

Reaching for the sky: Airbus Group India

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‘A higher level of service quality at a lower cost level?’ - This Treasury Management International case study describes BNP Paribas crucial role in meeting the challenge of harmonisation of diverse processes facing Airbus India after five entities representing different activities of the company merged together to form a single entity, Airbus Group India Private Limited.

Headquartered in Toulouse, and based across Europe, North America, Middle East and Asia, Airbus produces over half of the world's jet airliners. India has been a strategic market for the group and in the past few years, Airbus has extended its leadership in India across three major business lines: Airbus, Airbus Defence and Space and Airbus Helicopters.

As of 1 April 2015, five entities representing different activities of Airbus India merged together to form a single entity, Airbus Group India Private Limited. With the objective of streamlining processes and optimising costs, this required the creation of a shared service centre (SSC) to provide standardised services across business units in the country. The challenge facing Airbus was the harmonisation of diverse processes while achieving the goal of a ‘higher level of service quality at a lower cost level?’.

Approach

Airbus India developed a focused transformation plan in order to manage the internal transition. However, this required an experienced banking partner capable of presenting pragmatic solutions to the main banking challenges. With its extensive experience in providing comprehensive transaction banking solutions to a diverse client portfolio, BNP Paribas India was well positioned to understand the finer nuances of the business models of the different Airbus SBUs. The bank was fully capable of providing effective solutions that could overcome the multi-dimensional challenges in creating an integrated ‘One Roof?’ solution in India.

Implementation of the solution

The success of the ‘One Roof?’ solution was largely dependent on consolidation of the banking operations of Airbus Group in India. With the merger of five entities into one, it was imperative to focus on a simplified account structure and ensure coverage of all possible transactions through one bank. The solution therefore, aimed at improving the capability to manage the banking operations for five SBUs with a single centralised team and was carefully structured to derive benefits of a consolidated framework. The new, rationalised structure not only allowed implementation of cash pooling solutions, thereby enhancing optimal usage of working capital to reduce interest costs, but also resulted in operational efficiency for the treasury.

As part of providing an integrated payables management model, a phase-wise approach was adopted to provide Airbus with best in class electronic banking solution that combined global

expertise with local connectivity. The local electronic banking solution, Netpay was implemented in the first phase to provide quick access for local payments (i.e., tax, utility payments, etc.) followed by the global SWIFTNet solution in the second phase for harmonised processes of the SSC. This was done in order to streamline information exchange and integration while matching the requirements of the varied internal systems managing different payment types. A multi-layered payables management architecture was created for

Airbus with role-based access controls, secured banking environment with pre- and post-payment surveillance tools.

Among other benefits of the consolidated electronic banking framework, the convenience of tax payments using templates, bill payments, and placing deposits online with the bank considerably improved operational efficiencies at Airbus.

Direct channel integration was one of the key points to manage huge volumes of transactions generated across SBU accounts. The automated exchange of transaction information, standardised file formats and banking channels helped Airbus to achieve significant productivity gains at each step of the process, bringing in improved operational efficiencies.

The other key requirement of Airbus was to improve reconciliation capability and receive enriched information to support better decision making. BNP Paribas helped configure the payables and receivables modules for a seamless, near- real-time integration with the bank's platforms. This was followed by the development and deployment of customised interfaces for different types of reports, i.e., MT940 statements via SWIFTNet for direct reporting to global treasury, customised local payment and receivable reports available online and via email, cash forecasting reports to improve funding and investment decisions and so on.

A seamless reverse integration process with Airbus systems through globally accepted formats reduced reconciliation time and ensured easy, anywhere access of transaction information to users within Airbus. To complement the entire arrangement, BNP Paribas also built a service model dedicated to Airbus to actively monitor the setups and assist Airbus with any necessary information or services in an organised and time-bound manner.

Results

The main benefits of the solutions provided by BNP Paribas to Airbus India included a streamlined banking structure, effective use of consolidated balances and improved operational efficiency.

A roadmap of 'Simplification to Sophistication' was followed with structuring of accounts and investment opportunities based on risk appetite, standardisation in integration with ERP, a harmonised process across SBUs and consolidation of activities. This ultimately resulted into tangible benefits contributing to the top line revenue of the group.

This case study can be accessed and downloaded at [Treasury Management International's website](#)

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