



SUCCESS STORY

Christian Louboutin

Christian Louboutin opened his first boutique in 1991 in Paris. An artist and a craftsman with a passion for shoes, he is now considered to be one of the most influential fashion designers of his time, with accessories collections showcasing his unique combination wit, glamor, elegance, and technical proficiency. Louboutin's creations have been immortalized in museums, on fashion week runways, red carpets, and in pop culture around the world. As a result, the company has built an organization of 150 boutiques located in 30 countries, and the Christian Louboutin brand name and his signature red-soled shoes are now among the most valuable trademarks in the fashion industry.



Key Takeaways

Over €400k saved in first year of implementation

Reduced bank transaction fees and float costs

Improved visibility and discipline across subsidiaries



Christian Louboutin is a premier luxury brand with more than 150 retail boutiques spread across 30 countries around the world.

The company is well known for its iconic, red-soled shoes, its designer bags and other women's and men's accessories. Each store carries a selection of items, yet merchandise is regularly transferred from one boutique to another to meet customer demand, resulting in a web of intercompany invoices to account for the movement of goods. As Christian Louboutin continues to expand, tracking the financial impact of the transfers manually is increasingly time consuming and error prone. The Christian Louboutin treasury team decided to implement an intercompany netting solution to increase visibility into and take control of the reconciliation and accounting of intercompany merchandise transfers.

“We have a lot of stores, and we have a lot of transfers of goods between the different stores. It didn't make sense to try to centralize and rationalize all these flows at the head office level using a manual system.”

Annabella Lopes
Senior Treasury Manager Credit Risk & Netting,
Christian Louboutin



Challenges

For Annabella Lopes, Senior Treasury Manager Credit Risk & Netting at Christian Louboutin, the primary challenge to accurately managing the impact of merchandise transfers between Christian Louboutin entities was the intense manual processes required. With each transfer, the sending entity would invoice the receiving entity and then wait to be paid. There were no standardized processes or procedures to resolve or escalate disputes between the two parties. In addition, Christian Louboutin's treasury team, led by Netting & Credit Manager, Emeline Marchand, had no visibility into the exact number and scale of all the transfers taking place each month.

The treasury team was tasked with accounting and reporting on all the transfers, leading to hours of manual work to identify and reconcile all the transactions among the entities. Moreover, because the invoices were being reconciled individually, Louboutin was incurring a greater volume of bank transactions, leading to higher fees, as well as additional FX and float costs. For Annabella Lopes and Emeline Marchand, the time had come to implement an intercompany netting solution to gain a better control of the impact of intercompany transfers.

The Christian Louboutin treasury team chose to implement GTreasury Netting multilateral and multicurrency Netting solution to centrally manage its intercompany transfers within the Treasury Department in the Geneva, Switzerland office.



The ability to implement an API interface with Christian Louboutin's ERP system was a strong factor in the decision. The accounting teams at each entity now enter intercompany invoices into the company's M3 ERP system and the data is automatically uploaded into GTreasury Netting with an API for reconciliation and settlement. Even though Christian Louboutin is running a monthly AR-driven netting, both AR and AP invoices are imported into GTreasury Netting to facilitate matching and reconciliation of intercompany transactions.

"We have defined a precise calendar with our IT team to import entries from our ERP to GTreasury Netting on the 1st through the 7th of each month," said Annabella Lopes. "The automatic interface runs on these specific dates so everyone understands invoices need to be entered within that timeframe or wait until the next cycle to be paid."

To date, 28 Christian Louboutin entities across Europe and the Americas are using the system to enter more than 3,500 invoices per month in seven different currencies. "We discovered a lot of flows that we could not imagine before," said Emeline Marchand. "After a lot of cleanup of neglected transactions, we are now at nearly 100 percent matching during each settlement cycle."



Result

In addition to matching virtually every invoice for quick and easy settlement, GTreasury Netting has helped Christian Louboutin save more than 275,000 euros since the system was implemented. The savings is a result of a reduction in FX trade transactions, bank transaction fees, and float. With a precise settlement schedule, float is no longer a factor in intercompany payments.

The qualitative benefits are just as impressive. The accounting teams throughout the organization are very happy with the system, citing how easy it is to use, being able to precisely predict settlement dates, and the ease of reconciliation if there is a mismatch between entities. "We came from a manual process with a lack of visibility. Now, we are in a situation where we have control," said Emeline Marchand.

European Louboutin entities that are not using the M3 ERP system have been integrated since our meeting; our next step is to onboard Asian countries. Annabella Lopes, Emeline Marchand and Amrane Sahraoui, Christian Louboutin Senior Treasury Back Office and Solutions Manager, are excited to build a process to integrate an easy CSV upload into GTreasury Netting each month from these additional entities to achieve even greater visibility of all intercompany flows.

"With GTreasury Netting, we can now understand all the different flows and we now have a better understanding, a better view, of all the different positions between the different entities."

Annabella Lopes
Senior Treasury Manager Credit Risk & Netting, Christian Louboutin

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