

HEDGEWIZ CASE STUDIES

NGO AND REPORTING NEEDS

1. THE CHALLENGE

We were approached by the CFO of the UK based NGO involved in providing educational services around the world. As part of its operation the company receive income in more than 10 currencies thus exposed to depreciation of these currencies vs. GBP. The organization has a well-established hedging policy, practiced for several years, to mitigate its currency risk. As a main challenge in this area the CFO mentioned the need for reporting abilities for the management and Audit committee. He mentioned that the hedging policy, although clear to him is not obvious to the committee that struggles to understand the organization practice and its benefits and have lack of confidence in its ability to control it, to the point that they requested to “improve tools for control by implementing more technological solution”.

2. HEDGEWIZ APPROACH

NGO’s current risk management policy was stress tested by Hedgewiz analytic engine to insure it fit objectives. It was found to be quite effective in terms of mitigating the risk in a recent market environment. Ongoing management process, however, was complicated and less efficient. Hedging transactions were executed with two banks and manually updated by the CFO in the Excel spreadsheet. There was no registered monitoring of the budgeted exposure vs hedging positions and rates and such reporting was made once a quarter for the Audit committee request.

3. THE SOLUTION

The proposed solution focused on organization's management, reporting and control practices;

- The CFO was introduced to Hedgewiz's policy design and testing tool to provide the Audit committee ability to test and measure the impact of different hedging policies on P/L.
- Hedgewiz dashboard for on-going FX risk management provided a simple, straight forward management tool for online, automatically updated status of NGO's exposures vs hedging positions and control of the implementation of the policy,
- Hedgewiz reporting tools allowed immediate reporting abilities regarding policy effectiveness and un-hedged risk.

4. HEDGEWIZ BENEFITS

Hedgewiz software platform allows CFO's to enjoy automatization of risk management practices, providing them the tool to gain managerial support to the chosen policy by enhancing control over policy implementation, improving and simplifying reporting abilities.