

# UniCredit case study: Nordex

Wind power system firm Nordex streamlined its Central and Eastern Europe payments but the addition of electronic banking has added new functionality to the solution and improved compliance and efficiency

Nordex is one of the world's leading producers of wind turbines. It supplies high-output wind turbines in the upper segment of the market for virtually all regions suitable for wind power. As a producer and developer of wind turbines, it concentrates on its core skills, which are engineering as well as maintenance and after-sales services. In selected markets, the company also operates further upstream, for example in wind farm planning. It also offers turnkey project management solutions if required.

Nordex assembles around 25% of its products at its own facilities and, as a systems integrator, sources some 75% of the components required from its suppliers. The Nordex Group is a single-product company, with a holding company, Nordex SE, based in Hamburg. Vorpommern acts as in-house bank within the Nordex Group.

The main Nordex Group companies are Nordex Energy in Germany, Nordex USA and Nordex (Beijing) Wind Power Engineering & Technology in China. Nordex has production facilities in Germany (Rostock), China (Yinchuan, Dongying) and the US (Jonesboro). The company has branch offices and subsidiaries in 19 countries.

## Reflecting a central treasury approach

Nordex began working with UniCredit in Central and Eastern Europe for its payments in 2005. Payment processing for Nordex used the bank's Main Entry Point (MEP) solution, which involved Nordex sending orders in SWIFT messaging format MT101 (request for transfer of funds) to the MEP. Payments were then forwarded to third-party banks within UniCredit, which executed them.

As Nordex grew, it wanted to create a treasury solution that better reflected its central treasury approach. "Although Nordex made foreign currency cross-border payments from its German headquarters for its international operations, several electronic banking solutions were used across the different countries that it operates in," says Torsten Pohley, international cash management sales in Germany at UniCredit.

Nordex sought a solution that offered centralized payment processing via a single point of entry and also wanted to introduce a single automatic cross-border pooling solution. "We wanted to reduce the number of electronic payment applications, payment file formats and communication channels we were using, increase cashflow transparency and impose a central signature by group treasury for all European Nordex companies," explains Michael Mattig, senior treasury manager at Nordex SE.

The introduction of limited electronic signature rights was especially important to Nordex given the compliance benefits – in terms of the prevention of fraud – they offer. "The use of a single entry point, a single format and a single communication channel also offers cen-



Michael Mattig, Senior Treasury Manager, Nordex

tralization, and therefore efficiency gains from economies of scale," says Wolfgang Reiser, key account manager for Nordex at UniCredit Bank AG. "Transparency is also improved because headquarters is responsible for making any national or international payments."

## The solution

From 2007, UniCredit began rolling out its EuropeanGate solution to Nordex's CEE operations on a country-by-country basis. EuropeanGate offers UniCredit customers access to the UniCredit network via a central communication interface and a single format (XML, EDIFACT, MT101, SAP IDoc and local formats). It differs from MEP because its core functionality includes converting and forwarding payments into local formats – which are usually cheaper – for local execution. "Everyone talks about the benefits of SEPA – and there are many," says Pohley. "However, for countries outside SEPA with their own currencies – such as Polish zloty, Romanian lei and Turkish lira – SEPA is not applicable and a different approach is required."

EuropeanGate gives Nordex one point of access, with all accounts managed within UniCredit available via one point of entry. It offers one format, with automated conversion from, for instance, MT101 to low-priced local formats. EuropeanGate also offers a single process for authorization, validation, conversion and re-routing of payment transactions.

During 2011, Nordex started reviewing its payments processes in the light of new compliance requirements. Given the ongoing strategic dialogue between Nordex and UniCredit – and UniCredit's existing strong relationship with Nordex across many product areas, including FX, money market products and bonds and syndicated loans – UniCredit was able proactively to suggest how Nordex might be able to achieve its objectives.

"We proposed that payments should be integrated with UniCredit's new electronic banking solution," says Pohley. "By combining EuropeanGate with the electronic banking solution, Nordex gains the

functionality of a tool that is accessible from multiple sites, for multiple clients."

Moreover, UniCredit's electronic banking solution is unique, given its simplified implementation, ease of use due to cutting-edge HTML technology and interactive SAP link. "The latter feature is especially important," notes Pohley. "By interfacing with SAP and automatically importing payment files, the payment process becomes lean and streamlined." Furthermore, the electronic banking solution makes security paramount: all information is retained with Nordex's corporate database rather than at the bank; intra-group communications occurs via an intranet; rights and permissions are in line with Nordex's security criteria; and bank communication is encrypted using the Electronic Banking Internet Communication Standard.

### Cross-border pooling

As part of its central treasury approach, Nordex wanted to implement a single automatic cross-border pooling solution. "The goal was optimal allocation of group funds to subsidiaries, optimal usage of cash, interest rate benefits, balance sheet optimization and the avoidance of any credit facilities at a local level," says Mattig.

UniCredit's solution collects account statements using SWIFT messaging format MT940 (customer statement message) from UniCredit banks in Italy, Poland, Turkey, Romania and Greece servicing Nordex SE. "Nordex can access our hub and retrieve all account information with our new electronic banking tool," explains Pohley.

Given logistical and regulatory obstacles, at present the euro pool covers Italy and Greece. Nevertheless, it offers centralization of group liquidity, interest optimization within the group, a transparent overview across group entities, simpler manual management of funds and uniform local and international structures, taking account of the legal and fiscal statutory regulation.

### Reaping the rewards

Implementation of Nordex's centralized payment processing via a single point of entry and a single automatic cross-border pooling solution involved a comprehensive team of experts in global transaction banking (covering customer projects, customer IT, hotline services, product development and sales) who worked together to ensure a smooth introduction of the new solutions.

"UniCredit was quick to respond to our needs," says Mattig at Nordex SE. "The bank's professional knowledge of CEE requirements in respect to local cash management issues was especially important." UniCredit ensured that it remained flexible during implementation and worked hard to achieve reliability and consistent service quality. "Key to our approach is a single point of contact for the client and – once the solution has gone live – a global account manager supported by a local account manager," says Reiser.

For Nordex, the benefits of centralized payment processing and a single automatic cross-border pooling solution have been myriad. "Beside the savings in hard cash, the company saves indirectly, treasury know-how is streamlined and there are scale benefits and efficiency gains – the company receives better prices due to larger volumes," says Mattig. "Overall, Nordex has a lean treasury operation."



Dr Torsten Pohley,  
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### UniCredit

UniCredit is a solid European commercial bank, with leadership positions in Italy, Germany, Austria and Poland and a strong presence in other high-growth CEE countries. It is one of the largest European networks with almost 10,000 branches and more than 35 million active customers.

With approximately 9,500 professionals in nearly 50 countries, Corporate & Investment Banking serves corporate and institutional clients out of the largest group of network banks in Western, Central and Eastern Europe. Committed to long-term partnerships with clients across all sectors, its relationship managers and product specialists create tailor-made solutions in a strategic dialogue with clients, according to the three pillars of UniCredit's mission:

- corporate banking and transaction services
- capital markets, structured finance and investment products
- access to Western, Central and Eastern Europe.

### Global Transaction Banking

Global Transaction Banking at UniCredit combines the local expertise of over 2,000 professionals with the knowledge and experience of a truly sophisticated global transaction bank. Its diverse and proven set of core competencies in the fields of cash management and electronic banking, trade finance, supply chain management, structured trade and export finance and global securities services have won widespread recognition as demonstrated by the many international awards Global Transaction Banking regularly receives.

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