



CASE STUDY



How Newell Brands Transitioned
to an Automated FX Environment

NEWELL BRANDS, INC. OVERVIEW

Newell Brands, Inc. (Newell) is a leading global consumer goods company with a portfolio of well known brands including:

- ▶ Baby Jogger®
- ▶ Jostens®
- ▶ Rawlings®
- ▶ Sharpie®
- ▶ Coleman®
- ▶ Mr. Coffee®
- ▶ Rubbermaid®
- ▶ Sunbeam®
- ▶ Elmer's®
- ▶ Oster®
- ▶ Rubbermaid Commercial Products®
- ▶ Waddington and Yankee Candle®
- ▶ EXPO®
- ▶ Paper Mate®

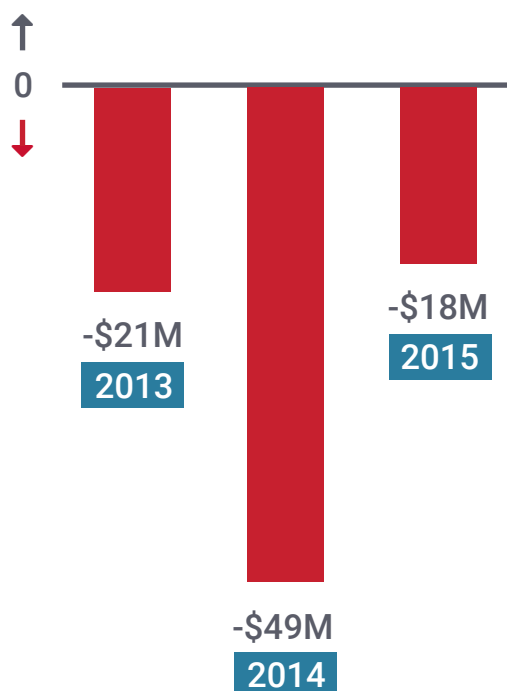
NEWELL'S PRE-FiREapps ENVIRONMENT

Newell is one of the world's leading consumer brand companies. Prior to acquiring another consumer-solution provider, Jarden Corporation, in 2016, Newell reported foreign currency transaction net losses of \$21 million in 2013, \$49 million in 2014 and \$18 million in 2015. Although a cash flow hedging program existed, the company had not implemented a balance sheet program and was only hedging one-off intercompany loans related to FX exposures. Gathering global FX exposure data manually for balance sheet hedging was virtually impossible due to Newell's 38 different systems.

“Gathering global FX exposure data manually for balance sheet hedging was virtually impossible due to Newell's 38 different systems.”

Newell saw the need to implement an innovative FX program to address the challenges it faced with balance sheet hedging following its acquisition of Jarden. Prior to the acquisition, Jarden's treasury team managed a host of complex FX functions manually. These were time-intensive, prone to error and meant the treasury team had little time to analyze financial data, mitigate risk, or identify methods to increase efficiencies. With more than \$15 billion in combined revenues, the need for end-to-end, cohesive automation was essential; it would enable the team to work more efficiently and devote more time to value-add activities without increasing staff.

PRE-AUTOMATION LOSSES



ADDITIONAL CHALLENGES

- ▶ FX trades were executed over the phone.
- ▶ Rolling and settling hedges required constant manual intervention.
- ▶ Maintaining FX hedges in spreadsheets (managed by multiple employees) was a perpetual source of concern due to the significant costs of wrong-way trades or over/under hedging.
- ▶ Cash flow hedges (for hedge accounting) were managed in a standalone software solution.

PLAN TO MODERNIZE

Newell wanted to implement a best practice, back-bone treasury infrastructure of custom deployed treasury technology solutions including a currency analytics solution, a TMS and a trading platform.

To accomplish this, Amit Singh, SVP, Treasury & Finance, selected three best-in-class vendors:

- ▶ FiREapps as the currency exposure management platform due to its market presence and advanced technology.
- ▶ FXall as the trading platform due to its ease of use, cost-effectiveness for scaling and extensive reporting.
- ▶ With the launch of its new hedge accounting module, Kyriba was chosen as the TMS to automate manual tasks, unlock time for strategic data analysis and mitigate risk with modern cash management and hedge accounting solutions.

Singh also needed to

BUILD A BUSINESS CASE

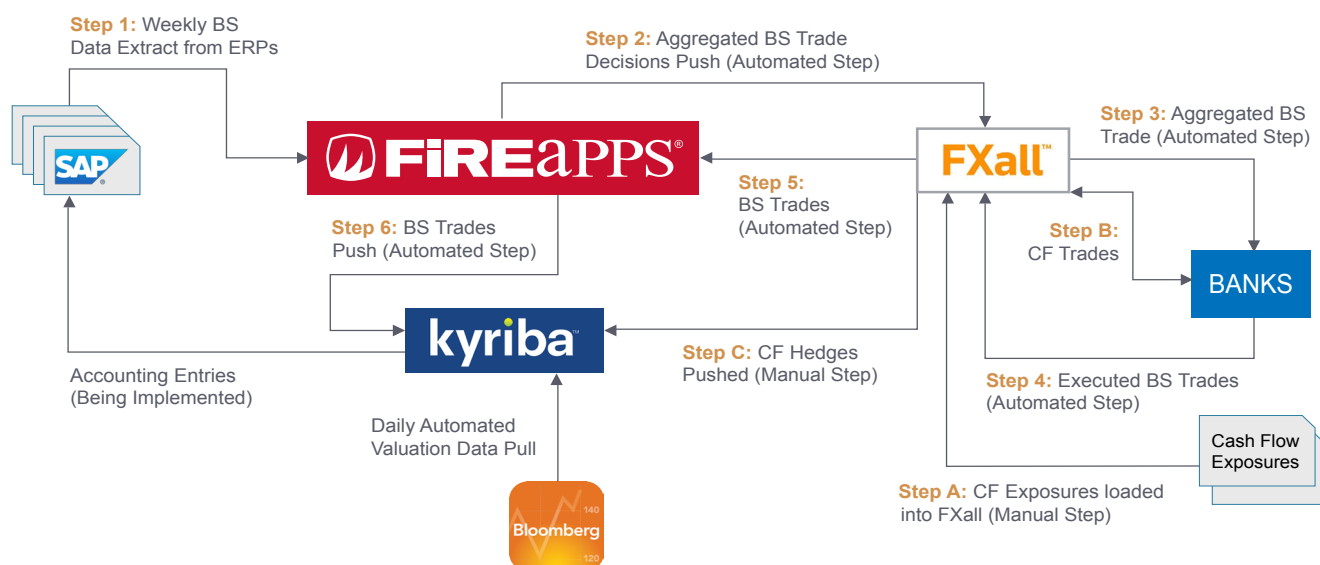
Singh needed to convince senior management that automation would enable scalability while reducing expensive errors as the company grew. He also made the case that automation would empower his team to be more strategic and do more with less.

If you want to know more about building a business case, [read this blog](#).

Once the providers were in place, Singh identified a wish list of goals he wanted to accomplish by modernizing Newell's FX program. These included:

- 1) For the balance sheet program, the aim was to automate the entire hedging process with FiREapps; including gathering FX exposure data from the local business units and ERP systems weekly using direct ERP uploads, spreadsheet uploads and user inputs.
- 2) Once balances were collected, the team needed to analyze the FX exposure in FiREapps to determine those external hedges needing execution. They could execute them using an automated trading platform, and house the hedges in the new treasury workstation. At hedge maturity, the program could calculate the settlement amounts and roll the hedges. The movement of data between multiple systems needed to be seamless and free of manual intervention.
- 3) Once implemented, Newell could integrate Kyriba's cloud-based TMS to strategically manage numerous complex finances while mitigating risk.

THE NEW FiREapps-ENABLED WORKFLOW



By streamlining the hedge accounting process for cash flow hedges and by eliminating the third-party, stand-alone solution, the treasury team could defer unrealized gains and losses to the balance sheet, protecting the organization's margins while meeting analyst and shareholder expectations.

Additionally, they could minimize the number of systems required to support Newell's back office management of the hedging program, which also consequently reduced the risk of errors and improved financial controls.

FiREapps further enhanced the Newell balance sheet program by offering visibility into individual entities and profit centers. Data was sourced from 38 legacy ERP systems into FiREapps via a weekly template submission from local business units. Data from SAP was pushed automatically to FiREapps daily via Secure File Transfer Protocol (SFTP). Outstanding hedges from Kyriba were automatically transferred and uploaded into FiREapps, displaying net exposures.

"Most business units understood the new process and were happy to participate even though it created a new weekly data submission requirement for them. A few of them had resource constraints and we worked with them to trim down the number of entities they were submitting for, based on the historical magnitude of these exposures and the nature of the business," said Singh.

FiREapps designed a customized, automated reporting process that delivered the following:

- ▶ Trade Reconciliation – (Confirm trades sent to FXall, confirmations received and any discrepancies identified)
- ▶ File uploaded to Kyriba to enable corporate netting of hedges and FX gain/loss reporting at the entity level (Including both external trades for FXall, internal/mirror trades and entity trades)
- ▶ Settlement reporting for FX gain/loss (by bank and currency pair) for external trades
- ▶ Reports FX gain/loss by currency pair for each entity (including an analysis of external gain/loss versus entity gain/loss)
- ▶ Settlement reporting by currency

BENEFITS OF THE NEW PROGRAM


FiREapps reports now enable the treasury team to fact-check the data and the system-suggested hedges. Executing the hedges via FXall ensures the best possible pricing and the most efficient allocation of business to partner banks. Housing the trades/exposures in Kyriba as the single location eliminates the need to constantly reconcile between multiple trade repositories. Managing thousands of hedges is streamlined by having centrally-located trades all with a single maturity date. The system does the heavy lifting of rolling them to the next maturity date. The process is fully scalable, making it easy to include data from new hedging entities or add new currency pairs as needed.

“FiREapps reports now enable the treasury team to fact-check the data and the system-suggested hedges.”

Newell’s implementation of best-in-class technology solutions (FiREapps, FXall and Kyriba) is an exemplary instance of how to leverage technology to achieve best practices with a variety of technology platforms. It has helped Newell reduce risk, reduce costs, create operational efficiencies, and improve visibility into crucial information like cash, payments, exposure, and risk.

The new workflow reduced cumulative foreign currency transaction net losses from \$88 million (2013 – 2015) to less than \$2 million annually in 2016. Trading fees were reduced by more than \$1.3 million in 12 months.

Using technology, Newell introduced significant improvements to treasury efficiencies while increasing productivity. By streamlining the entire process from data collection to exposure analysis, as well as the hedge execution cycle, it virtually eliminated the potential for manual errors and introduced significant time savings and process improvements.



“Newell’s implementation of best-in-class technology solutions (FiREapps, FXall and Kyriba) is an exemplary instance of how to leverage technology to achieve best practices with a variety of technology platforms.”

The new process allows for faster and easier data error identification. Since the treasury team helped design and implement the process themselves, they have a deep understanding of it and can troubleshoot any issues with greater ease. The treasury team has freed up its time by having an automated work-flow; treasury also easily monitor the exposure submissions as the system helps quickly flag potential errors.

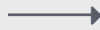
According to Singh, as important as the new technology was, the people behind the implementation and internal technology adoption were even more instrumental. From the in-house treasury team that was willing to take on a complex, multi-system implementation project during a merger, to senior management that supported and invested in automated treasury solutions, Singh credits his colleagues as well as the outside partners that put in the time and effort to help achieve his goals.

“Implementation should be hands-on,” said Singh, “where the treasury team works with vendors to actively design and implement a solution.

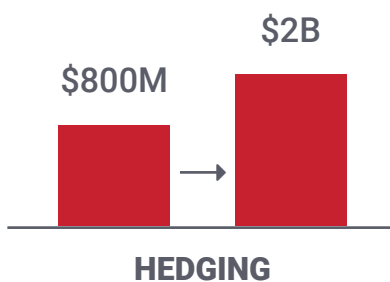
“When you are designing and implementing solutions in a company for the first time, things are bound to not go right each step of the way. When this happens, you want your technology partners to remain flexible and supportive. FiREapps and Kyriba understood this,” said Singh.

NEWELL'S MEASURABLE RESULTS

USING **FIREAPPS TECHNOLOGY**



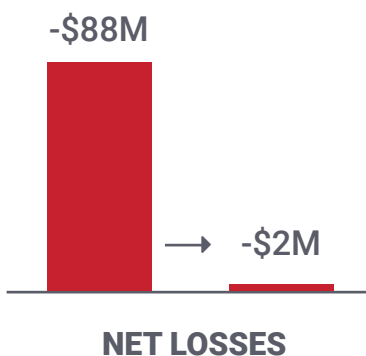
NEWELL
significantly improved
process efficiencies while
increasing productivity to reduce
FX risk and FX costs



The notional size of the balance sheet hedging program increased from \$800 million in 2015 to \$2 billion in 2017.

↑ **14**
CURRENCY PAIRS

Newell has increased visibility into (and manages) 14 additional currency pairs.



The new workflow reduced cumulative foreign currency transaction net losses from \$88 million (2013-2015) to less than \$2 million in 2016.

↓ **\$1.3M**
IN ONE YEAR


Trading fees were reduced by \$1.3 million in a single year.

CONCLUSION

Achieving end-to-end automation for a complex and global FX hedging program is a significant accomplishment. This enabled Newell's treasury team to deliver true value, reduce costs and risk and elevate strategic communication and analysis to C-level decision-makers in the company.

Even more impressive: Internal and external collaborators transformed Newell's currency risk management program in about 12 months during a time that Newell completed six acquisitions and four divestitures.

Additionally, the decision to automate lays the groundwork for future enhancements (such as introducing an in-house bank, absorbing currency-netting operations and working with FiREapps to expand its cash flow exposure hedging process).



“Internal and external collaborators transformed Newell's currency risk management program in about 12 months during a time that Newell completed six acquisitions and four divestitures.”

By automating, Newell's treasury team could:

- ▶ Devote more time to analysis
- ▶ Reduce FX related risk and costs
- ▶ Elevate strategic communications and analysis to executives

NEXT STEPS

If your organization continues to manage currency risk manually – or has no FX program in place, find out how your company can benefit by transitioning to a fully automated currency risk management program.



FiREapps is the leading provider of corporate currency analytics and FX exposure management technologies. Established in 2006, FiREapps developed the first solution to automate foreign exchange exposure management for multinational companies. Through a combination of software solutions and expert analysis, FiREapps helps companies ensure they're accurately measuring and managing their FX exposures. Numerous Fortune 500 companies rely on FiREapps technology to help them reduce FX risk and increase efficiency every day.

FiREapps is headquartered in Scottsdale, Arizona, with offices in Portland, London and Frankfurt.