

# Rapid investments are vital for Svenska Volkswagen Finans

Every second counts for a finance company. The core activity involves rapid investment and cash turnover. The key to success lies in creating a hyper-efficient cash flow. This led Svenska Volkswagen Finans to choose the Bankgiro Inbetalningar service – a new bankgiro product that takes a holistic approach to the company's accounts receivable ledger.



Anne Nyström, cash management director

Svenska Volkswagen Finans is a finance company that works with Svenska Volkswagen Group dealerships to offer various financing alternatives such as motor-vehicle loans and leasing contracts for consumers and companies.

Svenska Volkswagen Finans aims to be the obvious choice for its customers. And with the backing of one of the world's leading automobile groups, the company has a natural advantage over leading competitors such as traditional finance companies and major banks.

"We know the automobile industry and its unique conditions. This allows us to offer a number of services that the customer cannot get from our competitors, such as service agreements, insurance and loan protection, and the administration of vehicle fleets and company cars," says Helena Larshamre, Chief Accountant at Svenska Volkswagen Finans.

## 90 PERCENT FEWER MANUALLY ADMINISTERED INCOMING PAYMENTS IN JUST TWO YEARS

"Constant improvement' is the key phrase when it comes to Svenska Volkswagen Finans' work with incoming and outgoing payments. In collaboration with Handelsbanken, we are constantly searching for new ways of increasing automation in the checking and reconciliation process, reducing manual administration of payments with incorrect reference numbers, and rationalising daily procedures."

Anne Nyström is the Head of Cash Management at Svenska Volkswagen Finans. She personifies the company's ambition of eliminating unnecessary and time-consuming manual processes. In order to get as close to operations as possible, she takes part herself in the checking process at least one day per week. "If I notice manual system procedures, I take a closer look at them immediately. Why are we doing it this way? We should be able to automate this." And this approach has produced good results. Between 2004 and 2006, the number of manually administered incoming payments fell from 6,200 to just 811 – representing a reduction of almost 90 percent.

One important reason is that the company has developed a pre-system that automatically sifts out payments that cannot be checked automatically, and which subsequently never need to be entered into the business system. This meant that the time spent could be halved, eliminating the accounting department's overtime hours in a single stroke. A number of other significant improvements have since been implemented.

## BANKGIRO INBETALNINGAR UPPGRADES EXISTING BANGIRO PRODUCTS

Svenska Volkswagen Finans produces around a million invoices annually. With 750,000 incoming payments and more than 60,000 outgoing payments each year, it is essential that the related procedures work smoothly. For a finance company such as Svenska Volkswagen Finans, efficient cash flow is an extremely business-critical aspect.

In addition to Autogiro, the company used the Payment Service OCR, Automatic Checking LM and Automatic Checking GI+ (supplementary registration of manual advice notes) bankgiro products up until June 2006. Since then, payment receipts have gradually been transferred to the new product, Bankgiro Inbetalningar, which will eventually replace all three products.



"The transition to Bankgiro Inbetalningar has really rationalised our work with the accounts receivable ledger," says Anne.

#### DETAILED INFORMATION IN THE REPORTING FILE

One particular improvement within Bankgiro Inbetalningar is that the reporting file contains detailed information about each payment. For Svenska Volkswagen Finans, this has simplified the checking process and reduced the need for manual identification of amounts in the accounts receivable ledger.

Svenska Volkswagen Finans has supplemented the basic version of Bankgiro Inbetalningar with an optional service for registering forms in order to be able to check payment receipt statements automatically and include the reference details in the reporting file.

"We hardly ever need to call BGC now to find out who has paid – everything is in the file," says Anne.

#### REPORTING THREE TIMES A DAY

Another important improvement is that Svenska Volkswagen Finans now obtains its payment receipts report the same day as they are processed by BGC – in fact, it receives the report three times a day at 11.30 am, 2 pm and 5 pm.

"We are now able to invest money much faster. We avoid having payment receipts uninvested during the day. These can be large amounts of money due to our considerable transaction volumes. So this is an important tool for improving our cash flow."

#### REDUCED PRESSURE ON THE ACCONTS DEPARTMENT

With Bankgiro Inbetalningar, it has become easier to check and reconcile the accounts receivable ledger automatically. This in turn has freed up time which employees can instead devote to productive work. The reduced workload has also significantly improved the working atmosphere within the accounts department. "We reckon that Bankgiro Inbetalningar has helped us reduce the total time spent working on the accounts receivable ledger by 25 percent. Which of course is worth a tremendous amount, in terms of both money and well-being."

#### GRADUAL TRANSITION WITHOUT INCONVENIENT DISRUPTION TO DAILY WORK

The installation or upgrading of business-critical software often involves costly disruption to daily work. Training courses of various intensity are also required, and this often entails low productivity in the initial stages. This has not been a problem for Svenska Volkswagen Finans. The company has been able to transfer payments over to Bankgiro Inbetalningar at its own pace. Furthermore, the accounting staff quickly feel at home, because most of the functions are the same as in the previous bankgiro products.

"Over a period of around six months, we have transferred 48 percent of our OCR payments and 41 percent of our supplier payments to Bankgiro Inbetalningar," adds Anne. "We expect to transfer the remainder before the end of 2007."

#### NEXT STAGE: E-INVOICES AND ELECTRONIC CONSENT FOR AUTOGIRO

Svenska Volkswagen Finans is currently expanding its customer service by offering new payment methods. The company expects that customers will be able to pay their bills by e-invoice in the autumn of 2007. Autogiro currently represents more than 20 percent of all incoming payments, with an annual growth rate of more than 10 percent. In order to further increase the proportion, Svenska Volkswagen Finans is planning on offering its customers electronic consent for Autogiro. The product is expected to be available in the latter part of 2007.

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