

Creativity and Vision Spark a High-Energy Transformation at EDP



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With businesses in countries as diverse as Greece and Vietnam, EDP Group presented BNP Paribas with a cash management conundrum. Here, department heads from both companies discuss the complex solution that has vastly simplified the day-to-day treasury tasks of the global power distribution giant.

Over the past 40 years, EDP Group has grown from a utility company based in Portugal to an energy corporation that operates in four strategic regions (Europe, North America, South America and Asia-Pacific). From a cash management standpoint, the flexibility required to deal with different treasury cultures and needs can be a challenge, admits Celma Pires, the Group's Head of Global Corporate Treasury.

"Like most companies that expand internationally, we experience growing pains," she confesses. "Some of our subsidiaries are in an operational phase, while others are in a ready-to-build phase. To be able to deal efficiently with these differences is one of the biggest challenges we face."

Much of this growth has come from EDP Renewables, a global leader in renewable energy. The company is present in a diverse range of countries, including Belgium, Brazil, China, Greece, Singapore, the US and Vietnam.



The relationship between EDP and BNP Paribas spans many decades. "EDP was the first client of our Portuguese operations," says Mariana Lapeyre, Head of Cash Management, Iberia, BNP Paribas. "This is a long-standing relationship that has grown stronger over time and we will be celebrating 40 years of our business relationship next year."

The power of one platform

When it comes to cash management, the relationship with BNP Paribas began in 2012 and, most recently, the two have worked together to overhaul EDP's cash management infrastructure. This has created a user-friendly environment that delivers visibility over the Group's operations. "As a global treasury director, I want to be able to see everything in the one place: all of the transactions from all of the countries at the same time," states Pires.

Not all banks have the capability of delivering a single, unique platform on which corporate treasurers can gain such visibility, Pires notes. But with this level of visibility, EDP can more efficiently tackle cash management challenges such as diverse cut-off times. "It can be difficult to get everything done on the same day because different currencies have different cut-off times," continues Pires.

"On our new platform, I can see what needs to be authorised, how the funds are flowing and what my balance is. This is crucial and has been made possible due to the efficiency of having one platform delivered by a single banking partner," she says.

EDP is an organisation that has expanded rapidly, explains Lapeyre, requiring many new companies to be incorporated, new accounts to be set up, and new connectivity to be established. "EDP's business is one of permanent change and evolution," she says. "As a bank, we need to understand our clients' needs and their businesses and come to the fore with the implementation and project management skills that we have honed on large M&A transactions, for example."

BNP Paribas brought in a specialised team to tailor the cash management system implementation and adapt to EDP's needs.

Accounting for differences

Technology played a key role in the cash management overhaul, recalls Pires. "To create a user-friendly, high-visibility system where you can see everything you want to see requires new technology. BNP Paribas is strong in IT development and digital support, which I have found is not the case with all banks."

While some banks recognise that their technology may not be up to scratch, they find it too difficult to change systems and processes, leaving corporate customers unhappy with existing processes.

Pires believes banks and corporates must "work as members of the same team" so that ultimately corporate treasury can deliver what it needs to satisfy the overall business.

An example she gives is the often problematic issue of opening a bank account, which can be an obstacle. "As a corporation, opening a bank account is completely different from what people experience as a retail customer. Often our business clients don't understand this – they want to open a bank account in a new country and think it should be as easy as opening a personal bank account. That's not the real world, especially now with the tighter regulatory environment. But we are here to serve the business and we rely on our banking partners to help us meet these challenges."

Banks should adapt their processes to clients' needs, Pires notes, changing the processes they require for onboarding new accounts depending on whether or not a company is listed, for example. "I am looking for sensitivity on the part of the banks as to what our needs are and also agility to be able to meet those needs."

"Because there is so much restriction around data protection now, we demand that our banks provide a platform that assures our data is fully protected and can be used across all of the banking accounts we have," adds Pires.

Scope, build, and roll-out

BNP Paribas' cash management platform enables EDP to onboard new customers across different countries online, using DocuSign or electronic signatures to transfer authorisations directly onto their cash management platform. "Not all banks have evolved to this, but at least in BNP Paribas we have one bank that has taken this direction and that is fantastic for us as a client. It is the path that corporates are taking now," she says.

This makes sense, says Pires, because most corporates are on a globalisation journey and need underlying technology and processes that are also global. Lapeyre explains that BNP Paribas uses a rigorous ISO 9001:2015 certified methodology to aid standardisation. "We lever our project methodology on three pillars: scope, build and roll-out. First and foremost is listening to the client and understanding the needs of the business."



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This first step involves identifying the accounts involved and the products that will be put into place. The build for the EDP project involved close work with the Group and constant checking against set milestones and action plans that identified “who, what and when”, recalls Lapeyre. “All of these processes are complex, so we needed to ensure that all of the relevant parties were involved at every step along the way. The final roll-out adheres to our standard and ensures we deliver what was agreed.”

It takes two to tango

EDP’s business is present in multiple countries and involves much complexity, says Lapeyre. The cash management platform overhaul included connectivity from host-to-host global solutions and local solutions. “EDP Group is working with several connectivity tools and we at BNP Paribas are working together hand-in-hand with them with whichever connectivity they need to use and any type of reporting for accounting purposes they need,” says Lapeyre.

These connectivity tools have helped EDP to focus on “what is really important” and to mitigate risks, states Pires. “We are able to avoid errors and work quicker. I’m not an IT specialist, but I really appreciate the fact that the technology is helping us to better execute cash management in our corporate world.”

Breaking down silos within, and between, the bank and EDP has played a vital role in the relationship between the two organisations, explains Lapeyre. “As a bank, we are constantly striving to break down these silos and we recognise that it is easy for large corporations to fall into these structures.”

Lapeyre believes BNP Paribas’ project methodology helped to break the silo mentality and optimise processes. “We reduced account implementation lead times on the EDP project by at least 30% , from the moment we received EDP’s account request to its being fully operational and connected to all of the relevant connectivity tools, including liquidity management solutions.”

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Digitalisation has enabled BNP Paribas to deliver a cash management solution that considers all of the company’s teams across the world and accelerate processes via facilities such as a single one-stop-shop for all KYC documentation, for example.

“Having everyone aligned and accountable on this project was key. It takes two to tango, and the collaboration between the BNP Paribas teams and EDP’s teams across the world is something to celebrate.”

Swapping drudgery for delivering quality

For EDP, the cash management project has resulted in “happy customers”, says Pires. “I see my different teams across our operations who are happy because they are no longer spending time on processes that they shouldn’t really have been. Their time is now spent on delivering quality, rather than being swamped by the bureaucracy of form filling and onerous KYC obligations.”

Going forward, EDP is working to integrate the cash management of EDP’s APAC operation into EDP cash platforms, which Pires describes as a “challenging region given the diverse currencies. Cash pooling is not easy in this region, so we need to take a fresh look and realise that we may not be able to streamline as much as we wish.”

Pires concludes: “We are also analysing, together with BNP Paribas, what we can do in other countries such as Poland. We want to know how we can adapt this platform to other markets, because we are keen to keep developing along this path and to ensure we can keep improving our cash management and liquidity solutions.”

