



## Case Study

# Debbies Villas



A Currency Risk Management  
Customer for Over 5 Years

### Company Overview

Debbie's Villas is an online travel agent who specialises in villa rentals in Orlando, Florida. Currently, all of Debbie's Villas sales are online to UK based customers, which leaves them with many challenges regarding the management of currency exchange.

### How Debbie's Villas Works

Due to their customer base being in the UK, they need to display their prices Online to their customers in GBP. Their solution for pricing their villas in GBP was to set a price for a set time period based on the exchange rate available at the time of being set. This exchange rate was then updated on a monthly basis.

Debbie's Villas has a requirement to settle with the suppliers/owners of the villas approximately 4-5 weeks prior to the arrival date of the guests, which could be up to 18 months after the booking process has taken place. The USD funds were being bought on the SPOT market at the point of payment. As a result, handling the process in this way has left Debbie's Villas extremely exposed to market movements on GBP/USD, and ultimately potential losses should those markets move against them.

## The Challenge

Due to Debbie's Villas growth plans, alongside the volatile movements in the USD/GBP currency pair, Debbie's Villas decided that this was something they needed to look into to protect their business, and ultimately secure their future. As their area of expertise is selling villas in Orlando, and not currency markets and hedging strategy, Debbie's Villas wanted to look for a solution which could automate this process through the use of technology. The end users experience was key when looking at how any potential solution would work, as any potential solution would need to seamlessly price the villas in GBP, whilst ensuring the booking process was as smooth as possible to the user.

## The Competitive Situation

Because of the uncertainty surrounding GBP/USD exchange rates prior to Brexit we found that we had to increase the cost of our villas to our customers in order to hedge the amount we would have to pay the villa owners. By being able to pre-buy the currency through Corpay Cross-Border and guarantee the rates we were able to reduce the advertised cost of our villas. This enabled us to continue our year-on-year growth.

## The Solution

Corpay and Debbie's Villas worked together to design a process that provided solutions for all of Debbie's Villas requirements from a technical perspective, whilst also automating the process of instant hedging in order to mitigate risks from currency exposure. The solution is provided through utilising Corpay's fully integrated API suite.

A rate feed/currency quote API has been implemented to allow Debbie's Villas to provide real time pricing based on the values of the booking and also the distance in the future that the currency needs to be delivered to the end supplier. Should a booking take place through Debbie's Villas website, an API call is pushed to Corpay to instantaneously book a forward contract for the exact amount of the booking, for the specific length of time required. This process means that all of Debbie's Villas USD exposure is hedged at the point of the end consumer booking a villa. This alone, without taking into account the process and operational efficiencies, has made a huge impact on Debbie's Villas bottom line and the profitability of their business going forward. Now that Debbie's Villas has identified and achieved the efficiency savings they required, they will be rolling out a new line of their business in the European market, something they had postponed until they were able to identify and implement a more effective way to manage their currency requirements.

“Corpay were the only company that we talked to that were willing to think outside the box and work with us in finding a solution.”

Joe Cameron  
Director | Debbie's Villas