

HOW TO SET UP A TREASURY IN RECORD TIME - THE MOTUS CASE STUDY

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PROFILE ORGANISATION

Motus Holdings Limited (Motus) is South Africa's leading automotive group, employing over 17 500 people. The group is a diversified (non-manufacturing) business in the automotive sector with unrivalled scale and scope in South Africa, a selected international presence primarily in the United Kingdom and Australia, as well as a limited presence in South East Asia, and Southern and East Africa.

Motus traces its roots back to 1948 when its founding company Imperial Holdings Limited (Imperial Holdings) started as a single motor dealership in downtown Johannesburg. Motus was listed on the Johannesburg Stock Exchange in November 2018, following its unbundling from Imperial Holdings.

CHALLENGE

Following the unbundling of Motus from Imperial Holdings, the Imperial team responsible for their treasury activities remained within Imperial. Motus performed a comprehensive analysis to weigh up the pros and cons of setting up their own internal treasury team or appointing the experienced treasury outsourcer TreasuryONE that was already familiar with the group.

SOLUTION

Following the unbundling of Motus from Imperial Holdings, the Imperial team responsible for their treasury activities remained within Imperial. Motus performed a comprehensive analysis to weigh up the pros and cons of setting up their own internal treasury team or appointing the experienced treasury outsourcer TreasuryONE that was already familiar with the group.

TreasuryONE was tasked to assist with the implementation of the new Motus Treasury, which meant that TreasuryONE had to focus on:

- Cash visibility
- Centralised cash management
- Investment management
- Debt management
- FX risk management

whilst ensuring that Motus had the right technology in the form of a treasury management system. The IT2 treasury management system provided all the required modules and the TreasuryONE bank connectivity solution meant that all the necessary connectivity to the local South African Banks were already tested and working. The result is that all bank statements, cash transfers, and FX settlement instructions can be sent to the bank directly.

BENEFITS

- Access to the world-class TMS IT2
- TreasuryONE's bank connectivity solution
- Access to a team of experienced resources
- Market risk advice and expertise
- Cost-effective solution
- Reduced risk

STORY DETAILS

The project's objective was to set-up a treasury operations department for the brand new Motus Treasury team, whilst managing the cost. TreasuryONE's outsourcing service provided the necessary headcount for a centralised treasury to approximately four hundred South African entities within Motus, and the IT2 treasury system met Motus's requirements.

The central treasury operated by TreasuryONE is in accordance with the Motus Treasury policy and provides Motus with the necessary skills, experience, controls, and efficiencies in terms of cash and liquidity management and a system to support FX risk management for the Motus Group. Motus Treasury relies on input from all business units on a daily basis for their cash and FX requirements.

The risk of managing a centralised treasury of the magnitude and complexity of Motus on Excel spreadsheets with a small team was too great. The decision to appoint TreasuryONE to assist with the daily operational aspects for the Motus Treasury team and the implementation of the IT2 TMS, which allows for all cash and FX requests to be loaded by the various businesses, via the web, using the IT2Net portal, was taken.

A particularly challenging aspect of the project was that with Imperial Holdings and Motus becoming two separately listed entities on the JSE, it was imperative that the Imperial banking account structure was split correctly into two separate legal entities, being Imperial and Motus.

In order to ensure accurate Cash Visibility, Cash Management, FX settlements, and reporting, the bank accounts associated with Motus had to be removed from the Imperial banking profiles and linked to the Motus banking profiles. The Motus bank accounts also had to be assigned to the correct Motus entities and users. There was no room for error regarding the alignment of the banking account structures for both Imperial and Motus on IT2 and the banking systems.

From a people perspective, some of the Motus team already had daily dealings with TreasuryONE from an FX perspective. The Motus cash management & FX IT2 users were familiar with IT2 and the IT2 support team. However, TreasuryONE and the Motus Treasury team had to ensure that the change communication to the Motus entities in South Africa was clear. The message was simple, no real change except that Motus had its own treasury and the business units would interact with a new team consisting of both Motus Treasury and TreasuryONE.

THE FUTURE

TreasuryONE and Motus Treasury made use of the opportunity to enhance treasury processes to achieve greater efficiencies and improved reporting. TreasuryONE's skilled and highly experienced outsourcing team guide in terms of treasury best practice and how to achieve improved effectiveness and efficiencies and ongoing enhancements are done as Motus Treasury matures.

As the new Group Treasurer of Motus, having been dealing with TreasuryONE on both Cash Management and FX at one of the Motus subsidiaries, it gave me great comfort to know that the experienced TreasuryONE team was providing the backbone of the Cash Management work required in our treasury function, as well as the experience of the currency markets and bank relationships. All of this was adequately supported by the IT2 platform, giving each business easy access via IT2Net, while having the necessary reporting capability and controls built into the system

Kobus Volschenk

About TreasuryONE

TreasuryONE is SA's leading treasury company and offers a broad range of best practice treasury technology, services, and solutions to the corporate market. We are an authorised financial services provider and have Reserve Bank authorisation to act as a foreign exchange intermediary and a proud member of the South African Association of Treasury Advisors.

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