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The positive effects of ScotiaFX

Two Canadian companies experience the ease and efficiency of doing business with Scotiabank's Internet-based foreign exchange trading system.

Raymond Leung,
Chief Financial Officer,
Soyaworld Inc.

There's no question that consuming the right products can contribute to a healthy lifestyle — and in the case of two Canadian companies, a healthy bottom line.

Upper 49th Imports Inc. is Canada's leading provider of performance nutrition products. From its distribution headquarters in Oakville, Ontario, the company imports several top quality product lines from the U.S. into Canada, and maintains an inventory worth approximately \$2.5 million per month.

Based in Vancouver, British Columbia, Soyaworld Inc. is one of North America's largest marketers and manufacturers of soy food products with 60% of the soy beverage market in Canada. With production facilities in Ontario and British Columbia, this rapidly expanding company markets its products in the U.S., Hong Kong and Canada. After seven years in operation, Soyaworld posts annual sales of more than \$50 million.

In addition to sharing a passion for improving the wellness of Canadians, these two companies share another similarity. Both use ScotiaFX, Scotiabank's Internet-based foreign exchange trading system, to pay suppliers in foreign currency. The system enables clients to obtain live foreign exchange quotes, execute trades and monitor online transaction history.

Improving efficiency at Upper 49th

Louise Wilson, Chief Operating Officer and co-owner of Upper 49th Imports, comments that the company's decision to adopt an online system to pay its U.S. suppliers was consistent with its forward-thinking approach to business.

"We've always believed in adopting the best technology to do the job," she says. "We're not a huge company, but we're able to negotiate effectively with our suppliers and retailers. I liken us to a small ship with a big rudder," Wilson says.

Adds Accounting Manager Sandra Provias, "Our company doesn't have a large treasury department, and we don't maintain a U.S. dollar bank account. We've always sent wire payments to our U.S. suppliers, but before switching to ScotiaFX, we had to maintain a separate terminal program and it definitely wasn't as efficient."

"ScotiaFX provides the functionality to control the foreign exchange and payment process from any computer. We've had no problems using the system since we started six months ago and we're consistently getting a better rate of exchange than we were before."



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“Security isn’t an issue with ScotiaFX, because we’ve set up the system with tiered access,” Provias concludes. This new ScotiaFX feature enables clients to allocate and restrict individual trading and settling privileges to their employees. For example, an individual may be able to book trades, but their settlement privileges are restricted only to trades booked by other individuals and vice versa. Dealing privileges can also be restricted by trade size and intent.

ScotiaFX still continues to issue individual digital certificates with 128 bit encryption to each authorized user to ensure added security.

Helping Soyaworld do business around the world

Raymond Leung, Soyaworld’s Chief Financial Officer, concurs that security isn’t an issue with ScotiaFX. “We’re a very risk-conscious company, and we wouldn’t be using ScotiaFX if we thought the system wasn’t secure. We’ve been using the system for three years with great results,” he says.

“Our single largest supplier must be paid in U.S. dollars, and in negotiating the best pricing terms, we agreed to send wire payments at the end of each month.”

“Previously, the payment process could take up to a week. First we had to trade Canadian dollars for U.S. currency, and then arrange for the wire transfer. There were multiple contact points where human errors could occur. The process was a hassle, and it cost us money.”

“Since we started using ScotiaFX, the transaction happens instantly and we get a confirmation that our supplier has received the funds within a few hours,” Leung enthuses. “We’ve recently started to use ScotiaFX to pay a supplier in Australia, where the 17-hour time difference would make it much more difficult to execute the payment efficiently without the system.”

“I estimate that we’ve saved tens of thousands of dollars just in carrying costs – and that doesn’t take into account the time and manpower savings.”

“We’re estimating that 20% of our sales will be outside of Canada within two years,” Leung concludes, “which means ScotiaFX will play a bigger role in our monthly business transactions. We’ve just scratched the surface of our usage of this system in terms of doing forward trades and swaps.”

Improved trade settlement features add to a sense of security

ScotiaFX has modified its trade settlement function to meet the requirements of individual companies based on payment requirements and security. The system has always had a third-party payment feature where the client can type in the beneficiary information for wire transfers on a one-off basis. Based on client feedback, ScotiaFX now enables clients to restrict this feature so payments can only be made to pre-authorized accounts and beneficiaries. This information is hard coded into the client profile and available from a drop-down menu at the time of settlement. These payment instructions can only be activated when received in writing from an authorized company signatory.

As Raymond Leung concludes, “By using ScotiaFX, we are able to improve our efficiency and provide more options to manage our foreign exchange needs than through traditional banking methods.”



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