



SUCCESS STORY

Achieving Best Practices in Global Treasury & AP Payments

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SECTION 1: INTRODUCING MEDTRONIC

Medtronic is one of the largest medical device companies in the world, currently serving more than 70 million customers across 150 nations. With more than 350 worldwide offices, Medtronic employs over 90,000 personnel, including thousands of scientists, engineers, and clinicians. As of 2024, Medtronic’s operational headquarters remains in Minneapolis, Minnesota (USA), which is their founding location.

From a treasury perspective, Medtronic’s main corporate team operates out of the Minneapolis office and handles US Cash Management, Cash Flow Forecasting, FX Risk Management, and Capital Structure. In addition, there is a treasury group based in Heerlen, Netherlands, that is responsible for international functions across the LATAM, EMEA, and APAC regions.

On the Accounts Payable (AP) side, Medtronic’s operations are managed through several shared service centers in Colombia, the Czech Republic, and Shanghai. However, HQ treasury maintains a fair degree of visibility over global bank connectivity strategies and helps AP orchestrate the associated payments and reporting workflows. As a component of these workflows and as part of their broader banking operations, Medtronic actively manages more than 100 institutional relationships, nearly 1,000 individual bank accounts, and thousands upon thousands of unique vendor and supplier contracts.

Medtronic Company & Treasury Operations Snapshot (2023-24)



70 Million Customers Globally



Service in More Than 150 Countries



90,000+ Staff & Personnel



Over 350 Offices Worldwide



100 Banks & Nearly 1,000 Accounts



Thousands of Vendors & Suppliers



Treasury Centers in USA & Netherlands



Hundreds of Legal Entities & Shared Service Centers



Medtronic has acquired over 70 organizations since their founding

SECTION 2: MEDTRONIC'S TREASURY & PAYMENTS DILEMMA

For Todd Olson, Senior Treasury Manager at Medtronic, finding a solution to streamline global treasury and AP payment operations had been on the agenda for some time.

Todd, a Medtronic employee of 10+ years who has held multiple treasury roles internally, had become aware of significant complications with the AP payment process early on in his tenure. Largely, these issues were the result of legacy and systematically unreliable payment channels that were resulting in failed transactions, to the extent that it was impacting relationships with vendors. Medtronic's local finance partners had also communicated to Todd's team that a severe lack of visibility into the payment process and underlying status of payments was causing undue strain on their end. To make matters worse, Medtronic was experiencing significant delays with onboarding new entities to their SAP payments workflow, due to a lack of bandwidth on the IT side for support. All of this was collectively resulting in a payment process with little standardization or control, heavily decentralized workflows, and a plethora of manual, error-prone, and potentially unsecure transaction channels.

As the above issues continued to manifest over time, the clear need for change was further exemplified during a major acquisition completed by Medtronic in 2015. With their multi-billion-dollar purchase of Covidien, another global medtech behemoth, Medtronic inherited a myriad of new back-office financial systems and banking relationships. They also inherited dozens of entities that each maintained their own unique set of vendor relationships and payment processes. And given that Medtronic was already operating with a complicated payments architecture and decentralized AP payment workflow, the aftermath of the Covidien merger (and several other high-profile M&A projects) demonstrated to Todd that simplifying and unifying their global payment strategy needed to become a top priority.

Fast-forward to 2018, and Medtronic was just completing the implementation of Reval, a treasury management system focused on improving global cash visibility / mobilization and FX risk management. Reval was integrated into Medtronic's primary SAP system, and with the successful go-live, Todd was already evaluating his next project to address Medtronic's global payment operations for both treasury and AP. His objective of overhauling the payment process was further backed by KMPG, an external auditing firm who evaluated Medtronic's operations and also recommended they prioritize a solution for simplifying their bank connectivity and payment practices.

As Todd began evaluating potential solutions, his multi-year goal was to develop a unified strategy and technology stack that could eliminate AP's use of multiple, siloed systems for managing payments. Todd also wanted to adopt a central payments solution that could standardize the workflows for exception handling, approvals, and compliance checks on a global scale. At a high level, these goals were organized into the following areas:

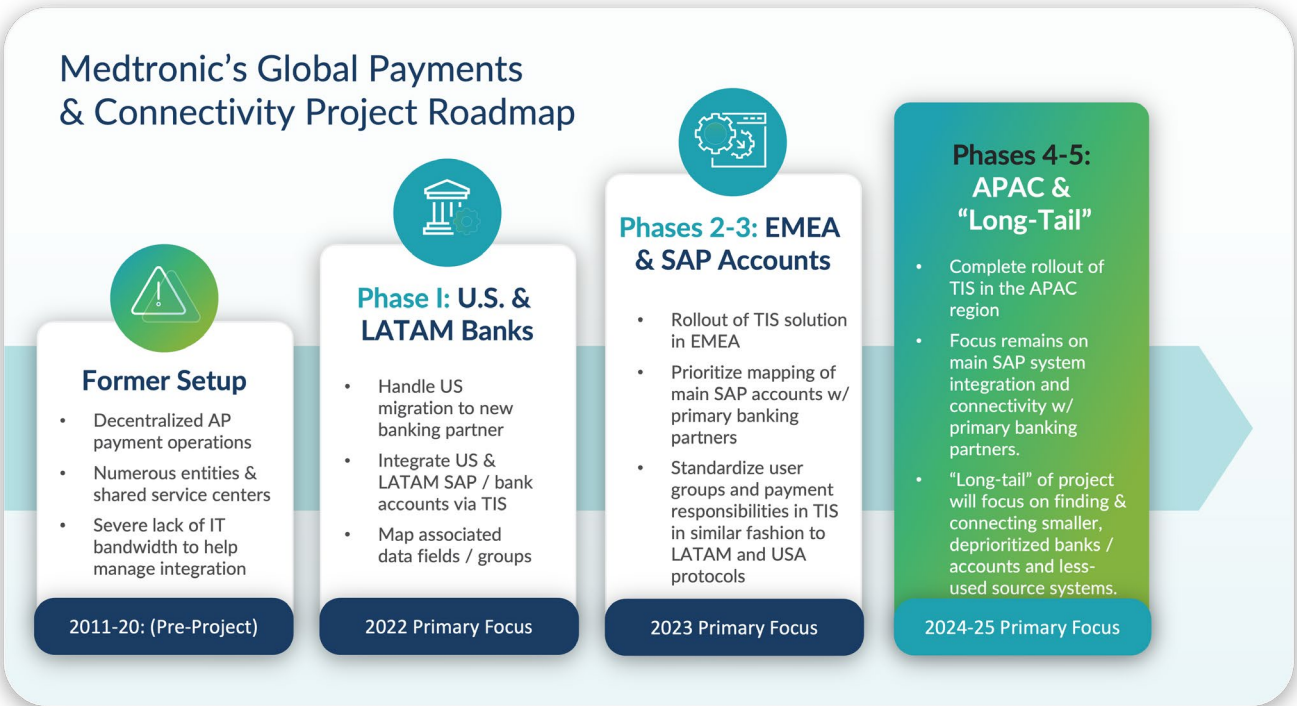
1. Migrate all payment execution through a single platform and take advantage of new payment format technology (IDOC vs. XML). Move the format responsibility to a 3rd party organization with the necessary expertise.
2. Allow IT to focus on harmonizing internal processes and simplifying payment data workflows, without having to maintain individual country standards / workflows / objectives.
3. Provide AP with as much real-time payment data as possible.
4. Consolidate manual payment execution to a single platform for improved visibility, control, and security / compliance oversight.

SECTION 3: THE DEVELOPMENT & ROLL-OUT OF MEDTRONIC'S PAYMENT PROJECT

As is the case with most projects involving heavy investment, Todd kicked off his effort to streamline payments by spearheading an internal committee to win funding and support. This committee consisted of key stakeholders from treasury, AP, accounting, and IT, and the goal was to showcase how a major payments transformation would benefit all associated parties, as well as the company at large. Because AP and treasury were traditionally underserved areas of Medtronic, there were many examples to showcase how a technology overhaul and payments reorchestration would prove beneficial – primarily, through the elimination of manual payment workflows completed by AP.

Ultimately, reducing the unstandardized, error-prone nature of their work and unifying the vendor master data and payment channels used to manage AP operations would result in less risk of fraud and compliance issues, automate a significant portion of daily tasks, and also result in much greater visibility for treasury at the HQ level regarding payment behaviors and underlying liquidity movements.

Over a period of months beginning in mid-2021, Todd was gradually able to convince the executive team of the need for a global payments overhaul. In lockstep with securing these approvals, Todd and his team were also preparing for a US banking migration towards a new “pinnacle” partner – Bank of America. For this reason, Todd and his team had been proactively evaluating vendors that could provide the desired efficiency not only for global payments, but also for streamlined bank connectivity. Because Medtronic already had a shortlist of vendors to consider, their selection process did not take as long as a traditional RFP. So, just as the green light was received from management to kick off the project, Treasury Intelligence Solutions (TIS) was identified by Todd’s team as the vendor most capable of helping Medtronic transform their global payments.



SECTION 4: THE DEPLOYMENT OF MEDTRONIC'S NEW PAYMENT & CONNECTIVITY SOLUTION

Having secured approval for their project and completed the due diligence and scoping, Todd began working with the TIS team to develop a roadmap and implementation timeline. Due to the vast number of bank partners, accounts, back-office systems, and payment channels in use, it was clear that a tiered, multi-year approach would be the best option forward.

At Medtronic, it's mandatory that new technology solutions be tested through a "pilot" phase to ensure all capabilities will function as intended. And because Todd's team was already planning to undergo a migration towards a new US banking provider, their TIS pilot phase focused on integrating Medtronic's main ERP (SAP ECC 6.0) with their new US banks to simplify the process of updating bank codes, payment formats, and financial messaging fields. This is the first time that TIS really "flexed their muscle" in Todd's eyes, as they were able to remap all the associated bank codes in SAP in under 6 weeks (a process that took 3-4 months formerly). Because TIS had pre-built connectors for handling Bank of America's unique codes and associated payment formats – as well as pre-built plugins for handling SAP integrations – this "pilot" phase took only a fraction of the allotted timeframe. And with this success, Todd knew he had found the appropriate vendor for deploying similar adjustments and enhancements on a global scale.

From there, Medtronic went on to finish mapping connectivity between SAP, TIS, and their banks across the US and LATAM during 2022. The majority of EMEA connections were finalized during 2023, and as of Q1 2024, Medtronic is poised to initiate the next "long-form" phase of their project. This phase will focus on connectivity within the APAC region, as well as on all the or "low-volume" connections that exist throughout all regions but that are deemed non-critical to the daily functions of the business.

TIS has been an ideal cloud provider to handle the roll-out of our new payments and connectivity process. They are proven specialists in their field and have effectively and consistently worked with our team to better understand our needs and make adjustments and enhancements that are aligned with our long-term goals.

Todd Olson, Senior Treasury Manager, Medtronic

Medtronic

SECTION 5: NEXT STEPS FOR THE PROJECT & EVALUATING CORE ROI

As of Q1 2024, Medtronic continues to focus on mapping the SAP / banking connections in APAC through TIS for streamlined payment workflows. Integrating the rest of their non-SAP, low-volume manual payments will come after. While this process could take another year or two to complete, the most critical portion of the project for Medtronic revolves around SAP payments, and this is stage is set to be completed in 2024. This will enable the vast majority of Treasury and AP payments to be unified centrally through the TIS platform, thereby bringing global standardization to the approvals and exception handling process, as well as much greater transparency to liquidity positions and movements.

It will also drive drastic improvements to automation, security, compliance, and visibility.

Although the full scale of ROI will not become apparent until the project is totally complete, there are numerous benefits that Todd can already point out. For one, the amount of time Medtronic’s internal IT team dedicated to this project was minimal compared to projects of similar size, thanks to TIS’ internal teams handling the bulk of payments format mapping and bank connections. TIS’ proficiency here not only enabled Medtronic to complete certain project stages in 1/3rd the anticipated time, but also eliminated 50%+ of IT’s expected workload. This efficiency has continued throughout the project, with TIS managing the large majority of implementation tasks on behalf of Medtronic. At the same time, Medtronic’s AP teams are already gaining much greater visibility to payment statuses and approvals, and have a full 24 hours of extra time to review payments and handle exceptions compared to their former processes.


Once the full migration project is complete, Todd expects that TIS will serve as the single source of truth for 95%+ of treasury and AP payment processes globally. TIS will also serve as the core platform through which 85%+ of manual payments are entered, reviewed and approved before being executed, which will drive an exponentially higher level of payment compliance, security, and visibility. For a company operating with thousands of vendors and with dozens of entities managing payments, this transformation will represent a major overhaul of the status quo from only 1-2 years ago.

According to Todd, “TIS has been an ideal cloud provider to handle the roll-out of our new payments and connectivity process. They are proven specialists in their field and have effectively and consistently worked with our team to better understand our needs and make adjustments and enhancements that are aligned with our long-term goals. From handling bank connectivity and format translations to SAP integrations and core payment processing, the quality of service and support throughout our engagement has been exemplary.”

Medtronic


**Evaluating
Project
ROI**

tis




95%+ PAYMENTS
STANDARDIZATION

Once the full migration project is complete, Medtronic expects that TIS will serve as the single source of truth for 95%+ of treasury and AP payment processes globally, which represents a major upgrade from only 1-2 years ago.



24 HOURS OF
FASTER VISIBILITY

Medtronic’s AP teams are already gaining much greater visibility to payment statuses and approvals, and have a full 24 hours of extra time to review payments and handle exceptions compared to their former processes.



50%+ PROJECTED IT
HOURS ELIMINATED

Medtronic’s internal IT team had minimal responsibilities in the project compared to those of similar size. TIS not only enabled Medtronic to complete certain project stages in 1/3rd the anticipated time, but also eliminated 50%+ of IT’s expected workload over the project course.

ABOUT TIS

TIS helps CFOs, Treasurers, and Finance teams transform their global cash flow, liquidity, and payment functions. Since 2010, our award-winning cloud platform and best-in-class service model have empowered the entire office of the CFO to collaborate more effectively and attain maximum efficiency, automation, and control. By streamlining connectivity between our customers' back-office systems and their worldwide banks, vendors, and business partners, TIS enables users to achieve superior performance in key areas surrounding cash forecasting, working capital, outbound payments, financial messaging, fraud prevention, payment compliance, and more.

With over 11,000 banking options, \$80 billion in daily cash managed, and \$2.7 trillion in annual transaction volume, TIS has a proven track record of combining our unparalleled market expertise with tailored client and community feedback to drive digital transformation for companies of all sizes and industries. As a result, hundreds of organizations and thousands of practitioners rely on TIS daily to gain strategic advantage, monetize data, improve operational efficiency, and better manage risk.

For more information, visit tispayments.com and begin reimagining your approach to global cash flow, liquidity, and payments.



Cash Flow, Liquidity & Payments.

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