

Cash flow pooling for a world leader

The use of CashSolutions by Danone since 1997



Danone is a world leader in several food industry business lines and has internationally famous brands like Actimel, LU and Evian. Present in 120 countries with a headcount of nearly 90,000, the group's turnover in 2003 was €13 billion. However, Danone has a very centralised organisation for the management of HR and finance. Operational companies are not judged in terms of financial charges and income but on ROP and OFCF. Financial charges are managed at central level. The Danone treasury department has the task of managing risks and leading the group's network of treasurers. Danone Finance is a financial company whose central treasury department is dedicated to cash operations.

Payment Factory

When the project was launched in 1997, the main objective was to pool and secure so-called risky payments for all the Group's subsidiaries. These payments were manual paper payments and international transfers.

At the same time, the Group introduced Lotus Notes, to enable all the entities to communicate electronically.

Therefore, the solution chosen was not only intended to offer client payment functions (in the client/server meaning) but also signature and validation functions via Notes.

After consulting numerous French and international software editors, it

appeared that only CashPooler from DataLog Finance met the Group's requirements. In addition to a wide range of client functions, CashPooler already integrated a messaging system which satisfied the Group's requirements in terms of workflow: an agreement was signed at the end of 1997.

Rapid implementation and easy to use

Various things led to the success of this project. First of all, the product itself. "At the time, it was found to be a simple solution and easy to use since it was based on the Group's existing messaging system," pointed out Vania Ferrat, then

Group's Treasury IS Manager, who is now Cash Management Director.

The project organisation was then set up. It was important to have people dedicated to the project. Vania Ferrat took charge of the entire technical and organisational part while a functional project manager took care of the services to be introduced. They had to find time and – a vital point – involve the subsidiaries. This was relatively easy at Danone due to the Group's organisation. So involving the subsidiaries was rather simple.

The Danone Finance team visited all the subsidiaries and organised information and exchange meetings

with the future users. This was followed by product training.

Functions available at present

The first functions provided were payments and hedging.

Head Office recovered information from the subsidiaries and sent it to the bank, indicating that it was paying "on their behalf". As such, Danone Finance made payment on behalf of all the subsidiaries. In return for the payments, Danone Finance impacted their current accounts.

Following the success of this project, a netting factory was launched. A Euro pooling zone has been operational since 1999 along with multi-currency pooling at world level since 2001. Thirty countries and 74 subsidiaries are now involved in pooling.

Advantages

The advantages of the project considerably exceeded the initial expectations.

The ROI was not only high but was achieved very quickly due to the re-orientation of local treasury teams and the sharp drop in banking costs.

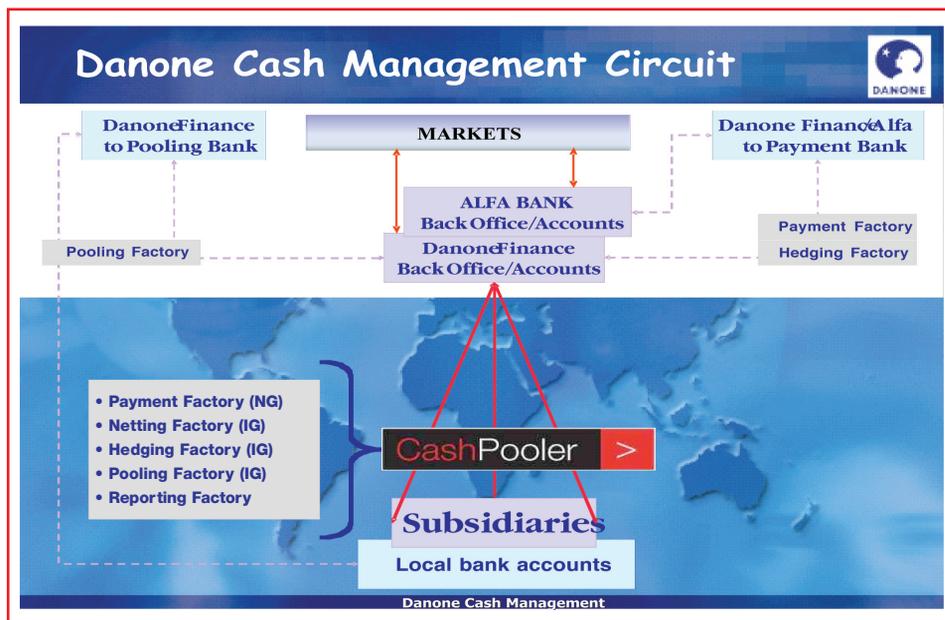
The fact that the entire Group used a single system instead of 30 different e-banking solutions simplified and secured exchanges.

Interfacing between ERPs and the e-banking system is now extremely simplified, thus bringing the Group

close to its target for 2007: an ERP, an e-banking system and an interface with banks (SWIFTNet).

Conclusions

This project, which was a real success for Danone, rationalised flows and



For Vania Ferrat, "With CashPooler, we can centralise all the complexity (complexity of bank formats, ERP formats and bank exchanges) in order to offer secured systems that are easier to install and use."

Danone also saved in terms of internal audits – which is very important due to current changes in regulations (IFRS, Sarbanes Oxley, etc.) – and now has a better vision of the distribution of its subsidiaries' bank flows. As such, it has the real ability to adjust flows with one bank or another at any time and to launch new RFPs, along with the real ability to switch from one bank to another.

The project which is underway at present is pooling domestic flows via SWIFTNet. This will get rid of all the local bank communication functions.

secured transactions. In particular, it enabled the pooling process to be continued while it was extended to domestic flows. ■

DataLog Finance

DataLog Finance is an editor of cash management and treasury software (CashPooler, CashReport, CashNetting, CashValue) developed by specialists in cash management, software and new technologies. Its products are based on full-Web 3-tier architecture and J2EE. DataLog Finance has won the confidence of major groups all over the world. Every day, its products are used in more than 60 countries by more than 900 entities: thanks to them some €300 billion are exchanged every day.

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