



# SWITCHED-ON TREASURY

## Working in structured finance requires treasury to be close to and understand the sales and marketing side of business. Group treasury manager Rahul Daswani discusses how communication is the key in making this a success at Microsoft

Words: **Ben Poole** / Photography: **Grant Bishop**



While studying to become a chartered accountant, it became apparent to Rahul Daswani that a career in public accounting or audit was not where he pictured his future professional life.

"Many people enjoy roles like that, looking at a transaction after the fact, seeing what went wrong and providing a report," says Daswani, who today is group treasury manager – structured finance at Microsoft. "But I wanted to have a career where I am part of creating those transactions rather than auditing them. That was what led me to join a corporate, initially GE Capital, unlike many of my colleagues."

Having a customer services and operations role at that company, Daswani learnt the fundamentals around operations and finance that would go on to be his specialised field. Moving to Citibank, he took on various roles, including work around credit risk management and product development. "The core of my work started to revolve around financial risk analysis and the study of financial statements," he says. "That was when I decided that corporate finance was the area in which I would like to develop my career. Following that path, I moved to Nokia and then, through acquisition, to Microsoft."

### Technology trends

Microsoft has a hybrid structure with most functions centralised in Redmond, in the US, while some of the sales support functions like credit services and structured finance are located around the world. Being a technology company, its teams are technically savvy and use Microsoft's own Azure cloud platform across all its treasury applications.

In structured finance, the clear goal is to support the sales organisation to sell more by addressing credit risk and the liquidity needs of the company's customers and channel partners. This is achieved through use of third-party balance sheets.

When the sales and marketing organisation requires support, Daswani looks at what the issues are and how a solution may be possible. "Once we have assessed that there is a realistic solution possible, my role is that of a project manager," he says. "I put all the stakeholders together, get the product from the banks, explain it internally to get the appropriate approvals from legal and accounting, and then execute the transaction by designing the operational process. It also means that I need to train the operational team, who will continue operating it going forward, so I have oversight of this."

### Funding feasibility

Structured finance as an entity at Microsoft was established relatively recently, demonstrating the company's understanding of the need for the types of solutions it offers. This is particularly the case for sales in emerging markets that may not have the same macro environment as some of the developed markets.

"Credit risk is a very important element, but we are obviously still exposed to some credit risk after putting a funding structure in place," says Daswani. "We look at whether we have been able to help our sales organisation by doing a transaction that they would not have been able to do without our structure. We also look at the pricing dynamics to see whether it is viable or not. In addition to the financial >





## RAHUL'S TOP TIPS FOR SUCCESS

❖  
“It is important to view banks as your partners and stakeholders. Some of the best solutions emerge when we actively listen and seek out creative ideas from our banking partners.”

❖  
“Ongoing education is a really important concept if you are going to be successful in treasury. My ACT studies have personally helped me to take concepts and use them in dialogue with stakeholders to properly express my point of view.”

❖  
“You have to have the latest smartphone. If you don't, then you may not be as productive, as it really helps with multitasking. And I'm not just saying that to promote Microsoft!”

❖  
“I worked in many different roles before I entered treasury, moving horizontally to areas such as operations, quality, bank operations, risk management and business development. That allowed me to learn lots of different skill sets. This is good to do early in your career before you have to really specialise. It helped me to get a better perspective of how companies operate and not have a fixed mindset.”

❖  
“I try not to have a fixed mindset. I want to learn and understand different points of view. This can be a challenge. In many areas I am quite opinionated, so sometimes it can be difficult to detach my opinion and hear someone else's point of view, but it is definitely something that I always strive to do.”

❖  
“The most difficult question my boss could ask me is one that will come up during an appraisal: what is the impact you have made? This is a serious question that requires some introspection. You need to understand what value you personally bring to the organisation, and be able to articulate this by describing the challenges you have faced, the effort you have put in and what that will lead to. It is something you should always be thinking of.”

❖  
“It can be hard to wind down in the 24/7 work environment, but it is important to find that time where you can. I like to sit down with my two young daughters and hear from them about how their day went.”

ROI, this may include looking at the time you would spend putting the transaction together, the scalability of the transaction and how replicable it would be in the same geography or in another market.”

Enhanced cash flow is a valuable side effect of some of these structured transactions, but it is not a key driver. Growth in revenue and supporting customers and channel partners remains the key focus.

“I work with a relatively small team in structured finance, and each of us contributes to the discussion on how we can develop the function,” says Daswani. “We look at what we do in one geography and see how that can translate to other areas around the world. The fun part of this role is that we can share strategy and the way in which we conduct these transactions. Things will always be different if you compare Brazil, China, and Dubai, for example, but if there is a way to take a successful mode of operating from one market to another, we will certainly investigate how to do this.”

### Communicating the benefits

Like many large global organisations, Microsoft has a central corporate plan that is translated down to the broader field organisation – essentially a blueprint for success. Whether that success comes or not depends on how the company executes the plan. “You need the resources and also the cutting-edge technology to achieve this group-wide communication,” says Daswani. “We make our own tools like Skype for Business and SharePoint, so you could say that we have a built-in advantage here.”

Communication allows everyone to understand the broader company strategy and, more importantly, how their team's goals relate to that broader strategy. Also, closer ties between the treasury function and the business allow the value that treasury adds to the organisation to be clearly seen, and vice versa.

“Treasury is recognised within the company as a career that requires specialised skills, and so treasury qualifications are very important,” says Daswani, who achieved his AMCT qualification in 2015. “The company also encourages us to take on certain roles outside of treasury in different functions of the organisation, in order to get a better understanding of the business. Staff are then encouraged to come back to treasury and share their experiences.”

Daswani describes studying for the AMCT as one of the best decisions he has made, and for more than one reason.

"I was studying for the AMCT some 10 to 12 years after I'd graduated. It really helped me refresh my concepts. There were also parts of the AMCT that were completely new to me, so I was absolutely brought right up to date."

The fact that he was studying for the AMCT alongside his corporate treasury role was also a benefit. "When you study these concepts, they are very real when you are also practising them in your day job," explains Daswani. "A good example of this is the capital asset pricing model – you don't actually appreciate that until you spend some time trying to do things around it in the real world. Then you understand how you can make the most out of it in your day-to-day work."

### Middle East markets

Being based in Dubai, Daswani has a prime view of what is happening in the financial markets of the Middle East. Naturally, the topic of oil is never far from the surface.

"The development of financial markets in the Middle East has frankly been quite slow; for example, there is no good bond yield curve," says Daswani. "One reason for this is the advantage that the oil economy has provided to this region. Higher oil prices provided government revenues that could then be invested in a broad range of projects. Today's lower oil prices are changing the status

"Treasury is recognised within the company as a career that requires specialised skills, and so treasury qualifications are very important"

quo – but it could actually be helpful in the development of the financial markets. Most governments will have to borrow in the near term to manage their investments, which could help to boost the financial markets. Countries such as the UAE and Saudi Arabia seem to understand that oil volatility is here to stay, and are now working on regulation and policies focused on key strategic goals to provide a sustainable financial model."

For treasurers operating in the region, or looking to expand into it, there are a couple of points that Daswani highlights as particularly worthy of attention. The first relates to receivables and credit risk management. "This is something that treasuries operating in the Middle East really need to own; it is the most challenging area of business in this region," he says. "This is best managed by treasury, as it allows the treasurer to make longer-term strategic decisions that impact the cash flow of the company. Choosing the structure and the way we function is vital. In the longer term, this will reduce risk, allowing for lower loss provisions to be made that will impact the profit and loss."

The second point to note is on funding and FX. Many countries in the Middle East, such as Saudi Arabia and the UAE, are linked to the US dollar. This has a tendency to reduce an FX risk element in people's minds. "You also need to remember that the dollar depth in these markets is fairly limited," states Daswani. "You may think you are in a dollarised economy, but then any time you want to raise any sort of financing, it comes at a much higher cost, particularly if you want to do longer-term US dollar financing. It is very difficult to benchmark pricing, as the bond markets are not very well developed and yield curves are not very well established."

In this scenario, treasurers need to spend a lot of time negotiating terms, conditions and pricing, for example. "It is not as transparent as you would expect, even if the currency is linked to the dollar," says Daswani. "Then there are certain countries that are not at all linked to the dollar, which bring their own FX challenges. This is unique to the Middle East market." ♦

## RAHUL'S CV

### January 2015-present

Group treasury manager – structured finance, Microsoft  
**July 2012-December 2014**  
 Regional treasury manager – India Middle East & Africa, Nokia  
**September 2011-June 2012**  
 Manager, local treasury – India, Nokia

### December 2009-August 2011

Customer finance manager – India & South East Asia Pacific, Nokia  
**December 2007-December 2009**  
 Customer finance manager – India, Nokia

### November 2006-December 2007

Business development manager – microfinance, Citibank India

### August 2004-October 2006

Regional credit manager, Citibank India

### October 2002-August 2004

Banking service and operations manager, Citibank India

### January 2002-September 2002

Quality black belt, GE Capital International Services

### December 1999-December 2001

Operations manager, GE Capital International Services



## QUALIFICATIONS

### 2013-2015

AMCT: CertRM, CertCFF and CertITM, ACT

### 1996-1999

Associate of Chartered Accountants, Institute of Chartered Accountants

### 1994-1997

Bachelor of Commerce (H), Delhi University

## VITAL STATISTICS

**\$85.32bn**

Microsoft net revenue

**\$16.79bn**

Microsoft net income

**38%**

YOY growth of net income compared with 30 June 2015

**114,074**

Staff headcount worldwide

**122**

Countries with Microsoft subsidiaries

**1975**

Year in which Microsoft was founded

All statistics taken from the fiscal year ending 30 June 2016

Ben Poole is a freelance writer and editor, specialising in treasury and transaction banking