

Highly Commended Winner

Treasury Today Asia's Top Treasury Team 2021

Danone S.A.

Zurab Abutidze, Regional Treasury Director



Danone S.A. is a European multinational food-products corporation based in Paris and founded in Barcelona, Spain. It is listed on EuronextParis where it is a component of the CAC 40 stock market index. As of 2018, Danone sold products in 120 markets, and had sales in 2018 of €24.65bn.

Three pillars steer treasury transformation at Danone

Over the last 18-24 months, Danone has initiated an ambitious, regional, multi-phased project with a view to transform treasury operations and how it further enhances business objectives. With business norms changing rapidly over the last few years and especially, the pandemic acting as a major trigger, Danone treasury team agreed that this transformation was now essential to enable them to act as true partners to the business and meet their senior management's strategy.

This project was planned on multiple pillars with smaller initiatives driving continual change and

accomplishing the eventual goals. These projects were then complemented by strategic initiatives related to core business calls, focusing on key select areas of Danone's growth and an enhanced business continuity plan for crucial markets.

The Danone treasury team, in partnership with multiple stakeholders: business teams, technology support teams and core operations, then created the smaller projects which directionally guided Danone towards achieving the key objectives for each of the three pillars.

Pillar 1 – centralisation

The intention under this pillar was to identify and run the most crucial projects regionally to extract maximum organisational efficiencies.

As the business had grown rapidly over the last three to four years with newer market operations launched, the Danone treasury team took the opportunity to conduct a deep dive of the last 12 months into all key processes and identify which would benefit from enhanced visibility via a centralised approach.

With a diverse set of processes and systems for each market, the existing process for FX risk mitigation was inconsistent. "We embarked on a comprehensive review of the policy with clear, regionally standardised processes and unified goals. The team then deployed relevant features of Kyriba to extract improved value from the FX exposures and obtain higher levels of transparency," says Zurab Abutidze, Regional Treasury Director.

Next was bank access management and their aim was to improve security of the entire banking access via two online banking platforms (online banking platforms).

The result is a standardised process for the Bank Access Management across the key banks and geographies with standardised documentation.

Under the liquidity management stream the company's aim was to explore surplus liquidity across all markets, open and restricted and either upstream proceeds to group for funding business growth/reducing interest expense at parent level or improve interest income for balances retained within Asia.

China is one of the most crucial markets for Danone globally. The team worked on a dual strategy of offshore cash lending and offshore cash pooling with a view to manage core excess cash as a one-time activity with lending and managing regular operational needs (surplus and deficiency) with a regular pooling solution.

The solution implemented in Oceania was not a traditional zero-balance (ZBA) structure, but rather a cross-border pooling structure from Australia and New Zealand directly to the accounts held in the Netherlands with BMG bank.

"The solution allowed us to upstream around €180m and reduce interest expense significantly. Implementation for HK and UAE is underway and will be complete by the end of 2021," says Abutidze.

Other projects under this pillar include automation of deposit/MMF reporting in TMS, green deposits in India and a revamped banking strategy in the region.

Highly Commended Winner

Treasury Today Asia's Top Treasury Team 2021

Danone S.A.

Zurab Abutidze, Regional Treasury Director

Pillar 2 – digitisation

The aim here was to revamp and enhance operating modules at multiple organisational levels to state-of-the-art solutions furthering business objectives and ensuring they remain inter-operable.

Danone embarked on a massive initiative under the digitisation pillar with a range of big and smaller projects aimed at leveraging the new-age digital tools leveraging functions like digital platforms, artificial intelligence (AI) and machine learning and improving shareholder returns via enhancement of working capital.

By its decision to select Kyriba, the company was looking for full end-to-end visibility, transparency, and improved security.

The team focused on a phase implementation across 17 markets in close coordination with multiple internal and external stakeholders to ensure timely completion.

SWIFT GPI has been enabled on the regional e-banking platforms and SWIFT KYC registry has been tested with a complete process with one of the core banks in Singapore in July 2021.

Launching virtual accounts with banking partners and digitising cash collections in Indonesia has also been implemented and rolled-out for 18,000 end customers and 300 distributors in Indonesia and the local business benefitted from a robust reconciliation tool.

Pillar 3 – standardisation

This pillar's goal was to bring all the teams together towards a common process, reduce fragmentation and operational risks.

The aim was to rationalise and standardise payment processes across the region maintaining service quality at a high level. Increased efficiency and compliance was part of the objective as well.

As a result, Danone centralised operational treasury tasks (payment execution, bank reconciliation, bank statement management, reporting) for Thailand, Cambodia, UAE, Australia, and New Zealand in Malaysia. Another five countries in the ASPAME region are under way.

Sustainable supply chains are also key to Danone, so the team extended its existing supply chain finance (SCF) programme in Indonesia to a wider spectrum of suppliers across multiple businesses. They replicated the structure to their regional procurement hub in Singapore, along with local programmes in Turkey and the UAE.

Benefits delivered

Danone strongly believes that each of these implemented solutions fundamentally transformed the working of the treasury team. With clearly quantified dollar savings in the FX hedging process and 240+ working days saved due to improved automation, it has truly exceeded its planned savings and value-add for the organisation.

Improving access to trapped liquidity in their largest Asian market (China) has been truly impactful on the group's financing position and releasing trapped cash from China has been very useful in optimising liquidity and supporting the group's growth strategy.

It is important to mention that each of these implemented solutions support Danone's global mission, values, brands, and social initiatives, especially

Highly Commended Winner

Treasury Today Asia's Top Treasury Team 2021

Danone S.A.

Zurab Abutidze, Regional Treasury Director

during the COVID-19 period when the company is focused on sustainable growth and protecting its supply chain to be able to provide customers with daily food supplies.

Process of continuous learning – execution is key

Danone's team has always acknowledged that building the right treasury model is not a once-only project but a


continuous process of analysis, identification of areas to improve and best solutions to deploy and then get the execution right. Execution remains the single biggest focus for the team.

This entire project has been planned and led by Danone's three member Asia treasury team in close partnership with seniors in global treasury, detailed engagement with Asia business, technology and operations and its banking partners, Citi, HSBC and BNP Paribas.



Citi and Danone have a deep global partnership riding on common interests of innovation, digitisation and automation. With the last two years raising unique business challenges, it's been a pleasure to partner with Danone's treasury across their projects which have had a direct positive business impact for them: both quantitative direct savings and improving qualitative parameters. We benefit from their planned approach and Citi's new-age digital solutions developed through continual investments, which allow for best ideas and technology solutions to be applied for maximum impact to advance their continuing quest for excellence.

**Parag Bidarkar, Regional Solution Sales, APAC,
Treasury and Trade Solutions, Citi**

in partnership with 



Kyriba is proud to congratulate our client, Danone, for being a Highly Commended Winner of the Adam Smith Awards Asia 2021 Top Treasury Team award. The Danone team successfully delivered an ambitious digital treasury transformation, resulting in complete process reengineering, data unification, and API-driven integration that has propelled Danone to become a real-time data-driven treasury operation. The team delivered compelling productivity improvements, bank fee reductions, cash forecasting precision, and a streamlined FX programme as they modernised and centralised their treasury operations. Congratulations to the entire Danone treasury team on your success.

Bob Stark, Global Head of Market Strategy, Kyriba

in partnership with 