



KYRIBA CASE STUDY

How HCSC Created a High-Performance Treasury

By investing in technology, Health Care Service Corporation perfected its cash visibility and reduced working capital holdings by \$3.95 billion. Escaping the drudgery of manual processes, the treasury team was equipped to deliver advanced decision support to internal clients and provide financial consultation on strategic projects.

Health Care Service Corporation (HCSC) is the fourth largest health insurer in the US, with revenues of \$62 billion. A mutually owned company, it has 16 million health plan members, 20,000 employees and more than 30 operating subsidiaries. The treasury team, which consists of 41 people, is responsible for managing 14 bank relationships and more than 200 bank accounts. It also oversees \$12 billion in cash management and investment assets, as well as \$120 billion of cash transactions on an annual basis.

Three drivers for change

The convergence of three major drivers earlier this decade provided an opportunity to transform HCSC's treasury operations. These factors included 1) the Affordable Care Act (ACA), which had a significant impact on the company's liquidity and planning, 2) a desire to centralize treasury, bringing together treasury functions from different subsidiaries, and 3) the demand for treasury to act as a strategic consultant to the CFO and other business leaders.

An internal review highlighted several cultural and operational challenges that were preventing HCSC's treasury from becoming more strategic. These included:

- An understaffed department dealing with heavy workloads
- Manual, inefficient processes for key functions
- A reputation for being a heads down, process-oriented department

HCSC
Health Care Service Corporation

Founded: 1936
Headquarters: Chicago, USA
Industry: Health insurance
Revenue: \$62 billion
Employees: 20,000

“Create a vision of how treasury should work at your organization. Find the right technology and banking partners to deliver best practice.”

—David Deranek Director,
Enterprise Treasury Operations,
Health Care Service Corporation



QUANTITATIVE RESULTS

 **100%**
CASH VISIBILITY
of HCSC's enterprise holdings

 **\$3.95**
BILLION
reduction in working capital holdings

 **\$2.4**
MILLION
in annual cost savings on bank fees and expenses

 **5%**
INCREASE
in investment returns

 **\$140**
MILLION
in returns on long-term investments

 **150+**
the number of business projects that treasury consulted on in 2016

Treasury-led transformation

With a requirement to become more strategic, HCSC's treasury team embarked on a transformation program that had specific objectives. Initially, it sought to enhance global cash visibility, improve controls, and increase global team productivity. It also wanted to develop a comprehensive business continuity plan, as well as coordinate all treasury operations through a centralized platform.

To achieve its objectives, the team would need the support of a cloud-based treasury management system (TMS) with integrated solutions on a single platform. HCSC's treasury team selected and implemented Kyriba on the basis that it could deliver integrated cloud capabilities for cash, forecasting, payments and reporting, supported by robust global bank connectivity. Through automation and better decision support, the treasury team could create focus on strategic initiatives and consult with business partners.

Meeting strategic objectives

Since it embarked on its transformation program, with Kyriba as a catalyst, HCSC's treasury has successfully met its objectives. It

has achieved 100 percent global visibility, including automated cash positioning, as well as reconciling, accounting and reporting. Better forecasting has enabled the team to reduce Tier 1 working capital balances from \$4 billion to \$50 million bands. Thanks to Kyriba, it can make more strategic investment decisions earlier in the day, resulting in a 5 percent increase in investment returns (short-term returns have grown by \$40 million, while long-term returns have increased by \$140 million). HCSC has also achieved annual cost savings of \$2.4 million in bank fees, established a secure business continuity plan, and automated numerous treasury operations.

Industry recognition

David Deranek, Director of Enterprise Treasury Operations at HCSC, now regularly consults with treasurers who are looking to embark on their own digital transformation programs and embed automation and continual process improvement into their treasury culture. He advises other treasurers to "create a vision of how treasury should work at your organization. Find the right technology and banking partners to deliver best practices."

About Kyriba

Kyriba empowers financial leaders and their teams with award-winning solutions for cash and risk management, payments and supply chain finance. Kyriba delivers a highly secure, 100 percent SaaS enterprise platform, superior bank connectivity and a seamlessly integrated solution set for tackling today's most complex financial challenges. Thousands of companies, including many of the world's largest organizations, rely on Kyriba to streamline key processes, protect against loss from fraud and cybercrime, and accelerate growth opportunities through improved decision support. Technology analyst firm IDC recognized Kyriba as a global leader in its MarketScape for SaaS and cloud-enabled treasury and risk management applications for 2017-2018. Kyriba is headquartered in New York, with offices in San Diego, Paris, London, Tokyo, Dubai and other major locations. For more information, visit www.kyriba.com.