
EADS GOES

@GLOBALTRADE

A CASE STUDY

GTB – Global Financial Institutions & Trade Finance

Cross-country and cross-entity workflow optimization, centralized risk management for guarantees and operational support for syndicated bonding facilities

EADS is a global leader in aerospace, defence and related services.

The Group includes Airbus as the leading manufacturer of commercial aircraft, with Airbus Military covering tanker, transport and mission aircraft, Eurocopter as the world's largest helicopter supplier and EADS Astrium, the European leader in space programmes from Ariane to Galileo.

EADS: the way things were..

- EADS group Bank Guarantees were provided by 42 different banks
- 54 different EADS subsidiaries applied for guarantees
- Each EADS subsidiary autonomously and decentrally handled the management of Letters of Guarantee (L/G)
- The majority of total L/G exposure was with only 3 banks, out of 42
- Collection and reconciliation of L/G data required an excessive amount of time for the fairly limited success in minimizing the discrepancies
- The application of the mandatory Guideline for L/G stated by EADS Group for all majority-owned subsidiaries was difficult to verify
- The weighted average of L/G commission was higher than the market average
- Only the minority of L/Gs was ruled by Facility Agreements

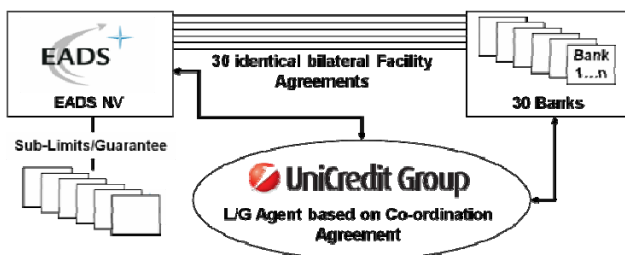
...and the key objectives

- Harmonisation of documentation and saving of L/G commission
- Improvement of transparency and avoidance of discrepancies between banks' and EADS' L/G records
- Sustainment of flexibility for subsidiaries but strong improvement of efficiency and control
- Achieve a better diversification of business allocation between EADS banks
- High acceptance of the new solution by subsidiaries and banks
- Controlling and monitoring tool for Corporate L/G

Thanks to the web-based multi-entity, multi-bank processing platform @GlobalTrade, EADS has been able to improve the efficiency of processes and L/G activities as well as to reduce costs.

- Subsidiaries maintain direct relationship with each and every bank as well as synchronized contracts and/or terms and conditions
- EADS entities can send L/G requests to each individual bank which issues L/Gs independently
- Different L/G templates are available
- Each single L/G transaction status can be tracked

- Sub-limits for subsidiaries and banks can be monitored
- All L/G fees and commission are calculated automatically and acknowledged to the banks by HVB - on behalf of EADS - through a single, consolidated, fee account
- The settlement of indirect L/G fees and handling of "Club L/G" is easier
- EADS NV can automatically allocate fees and commission to the respective subsidiary through the relevant inter-company account, thanks to a system of individually assigned reference numbers
- EADS and the banks have a tailor-made user administration and password handler
- An automated file transfers data to EADS' reporting system
- After Bank guarantee handling has successfully been tested for two years, EADS decided to use the platform to also handle corporate guarantees.



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