

J.P.Morgan

SEGA SAMMY overhauls treasury to support go-global strategy



SEGA SAMMY's automated liquidity structure strengthens global cash visibility, centralization and governance.

About

SEGA SAMMY HOLDINGS INC. is a Japanese holding company formed from the merger of SEGA and Sammy Corporation in 2004, structured as a group of comprehensive entertainment companies involved in the development of video content and digital games. SEGA is the creator behind the iconic character Sonic the hedgehog, and through its merger with Sammy Corporation, the Group strives to offer captivating experiences not only domestically, but also in the markets of Europe, North America, Asia and beyond.

The challenge

As revenues for SEGA SAMMY grew globally, large volumes of fragmented cash piled up, especially in markets like North America and Europe. The overseas markets would repatriate cash to the Group treasury in Japan, but the process was highly manual with cross-border funds initiated manually via wires. With the vast time zone differences, funds were typically received the next business day, resulting in loss in [liquidity](#) value.

SEGA SAMMY's overseas subsidiaries also worked with banking providers in the local markets, resulting in disparate e-banking platforms that made it challenging for the Group treasury to view and manage the firm's overall cash positions. The decentralized structure also created inefficiencies for the team to effectively allocate working capital, impacting strategic decision making at the headquarter level.

The treasury team set out to overhaul its function to reposition itself as a business-critical function and a strategic contributor to SEGA SAMMY's global expansion plans. The company also wanted to enhance treasury processes in its overseas entities, including check deposits and petty cash services - which remained manual and required frequent visits to physical bank branches.

The solution

SEGA SAMMY shifted from relying on Japanese banks and worked with global banking provider J.P. Morgan to implement a fully automated cash management structure to connect its U.S. and Japan entities.

At the headquarter level, SEGA SAMMY set up a single-entity multicurrency notional pool that would serve as the firm's global cash pool to centralize cash across markets and currencies, while also providing the Group treasury with the ability to draw down funds in multiple currencies for use as working capital, without physical conversion or transfer of funds.

For the U.S. - its largest market - SEGA SAMMY established a physical cash concentration structure to consolidate surplus cash across its domestic entities. The structure leverages a zero-balance sweep to move any end-of-day surplus cash from the U.S. to the global pool, as well as a sweeps mechanism that ensures funds mobilized to the Group treasury in Japan are received on a same-day basis despite time zone differences, to minimize loss of liquidity value.

As the header entity of the U.S. pool, SEGA SAMMY's Group treasury will have ultimate control over cash balances, and will facilitate better management of accounting entries and reconciliation of intercompany positions. The company can now visualize its global liquidity and sweeps structure via the bank's online cash management portal - [J.P. Morgan Access®](#), which also enables SEGA SAMMY to initiate domestic and cross-border transactions, while keeping track of global cash positions via a single platform, in real-time.

SEGA SAMMY successfully implemented the structure within just three months. Since then, cash movements between its U.S. and Japan entities are fully automated, with millions in surplus cash centralized on a monthly basis and mobilized to the global pool.

By leveraging a global bank, SEGA SAMMY's U.S. subsidiary has also been able to:

- Benefit from J.P. Morgan's wide range of digital banking services that's accessible via the bank's unified Access platform, as well as through its extensive Chase branch network in the U.S.
- Streamline domestic check clearing and cash processes to save on work hours.
- Ensure clear segregation of user roles for payment approvals, helping SEGA SAMMY's U.S. subsidiary improve overall risk management.

The results

SEGA SAMMY achieved the following benefits from implementing the automated solutions:



Improved risk management

as a result of enhanced visibility and control over global cash, as well as clear segregation of roles for approval of payment transactions.



Reduced manual intervention

for payment transactions, resulting in reduced errors, unified intercompany loans and automated tracking of cash positions.



Streamlined processes

with its global cash and liquidity structure now accessible in real time via a unified banking portal.



Minimal loss

despite funds moving across vast time zone differences.



Access to an extensive branch network

in the U.S. for check clearing and cash services.

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