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Oettinger Davidoff

SUCCESS STORY

Centralization where it makes sense

Centralizing payment transactions in an international company offers many advantages with respect to cash flow transparency and efficiency in payment transactions. Since early 2017, the central treasury has used the TIS platform to bundle payment transactions for its most important accounts and thus already has access to almost 85 percent of its liquidity.

CHALLENGES

- Obtaining a better overview of a large part of the liquidity in the company
- Standardization of payment transaction processes in unison with the restructuring of the ERP landscape and migration to SAP S/4HANA
- Selection of the main international payment transactions to be centralized in the future

PROJECT GOALS

- To establish straight-through processing of the important payment transaction streams from the ERP
- Better overview of daily cash flows in a standard platform
- More efficiency in working with SAP through automated collection of account statements

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BENEFITS

- Secure administration of all information associated with bank accounts
- Bank cash flow overview, views of local processes
- Straight-through processing through full ERP integration
- Cost savings through standardization and automation of payment processes
- Cloud-based operation relieves internal IT departments of updates and maintenance

HARMONIZING THE ERP LANDSCAPE WITH SAP S/4HANA

The Group Treasury of Oettinger Davidoff AG, based in Basel and responsible for all companywide financing, issues guarantees centrally. As a Financial Shared Service Center, it also organizes all aspects of cash management, including bank administration for Swiss citizens and several German subsidiaries. Although there is no payment center or cash pool, a monthly intercompany netting is performed.

Since late 2016, the Group has been taking preliminary steps to fundamentally consolidate the existing ERP landscape. The SAP system that has been used for many years is being replaced, along with other local ERP solutions, with SAP S/4HANA – a new ERP greenfield venture that Oettinger Davidoff considers an opportunity to also centralize its payment transactions and to manage other accounts in addition to the accounts of the Shared Service Center from a single site. As a platform, the SAP-integrated TIS solution has been used since early 2017 with the Bank Account Manager, Bank Statement Manager and Bank Transaction Manager.

“With the new S/4HANA plugin from TIS we will now have far more options for querying information for the treasury,” according to Oliver Lindemann, VP Group Treasury & GM Pension Fund at Oettinger Davidoff.

The company chose TIS as a payment transaction platform because of its close SAP integration with simultaneous format hosting through TIS. The SAP department will now be able to successively move more and more accounts to SAP with much less time and effort. Internationalization and centralization wherever it makes sense – this is the goal Oettinger Davidoff seeks to achieve by implementing the SAP-integrated TIS platform.

At Oettinger Davidoff the homogenization of the ERP world goes hand and hand with a centralization of payment transactions. “We know, of course, that we have to do this in a purposeful way. In order to do this, the TIS solution provides just the right flexibility,” says Oliver Lindemann. There are now about ten bank accounts of foreign subsidiaries in Switzerland connected to the TIS platform which Oettinger Davidoff uses to perform all of the international payments of local subsidiaries.

The group also maintains bank accounts around the world that are used by the regional retail companies to transfer their daily receipts. Such pure sweep accounts, in which no transactions take place, do not strictly have to be integrated with the TIS platform.

“We will only centralize about two-thirds of our 75 accounts overall via TIS – just the ones where it makes sense,” explains Oliver Lindemann. “This way we cover Europe, USA and the off-shore account production, which amounts to an access to liquidity of 80 to 85 percent”.

GLOBAL SOLUTION FOR PAYMENT TRANSACTIONS INSTEAD OF LOCAL TOKENS

In the past the individual accounts were connected to the ERP system through various e-banking solutions and manual processes. Some banks were even managed manually. Oettinger Davidoff wanted to replace this heterogeneous landscape with a standardized central system which – integrated into SAP – would allow straight-through processing of the primary payment streams from SAP.

“We had to invest in a new bank communication platform either way, since after implementation in Europe the Swiss payment transaction system had to then be completely converted to XML standard,” explains Oliver Lindemann. “That’s when we realized we needed a global solution, not a local solution. With the TIS platform, we will save money over time in processing our payment transactions. SAP payment runs for domestic and foreign payments are transferred as IDocs to the Bank Transaction Manager and in the new SAP S/4HANA we don’t have to worry about the time-consuming customization of formats.”

For this the three modules of the TIS platform build logically upon each other. In the Bank Account Manager the treasurers create accounts and customize them so that they can then use them in the Bank Transaction Manager. Another highlight for Oliver Lindemann was the standard Bank Statement Manager: “You communicate with banks in both directions and sending payment transactions is just one side of the coin”, he explains. “When you’re working with a system like SAP, you can increase efficiency to a striking degree by automatically collecting electronic account statements.”

ABOUT OETTINGER DAVIDOFF



With the TIS platform we are harmonizing the organization of our payment transactions over time. We are thus moving away from local solutions toward a global solution for payment transactions from SAP S/4HANA. With the transparency that is gained, we will also be able to make better decisions.

OLIVER LINDEMANN

VP Group Treasury & General Manager
Pension Fund at Oettinger Davidoff

Oettinger Davidoff AG, which has revenues of 595 Swiss francs and over 3,600 employees around the world, traces its roots back to 1875 and today remains a family-operated business with two different lines of business: One line of business is in wholesale, sale and logistics segment in the Swiss market, the other is dedicated to the core business, the manufacture, marketing and sales of premium cigars, tobacco products and accessories on the retail market. Oettinger Davidoff AG has its head office in Basel.

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ABOUT THE AUTHOR: TIS

TIS is reimagining the world of enterprise payments through a cloud-based platform uniquely designed to help global organizations optimize outbound payments. Corporations, banks and business vendors leverage TIS to transform how they connect global accounts, collaborate on payment processes, execute outbound payments, analyze cash flow and compliance data, and improve critical outbound payment functions. The TIS corporate payments technology platform helps businesses improve operational efficiency, lower risk, manage liquidity, gain strategic advantage – and ultimately achieve enterprise payment optimization. Visit www.tis.biz to reimagine your approach to payments.

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TREASURY INTELLIGENCE SOLUTIONS GMBH

Germany (+49 6227 69824-0) | United States (+1 (617) 955 3223) | info@tis.biz | tispayments.com