

Overall Winner

Best Treasury Transformation Project

Chugai Pharmaceutical Co., Ltd

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Yoshihiro Hayase, Yaping Wen, Benno Zentriegen and Mariko Yashiro, Chugai Pharmaceutical Co., Ltd and Ikko Nishiyama, Citi



Roche Group

Chugai Pharmaceutical is an R&D-Driven pharmaceutical company in Japan. Chugai is an important member of the Roche Group; Roche owns 60% of the company.

chugai-pharm.co.jp/english

How a blank canvas redrew treasury at Chugai

The challenge

In October 2002, Chugai Pharmaceutical Co., Ltd (Chugai) merged with Nippon Roche based on a strategic alliance agreement with Roche. However, unlike typical mergers, the company name and CEO of Chugai were not changed, and the agreement allowed Chugai to maintain its management autonomy. In addition, both parties agreed to cooperate to keep Chugai a listed company on the Prime Market of the Tokyo Stock Exchange.

Twenty years after the alliance agreement, Chugai joined one of Roche's global projects. Upon the decision on the go-live date, it was evident Chugai would need to align with the Roche concept of centralisation and global business processes. The respective treasury departments embarked on a transformation journey to put into practice, via infrastructure, and business process, the spirit of the Chugai/Roche relationship, the balance of synergy and autonomy. Chugai's set-up was fundamentally different to that of Roche and radical change was necessary.

The solution

Chugai and Roche commenced the treasury transformation project in October 2023.

The project started with a blank canvas – the challenge was to openly discuss the elephant in the room. What is possible? How far can we go? What about hardware differences? The task ahead to implement a treasury fit for the globalised future, with the additional complexity of autonomy was tremendous.

From the sub-projects identified, the solutions that came to fruition are as follows:

Established Chugai with a Swift BIC Code – in order for Chugai to prepare for the foreign group companies to utilise the centralised connectivity, the company had to transition from its existing domestic connectivity to the global standard, Swift.

Onboarding a new global bank – with cash pooling to be implemented, Chugai began its request for proposal (RFP) in October, finalised it in January and the project implementation started immediately.

- Established Swift BIC to BIC file exchange in ISO 20022 XML/V3 including CAMT 053 instead of Zengin.
- Piloted file exchange for Japanese local tax payments via FileAct.
- Created MT101 from ERP leveraging a new technique via DMEE tree in preparation for Interact.

Transformed current processes with the local bank

- Converted from Zengin based payment file exchange to ISO 20022 XML/V9.
- Converted salary/bonus flows from local EDI connection to Swift.
- Receive and ingest in the ERP, CAMT 053.

Implemented a Fiori based electronic banking system (eIHB) – payment functionality can be accessed via the Fiori based system to prevent direct access to the third bank's electronic banking. Due to high security standards, the system can only be accessed from Roche laptops. The two IT teams, Chugai and Roche, joined forces to implement a certificate-based solution bridging to the ERP, enabling access while ensuring security.

Established centralised cash management in the ERP – the base of cash visibility encompassing all bank balances, as well as treasury schedule, and other incoming/outgoing flows allows for centralised cash management.

- Automated MT101 creation via ERP system for bank-to-bank transfers and treasury products.

Best practice and innovation

Every member of the Chugai treasury team contributed significantly to the transformation project. "We harnessed the power of technology and implemented innovative solutions. The blank canvas to the present state happened in a short span of just ten months," explains Yoshihiro Hayase, Treasurer.

Behind the multiple achievements lies the uniqueness of this journey. They collaborated across time-zones to reach an agreement between two separate entities when met with misalignments. They overcame differences in corporate culture and understanding of topics as well as concerns about rapid changes. Despite the differences, they acted as one team, keeping a sharp focus on the goal and the larger picture.

"Through this project, we defined, together OUR Treasury culture," says Yaping Wen, Treasury Expert.

Accomplishing such a complex project involving two autonomous, listed entities to this high standard and cutting-

edge technology in such a short amount of time, while dealing with intense differences, is a massive achievement.

Key benefits

- Cost savings.
- Process efficiencies.
- Increased automation.
- Risk mitigated.
- Improved visibility.
- Errors reduced.
- Number of banking partners/bank accounts reduced.
- Manual intervention optimised.
- Increased system connectivity.
- Future-ready solution.
- Exceptional implementation (budget/time).
- Improved key performance indicator (KPI) metrics.

Citi has been partnering with Chugai in their journey to align the treasury infrastructure of Roche. In eight months, we have managed to complete the majority of the project milestones including the seamless integration of Swift connectivity and the implementation of a centralised cash management system across multiple regions. This has fundamentally enhanced Chugai's ability to manage liquidity, optimise cash flows and mitigate risks from manual operation.

Chugai's treasury team, consisting of a diverse group of professionals across different regions, played a pivotal role in the implementation. Their collaboration efforts and strategic vision ensured the successful deployment of the solution, driving significant improvements in efficiency.

Congratulations to the Chugai team on this recognition!

Ikko Nishiyama, Global Solution Sales, Treasury and Trade Solutions, Citi Japan

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