Corpay

CASE STUDY

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 customers in more than 100 countries, and trading 15 currencies.

Top international architecture firm cuts a 7,500-invoice backlog with intercompany netting solution.

One of the world's foremost firms in the Architecture, Engineering, and Construction industry partnered with ***Corpay Cross-Border Solutions*** [1] to clear a severe backlog of intercompany invoices and burgeoning FX risk exposure. Process improvements and analytics led to their effectively mitigating FX exposure to optimal levels, leading to lasting satisfaction with Corpay and the FXpert® platform.

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.

[1] This case study has been updated to reflect Corpay's December 2024 acquisition of GPS Capital Markets' companies and brands. This client was initially onboarded to GPS and became a Corpay client as a result of the acquisition

The Solution

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.

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.

The Quantitative Risk Analysis (QRA) team delved into these open intercompany AR/AP invoices, to systematically reduce FX exposure.

With 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 reports.

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 Corpay, 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

The Result

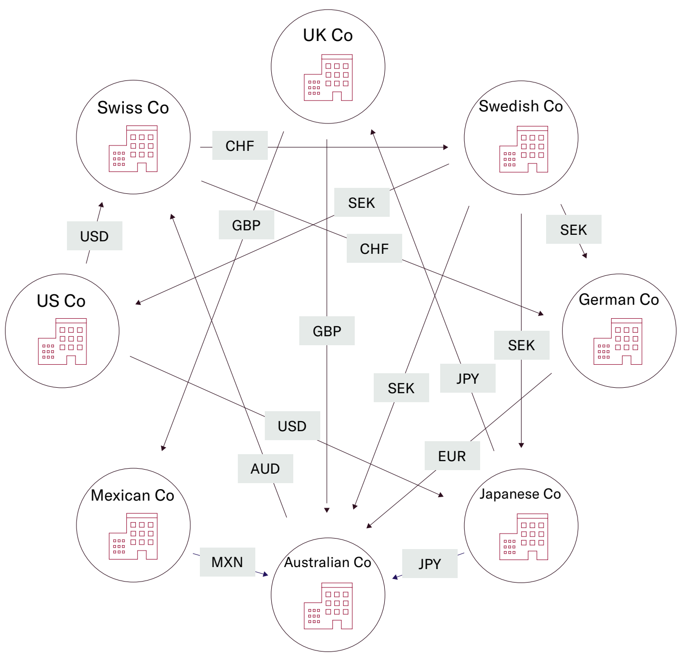
What the client has to say about the Intercompany Netting Tool:

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."

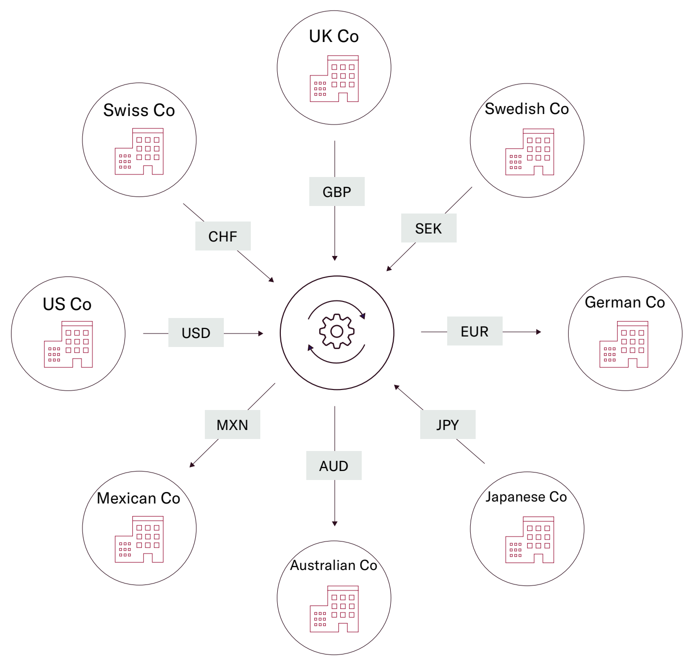
2. "The frequency of settlement for most entities prevents us from accumulating aged invoices."

3. "We've seen a large reduction in the number of bank fees accumulating across the entities."

Before Netting



After 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 Corpay has evolved to include 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 help the client to refine their treasury processes.

Potential Upsides from Automating 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.

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