

Overall Winner

Best Foreign Exchange Solution

Olam International Ltd

Amit Kumar Kansal, Vice President-Treasury and Head of Origination-Trade and Structured Finance
Shivram Ramakrishnan, Vice President-IT



Headquartered in Singapore, Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 17,300 customers worldwide. Its value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of an estimated five million farmers.

Olam creates its own virtual currency bank to manage foreign currency exposures



Amit Kumar Kansal, Vice President-Treasury and Head of Origination-Trade and Structured Finance, Arun Kumar, Manager – Treasury, Irene Chan, Vice President – Corporate Treasury, Mathi, Vice President – IT and Shivram Ramakrishnan, Vice President – IT

The challenge

Before 2020, Olam's FX processes were being managed in an in-house legacy system. The company wanted to enhance its systems and processes to cater to the requirements of multiple internal and external stakeholders including business users, treasury, finance, audit as well as regulatory reporting. The system would also need to interface with multiple other internal and external systems to enhance its effectiveness.

Given the legacy system in place was developed over ten years ago, the company had to make a determination whether to do incremental changes to that system or undertake an end-to-end system overhaul that will cater to the current as well as future FX requirements of the group.

The solution

Olam chose the latter and embarked on a multi-stakeholder journey to streamline and automate its FX and hedging operations across its various business lines and create a fully automated FX management solution that could cater to the front, middle and back office requirements and include real-time exposure tracking and in-built risk management systems.

Using SAP S/4HANA® Finance solution to build an agile, flexible treasury solution (including several add-ons and enhancements) from its partner, Fourth Signal, Olam was able to ensure a highly automated and

seamless integration of treasury operations across all profit centres.

At the core of the FX system, is a unique set-up of a virtual 'Olam Currency Bank' (OCB) – conceptualised by Olam and executed on a robust treasury platform by Fourth Signal. The virtual OCB is based at the Singapore headquarters, under the responsibility of OIL's treasury and risk management department. All of OILs FX exposures, irrespective of the profit centres which generates the exposure, or the geographical location, or the currencies that need to be covered, are first reported and netted-off by the OCB and then transacted with commercial banks.

Further all key processes eg, daily rollover, daily utilisations of FX cover across cash flows, real-time exposure reporting, bank settlements, mark to market accounting were all automated under the single SAPTRM system.

Best practice and innovation

The new set-up utilises the latest digital technology advances, moving significant parts of the operations onto a state-of-the-art SAP HANA system and utilising high levels of automation in the collection and compilation of data from multiple sources without direct human intervention.

The centralised management of FX operations enables a consolidation of net positions of the company's

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FX exposures in real-time. Data on all open global positions is available in real-time, enabling hedging decisions to be taken for the group's net exposure position at the end of each day thereby minimising risk as well as reducing hedging costs.

Key benefits

- Olam established a single centralised solution based on the treasury and risk management requirements and as a result, has improved transparency and compliance reporting.
- Better-informed cash-flow management decisions based on accurate and timely reporting of FX exposures.
- Single data source for foreign exchange exposures across multiple products, geographies and currencies.
- Seamless integration that harmonises front, middle and back office treasury operations.
- Automation of treasury workflows, improving process controls, traceability and reduction of manual interventions allowed the team to perform higher value-added activities.

- Automated allocation of FX covers to the businesses that generated the exposure.
- Automated bank settlements, transfers, or rollovers on expiry of covers.
- Consolidated FX exposure report across all business units.
- Automated accounting and mark to market generation.
- Ability to roll out the solution to multiple entities quickly and with minimal effort.
- Solution built on a reliable and scalable platform that can cater to future requirements and changing business needs.

"The system integrates elements of cutting-edge technology in treasury operations to deliver an innovative FX solution to commonly faced business problems such as streamlining complex treasury operations involving multiple business units, geographical locations, banks and drive process efficiency across very large transaction volumes," explains Amit Kumar Kansal, Vice President-Treasury and Head of Origination-Trade and Structured Finance.



Fourth Signal worked with Olam to develop a unique solution for managing their complex FX transactions worldwide: Olam Virtual Currency Bank. The concept, proposed by the Olam team, was given shape using Fourth Signal's proprietary platform-based solution that bolts on to the SAP system for enhanced functionality. Once all the relevant processes were mapped onto the platform, which is a robust, scalable and flexible base with built-in flexibility and modularity, implementation was rapid. We congratulate Amit and Shivram, and their teams, and are confident that we have demonstrated how large corporates with globalized networks can easily integrate their treasury operations.

A.V. Subramanian, Director – Digital Transformation, Fourth Signal

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