



tm5 and Payments at L'Occitane: A True Story

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The L'Occitane Group is a global natural and organic ingredient-based cosmetics and well-being products manufacturer and retailer with strong regional roots in Provence, France. The Group has five brands in its portfolio and is committed to developing and retailing high-quality products with traceable origins and respect for the environment. Today, the company employs more than 7,000 people in over 2,300 boutiques worldwide and generates sales of over €1bn.

A treasury challenge with several goals

To support the rapid growth of L'Occitane Group, the treasury department identified the needs and decided in 2010 to implement a new treasury management system. The goal was simple but challenging – to improve and simplify the day-to-day cash management process for both the central treasury team and all subsidiaries of the group.

As a multinational company, it was particularly important for L'Occitane to bring together the global financial information from

all companies of the group on a single platform and to provide a unified payment solution to all the subsidiaries. To achieve this goal, the new system needed to be a fully integrated solution that could be used by all L'Occitane subsidiaries worldwide.

At the same time, the new treasury management system had to cover a full range of treasury functions, from daily cash management to international payments. It was an ambitious project, as L'Occitane has more than 40 subsidiaries in over 30 countries and the payment processes involve more than 40 banks worldwide and this in over 20 different payment formats. In a nutshell, they required a system that could handle transactions in four different dimensions, i.e. multi-country and multi-bank processing of both domestic and cross-border payments.

L'Occitane had a requirement – 'keep it simple' – and a wish: to spread the treasury team's passion for their work to all the subsidiaries.

The decision for BELLIN's SWIFT connection

Considering all these requirements for the new treasury management system, and after an extensive selection process, L'Occitane made two important decisions.

First, L'Occitane selected tm5 by BELLIN as the treasury management system. Samuel Antunes, the Treasurer at L'Occitane, explains: "What convinced us was the user-friendly interface of this fully web-based application. It enables us to localise it perfectly to all our teams around the world. It's a system made by treasurers for treasurers. That's what we really like."

The second important decision was the one regarding bank connectivity. L'Occitane expected to have one reliable communication system for all banks which adheres to the highest security standards. Based on this, they chose SWIFT.

The implementation planned and organised

The headline of L'Occitane for this project was 'Standardisation, Automation and Performance'.

The payment files are generated by SAP (for bulk payments) and sent to tm5 automatically. Since tm5 is hosted for L'Occitane in the data centres of BELLIN, the secure and immediate transfer of files is facilitated by one of the integrated tm5 services. In tm5, users verify, authorise and then send the payments to the bank via SWIFT. Banks

transmit account statements to tm5 via SWIFT, and tm5 exports them to SAP in the appropriate format (MultiCash).

As the treasury headquarter team's resources for this project were limited, the project leader had to coordinate the different stakeholders as efficiently as possible. Here is a highlight of the segregation of tasks between parties involved:

- The subsidiaries defined their needs and provide test files and test users.
- L'Occitane defined the format requirements and connectivity with the local banks.
- The L'Occitane SAP team set up the formats.
- The BELLIN team provided advice and feedback on general treasury topics and configured the system. They initialised banks and supported the formats as well.

The implementation timeline was very tight. In 2011, the system was implemented for L'Occitane International (the headquarters), France and Benelux, followed by Spain, Italy and Hong Kong in 2012. In 2013, they completed the UK, Germany, Poland, the US, Canada and Japan. Another important milestone was met in 2013: L'Occitane achieved their goal of being SEPA-ready by the end of the year!

The use of tm5 by the subsidiaries was of particular importance for L'Occitane. There is no policy in place which would force them to use the payment processing application provided by the central treasury. In each case, the treasury team took time to present the possibilities to local management and convinced them of the advantages of this approach over the processes in place.

There are still subsidiaries in different countries which have not been connected by end of 2013. Brazil, China and Switzerland will go live in 2014, and Australia and Korea will follow in 2015.

'Keep it simple' – how it turned out

For the L'Occitane treasury team, one thing was very important in the whole process. "We wanted to keep everything as simple as possible according to the motto: 'Simplicity is the ultimate sophistication'. For us, one of the main goals was to have ONE treasury

management system, ONE ERP system, ONE network and ONE format," describes Samuel Antunes. "But sadly, we had to face reality."

L'Occitane succeeded in having only one unified treasury system: tm5. SAP was able to fulfill the requirements for becoming the only ERP as well. SWIFT as the only network solution tried to do its very best. But finding the right – and therefore only – messaging format proved to be unachievable.

In order to limit the number of formats, L'Occitane worked on rationalisation. It turned out that format rationalisation is a hard but rewarding task which really enables them to save time and money. "In many cases, long negotiations with banks were necessary but it was worth the work," concludes Samuel Antunes.

To achieve this task, L'Occitane decided to focus on ISO 20022 XML, the most widely supported standard with the brightest future. The ISO 20022 standard describes the agreement on what information is expressed for many financial messages – account statements, payment initiation, payment status reporting, etc. ISO 20022 is a method to develop well-structured financial messages and a way to unify the many existing standards. The language used to express this information is XML.

"Although ISO 20022 is not quite a standard but rather 'a standard to develop standards', it helps us rationalise," explains Samuel Antunes.

A SEPA focus

SEPA has been a driver for ISO 20022 and is a good example of what we can call a 'standard'. SEPA payment schemes contain a set of rules and technical standards for the execution of SEPA transactions – the SEPA Rulebooks. They can be regarded as instruction manuals which provide a common understanding on how to move funds from account A to account B within SEPA.

However, as explained by Marion Barré, Treasury Systems Specialist, "since the SEPA payment schemes as defined in the SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) Rulebooks allow for flexibility, SEPA is not that standardised: each bank can have its own mandatory tags. Fortunately, banks are able to ignore tags (only if the tag is not required for country-specific information) so we can

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L'Occitane International SA (the L'Occitane group) is a global manufacturer and retailer of natural and organic ingredient-based cosmetics and well-being products with strong regional roots in Provence, France. The group has five brands in its portfolio. Group business currently focuses on the L'Occitane en Provence brand, which is sold in over 100 countries at approximately 2300 sites and shops.

rationalise, or at least try!"

L'Occitane achieved the migration to SCT and is on the way to achieve the SDD migration by the end of December 2013. tm5 is fully SEPA-compliant (SCT and SDD). "This was a key point of our migration success," states Marion Barré.

All milestones reached successfully and on time

At this stage of the project, near the end of 2013, all planned project goals have been reached. 15 countries are connected, including the USA, Hong Kong, and Japan. Over 100 L'Occitane employees use tm5 worldwide. More than 35 banks have been connected and more than 20 payment formats are in use. Over 2,500 bulk payment files and more than 7,000 wire payments have been transmitted via SWIFT in 2013.

The implementation is continuing on schedule and L'Occitane is looking forward eagerly to the completion of its global payment solution.

Conclusion: tm5 is the springboard to global treasury for L'Occitane. □

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Founded in 1998 in Ettenheim, Germany, BELLIN today is a global leader in consulting, software and services for corporate treasury management. The BELLIN group and partner companies serve close to 300 customers comprising more than 5,000 companies and 15,000 users. Its products are hosted on a secure, private network distributed across five data centers in three countries and its flagship product tm5 is the web-based all-in-one solution for managing all aspects of a corporate treasury. BELLIN Backstage is an online platform which enables all users to exchange product, company and industry information within the BELLIN community.