



Cash Management Case Study: Clicking into Gear with Piaggio



By
Tiberio Cesaroni
Cash Management Corporates, Milan
tiberio.cesaroni@db.com

Deutsche Bank recently put in place a cash management solution for Piaggio, Europe's leading producer of scooters and motorcycles. Piaggio currently manufactures over 600,000 vehicles per year from its production facilities in Italy, Spain, India, Vietnam and China and makes sales across the world. These operations, combined with the particularly sensitive nature of vehicle manufacture supply chains, make Piaggio's cash management needs particularly complex.

"Our cash management requirements are extremely sensitive and must take into account the seasonal nature of our business — 70% of our sales take place between April and September," says Mauro Prignoli, Piaggio's Group SVP Finance.

"Understandably, this can put serious strains on working capital and liquidity, making efficient cash management a priority for us. We were therefore looking for improved visibility and control over cash flows and balances across all our accounts in Europe, and a necessary part of this was simplifying our existing arrangements using a single provider that could support the needs of all our in-country subsidiaries."

To meet Piaggio's requirements, Deutsche Bank's team in Milan was able to implement an efficient and secure solution that integrated direct debits from all the countries in the brief's scope — Spain, Germany, France, the Netherlands, Belgium, Italy and the UK — with the intention of migrating over to the new Single Euro Payments Area (SEPA) Direct Debit when appropriate.

"Deutsche Bank's SEPA capabilities were an extremely attractive part of their proposition," continues Prignoli. "We envisage that the new instruments will allow us to make considerable savings through, for example, avoiding a duplication of processes across subsidiaries and minimizing the number of bank accounts that we need to maintain."

With the handling of legacy direct debits and the majority of payment flows from their Italian head office now centralized, Piaggio is looking to expand the solution to cover its activities in India and Vietnam — both markets where Deutsche Bank has an established presence and track record of implementing similar solutions.

Other key aspects of the solution were the ability to integrate seamlessly with Piaggio's SAP and Piteco systems and Deutsche Bank's reputation for high standards of customer service and reliability. Indeed, the huge numbers of invoices and transactions involved in this solution — and the sensitive nature of Piaggio's working capital arrangements — mean that any human error or system failure could have potentially serious effects.

In addition to the principal cash and receivables management elements of the solution, Piaggio is using Deutsche Bank's FX4Cash platform for the multicurrency payment needs of their Aprilia Racing subsidiary. As this is rolled out, it will allow Piaggio to streamline its FX processes and gain efficiencies through improved margins on these payments.

Piaggio is a valued client and this is an important relationship for us. This has been an opportunity for Global Transaction Banking (GTB) to showcase its market leading solutions and its ability to structure them to meet the needs of key clients.