

Case Study

How Caldic transformed its treasury function with a new TMS

The world is changing: despite the pandemic, the cost of living crisis, the horrors in Ukraine, and the rising inflation, the business outlook for many companies remains positive. Many companies are expanding and whatever the short-term difficulties may be, in the longer term, many businesses are expected to grow and thrive. But while this growth is very welcome it may create problems at the same time as their treasury systems are often woefully out of date.

While spreadsheets have had a time where they added a lot of value, they are not able to cope with huge multinational's (or even a smaller company's) treasury needs.

But even for the most well-established treasury teams, let alone those of start-ups and new entrants, it can be difficult to know where to start. Company needs vary enormously and there is unfortunately not a one-size-fits-all approach.

In 2017, Caldic, which provides inspiring solutions in life sciences and specialty chemicals, focussing on life sciences (food, pharmaceuticals and consumer care) and industrial formulation markets, was bought by a private equity company. This transformed the business into a more centralised organisation, dramatically changing its treasury needs in the process. It required Caldic to set up a central treasury function. Something had to change.

In 2017 Bas Baaten started as a Caldic's first Treasury Manager in its history, to ensure Caldic maintained adequate liquidity and centralised debt management. After setting up a global cash pooling structure and an Excel based short-term cash flow forecasting process, Caldic was ready for a next step.

Now it needed standardisation and automation, with a treasury management system that mirrored its move from essentially a family-run company to a private equity-funded level of entrepreneurship.

Identifying the company's needs

The first requirement to be recognised was the need to move from local management to a more harmonised/centralised way of working. Furthermore the company was expanding and needed to update its processes by implementing a system that would take over the repeating day-to-day operations. But there were challenges.

Caldic was becoming increasingly more complex with every acquisition, and full visibility was needed, along with the ability to have daily reporting and monthly profit and loss statements. In the wider economy, handling "cash" was also becoming ever more expensive, another element that had to be factored in.

Caldic's adoption of Salmon Treasurer helped the business to standardise processes and enable scalable growth, freeing up its treasury function to become a strategic part of the business. Orchard Finance guided Caldic through the TMS vendor selection and implementation process.



There was also a requirement to centralise FX hedging, including central execution and deal capturing, which included an automated settlement process. Forecasting played an important role too, including data aggregation and data analysis over different time periods (weekly, monthly, and annually), comparing the results to the relevant budgets.

Another important function was to be able to monitor positions and risk exposures, both on the FX and intercompany (IC) loan administration front. Caldic also required there to be an audit function and a third-party account for future changes to payment processing on the FX side.

Choosing the right provider

Many systems offer a prescribed way of working, a variation of Henry Ford's dictum about the cars he would sell: "Any colour as long as it's black." To avoid that Caldic's shortlist would be restricted to TMS systems that the Treasury Manager, Bas Baaten, had worked with before in his career, Bas decided to team up with Dutch based Treasury consultants Orchard Finance. After discussing Caldic's functional and technical requirements, a TMS vendor selection process was executed. Several TMS vendors were identified as possibilities, but in the end, it was Salmon that won through.

The reasonable price and quality of the proposition of course played a role, but perhaps the most important element was the flexibility in both the software and with regards to the implementation approach.

During weekly progress calls between Caldic, Orchard Finance and Salmon, implementation progress was monitored, and workload adjusted to Bas Baaten's availability.

Benefits enshrined

Since adopting Salmon's platform, Caldic has seen its processes harmonised, centralised, standardised, and benefited from its scalability as it has continued to grow and acquire other companies. From the automation of cash flow reporting between the ERP and Salmon Treasurer, to improved visibility of the daily FX process workflow, Caldic's treasury function has been enhanced.

The adoption of Salmon's software has had an impact on Caldic's bottom line. The treasury department, which was previously bogged down with tediously manual tasks, can now take a greater role in the strategic decision-making crucial to today's treasury function. And this is only the beginning: Caldic plans to expand its treasury function further – as it does, new products will be needed.

TMS systems are crucial for today's treasurers, but companies should take their time choosing the provider who is right for them. A provider should be there for implementation and be able to adapt its offering to each client's specific needs.

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