



HedgeStar Continues Building Point of Difference with Hedgebook – Scaling



CUSTOMER

HedgeStar: US based, independent hedge accounting and valuation firm

CHALLENGE

To continue to build on its investment in Hedgebook in serving its clients' growing scale and complexity of hedging

SOLUTION

Hedgebook FX functionality including valuation tool and FX Exposure Tool

OUTCOME

Hedgebook is used across the business to deliver exceptional value to its customer base while improving productivity and helping to remove business continuity risk.

HedgeStar is a global hedge accounting and valuation service provider. Since 2018, Hedgebook has provided HedgeStar with a compelling point of difference in this competitive market. As HedgeStar COO, Craig Haymaker, explains: "What were massive hurdles before – building out new technologies, onboarding new users, and executing basic reports – were streamlined with Hedgebook."

Since 2018, Hedgebook has been providing HedgeStar with a compelling point of difference in the highly competitive global hedge accounting and valuation market. A few years ago we were fortunate to capture the start of that journey. Several years later, we have the rare opportunity to revisit HedgeStar's story and explore how its use of Hedgebook has evolved.

Year on year growth in using Hedgebook

Initially HedgeStar looked to use Hedgebook for recording and valuing its clients' iron ore, zinc, natural gas and electricity hedging - including swaps, futures, forwards and options. It then leveraged Hedgebook's analytics to bring together commodity exposures overlaid with derivative hedging to enable its team to focus more on risk management. So how has that evolved?

"We're using the FX tools a lot more than we have in past years," explains HedgeStar, Managing Director, Tim Potter. "We're using the FX valuations to support a growing part of our business — helping clients with hedge accounting for their foreign currency hedges – and that's gone really well."

One of the more unique factors in how HedgeStar's use of Hedgebook has evolved, is that its team are the users. "Our clients don't log in or use the system themselves," explains Tim Potter. "We provide reporting to them, powered by Hedgebook. The tool's ease of use allows us to manage a wide range of client needs and to be highly responsive."

"All of our team uses Hedgebook in some capacity. Cross-training is important so everyone can support each other as demands and schedules shift. Hedgebook increases our confidence someone else can quickly step in and pick things up. Hedgebook's portfolios are so easy to view and understand. Because of this, we aren't reliant on one person's knowledge – which also helps with business continuity."

Meeting diverse client needs

Tim cites Hedgebook's flexibility as being highly beneficial in terms of both time savings and efficiencies but also in being able to apply it to a range of different applications.

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Tim Potter, Senior Manager,
HedgeStar.

Our usage has grown every year for the last three years.

"It makes a big difference that Hedgebook is always open to ideas, whether it's exploring new ways of doing things, helping us support clients, or enabling reporting customisation. They've made it easier for us to work with the data and deliver what our clients need."

HedgeStar has also significantly expanded its client base, taking on a large multinational corporation with a very active hedging programme — typically managing between 500 and 1,000 forward contracts at any one time.

"Managing that kind of volume could, depending on the circumstances, be a nightmare," said Tim Potter. "Using Hedgebook, we've been streamlining transaction processing throughout the lifecycle of these trades — from early terminations to expiry.

"This has had a big impact on the client's monthly reporting and close processes, even given its highly active and dynamic hedging practices. In using Hedgebook we're able to keep things as straightforward as possible, no matter the frequency of trading. There are a lot of moving parts to manage between reporting periods but we're able to seamlessly manage those with the resources we have."

Hedgebook has also made the day-to-day and month-to-month changes much easier to manage as the HedgeStar team can export data, check it against bank statements or client data, and make sure everything's accurate and complete. Consistency that Tim Potter sees as crucial.

"We've gone from being a small Hedgebook user to a heavy user with a lot of data in the system," he says. "Now we're talking to Hedgebook about automation and exploring ways to further reduce manual work, add controls and improve outputs.

"That includes looking at using the FX Exposure Tool which is simple to use and presents well — we're exploring further how we can use it more regularly and even integrate it into our usual reporting package for our clients. With Hedgebook there always seems to be something new in the system we can take advantage of."

About HedgeStar

US-headquartered HedgeStar deliver risk management consulting, derivative valuation and hedge accounting services with a focus on transparency for financial reporting and hedge performance optimisation. Experts in FASB, GASB and IFRS standards related to accounting for derivatives and fair value measurements, HedgeStar's global clients include public and private corporations, real estate trusts, accounting firms and law firms, healthcare, educational institutions and government entities.

The team is comprised of valuation experts, Certified Public Accountants (CPAs), and hedging program professionals known for delivering expert service with a personal touch.

www.hedgestar.com

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 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:
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