



GPS[®] CAPITAL MARKETS



CASE STUDY

TOP INTERNATIONAL ARCHITECTURE FIRM CUTS A 7,500 INVOICE BACKLOG WITH GPS INTERCOMPANY NETTING SOLUTION

One of the world's foremost firms in the Architecture, Engineering, and Construction industry partnered with GPS to clear a severe backlog of intercompany invoices and burgeoning FX risk exposure. Process improvements and analytics led to effectively mitigating FX exposure to optimal levels, leading to lasting satisfaction with GPS and the FXpert[®] platform.



INDUSTRY

Architecture, Engineering,
and Construction

ANNUAL REVENUE

\$1.5 billion

CLIENT PROFILE

The client is one of the largest firms in their industry, operating in 17 countries worldwide, with clients in more than 100 countries and trading 15 currencies.

THE CHALLENGE

As an international leader in their field with a complex system for resolving payments between subsidiaries, the client faced a severe backlog of open intercompany invoices spanning more than five years. The internal Treasury team struggled to address the issue on top of daily tasks, leading to increasing FX exposure risk as time passed. Overwhelmed by the thought of needing to complete hundreds of individual settlements through bank wire and FX trades, they searched for a partner who could conduct a thorough analysis of their existing systems, resolve the backlog, and implement efficient processes to streamline all of their future FX activities.

THE SOLUTION

1. Initially, the client had no formal hedging program and relied on cumbersome individual bank transfers. FXpert analytics allowed back-testing which paved the way for executive approval to overhaul their international payment system.
2. Unclear FX exposure was a pressing issue. FXpert gave the client instant visibility into their risk profile leading to increased confidence and better FX-related decisions.
3. The GPS Quantitative Risk Analysis (QRA) team delved into these open intercompany AR/AP invoices, systematically reducing FX exposure.
4. Despite a small and centralized treasury team, the client was able to handle complexities through FXpert's features like pre-settlement review and post-netting settlement report.
5. The client now manages their cash flow effectively down to the subsidiary level thanks to the settlement review features of FXpert.

“Using the Intercompany Netting tool in FXpert has saved our Treasury team time and money. Looking at a sample from last year, in six uses of the netting tool we cleared 7,557 invoices which, without the netting tool, would have been manually processed as 265 individual settlements. Many of these would have required both a wire and an FX trade. With GPS, we were able to clear smaller invoices quickly, which would have otherwise been held so that the balance between the respective entities could grow before settlement.”

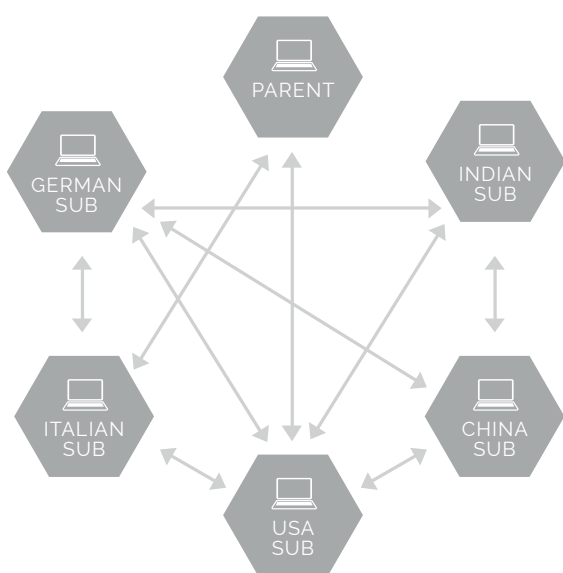
TREASURY MANAGER, INTERNATIONAL ARCHITECTURE FIRM

RESULTS

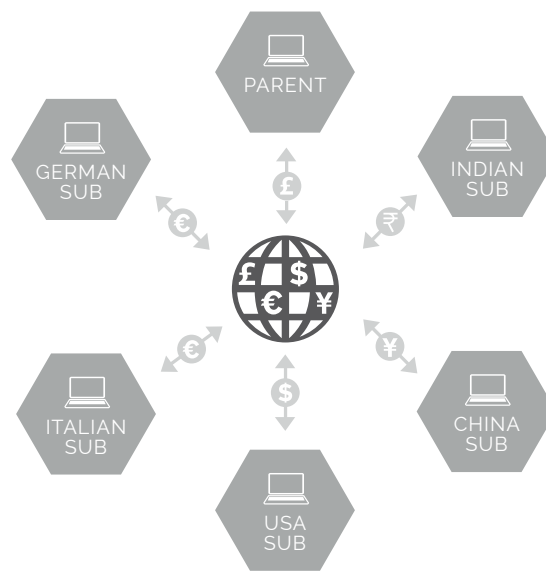
What the client has to say about FXpert’s Intercompany Netting Tool:

1. We value the ease of settling one or two small invoices that would have otherwise been aging as we waited for more invoices to combine into a reasonable amount.
2. The frequency of settlement for most entities prevents us from accumulate aged invoices.
3. We’ve seen a large reduction in the number of bank fees ICO accumulating across the entities.

BEFORE NETTING



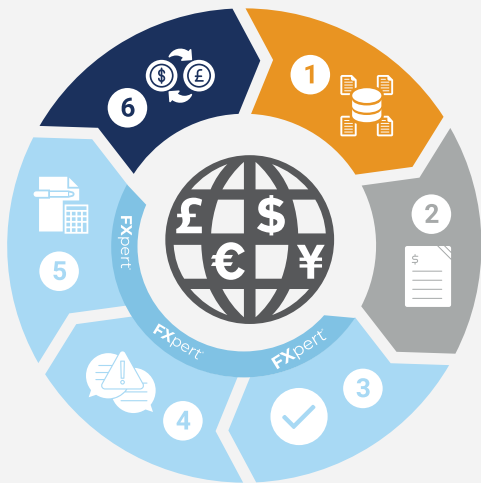
WITH NETTING



CONCLUSION

With FXpert, the client was able to upload their invoices and gain invaluable insights into their risk profile. The platform's user permissions, controls, and audit capabilities allowed them to manage their cash flow effectively, even down to the subsidiary level, alleviating strain on their centralized Treasury and Accounting teams.

Today, the relationship between the client and GPS has evolved to improve other areas of their treasury systems and create a better working environment for their treasury employees. The data analysis, reporting, and automation features that FXpert provides continue to refine their treasury processes.



AUTOMATE CHALLENGING MANUAL PROCESSES

- Standardize regular processes and accounting reporting with the FXpert platform.
- Aggregate data about your past FX processes and use insights to optimize decisions for the future.
- Simplify your view of intercompany FX dynamics and produce a single payment/receivable in each subsidiary's local currency.

ABOUT GPS CAPITAL MARKETS

WHO IS GPS?

Founded in 2002, GPS brings together a senior management team rich in international business experience from the world's leading financial institutions. GPS offers companies involved in overseas business one-on-one assistance with their international banking needs and specializes in helping tourism and travel industry companies create tailored currency strategies that mitigate foreign exchange risk.

HOW IS GPS DIFFERENT?

At GPS, we separate ourselves from competitors by offering the 360 Approach: personalized, one-on-one attention, with a single account representative as your primary point of contact. Each account representative is then backed by a team of FX experts who provide 24/7 trade coverage and are ready to help with anything from the simplest to the most complex questions and situations.