabilities of various banks, including factors such as their geographic reach, breadth of products and services and customer service levels. On the basis of this



**K**ofax plc (LSE: KFX) is a leading provider of intelligent capture and exchange solutions, providing application software and OEM/POS software worldwide as well as hardware distribution in Europe, the Middle East and Africa. For more than 20 years, Kofax has provided award-winning solutions that automate document-driven business processes by managing the capture, transformation and exchange of business-critical information in paper, fax and electronic formats in a more accurate, timely and cost-effective manner.

The company delivers intelligent capture and exchange solutions through a global network of more than 1,200 authorised partners, and its own sales and service organisations in more than 60 countries throughout the



review, we decided to select Fortis as our global bank. There were a variety of reasons for this decision. First, Fortis had the geographic reach we required, with a local presence through business centres across Europe; and in the countries in which it did not have business centres, it had strong relationships with partner banks. Secondly, Fortis had previously been our principal partner bank in the UK, and we were very satisfied with the solutions, expertise and customer service levels which we had received.

#### THE WORKING RELATIONSHIP

**Graham Beith, Fortis:** Fortis has had a close relationship with Kofax since 2000, predominantly in the UK. When the company began its treasury centralisation project, we were able to build on our existing knowledge of Kofax in the UK, but also provide direct support to the CFO in Germany and the treasury in Switzerland.

**Stefan Gaiser, Kofax:** We had several objectives in working with a global bank. We aimed to pool our cash more effectively, increase our interest income and leverage group balances to reduce our overdraft costs. By achieving a global view of cash and liquidity, we saw opportunities to manage FX more strategically and measure and manage our financial risks.

**Michael Turner, Fortis:** One of the key elements of the solution on which Fortis is partnering Kofax is an integrated notional cross-currency, cross-border cash pooling and target balancing (cash concentration) structure. This involves the physical movement of cash from some accounts in which Kofax has larger balances into master accounts held in each major currency. This gives treasury the opportunity to manage FX risk on a consolidated basis, invest surplus funds centrally and avoid in-country borrowings. For accounts with smaller balances, these are included in a notional pooling structure, so balances are centralised for the purposes of interest calculation and credit and debit balances offset, but without physical movements of cash. This is a highly cost-effective approach and delivers the benefits of cash concentration without the cost of transferring cash or the need to set up intercompany loans, and satisfies regulatory requirements in countries which do not permit cross-border pooling. For countries in which Fortis works with partner banks, we have set up non-resident accounts for Kofax with Fortis so that the balances in these countries can also be included in the pooling structure.

We have implemented this approach gradually, starting with Kofax's larger businesses to deliver immediate benefits, but with a detailed plan to roll out to other regions. This combined solution gives Kofax the opportunity to optimise its return on the consolidated position while reducing its need to borrow.

#### FINANCIAL CENTRE OF EXCELLENCE

**Stefan Gaiser, Kofax:** A project of this type is not simply about internal efficiencies. As a market leader in information capture globally, we have relationships with 84 FT-500 companies, which are themselves global in their reach. By creating a financial centre of excellence, with better insight into our customers, we can monitor collections, identify business with each customer at a global level and therefore

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work more strategically with them, such as offering global payment terms to our best customers. In this way, our business transformation helps us to maintain our competitive position and do business more effectively.

Although we are still in the early stages of our transformation process, we have already seen the benefits of streamlining our treasury and cash management function. We now have a far better insight into our consolidated cash position and can therefore make informed decisions. For example, we are now in a position to take full advantage of fluctuations in FX rates while hedging our risks effectively. Looking ahead, we rely on Fortis to help us to be as agile as possible in the financial markets, and we look forward to taking advantage of its expertise as our financial activities evolve.

**Graham Beith, Fortis:** We look forward to working with Kofax as the company moves into the next stage of its transformation. For example, Single Euro Payments Area (SEPA) provides the opportunity for Kofax to streamline and reduce the cost of cross-border payments and will enable Kofax's pan-European customers to do business with Kofax more easily.

Fortis is an international financial services provider, with a network of over 140 business centres across Europe and Asia. Fortis has been doing business in the UK for over a century, helping companies grow locally and expand internationally. For more information on Fortis's cash management solutions, please contact Michael Turner at michael.turner@fortis.com



Stefan Gaiser, CFO, Kofax plc  
Graham Beith, Regional Director – Thames Valley, Fortis  
Michael Turner, Head of Cash Management – Banks & Europe, Fortis

