

COVID-19 and Beyond: Convergence of a Healthcare Ecosystem

Insights from Asia Pacific and stories from our customers



Diane Reyes

Group General Manager
Global Head of Global
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Supporting Healthcare to serve our Communities and Clients

On behalf of the Global Liquidity and Cash Management team, I would first like to convey our well wishes to all in these unprecedented and challenging times.

It goes without saying that COVID-19 has transformed the way we look at business in many ways. It has necessitated corporates, governments and institutions like ours to become more resilient and agile, and healthcare has been front and centre. For many, it has been a national defense system, uniting and bringing hope as vaccines begin to be deployed.

Digital has been a key enabler of business activity since the pandemic began – especially for the healthcare sector – with corporates adapting to harness technology within very short timelines. As an essential service provider during COVID-19, HSBC has continued to support our clients and communities through these challenging times. I wanted to share just some of the areas where we are helping:

- ◆ Providing USD 25 million in charitable donations globally to aid COVID-19 recovery efforts
- ◆ Provided around USD80 billion in support to customers globally to help them cope with the impact of the pandemic, including over USD27 billion in relief through 700,000 payment holidays on loans, credit cards and mortgages to help personal lending customers manage their finances
- ◆ Led on more than USD1.15 trillion of capital raising for clients in equity and debt capital markets in the first six months of 2020, helping them meet their funding and liquidity needs
- ◆ Aided the issuance of the world's first COVID-19 bonds in Macau SAR and South Korea

We have also actively supported and connected businesses carrying out essential services such as:

- ◆ Organisations delivering equipment such as ventilators and testing kits to hospitals
- ◆ National health authorities to source sanitisers, personal protective equipment and other medical supplies
- ◆ Food importers to maintain deliveries of fresh produce throughout lockdown restrictions

In the following pages you will find themes and stories from corporates who continue to digitise their businesses and look for continuous improvement.

I thank you for your trust in HSBC and we look forward to collectively making the world better.



Kee Joo Wong

CEO
Singapore, HSBC

Convergence of the Healthcare Ecosystem

Through the years, the healthcare industry has been looking to address the needs of aging populations and chronic diseases in tandem with younger and more health conscious consumer. The COVID-19 pandemic has since radically changed our lives and the way in which the population consumes healthcare solutions.

The best of times, the worst of times

Although the healthcare sector has been resilient through previous recessions, the impact of COVID-19 has been divergent across the ecosystem. On one hand, we see the relentless pursuit of a COVID-19 vaccine by pharmaceuticals and a surge in consumer health products, while on the other, we find elective and non-essential procedures put on hold, impacting business segments amongst those in medical devices, aesthetics and even small practices as more patients opt to stay at home and use telemedicine. Efforts to digitise the industry continue undeterred and the pandemic has proved to be a catalyst for changing the status quo in the way the healthcare sector operates.

Equipping you with the right resources

Digital transformation has been fueling rapid developments in healthcare, coupled with the emergence of HealthTech start-ups. Together with the current pressure to meet the global demand and deploy COVID-19 vaccines in the midst of the pandemic, we see healthcare firms on all fronts – whether hospitals, pharmaceuticals, distributors or telemedicine – come together to address the industry's unprecedented needs at a greater scale than ever before.

Yet with total healthcare spend estimated to exceed USD4 trillion by 2024¹ in the Asian corridor, there remains exponential potential in revolutionising healthcare.

As healthcare firms continue to collaborate within their ecosystem, treasurers are actively seeking solutions that will help streamline their treasury functions with the right tools and resources to enable fast and effective cash management decision-making. We are excited to share some of our clients' stories from the healthcare industry to illustrate our commitment to serve the industry's evolving needs in Asia Pacific.

¹ <https://www.eastspring.com/insights/asian-healthcare-poised-for-growth>



“There is a major shift happening in the pharma industry – COVID-19 has created more awareness and recognition by society on what pharmaceuticals mean to us. The pandemic made everyone recognise the importance of the industry to function as a civilisation. With patient expectations rising, partnerships across the ecosystem including Banks and FinTech’s are critical to addressing future needs of the society”

Enver Erkan
Country Manager and Managing Director
Pfizer Netherlands (ex-Singapore)



How COVID-19 has created a singular vision for healthcare in Asia Pacific

Healthcare reform has been top-of-mind across Asia for decades – driven by an ageing population, growing middle class, remote geographies, and sky-rocketing costs. Yet concerns about patient privacy combined with legacy systems and stringent regulations have made progress slow. COVID-19 changed that. What the pandemic has taught us is that a shift or step forward in one part of the healthcare sector will not be enough to address issues around affordability and access.

Instead, because of the speed at which the healthcare industry had to move to care for patients and workers in the pandemic, we found that working together with one common goal can help us get to where we need to be. That includes governments, like mainland China, who took steps to make it easier for pharmaceutical companies to bring new drugs to market.² This was critical as biopharmaceutical companies around the world were racing to develop a vaccine for COVID-19, which needed to be distributed quickly and widely, not just across Asia Pacific but the world.

The pandemic has also accelerated the development of digital solutions, such as online and mobile healthcare. This is true in terms of government reform as well as adoption by practitioners and patients. Australia, for instance, extended Medicare coverage for telemedicine, Japan introduced a free government-backed remote service that includes digital tools and South Korea eased some of its restrictions on telemedicine.³

Development of drug therapies such as vaccines requires clinical trials, which in the past has meant visiting clinical trial sites in person several times for a period of weeks or months. This became all but impossible once the pandemic took hold. Like others in healthcare, clinical trial organisations had to reinvent their processes quickly or risk invalidating the research already conducted. In some instances, this meant delivering trial medications directly to patients as well as arranging blood or other tests to be performed locally and leveraging telehealth platforms for follow-up.⁴ This shift could have a lasting impact on the way clinical trials are conducted in the future – potentially increasing the universe of available subjects regardless of location.

Innovation and unlikely partnerships have also emerged. To increase efficiency, hospitals have begun looking at making the best use of digitally-connected equipment for better data access.⁵ For instance in Indonesia, the Ministry of Health partnered with the ride-hailing firm Gojek and telemedicine provider Halodoc to speed COVID-19 test results for those in remote areas.⁶

In the end, COVID-19 became a catalyst for much-needed reform. With technology – hospitals and practitioners should become more efficient and effective, leading to better patient outcomes. Patients too, may be more likely to seek treatment if digital platforms improve accessibility and lower costs. Faster, more comprehensive clinical trials may eventually speed availability of critical drugs, vaccines and devices – not just for COVID-19, but for everything from cancer to amyotrophic lateral sclerosis (ALS) to everyday ailments and more.

² “How the Coronavirus Will Transform Healthcare in China,” Bain & Company, 04 March 2020, <https://www.bain.com/insights/how-the-coronavirus-will-transform-healthcare-in-china/>

³ “COVID-19 Accelerates the Adoption of Telemedicine in Asia-Pacific Countries,” Bain & Company, 20 April 2020, <https://www.bain.com/insights/covid-19-accelerates-the-adoption-of-telemedicine-in-asia-pacific-countries/>

⁴ “Clinical trials rebound after COVID-19 crash, but can enrollment gains continue?,” Science Magazine, 23 July 2020, <https://www.sciencemag.org/news/2020/07/clinical-trials-rebound-after-covid-19-crash-can-enrollment-gains-continue>

⁵ “Southeast Asia’s digital health future,” Bangkok Post, 7 September 2020, <https://www.bangkokpost.com/business/1981063/southeast-asias-digital-health-future>

⁶ “COVID-19 Accelerates the Adoption of Telemedicine in Asia-Pacific Countries,” Bain & Company, 20 April 2020, <https://www.bain.com/insights/covid-19-accelerates-the-adoption-of-telemedicine-in-asia-pacific-countries/>

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The evolving healthcare landscape

It's estimated that close to 1.3 billion⁷ people will be over 60 by 2050, triple what it was in 2010, and two-thirds of the world's middle class is expected to live in the Asia Pacific by 2030.⁸ With this growth comes increased urbanisation and more sedentary lifestyles, leading to obesity and other chronic diseases.⁹ To alleviate the pressure on the region's health systems, providers will need to concentrate on prevention and maintenance in order to minimise the need for long-term treatments.

A transformation in healthcare to segue to this patient-centric model will require collaboration to create an integrated ecosystem. The industry has begun to forge new partnerships, build new technology, and even find ways to operate more efficiently. But in working towards this new landscape, the objective always remains the same – to contribute to a healthcare system that is accessible and affordable for all.



“Due to COVID-19, 2020 was a challenging and transformational year for ResMed. Our business lines were impacted in different ways, including an opportunity to provide life-supporting ventilators and associated equipment globally to patients needing respiratory support during the pandemic. Whilst we have remained resilient, our focus has been on reviewing our processes and technology in the areas of Treasury and Finance across the regions to drive efficiency and liquidity strength. HSBC is our global transactional banker and has been a valued partner over many years. Their proactive and partnership approach, which includes providing updates and support to our teams in many different countries, has given us choices and solutions to meet our transactional banking needs both now and into the future.”

Greg James
VP Corporate Accounting
and Treasury
ResMed

⁷ UNFPA, <https://asiapacific.unfpa.org/en/node/15208>

⁸ World Economic Forum, <https://www.weforum.org/agenda/2020/07/the-rise-of-the-asian-middle-class/>

⁹ “Changing demographics demand healthcare reforms,” PwC Global, <https://www.pwc.com/gx/en/industries/healthcare/emerging-trends-pwc/healthcare/changing-demographics-healthcare-reform.html>



"AbbVie is a highly focused research-driven biopharmaceutical company, that takes on the toughest health challenges to make a remarkable impact on people's lives. Since AbbVie's inception in 2013, our relationship with HSBC has only grown with a focus on automation, simplification and centralisation. The proactive sharing, continuous improvement and deep understanding of our business has led to the success of our relationship."

Cindy Lee
Regional Treasurer, JAPAC
AbbVie



"While Emerging Markets continue to grow healthcare funding, there is a significant gap to address the growing demographics and epidemiology which adversely impacts access to quality healthcare. COVID-19 has further challenged the recovery process. At HSBC, we have been prioritising digital investments to emerging markets enabling corporates to gain better access and outreach to patients and consumers."

Jason Tan
Managing Director
Head of International Markets,
Global Liquidity and Cash
Management, Asia Pacific
HSBC



An integrated ecosystem for a holistic health journey

Healthcare is becoming a highly competitive business across the region. Although COVID-19 pushed a patient-centric agenda forward, there are still several challenges for the healthcare industry as they look to the future. Most are working with outdated legacy platforms that need upgrading or replacing, and are also faced with the cost and complexity of integrating new technologies into their existing processes.¹⁰ They will also need to contend with a push for the adoption of new technology, both internally and externally – whether to automate otherwise manual processes or make it easier for patients to access their data, for example.

Overcoming these challenges to deliver a digital, patient-centric strategy that ensures patient safety, quality treatment outcomes, better interactions with patients, lower costs, and streamlined operations will require help from outside experts – whether in the form of partnerships or M&A opportunities. For example, when COVID-19 taxed hospitals, a leading healthcare company and automotive manufacturer teamed up to increase global manufacturing capacity of various diagnostic tools to help speed assessments.¹¹

Healthcare is a high capital industry, and achieving these goals – beyond industry-specific collaborators or M&A – also calls for a strong banking partner to help drive operational and financial efficiency. The right partner can help develop a seamless, cashless, and secure journey for patients to support digital delivery modes. This includes technology that integrates easily with existing or newly built systems to enable electronic payments and receivables, streamline transaction tracking, and simplify reconciliation of payments and receivables.

Banks can also provide the financing needed to establish partnerships and implement new technology, as well as broker M&A deals. Post-acquisition or merger, financial partners can help integrate disparate treasury systems and processes as well as rationalise accounts for more efficiency – or even build new treasury systems from the ground up if that's what's required.

This collaborative approach may also improve competitiveness. That's because consumers tend to view companies that rely primarily on organic growth as being smaller than those that partner or join forces with others.¹²

¹⁰“2020 Global Health Care Outlook,” Deloitte, https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector_outlook.html

¹¹“Southeast Asia's digital health future,” Bangkok Post, 7 September 2020, <https://www.bangkokpost.com/business/1981063/southeast-asias-digital-health-future>

¹²“Delivering growth: M&A in medical technology,” McKinsey & Company, 5 January 2018, <https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/delivering-growth-m-and-a-in-medical-technology>

“The HSBC Team collaborated closely with our team to confirm the optimal liquidity solution. Over 4 years in, we are very satisfied with the proactive sharing and on-going engagement in ensuring our treasury operations remain robust.”

Sandra Hofstetter
International Treasury
Zimmer Biomet



“The global COVID-19 response saw the industry unite and forge partnerships in an unprecedented way for a common cause. With technology as an enabler, HSBC looks to bridge connections and bring our experience across the ecosystem to help make healthcare more accessible and affordable.”

Zohair Ahmed
Director
Consumer Brands, Retail and
Healthcare
Global Liquidity and Cash
Management, Asia Pacific
HSBC

Case Study: Zimmer Biomet, Asia Pacific

Enhancing visibility by rationalising accounts and centralising processes to ensure a smooth integration post-acquisition



Global Liquidity Management



Payables



Receivables



Channels
HSBC Connect
Host-to-Host



Service & Implementation

Background & Scope

Headquartered in the U.S., Zimmer Biomet is a multinational manufacturer of orthopedic reconstructive, spinal and trauma devices, biologics, dental implants and related medical devices.

Following the acquisition of Biomet, the company wanted to ensure a successful integration by leveraging the strengths of both companies. The treasury team reviewed banking arrangements for both businesses in order to identify areas to drive process efficiency, optimise internal cash, enhance yield and improve visibility. Specific to Asia Pacific, there was also a focus on optimising domestic liquidity in restrictive markets as well.

Challenges

Duplication of treasury processes – Between both companies, there were different processes that each ran independently of each other. There was no efficient methodology or standardisation in processing payments and collections

Manual processes and inefficient internal funding mechanisms – The proliferation of bank accounts resulting from the acquisition significantly increased the number of accounts. This made the intercompany loan structures difficult to manage

Transformation

After a rigorous RFP process, HSBC was mandated as the cash bank across 11 markets in Asia Pacific. **HSBC Connect** integrated a single banking platform to the company's designated Enterprise Resource Planning (ERP) system, SAP. The host-to-host global file processing engine automated the processing of domestic and cross-border payments, collections, and financial reporting.

Payments files were standardised, facilitating faster and easier processing of large volumes of transactions and transmission to in-country payment systems.

A **Multicurrency Notional Pool** was set up in Singapore for AUD, HKD, JPY, NZD, CNY, SGD, and USD. Separate domestic cash pool was set up in mainland China, where all Zimmer and Biomet entities were participants with the Shanghai Free-Trade Zone (SFTZ) entity as a header. As a result, this enabled self funding in an automated fashion.

HSBC's **Liquidity Management Portal (LMP)** enabled Zimmer Biomet's global and regional treasury teams to enhance visibility over its liquidity position and improve cash flow forecasting by allowing the treasury teams to define parameters or attributes to categorise accounts, such as segregation by entity or geography.

Success



Enhanced visibility over accounts in each region enabled the company to make more **meaningful decisions** based on the data that was now available, **resulting in better deployment of cash**



Reduction of bank accounts which also led to the **reduction of maintenance** and other bank fees



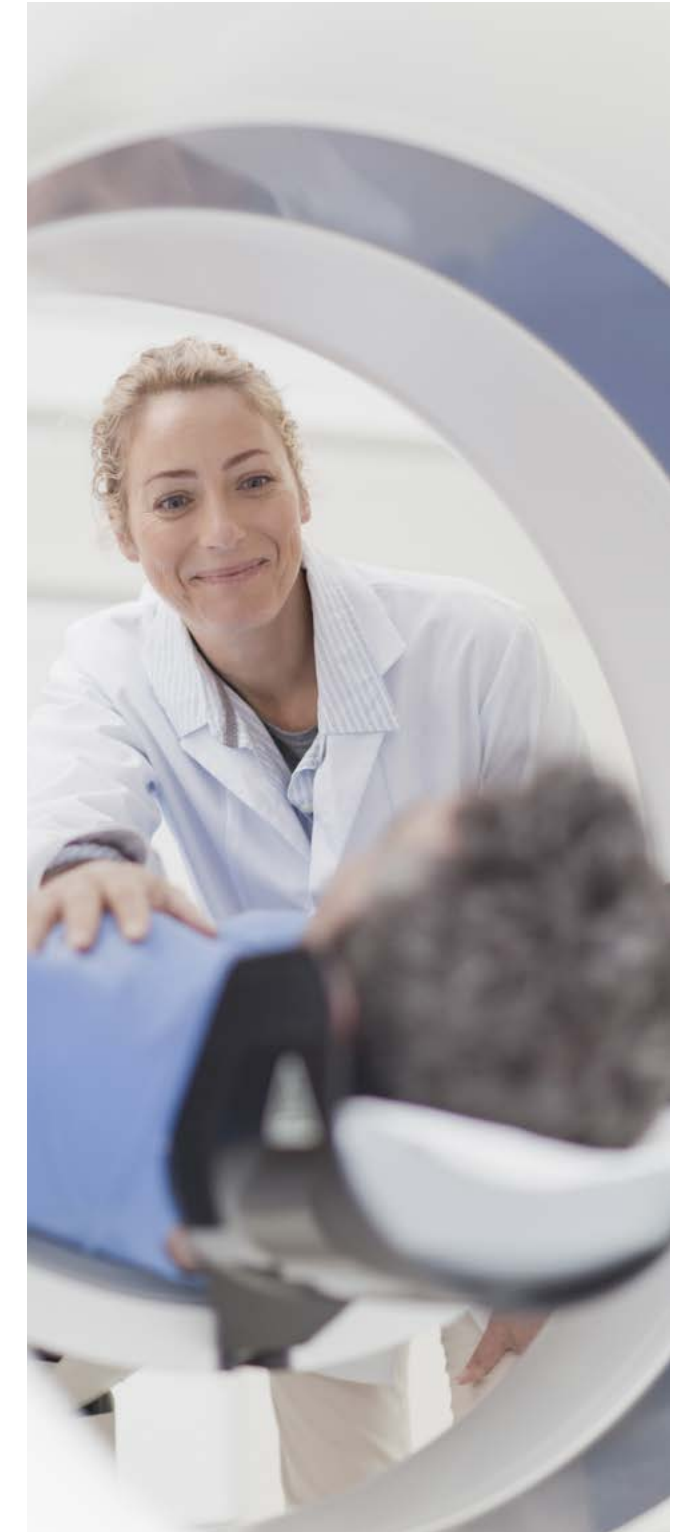
HSBC's **network in Asia Pacific** provides the reach Zimmer requires in the region to conduct business



The liquidity structure **met the objective of treasury** and maintained **separate structures** at the global and regional levels. At the same time, also aligning with Zimmer's treasury policy on using intercompany loans rather than provide cross guarantees



The treasury team was able to **benefit from hours saved** each month, that was previously spent on manual reconciliation and calculations



Case Study: GlaxoSmithKline, Philippines and India

Optimising treasury functions by centralising visibility and management of accounts to a single bank



Payables



Receivables

Channels
HSBCnet
HSBC ConnectService &
Implementation

Background & Scope

GlaxoSmithKline (GSK) is a multinational, science-led healthcare company specialising the research, development and manufacturing of innovative pharmaceutical medicines, vaccines, and consumer healthcare products.

Globally, the company completed a number of acquisitions over the past few years. The completion of one such acquisition in the Philippines prompted the need to improve internal operations in order to better integrate the newly acquired company.

Challenges

Decentralised account structure and reduced visibility – Accounts belonging to acquired entities in the Philippines were held with other banks, which meant that multiple banking platforms were used to view and manage liquidity. This was administratively taxing for treasury staff, who also had poor visibility on overall liquidity positions.

Standardisation of processes and systems – Post-acquisition, the processes and reporting varied across bank platforms, which gave rise to additional workload on the payments and collections process.

Transformation

GSK embarked on a transformation journey to improve its treasury processes. Naming HSBC as their cash management bank, the company rationalised the multiple banking relationships previously held between GSK and the acquired company. The centralised account structures also reduced the number of banking platforms that were previously required to view balances across the market.

To further integrate operations of acquired entities, the common payment and collections functions were also centrally routed through a payment factory in Malaysia. This gave way for more agility, scalability, and the ability to easily deploy liquidity to meet the business needs of its entities.

The integration of **HSBC Connect host-to-host (H2H)** connectivity with GSK's ERP system allowed regional treasury to gain visibility and upload payment instructions directly. The payment instructions are straight-through-processed by HSBC and immediately reported back to the company's ERP via MT940 for easy reconciliation.

Altogether, the solution also ensured data and process capabilities remained consistent while optimising liquidity at the same time.

Success



A single banking relationship allowed for greater **operational efficiency** and helped to **reduce banking fees** by up to 60%



Increased visibility on overall liquidity positions by centralising accounts allowing for more optimised deployment of liquidity to meet business needs



HSBCnet and H2H connectivity increased straight-through-processing rates on transactions allows for **more rapid deployment of working capital**, resulting in a more agile, adaptable business



Overall **improvements to human resources** were immediately recognised where staff can focus on value added areas rather than manual tasks that are administratively taxing



Case Study: Heals Healthcare, Hong Kong SAR

Bridging the healthcare ecosystem by digitising the journey every step of the way



Payables



Receivables
Omni Collect



Channels
HSBCNet



Service &
Implementation

Background & Scope

Founded in 2017, Heals Healthcare is a digitally enabled healthcare platform that fuses patients, doctors, administrative staff, and insurers together in an all-encompassing ecosystem. In providing a truly end-to-end experience that would shift the industry, the Heals platform integrates services that were traditionally fragmented, managed independently, and costly. Heals' front-end mobile application, available in the Hong Kong SAR, Macau SAR, the mainland China, and Singapore, provides insights that allow patients to search for doctors, book appointments, and pay for medical expenses via digital payment solutions or medical cards.

This software helps to manage appointments, medical data and patient record, prescription, billing, and drug inventory. Further linking this journey on the back-end, the platform also connects the ecosystem with insurers to support administrative tasks such as claiming medical insurance and facilitate payment processing. With patient-centricity in mind, Heals platform connects clinics, insurers, and patients to optimise the user experience at the point of care.

Challenges

Consumer behaviour has evolved with many aspects of life managed on a mobile device, with the immediate consumption of information. At the store, consumers are given multiple payment channels that go beyond credit cards, and these expectations are no different for medical checkups.

Patients are faced with **limited payment methods**, and with even **fewer doctors who accept insurance**. Because of the slower insurance reimbursement times from insurers (which can take anywhere from 90 to 180 days), doctors are not incentivised to accept insurance. Clinic fees need to be discounted from market rates in order to be eligible for insurance claims, further dissuading some doctors from participating in the insurance coverage network. So it is not surprising that only 17% of payments are made through independent insurance and employer-based insurance schemes. A constant demand that is met with fewer supply of doctors that accept medical insurance, consequently causes longer wait times for an appointment, and potentially additional wait time on the day itself. Costs of medical care, ease of understanding insurance policies and coverage, and status of claims, also set the tone for patient sentiment.

From the clinic perspective, **administrative staff are also hampered with manual processes**. Starting from the point of appointment bookings, patient check-ins, and medical records retrieval to claims management, all negatively impacting clinic efficiency. This takes away from the notion of patient-centricity and potentially leading to lower quality healthcare provided.

For insurers, while valuing the importance of health data, they **may not have visibility on patient and medical data** as there have been limited technology and industry efforts bridging the data exchange in the ecosystem. Traditionally, processing of claims was predominantly manual and paper-driven; in some instances, outsourced to a third-party agent incurring additional costs to the insurer, which may also be passed down

to clinics and patients. The loss of digital data hampers the improvements in underwriting, customising services and identifying cross-sell opportunities to the doctors and end-users (i.e. the patients).

Inventory management of pharmaceutical supply is another critical component of the ecosystem which involves the management of supplies and ordering process on a regular basis. For clinics, it is often a fine balance between **managing the uncertain demand** and the amount of safety stock to have on hand before reaching expiration dates. Because of the **fragmented market** of clinics that operate independently, it is also difficult for pharmaceutical companies and distributors to adequately manage and track supplies.

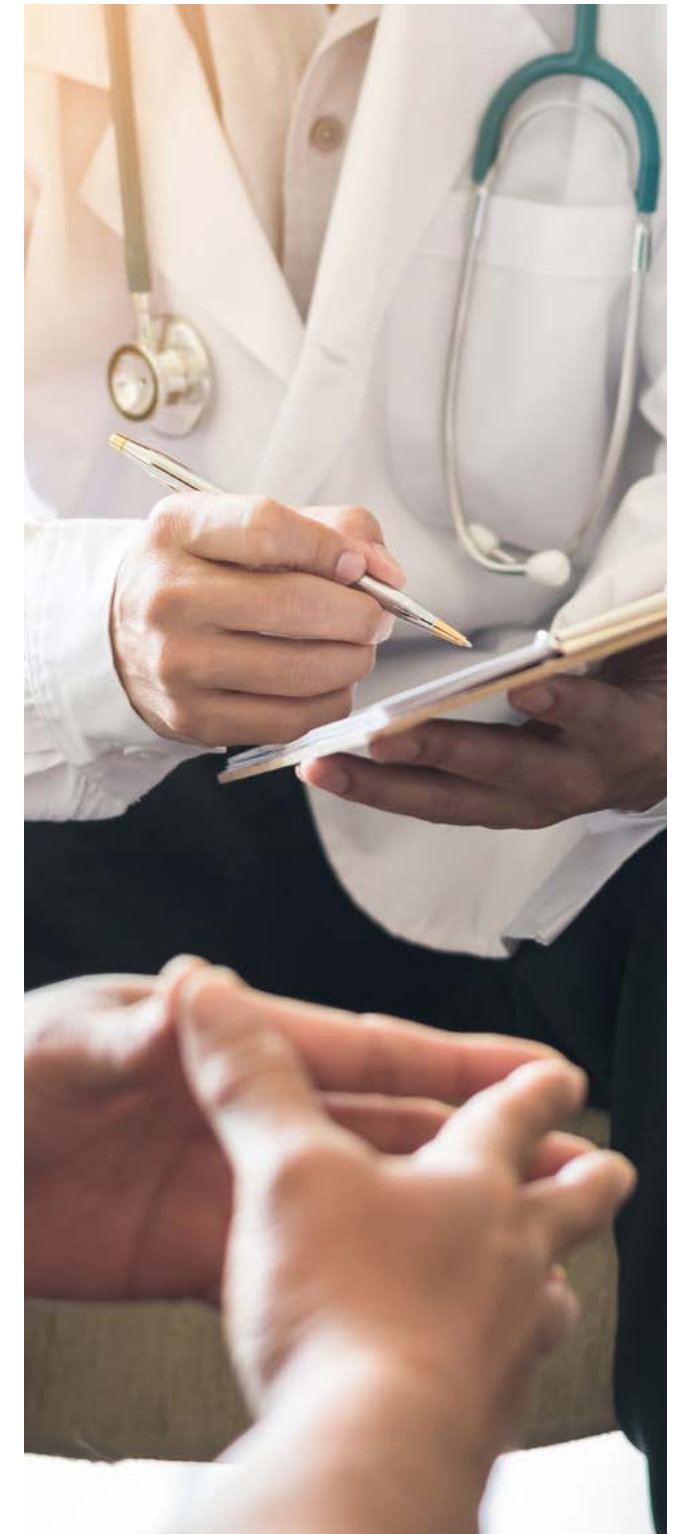
Transformation

By pinpointing the areas of improvement at each juncture of the healthcare journey, Heals has **created an ecosystem using a single platform** that fuses together an otherwise fragmented industry.

Reinforcing patient-centricity, a **paperless, single-tap process using QR codes** generated through the Heals mobile app can be used to book appointment and check-in upon arrival. Patients will feel the immediate favorable patient experience with shortened waiting times. The same QR code is also used by administrative staff to retrieve medical records, further streamlining clinic and doctor administrative processes. After the doctor's visit, the payment can also be settled using the same app through a variety of payment methods.

The clinics and hospitals have observed faster settlement times for patient payments with the use of digital solutions and QR codes.* Working with Heals in the Hong Kong SAR as the pilot market with expansion in Singapore to follow, HSBC has launched a programme targeted at increasing the adoption of **digital collections** amongst the clinics and hospitals. On a **single platform** that is safe and automated, payment methods are extended beyond credit cards to include e-wallets and real-time payments, with medical data embedded in the same QR code. Leveraging the power of the ecosystem, Heals can benefit from data collected every step of the journey. The information

*QR Code is a registered trademark of DENSO WAVE





“What Heals is doing with HSBC is to create financing on drug procurement for doctors so they can have more flexible terms over time with the procurement of drugs. Another aspect HSBC is assisting is to allow doctors to receive claims from insurance companies faster by speeding up the transaction or financing from a monthly batch of claims being processed to a case by case, allowing doctors to get the money faster.”

Ben Li
Founder
Heals Healthcare



“Healthcare spending is evolving at an unprecedented scale. In Hong Kong SAR, the government has increased funding by 35% from 2017-18 and has earmarked HKD 500 billion for the two 10-year Hospital Development Plans providing over 15,000 hospital beds and 90 operating theatres to meet the growing demand. At HSBC, we aim to bridge public-private partnerships and the often disparate needs across Healthcare for a more digital and connected ecosystem.”

Yvonne Yiu
Managing Director and
Country Head of Global
Liquidity and Cash
Management,
Hong Kong SAR
HSBC

Case Study: Heals Healthcare, Hong Kong SAR (continued)

-  Payables
-  Receivables
Omni Collect
-  Channels
HSBCNet
-  Service &
Implementation

used in the initial booking through to the medical check up to the payment can help to make the experience streamlined for all. Not only does the availability of the data simplify the reconciliation process on the administrative side, but also automates the internal processes that were previously manual in nature.

Having transformed the patient and clinic journeys, the company is now at the juncture of perfecting the insurer’s experience. With data and visibility being critical components for insurers, **Application Programming Interfaces (APIs)** will help to seamlessly integrate and automate the data flow between insurers and clinics. Automating the data transferred to insurers will alleviate the paper-intensity of the reimbursement processes by digitising the workflow. APIs will also pave the way for the transfer of meaningful information by enabling a direct connection between patients, clinics and insurers. In turn, enabling insurers to create products and services that better tailor to the needs of the patients. In the near future, the flexibility of the same front-end patient application can open up white labeling opportunities used by the insurance industry to improve patient experiences while enabling data driven analytics and insights.

To complete the final component of the ecosystem, the Heals platform will soon benefit pharmaceutical companies as well. The Heals Drug platform is a business-to-business (B2B) platform bridging pharmaceutical distributors and private clinics. This platform will be linked to clinic management software which will enable efficient allocation of pharmaceuticals to fragmented private clinics through a centralised system. Clinics can also benefit from this platform as it helps to supports inventory management by monitoring supplies on hand. For the distributors, it will help to better predict procurement volumes ensuring medication is deployed where it is most needed. Once launched, the Drug platform will efficiently manage pharmaceuticals in order to allow patients to have access to medication and therapies that can alleviate suffering and save lives.

HSBC believes in Heals’ vision to bring better healthcare experience by creating a more digitalised and cohesive ecosystem. Could there be future possibilities to venture into personal financing for medical equipment, or utilisation of credit cards programmes for better working capital management in the ecosystem?

Success



Unifying an otherwise fragment landscape to bring about much-needed growth in the sector



With the placement of Heals’ platform, insurance **acceptance rates at clinics** have increased from 2% to 13% in a single year



By **eliminating costs and time inefficiencies** created by administrative friction across multiple layers, clinics/doctors are able to benefit from a **26% cost saving**



Insurers are estimated to observe **administrative cost reduction from 30% down to 5%**



Heals mobile application will **reduce a clinic’s insurance reimbursement time** from 3-6 months down to 1 months. For patients, they will receive insurance reimbursement claims within 1-2 days, a staggering reduction from 4 weeks previously witnessed



Overall **positive improvement** to the healthcare journey **experienced** by patients, clinic administrative staff and insurers

Note: The above figures are provided by Heals Healthcare



Consumers are driving patient-centric healthcare

As the middle class grows and incomes rise, people may be willing to spend more on healthcare, but they are likely also to expect more value. Practitioners and healthcare companies alike increasingly view patients as consumers, focusing more than ever on the customer experience and patient retention.¹³ Added to this is an urban-rural divide, with an average of 39% of the population in Asia Pacific living in rural areas¹⁴, which makes accessibility a critical factor.

Healthcare companies in Asia Pacific have already been investing in digital, patient-centric capabilities – a total of USD8.5 billion in 2020. However, when COVID-19 sent much the world into lockdown, it became evident the digital transformation would need to accelerate as consumer behaviour changed almost overnight. Not surprisingly, 74% of healthcare companies recently surveyed say they have sped up their digital transformation¹⁵ and investments in digital healthcare are expected to grow to USD22.5 billion by 2025.¹⁶

Consumers across Asia Pacific are ready. Indonesia, for example, was already positioned to pick up on “mobile-first” healthcare solutions. That’s due in part to the country’s young, digital-savvy population combined with high smartphone penetration and mobile data access. As a result, several start-ups were able to ramp up quickly with mobile apps to help when the country’s healthcare system became overwhelmed.¹⁷ In other countries, such as Singapore, adoption rates for contactless payment methods have been increasing significantly, proving useful for maintaining social distancing guidelines. This includes tap-to-pay credit cards as well as mobile wallet solutions.¹⁸ Early on in the pandemic, KPJ Healthcare Berhad (KPJ), a Southeast Asian hospital operator, became one of Malaysia’s approved private hospitals to conduct COVID-19 swab testing. Their ability to quickly implement contactless payments gave both patients and staff peace of mind with the clear safety benefits of the process.

¹³ “The Digital Healthcare Leap,” PwC, February 2017, <https://www.pwc.com/gx/en/issues/high-growth-markets/assets/the-digital-healthcare-leap.pdf>

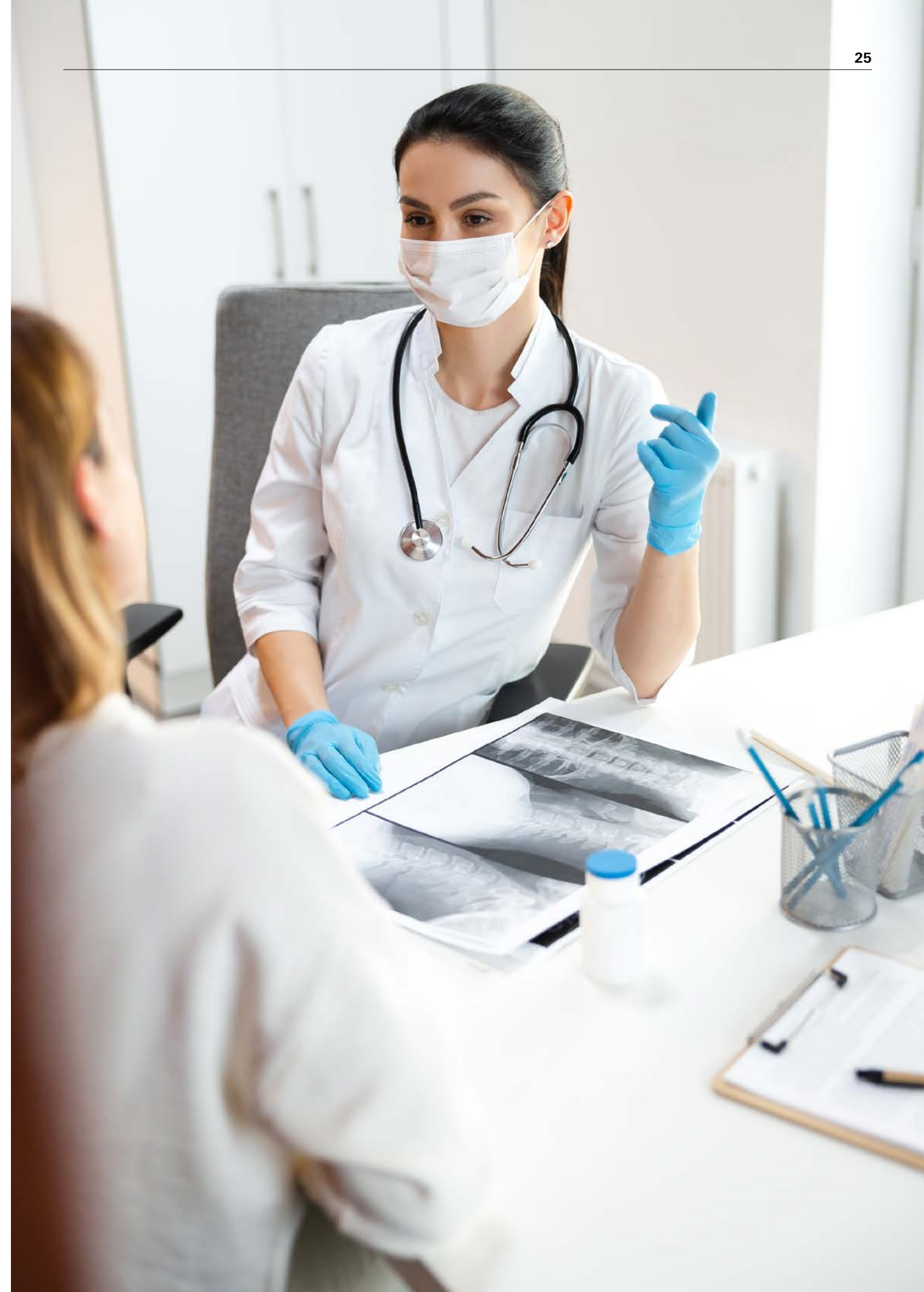
¹⁴ The World Bank

¹⁵ “COVID-19 has been a digital ‘accelerant’ for healthcare firms; report,” Pharmaphorum, 15 July 2020, <https://pharmaphorum.com/news/covid-19-has-been-a-digital-accelerant-for-healthcare-firms-report/>

¹⁶ “Pandemic bolsters case for telemedicine across Asia-Pacific,” The Star, 24 July 2020, https://www.thestar.com.my/tech/tech-news/2020/07/24/pandemic-bolsters-case-for-telemedicine-across-asia-pacific#cxrecs_s

¹⁷ “Why mobile-first Indonesia was ready for healthtech,” Techwire Asia, 10 November 2020, <https://techwireasia.com/2020/11/why-mobile-first-indonesia-was-ready-for-healthtech/>

¹⁸ “Singaporeans lead their global counterparts in digital adoption,” Consultancy.asia, 18 August 2020, <https://www.consultancy.asia/news/349g/singaporeans-lead-their-global-counterparts-in-digital-adoption>



"HSBC is one of our preferred banking partners since 2006 and its cash management solution remains to be our preferred choice today. The offered solution and services resulted in immense convenience to our valued customers and improved our team's efficiency."

Ahmad Shahizam Mohd Sharif
President and Managing Director
KPJ Healthcare Berhad



"With over 1 million annual medical tourists, Healthcare is poised to be a USD30 billion industry by 2027¹⁹ in Malaysia. We continue to invest in innovative technology and partnerships to bring better solutions for our customers. It's no surprise the payments landscape is undergoing sweeping transformation, where we have seen customers embrace change, particularly during adverse times."

Shayan Hazir
Managing Director and
Country Head of Global
Liquidity and Cash
Management,
Malaysia
HSBC

¹⁹ "Malaysia's Healthcare Sector: A Rising Giant in ASEAN," ASEAN Briefing, 6 October 2020, <https://www.aseanbriefing.com/news/malysias-healthcare-sector-a-rising-giant-in-asean/>

Case Study: KPJ Healthcare Berhad, Malaysia

Implementation of contactless payment solutions to promote social distancing



Receivables
JomPAY Collections
Duit QR



Service &
Implementation

Background & Scope

With a regional footprint spanning 5 markets, KPJ Healthcare Berhad (KPJ) is focused on delivering best-in-class healthcare services through a range of specialised healthcare solutions in Malaysia, Indonesia, Thailand, Bangladesh, and Australia.

In line with their core values of providing high quality and safety services to all its customers, KPJ wanted to digitise operations and services to offer patients a safe and convenient platform to pay medical bills, while minimising reconciliation processes and transaction fees incurred for credit card payments.

When the pandemic hit in 2020, KPJ became one of the approved private hospitals to conduct COVID-19 swab testing in Malaysia. As social distancing practices and movement control orders grew, KPJ wanted to establish safer payment options for patients.

Challenges

Cash handling risks – While cash payments are common, it troubled patients who needed to withdraw large sums of money. This further delayed the payment counters as hospital cashiers needed to count the cash and arrange for the bank transfer

Longer turnaround times to reconcile collections – Some transactions were initiated by the next-of-kin or lacked payment reference. Consequently, hospital staff needed to contact the payer directly to confirm the identity of patient in order to reconcile payments received, delaying patient care

Higher transaction fees associated with credit card payments – KPJ wanted to reduce the cost as one of the key performance indicators

Keeping both staff and patients safe during COVID-19 – It became imperative that KPJ implement a contactless payment solution that would promote social distancing

Transformation

JomPAY Collection solution was rolled out across 23 hospitals in 2019, where 2.8 million patients or next-of-kin were able to make cash-less payments to KPJ through the platform. To address the reconciliation turnaround time, HSBC combined this solution with **HSBCnet**, giving a comprehensive customised collection of reporting tools.

In line with KPJ's patient-first approach, an alternate payment option, **DuitNow QR**, was implemented in the midst of the pandemic to better patient experience. This enabled real-time, instant payments from a participant's bank using a QR code. With hospitals operating on a 24x7 basis, DuitNow QR was placed at designated areas for COVID-19 swab testing and posted online to allow payments to be made instantly.

Patients are able to secure an appointment for swab testing almost immediately. Then on the agreed date, go to the drive-thru counter and conduct the swab testing taking an average of only five minutes. This avoids the necessity for patients to exit the car and hospital staff to directly handle payments, ensuring safety for all.

Success



HSBCnet **improved the processing** of incoming payments while relying on the **online platform** for **automated reconciliation** reporting, **enhancing efficiency** and **time management**



Payment visibility **improved internal collections processes** from identifying payments through to reconciliation



Achieved overall **cost savings of approximately 30%**, which includes lower cost of cash handling related to storage and security vendor services



Contactless payments are **simple and convenient**, providing patients and next-of-kin with a **peace of mind**. Medical bill payments can be made anytime and anywhere without being physically present at hospitals, further contributing to **higher patient satisfaction**



KPJ is the **1st private hospital** in Malaysia to launch JomPAY and DuitNow QR payment options





“This successful pilot enabled Abbott to be the first pharmaceutical company in India to roll out the NACH Debit solution. NACH Debits have definitely helped us with better turnaround times, faster collections, transparency, and better cash flow management.”

Shobha Khaladkar
Associate Director, Credit Management
Abbott India



“A 1.3 billion population, USD372 billion industry by 2022, USD200 billion medical infrastructure spend by 2024, and incremental economic value of over USD200 billion in the next 10 years – India is at the cusp of the new digital era for healthcare fueled by public and private spending. At HSBC, we are at the forefront of developing digital solutions that provide corporates greater connectivity to the wider ecosystem and growing consumer base.”

Siddharth Rungta
Managing Director and
Country Head of Global
Liquidity and Cash
Management, India
HSBC

Case Study: Abbott Laboratories, India

Digitising collections leading to faster revenue recognition



Receivables
NACH Debit



Channels
Host-to-host
MT940



Service &
Implementation

Background & Scope

Headquartered in India, Abbott Healthcare Private Limited (AHPL) and Abbott India Limited (AIL) are subsidiaries of U.S.-based Abbott Laboratories. Similar to the parent company, AHPL and AIL manufacture pharmaceutical, nutritional and medical products including diagnostic and cardiovascular devices.

AHPL and AIL sell to distributors, direct to hospitals and clinics, retailers and pharmacies across India. However, due to the expansive geography, the company experienced difficulties in collecting funds on-time from rural customers in remote locations, who were predominantly paying with cheques. Because of delays from such manual payments, the company was seeking alternate methods of collection.

Challenges

Delayed sales recognition – It took 1-2 days for cheques to clear plus additional days for funds to be made available. The sluggish sales conversion cycle hampered its available cash, as well as negatively impacting sales figures reported by the company. Manual tracking of cheques led to delays in issuing Section 138 notices, a common practice in India, which gave right to Abbott to take legal action against customers with bounced cheques

Inefficient collections reconciliation process – Cheques needed to correspond to each sales transactions, which required the finance team to manage each month. The sheer nature of cheque payments was ridden with manual handling, further exposing the businesses to operational risks

Transformation

HSBC devised a comprehensive solution to automate and simplify the receivables process by riding on the **National Automated Clearing House (NACH)** to make interbank transactions.

NACH Debit pre-authorises Abbott to debit funds from a customer's account on a recurring basis. It allows Abbott to receive bulk payments immediately from the customers without the delays experienced with cheque payments. Payment from customers are received in the same day, addressing the company's problems of days sales outstanding (DSO).

The solution also created a simple and efficient collections reconciliation process using **MT940 messages**, which provides an end-of-day statement file detailing all entries booked to an account through NACH Debit. This automated what was previously manually driven and provided more visibility over its accounts receivables.

Success



Achieved **60% conversion** of collections from the **manual to electronic mode**, approx. 20% due to NACH debit solution.



Realised immediate **improvements to DSO** from 22 days to 20 days



Reduction of 15 hours spent each month by the finance team on **manual reconciliation**



Minimal disruptions to existing collections receivables model, because existing posting logic was used in the ERP system



Sound Bites: Insights from industry leaders

Cigna International Markets

Julian Mengual
CEO, Southeast Asia and Regional Health Solutions

CXA

Rosaline Chow Koo
Founder and CEO

DocDoc Singapore

Grace Park
Co-Founder and President

Heals Healthcare

Ben Li
Founder

MiyaHealth

Ramesh Rajentheran
Founder and Partner

Pfizer Netherlands (ex-Singapore)

Enver Erkan
Country Manager and Managing Director

Zuellig Pharma

Daniel Laverick
Head of SAP and IT Solutions



Q: What makes an ideal ecosystem?

Rosaline, CXA: The convergence of people. The ones who believe in financial wellness are the same people who believe in physical wellness.

Ramesh, MiyaHealth: By doing the simple things. We believe you can use technology to reduce inefficiency by combining a simple, efficient transaction engine that can accommodate multiple payers.

Grace, DocDoc: Healthcare needs to be in an environment that is centered around patients.

Q: What role do you think technology, partnerships and banking have to play in the future of the healthcare ecosystem?

Enver, Pfizer: Financial partnership is critical because of the capital intensive industry and we need bank support. When it comes to the importance of digital technology, we joined forces with FinTechs to establish a healthcare-FinTech alliance in Southeast Asia. With the rising middle income, there will be stronger demand from society to have access to innovative treatments and better provider options. Pharmaceutical industry has been a bit lagging behind when it comes to embracing digital so we have established partnerships to help address this.

Ben, Heals: HSBC is helping us create a financing platform to be used by doctors so they can have more flexible terms for drug procurement. HSBC is also assisting doctors receive payment from insurance companies faster by speeding up the processing frequency.

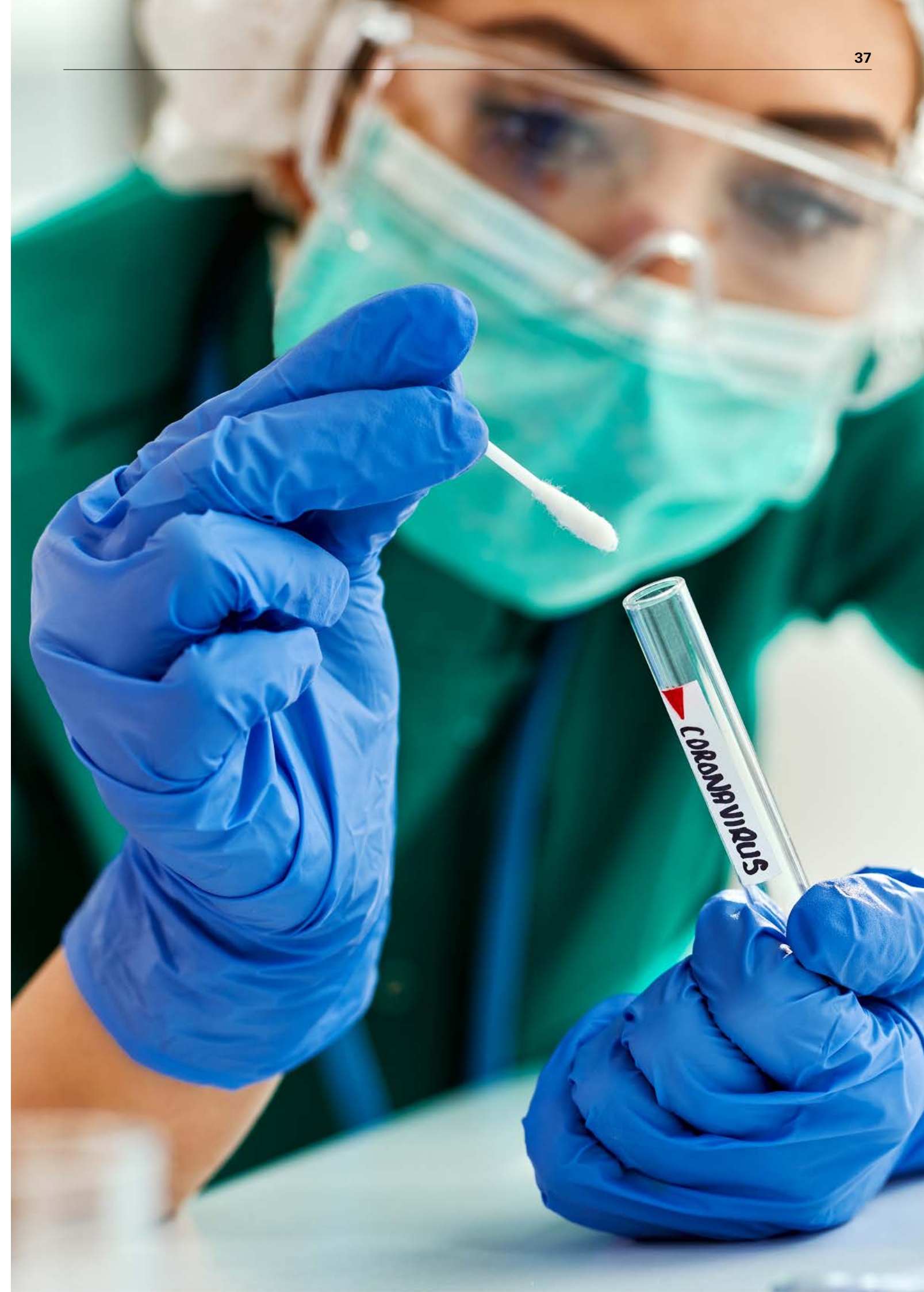
Daniel, Zuellig Pharma: Working with HSBC, we are able to accelerate our [eZPay] solution to offer not just bank transfer, or credit cards, but additional methods our customers can choose from.

Q: What does digitisation mean to you?

Julian, Cigna: It means simplifying our internal processes to help our employees get their job done. It also means making it convenient and efficient for our customers to interact with us and use our services. Digitisation has been a journey we embarked on before COVID-19, but COVID-19 has accelerated the rapid adoption of digital technology as customers learn to access services in a new way and adapt to a new norm.

Q: How has the patient journey evolved and has COVID-19 been a catalyst for this change?

Enver, Pfizer: Patient expectations are increasing when it comes to healthcare. They want to understand more about the disease or illness. But because of legislations, pharmaceutical companies cannot interact directly with patients. Instead, we have to go through the doctors. Pfizer provides the tools, such as information on the digital channels, to healthcare professionals so that they can provide better care and enhance the patient experience.



Improve processes to deliver more while reducing healthcare costs

Healthcare costs in Asia Pacific are rising faster than real wage²⁰, and governments are stepping in with regulatory changes and reform policies to improve operational efficiency, promote technology advancements, and support preventative medicine. This is likely to translate to added expenses for companies across the sector as they invest in systems and processes to comply with new regulations.

To offset these potential expenses, healthcare companies need first to look internally to improve efficiency and lower the overall cost of doing business. Not only can this put them in a better position to meet regulator demands, but savings can also potentially be passed on to patients to help further make healthcare more affordable. This can be achieved through various partnerships, as well as implementing new technology. Blockchain, as an example, can improve the security of telehealth²¹, a concern for many Asian regulators and citizens. It can also help simplify access and management of data – reducing administrative tasks significantly. For pharmaceuticals, blockchain can track medication throughout the supply chain, verifying that hospitals and patients receive the correct drugs.²² Automating back-office processes will also go a long way toward cutting costs. Whether digitising a single function like collections or the entire treasury operation, organisations can redirect resources once dedicated to manual tasks as well as speed the supply chain and reduce days sales outstanding.

These internal changes will help companies ready themselves as markets across the region transition from volume-based payment models to those based on value, or fee for outcome rather than services.²³ Regulators in Japan and mainland China, for instance, are looking to put more emphasis on outcome-driven reimbursements and value-added services.²⁴ In a move towards value and transparency, Singapore set up the Agency for Care Effectiveness (ACE) in 2015. The agency studies similar treatments and identifies those that deliver the same results at a lower cost. The government also recommended a standard fee structure – both to help doctors ensure pricing was competitive as well as improve the transparency of costs for patients.²⁵

Meanwhile, the Hong Kong SAR launched its Voluntary Health Insurance Scheme (VHIS) in April of 2019. The goal of VHIS, in part, is to reduce some of the burden on the market's overwhelmed public health facilities and encourage patients to opt for private care. With the cost of public health in the Hong Kong SAR being so inexpensive, the scheme offers an HKD8000 (approximately USD1,030) tax break for every family member included on the policy as an incentive for participation.²⁶

²⁰ "Asia-Pacific Front Line of Healthcare Report 2020". Bain & Company, https://www.bain.com/contentassets/a1d1395b809d424a8db679657f95b19d/bain_report_asia-pacific_front_line_of_healthcare.pdf

²¹ "Blockchain in Healthcare: A Patient-Centered Model, National Center for Biotechnology Information, 8 August 2019, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6764776/>

²² "How Singapore is using blockchain outside of cryptocurrencies," CIO, 17 October 2018, <https://www.cio.com/article/3291758/how-singapore-is-using-blockchain-outside-of-crypto-currencies.html>

²³ "The future of Life Sciences and Health Care in Asia Pacific," Deloitte, <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/gx-future-lshc-asia-pacific.html>

²⁴ "Healthcare in Asia: Predictions for 2019 and a Look Back at 2018," Oliver Wyman, <https://www.oliverwyman.com/our-expertise/insights/2019/jan/healthcare-in-asia-predictions-for-2019-and-a-look-back-at-2018.html>

²⁵ "The '3 Beyonds': Singapore's strategy to sustain quality healthcare as demand rises," The Straits Times, 30 November 2017, <https://www.straitstimes.com/singapore/health/the-3-beyonds-singapores-strategy-to-sustain-quality-healthcare-as-demand-rises>

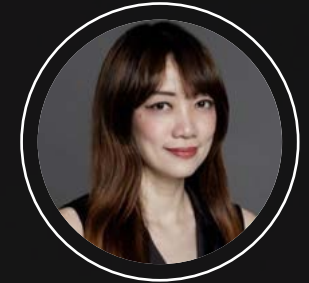
²⁶ "Eleven major insurers to participate in new Hong Kong health scheme," Insurance Business Asia, 12 March 2019, <https://www.insurancebusinessmag.com/asia/news/breaking-news/eleven-major-insurers-to-participate-in-new-hong-kong-health-scheme-161858.aspx>





“In 2011, we were looking for a bank to provide a single banking portal for our operations in Singapore, Malaysia, and Taiwan. I’m currently managing the business and finance of all our companies. On the road most of the times, it is important for me to have complete and easy access to conduct banking activities across all companies. During this pandemic, it makes it more obvious that we made the right choice banking with HSBC.”

John Tan
Chief Executive Officer
Egis Healthcare Technologies



“50 biomedical sciences companies. 8 out of the top 10 pharmaceutical companies having manufacturing facilities. Government spending poised to triple to SGD50 billion by 2029 – Singapore is a leading healthcare tourism hotspot which continues to invest in the Healthcare industry attracting R&D, manufacturing, and HealthTech start-ups as the regional gateway for Asia Pacific. At HSBC, our digital investments and global connectivity place us at the epicenter of working with corporates to enable the singular vision of making healthcare more affordable and accessible”

Winnie Yap
Managing Director and
Country Head of Global
Liquidity and Cash
Management, Singapore
HSBC

Case Study: Egis Group, Singapore

Digital cash management while on the move



Global Liquidity Management



Payables



Channels HSBCnet



FX



Service & Implementation

Background & Scope

Headquartered in Singapore, Egis Group has two business arms; Egis Healthcare Technologies, a solutions provider in laboratory information systems and blood banking, and Egis Nanotech, a medical-grade certified fabric innovation company providing nanotechnology-infused textile.

HSBC has been Egis' house bank since 2011. In wake of the COVID-19 pandemic, the group experienced accelerated sales growth, particularly domestically, for its masks and specialty medical gowns. This ignited the need to seek improvements to make payment and collections processes more efficient in order to facilitate continued growth.

Challenges

Difficulties managing large volume of cheque payments to suppliers – The spike in sales compounded with government lockdown measures during COVID-19 created an impediment to the process as less cheques could be issued during this time

Sudden surge of surplus funds requiring proactive yield management – As sales increased, there was a need to increase yields on the advance payments received before payments are made back to suppliers

Limited flexibility for FX conversion – To manage payments to mainland China and Taiwan, the company would call to convert FX when rates are favourable. However, this caused inconvenience to the company's authoriser who is often the road

Transformation

The rapid growth of the business sparked the need to introduce more scalable operations. Egis implemented more efficient processes by using digital modes of payment, and spending less time on manual transactions. During lockdown, the company also benefited from business continuity, and partnered with a dedicated team at HSBC providing consistent service standards.

Egis leveraged the real-time payment network, **Fast And Secure Transfers (FAST)**, and transitioned to digital payments. Riding on the FAST infrastructure, domestic suppliers are paid almost instantly via **PayNow** payments that can be instructed through **HSBCnet** on a 24/7 basis.

Liquidity Management Portal (LMP) gave a better overview of the cash positions across both businesses using one HSBCnet login, enabling better decision on deployment of surplus cash and **FX conversions**. Both term deposits and FX conversions are now conducted digitally at an optimal rate and at the convenience of the authoriser.

Success



Standardised processes contributed to improvements in **operational efficiency** and **reduction of human error**



LMP dashboard provides a **consolidated view** of 2 entities on a single platform in real time



Added visibility enabled finance team to make **faster and more informed funding and payment decisions**



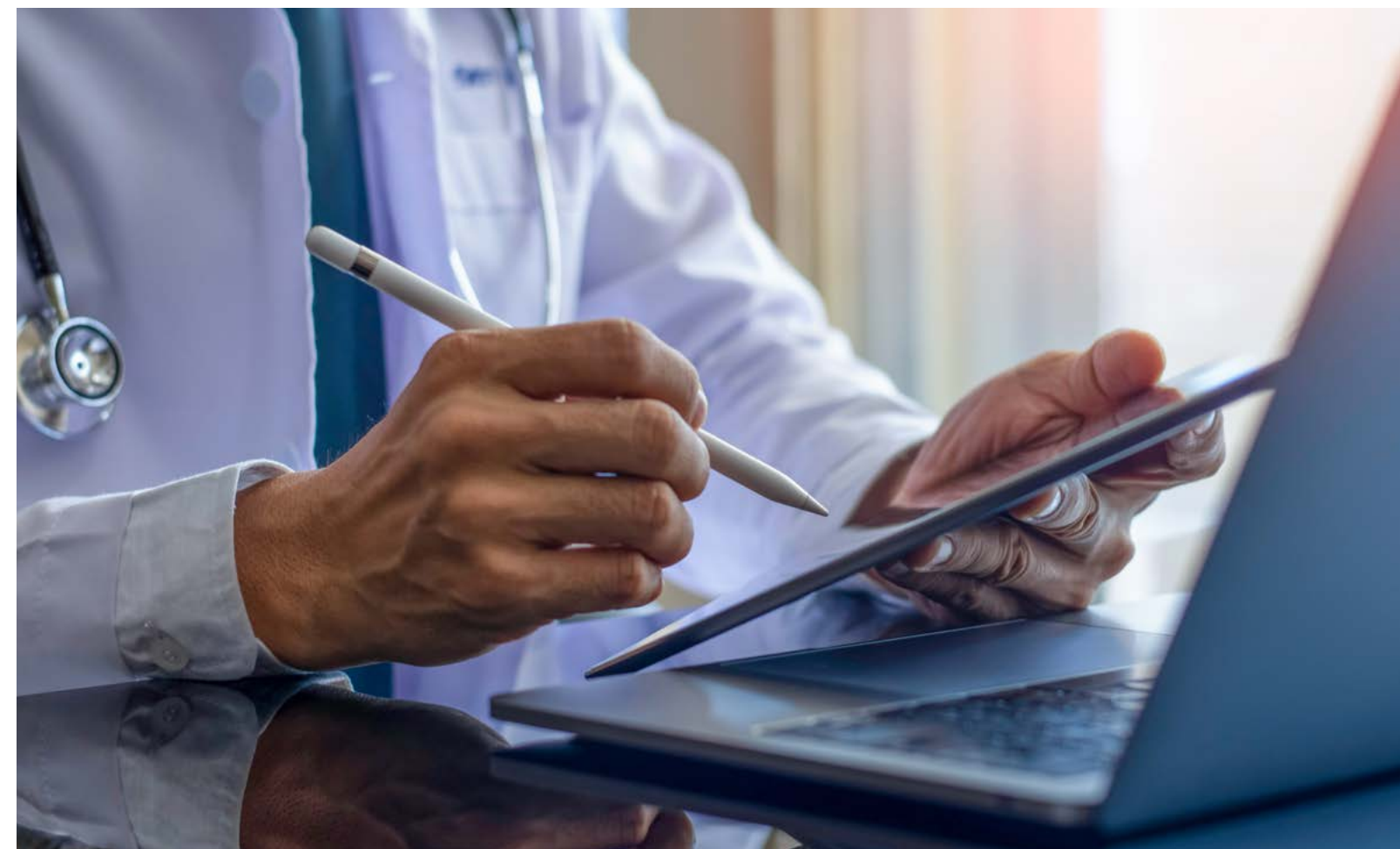
HSBCnet has helped the company to **better manage FX** with **more flexibility** to check rates and book online anytime of the day



Digitising payments resulted in **10 times more transactions** and **more than 50% reduction** in **manual transactions** a month



A **dedicated team at HSBC** provided **virtual training** and support to **ensure a smooth transition** to during the pandemic



Case Study: Healthcare Distributor, Asia Pacific

Digitising collections and streamlining internal processes to ensure the products are available regardless of market conditions



Payables



Receivables
Virtual Account
and Omni Collect



Channels
HSBCnet



Service &
Implementation

Background & Scope

With an objective to improve access to healthcare, the company is a distributor of healthcare and pharmaceutical products with a diverse client base ranging from governments to individual clinics.

Embracing digital transformation, the company has consistently been on the lookout for ways to enhance their customer journey. Collections were made through various modes, giving rise to complications when it came to reconciliation, which in turn caused delays with product shipments. Complications were only intensified during the COVID-19 lockdown and social distancing measures.

Challenges

Manual-intensive reconciliation process – Customer remittances were all sent to a single bank account. This necessitated considerable interaction with the company's customers in order to clarify which customer was paying for which invoices, resulting in delayed orders

COVID-19 restrictions and paper collections – Curfews, people restrictions, and physical exchange of cash and cheques were hindrances when maintaining social distance while ensuring smooth supply to essential drugs. This accelerated the deployment of digital platforms to transact with customers and collect in a paper-less fashion that was both costly and manual intensive.

Transformation

The company is constantly improving its performance and has made continuous investments into digital solutions throughout their partnership with HSBC, their banking partner in 10 markets in Asia Pacific.

In order to enhance customer experience and remain socially distant by removing physical exchange of paper (i.e. cash and cheques), the company implemented HSBC's **Omni Collect** solution in select markets. Omni Collect helped the company receive alternative payment methods such as Real-Time Payments, e-Wallets and credit cards. The solution caters to a digital experience via QR scanning while combining order placement with invoice management and instant reconciliation, which boosted working capital. The solution was implemented in the company's ordering platform as well as with the sales team who could display a dynamic QR with invoice details and receive instant collections. In addition, the platform allows customers to generate invoices on front-end while on the back-end, the system helps to automate inventory and AR reconciliation. The company has also implemented a chatbot which allows its customers to pay digitally through a payment gateway embedded within a URL.

The process was further streamlined by HSBC's **Virtual Account (VA)** solution where each customer was pre-assigned a unique reference number. Each customer payment can then be identified using their respective VA number on the bank statement, which automatically matches against open invoices in the company's ERP system, SAP, using a robotic process automation (RPA) initiated by the company's own vendors. RPA matches the customer information in SAP and the VA number and then uses specific criteria to try and match the customer's remittance with outstanding invoices. Receipts are credited and reflected in the customer's account within a few working hours with instant notifications sent to customers; enhancing transparency and customer experience.

With COVID-19, the implementation of such solutions has increased with pace.

Success



HSBC's Virtual Account and Omni Collect solutions help to **automate** the company's collections processes and positively impacts all customers. Customers are still able to pay using their **preferred method payment** without disruptions on their end, even during the COVID-19 pandemic



Overall **enhancement of customer experience** as payments are credited and reflected in accounts within a few working hours. **More flexibility** given to customers with additional payment channels **without compromising fund settlement time**



There was a **reduction in customer queries** on account status and orders being put on hold. This resulted in **improved working capital cycles** and **punctual delivery** of pharmaceuticals, in line with the company's belief in **making healthcare accessible to everyone**



Reduction in manual reconciliation allowed the company to free up operational resources to focus on more **value-added tasks** to drive the businesses



Case Study: Biopharmaceutical Company, Asia Pacific

Building out the strong foundations of a fully digitised, future-proofed treasury platform from scratch



Global Liquidity Management



Channels
HSBCnet
HSBC Connect



FX



Service & Implementation

Background & Scope

The company is a research-based biopharmaceutical company. The company has undergone significant transformation projects and building a robust treasury from scratch to ensure treasury structure, systems and processes are lean and operating at optimal levels.

The company has been in acquisition mode over the years where consistent enhancement and integration of treasury processes have been the norm.

Challenges

Multiple banking partners and ERP systems – The company had a fragmented set of ERP systems and banking partners across Asia Pacific making it challenging to achieve full automation and process efficiency

Lack of visibility across Asia – With disparate banking arrangements, processes, and systems, full visibility of cash was challenging resulting in an array of manual processes and reporting that was prone to errors

Decentralised liquidity management – With all cash left at a country level, the company did not have visibility or any yield enhancement solutions in place

Transformation

With automation and digitisation as key priorities for their treasury team, the company mandated HSBC as its regional banking partner in Asia Pacific with the aim of assessing and improving internal processes. This was the start of their centralisation and automation journey, coupled with investments into platforms such as SAP. **FX margins** were standardised for each currency, which avoided the treasury team from calling the desk and triggering rate bidding. For the non-large ticket deals, the company pre-negotiated margins across currency pairs, barring large ticket deals.

Benefiting from **HSBC Connect** and **HSBCnet**, they were able to implement a consistent system and process in each market to make and collect electronic payments, but with the added flexibility of using a web platform or host-to-host connection. SWIFT FileAct were integrated with the ERP system, SAP. Standard reporting format MT940 and MT942 were also made available via SWIFT FIN across each market. The company ensured there were regionally consistent processes for paper-to-electronic conversion as well.

Rather than manually handling the investments, the company streamlined liquidity management through sweeps to its in-house bank, where permissible. The funds were then pooled into a **Multicurrency Notional Pool** in Singapore. For restricted markets, the company implemented an automated interest enhancement solution, based on the total balance across the region, receiving a higher yield on deposits without having to manually monitor and place deposits.

In continuously enhancing treasury processes, the company also proactively put in place contingency plans for any disruptions outside of their control (such as outages caused by SAP, banking systems, internal systems, and payroll vendor). This proactive implementation left them unaffected during the COVID-19 pandemic where all payments and operations continued to run smoothly.

Success



Because of the treasury's team forward looking mindset, the company achieved **full automation** of its treasury operations. Automation of FX rate quotes and surplus investments helped the company save sizable human resource hours. The company can now focus resources on to more strategic activities



The interest enhancement solution provided them with over **USD360,000 of annual savings** on surplus cash in restricted markets. This was further coupled by savings via a Multicurrency Notional Pool that was over USD500,000. With a strong foundation built on centralised and digitised processes, the company has **future-proofed acquisitions of new businesses** where it can connect cultures, systems and processes to a simplified structure managed by their treasury team in Asia Pacific



The company's contingency planning **pre-empted any potential outages caused by business disruptions**. This allowed the company's treasury operations **to run smoothly during the COVID-19 pandemic** when government movement restriction and lockdown orders spread across Asia Pacific





"Asia Pacific represents both size and growth opportunities to our banking ecosystem partners. HSBC aspires to be a technology-driven enabler to our clients' end-to-end ecosystems by leveraging our global breadth of network and depth of country regulatory and business propositions; supplemented by an expanding digital footprint."

Ai Chen Lim
Co-Head of Sales, Global Banking Corporates
Global Liquidity and Cash Management, Asia Pacific
HSBC



"As the world becomes increasingly connected, we see a convergence of digital connectivity in our everyday lives. The pandemic has intensified this convergence and propelled many corporates to transform at an accelerated pace. We are proud to have partnered with these corporates as they navigate through this environment and helped them in their transformation journey, and we look forward to supporting many more along the way."

Vivek Deshpande
Managing Director and Regional Head of Sales, Commercial Banking
Global Liquidity and Cash Management, Asia Pacific
HSBC

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