

Wallstreet Treasury

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Case Study

WALLSTREET TREASURY POWERS DELTA'S GLOBAL VISION




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Kemi Olatunji, Treasury Manager
at Delta

BACKGROUND

Delta plc is an international industrial group headquartered in the UK and listed on the London Stock Exchange with operations employing over 2,500 people in the UK, Australia, South Africa, Asia Pacific and the United States.

With a global network of production facilities, the group's principal businesses involve production of electrolytic manganese dioxide for dry cell batteries, galvanising services and the fabrication of a range of products for mining and other industries.



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Kemi Olatunji, Treasury Manager at Delta

The operations in Australia, Asia-Pacific and the United States provide galvanising services, whereas Delta's Industrial Supplies businesses are principally located in Australia. The treasury department is based in central London at Delta's headquarters. It is a centralised operation, managing the cash, foreign exchange and interest rate risk for the group.

As a European company with a global business range, Delta is vulnerable to exchange rate volatility, especially in the Australian dollar (and even more demanding currencies such as the South African rand) and the subsidiaries generally have multi-currency positions to hedge.

BUSINESS CHALLENGE

As the company deals across a number of country markets, enabling the company treasurers to view and analyse the disparate information on deals, bank statements and its investments was a key challenge facing Delta's treasury department.

Each morning, for example, Delta downloads bank statements from HSBC Bank Plc, in multiple currencies, for the group company and some of its operating subsidiaries. In addition, the company needs to keep track of each day's dealing operations – crucial to the business as it operates in a wide range of instruments in the foreign exchange (FX) and interest rate markets, and also performs inter-company deals to take advantage of funding and hedging opportunities.

Delta's treasury department regards deal confirmation as an essential control process, to help ensure that dealing operations are accurate, and as an additional check that they are in compliance with treasury policy.

It was also crucial for Delta to track and respond to competitive bid information. This facilitates the construction of bank performance analysis reports, and helps the business to select and manage its counterparty banks for different financial market operations.

To complete its overhaul of the treasury processes, Delta needed to simplify and streamline financial reporting and implement a system that could run standard and bespoke automated reports.

Consequently, Delta's treasury management invested in Wallstreet Treasury to provide a secure, cost-effective and efficient platform for its operations. Wallstreet Treasury system was implemented in a 10-month project.

RESULTS

Delta's treasury policy includes the segregation of duties, so automatic account reconciliation is performed by Wallstreet Treasury under the supervision of the accounts department. This process is optimised through predefined reconciliation tolerances, and the system uses 'fuzzy' logic to suggest possible matches.

System-generated forecasts, which integrate bank statements, treasury data and commercial information, enable the treasurers to view and analyse their positions in order to plan the day's dealing operations. In the background, Wallstreet Treasury also captures competitive bid information.

Another feature of Delta's operation is that Wallstreet Treasury includes a 'digital dash-board' to view HSBC's electronic dealing facility, HSBCnet. This is used for the automated execution of certain types of external market transactions submitted by the group company and takes advantage of the speed, accuracy and automation on offer through this facility.

The approach allows Delta's treasury team to approve deals online before execution, adding the necessary management and control aspects to the process. Wallstreet Treasury controls the process, differentiating between the confirmation of internal and external deals. The electronic confirmation service for external deals is conducted using the electronic matching system, Misys CMS. This automatic process provides Delta's treasury operation with what is, in effect, an electronic back office function. Deal confirmations are independently and securely issued and matched, providing a very high level of verification, quality assurance and control.

Reporting is another crucial treasury function by which Delta takes full advantage of the capabilities of Wallstreet Treasury. It uses a number of standard and consultant developed reports that were supplied with the solution. In addition, Delta has since developed ad hoc and permanent reports in-house in response to changing management and operational needs.

Thanks to the savings in staff time and the ability to better manage its deals and funds, Delta reported a return on investment on the Wallstreet Treasury system within the first two years.

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KEY FACTS

- **Global manufacturing group streamlines treasury tasks and reporting.**
- **Provides easier tracking of international deals and multi-currency funds.**

Taken singly, each of Delta's treasury activities is a standard function for a European headquarters operation working in the global financial marketplace, but it is the holistic effect of automating and integrating processes wherever feasible, that has enabled Delta to derive maximum benefit from the Wallstreet Treasury solution.

"The entire process – from scoping and implementation to rollout and development – was extremely straightforward and has changed the way our group business operates," said Kemi Olatunji, Treasury Manager at Delta.

"With so many currencies and markets to track, plus a complex market of bids and investments, we needed a system that could automate a lot of our processes and give us greater control over our corporate finance."

"The flexibility of Wallstreet Treasury has allowed us to streamline our business and work a level of intelligence into our reporting that we didn't have before. The fact that much of it was pre-configured also meant it integrated seamlessly with our existing infrastructure, leading to a quick implementation and significant returns."

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