



EROAD Values Hedgebook's Independent Valuations



CUSTOMER

EROAD

CHALLENGE

EROAD's finance team wanted a way to record and report on interest rate swaps as part of its monthly treasury reporting.

SOLUTION

Hedgebook provides independent third-party valuations in an instant – as and when needed. EROAD then expanded its footprint into managing forex hedging and more.

OUTCOME

Using Hedgebook has potentially saved EROAD several thousand dollars per reporting round, through being able to provide auditable independent valuations without using a third-party. It also values its ability to share the same view of interest rate and forex data directly with its treasury advisors.

Independent valuations the start of EROADs Hedgebook journey

It was an external recommendation that initially led the EROAD finance team to Hedgebook. At the time it was looking for a better way to provide monthly interest rate swap valuations as part of its monthly reporting. Having discovered how easy Hedgebook is to use, its footprint has expanded to managing EROAD's foreign exchange contracts across the three countries it operates in.

The value of independent valuations

The fact Hedgebook does third-party independent valuations was a big part of its attraction for EROAD. In a previous role a member of the team had paid around a thousand dollars to a third-party consultant to provide independent derivative valuations - and it took them a few days to come back with the results.

"With Hedgebook we can literally get that third-party valuation in an instant whenever we need it," explained Kim O'Hara, Finance Manager at EROAD. "Plus, because it can be back dated, I am not tied to doing it right on the end of the month. For that alone Hedgebook pays for itself – but as we've learnt there is a lot more to it than that."

Expanding into FX hedging management and reporting

EROAD now operates in three countries and has built up the need for managing FX contracts particularly in the translation of USD profits to an NZ reporting basis. "While our needs are relatively simple in terms of just managing vanilla instruments (such as forward contracts and zero cost collar options)," explains Kim, "the volume of what we do is made so much easier with Hedgebook."

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Kim O'Hara, Finance Manager,
EROAD

“We also typically do sensitivity testing for half year and end-of-year financial risk notes alongside the derivative valuations. Because Hedgebook does such a great job of managing what we do, we have been able to reduce the reporting frequency and the time it takes to produce reports has been greatly reduced.”

This is largely accredited to EROAD's treasury advisors, Barrington, also having a direct login to its Hedgebook instance so they can review what is happening at any time.

“Prior to our regular catch ups Chris is able to independently review what we're doing and that in itself saves us all a lot of time,” says Kim.

As for Chris Hedley, EROAD's treasury advisor at Barrington, he says “Being able to see online and on a real-time basis EROAD's FX hedged positions, ensures we are able to provide timely and relevant advice, particularly when markets are moving around. “It also ensures the one single source of information we are all working with. Hedgebook is a very effective and efficient means, assisting advice between us and EROAD.”

Keeping treasury management manageable

While EROAD continues to grow its operation globally, Kim admits treasury management is a small part of what they do - but that Hedgebook helps to keep it that way.

“We have a team of ten accountants but only myself, the CFO and a team member in Australia log in to Hedgebook,” she says. “We have had very, very few issues in using Hedgebook over the years. It does what we need it to and if you're doing independent derivative valuations it's an absolute no-brainer.”

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About Hedgebook

Hedgebook is an intuitive and easy-to-use treasury management system that helps treasurers and finance departments improve the way they record, report and proactively manage foreign exchange, interest rates and commodities risk. Simple and intuitive, Hedgebook provides real-time visibility and insights of hedge positions for better hedging decisions and eases the burden of management and compliance reporting.

For more information visit:
www.hedgebook.com

