

HIGHLY COMMENDED WINNER

Best Risk Management Solution

OSRAM Opto Semiconductors (Malaysia) Sdn. Bhd.

Penang, Malaysia

Ravee Vasu, CFO



Ravee Vasu, OSRAM and Eddy Henning, Deutsche Bank

Optimising treasury: transparency and control in cash management

Company profile

The multinational lighting manufacturer OSRAM was founded in 1919, and the brand has been synonymous with high quality and innovative electric lighting since. For decades OSRAM has supplied a wide range of lighting products to the global market. As a result of the shift from traditional toward LED-based light sources, OSRAM now focuses on automotive and specialty lighting, opto semiconductors as well as luminaires, lighting systems and solutions.

OSRAM Opto Semiconductors is a subsidiary of OSRAM and is the world's second largest manufacturer of optoelectronic semiconductors. Its growing operations in Malaysia required the support of a fully automated cash management solution that integrated seamlessly into the company's existing SAP system. Together with its partner, Deutsche Bank, this was implemented in a highly efficient manner.

The challenge

It was essential for OSRAM Malaysia's small and highly efficient treasury team to have an effective and reliable cash management solution to support their growing operations. This has to fully automate payables and receivables and streamline bank reconciliations, and integrate seamlessly into the company's existing SAP system. The objective was to optimise payment processing and to achieve increased visibility of, and control over designated accounts.

The solution

Deutsche Bank's Global Transaction Banking unit implemented a host-to-host solution for OSRAM Malaysia, fully integrating payables and receivables and streamlining their existing reconciliation processes. This was made possible, in turn, by laying a foundation of a standardised channel and format for all communications between the company and Deutsche Bank, including instructions and statements. The solution includes db-worldPAS, which has the capacity to route transactions approved by OSRAM's SAP system automatically to Deutsche Bank Malaysia's back office, effectively speeding up and streamlining payment processing. For OSRAM Malaysia's convenience, Deutsche Bank also introduced a special cheque-collection procedure to speed up the crediting of customer cheques into the company's account.

The project's essence is efficient automation, providing a full suite of payables and receivables capabilities to support the company's operations, with additional benefits derived from using db-worldPAS and MT940 SWIFT messages. Using db-worldPAS to channel transactions approved in OSRAM's SAP system automatically to Deutsche Bank's Malaysia back office considerably improves and speeds up payment processing and optimises the company's straight-through processing rate. The solution also gives the company's treasury team comprehensive visibility of all balances and transactions, as well as control over its accounts, allowing it to perform bank reconciliations seamlessly using MT940 SWIFT messages.

The addition of a special arrangement for collecting and crediting customer cheques takes into account local conditions in Malaysia where cheques remain a highly popular payment channel.

Workflow description

In practice, a member of OSRAM's global team initiates a payment transaction or inputs a receivable, thereby sending an instruction to their local server. There, a file is automatically generated in EDIFACT format and transmitted to Deutsche Bank's server. Deutsche Bank's back-end system recognises and conveys the file on to the relevant server in the country of its destination. For example, if it was initially received in Europe, but belongs to an Asian account, it is immediately sent to Deutsche Bank's Singapore server which routes it on the correct country in Asia Pacific. Thus each transaction's journey is fully automated, going straight through to the relevant local branch of Deutsche Bank, with OSRAM enjoying complete visibility and control at every stage.

Project execution

OSRAM's treasury team found the solution highly user-friendly to implement, and implementation was remarkably swift, putting all requirements in place and achieving full account transparency and security in just two months.

Francis Gomez, Director, Global Transaction Banking, Deutsche Bank Malaysia, sums up the benefits of the solution: "The solution offers optimal visibility and control combined with a very high straight through processing rate. This reduces credit and liquidity risk, streamlines OSRAM's day-to-day operations and supports its treasury team, leaving them free to pursue the company's strategic goals, growing its core business across Asia-Pacific."

Ravee Vasu, CFO, OSRAM Opto Semiconductors (M) Sdn Bhd says, "We are proud and pleased to have won this award. It is a welcome recognition of the hard work put in, by both our own treasury team and by Deutsche Bank, to make this project a success and complete it in record time. It is also a testament to a highly successful partnership with Deutsche Bank; rather than just providing banking facilities or payment processing, Deutsche Bank is a true all-round banking partner, always willing to go the extra mile to understand our needs and find ways to fulfil them."