



# Through the Portal



## Opening the Door to Process Efficiencies at Drax

**D**rax's Treasury and Corporate Finance team needed a new money market fund (MMF) portal solution to improve their control environment, streamline their workflow and automate their manual processes. Here, Lisa Dukes, Deputy Group Treasurer, Drax, outlines the benefits of choosing and implementing ICD Portal, and shares key learnings from this Award-winning technology journey.

By **Eleanor Hill**, Editor

Aiming to become carbon negative by 2030, UK-based Drax Group is a leading UK energy company. The organisation prides itself on being at the cutting edge

of innovation, across all aspects of the business – not least in Treasury and Corporate Finance. To this end, Drax's treasury function has grown from just two

“

*With a clear business case laid out for selecting another MMF portal, it was time for Dukes and the team to set about choosing a new provider.*

”

the MMF portal we were using back then, we manually entered those trades into our TMS,” explains Dukes. “The same went for any information we wanted from the portal – it had to be re-keyed, which was far from ideal.”

### Cutting through the noise

With a clear business case laid out for selecting another MMF portal, it was time for Dukes and the team to set about choosing a new provider. “When we began our research, it soon became clear that there were very few portal providers who could meet all of our needs – especially the requirement to have straight-through processing [STP] into our Reval TMS. This was non-negotiable and yet seemingly quite challenging,” she admits.

“In fact, ICD was the only provider that could offer the fully automated environment we were looking for – so selecting them was a relatively easy choice!” But it would be unfair to suggest that this was the only reason for picking ICD. Dukes elaborates: “We were very impressed with the ICD team at every step of the process. During the selection phase, ICD worked closely with us to understand what our specific needs were, in particular relating to integration with the TMS.”

After initial discussions, ICD ran a live demonstration for Drax’s treasury team, “which gave us peace of mind that the portal was both secure and easy to use,” says Dukes. “These factors were critical for us because the ICD implementation was part of a wider TMS enhancement project, with the goal of maximising the team’s time and reducing operational efficiencies and risks.”

Other elements working in ICD’s

favour included the fact that the ICD portal already had all of Drax’s current fund providers onboarded to the portal, seamless integration, proprietary trading technology, comprehensive reporting, and investment risk management at no extra cost. “These were all important considerations in our decision-making, since we were looking for a portal that would suit treasury’s needs not only for today but also for the future. In short, the depth and flexibility of the ICD offering was hard to argue with,” comments Dukes.

### Walking the walk

With the ICD Portal duly selected, the implementation project soon kicked off. “My team ran the project, in collaboration with ICD and our TMS provider, as well as other business partners. As per protocol, we began with a scoping phase, followed soon after by prototyping. Here, the ICD integration team worked closely with my team to precisely design our desired workflow, which obviously centered around the STP and broader control environment.”

ICD then worked directly with Reval on the integration, setting up a test environment to ensure that the process and workflow was in line with the specifications that Drax needed. “We had the new and old systems running in parallel for a little while, which meant that we had time to perfect the ICD set-up before we pulled the plug on the previous system. That dual-running was very short and swift, which is testament to the teams involved.

“Of course, there were tweaks which were made during the testing phase, as there are in any project of this kind. But these were dealt with effectively and

people to a team of ten over the last decade.

As the team has blossomed, they have been investigating ways to reduce the manual workload on team members, improve process efficiency, increase control, and deliver even greater value to the wider business. “This journey began with optimising the use of our Reval treasury management system [TMS] – automating as much of the daily cash balancing, MMF data capture, and FX and liquidity trading as possible,” she says.

As part of this continuous improvement drive, “one area we were keen to address was the workflows around MMF trades,” she notes. “This time two years ago, we had a set-up that was inefficient, time-consuming, and created a risk of human error. After completing trades on

“

*You have to do the basics right in order to be in a position to focus on more strategic initiatives. This is precisely what this implementation has been about.*

”

collaboratively, with my team, ICD and the TMS provider working together,” Dukes notes. “Testing the system also enabled us to train the wider Drax treasury team on ICD’s full capabilities, as well as exploring the link between Reval and ICD. In turn, the team identified opportunities to develop more enhanced reporting, using data that could be automatically pulled into Reval from the ICD Portal.”

### Reaping the benefits

All in all, the full optimisation project, including the ICD integration, took around six months from kick-off to go-live, “which we were very happy with, considering the new functionality we had gained and the time that the solution would save the team going forward.” Elaborating on the benefits, she says: “Implementing ICD has resulted in extensive automation of processes, significantly reducing the time we spend looking at and handling MMF information and increasing the amount of information that is available to us. This includes accurate information on our yield, since the daily yield data for dividend calculation is sent directly from ICD Portal into our TMS. The removal of manual processes here has truly been the transforming feature of the TMS and

ICD implementation.”

Much of the information Dukes is referring to forms part of ICD’s Transparency Plus service – the industry’s leading exposure and risk management tool that provides clients with on-demand access to detailed intelligence on portfolio exposure to counterparties, countries, sectors, security types and more. Drax also benefits from ICD’s Comprehensive, Fund, MMF Guideline, NAV Flow Liquidity, Repo and Portfolio Summary Reports, significantly easing the reporting burden on the treasury team.

The latter is an important point for Dukes. “The ICD Portal has given us something extremely rare – more time! When benchmarking against our previous process, the wider project, including the ICD integration is saving my team approximately two hours per day.” She concludes that “you have to do the basics right in order to be in a position to focus on more strategic initiatives. This is precisely what this implementation has been about.

With the ICD Portal in place, we now have efficient MMF trading, deeper reporting, STP systems, and a much stronger control environment, allowing us to drive value and innovatively support the business elsewhere to enable it to thrive.” ■

Drax was the worthy winner of TMI’s 2019 Corporate Recognition Award for Best Portal Technology. Read more about this Award in issue 273 of TMI.



LISA DUKES

**Deputy Group Treasurer, Drax**

Lisa joined Drax over a decade ago gaining experience across the vast Drax corporate finance function, holding a wide range of roles. She specialises in treasury and corporate finance, with a strong emphasis on innovation and structuring financial derivatives, particularly FX. As testament to this the Drax team have been shortlisted for 3 nominations for the ACT Awards, including small team of the year, which would go alongside a suite of risk management accolades achieved in the last few years. Lisa previously held various roles within financial accounting and corporate finance in the UK and the Cayman Islands. She is a Fellow of the Association of Chartered Certified Accountants and an Associate Member of the Association of Chartered Treasurers.

