

Micron Technology, Inc.

Automating Management of FX Exposure with Cross Currency Sweeps

Micron Technology, Inc. is an industry leader in innovative memory and storage solutions. With more than 40 years of technology leadership, the company's memory and storage solutions enable disruptive trends, including artificial intelligence, 5G, machine learning, and autonomous vehicles, in key market segments such as mobile, data center, client, consumer, industrial, graphics, automotive, and networking.

The Challenge

As a technology innovator, Micron has earned an industry-wide reputation for its cutting-edge solutions. In order to continue advancing the company's culture of innovation, the Treasury team recognized the need to enhance its liquidity management processes to meet its business' growing needs.

"We really needed to raise our game to focus on adding even more value for the organization," stated Robert Lambert, Assistant Treasurer for Micron. "The biggest way a Treasury group can impact the bottom line is by reducing costs and increasing interest income and that was our mission with this initiative."

The challenge for the Micron Treasury team was twofold. One, the team spent a large amount of time and resources on manual foreign exchange (FX) management and forecasting non-functional currencies, primarily due to a lack of integration with the company's automated cash management systems. Treasury spent much of its time working with local EMEA teams to prepare and consolidate forecasts, and then assimilate them into spreadsheets. The manual forecast process took approximately

two FTEs to complete, adding to Treasury's operational complexity, resulting in an increased risk of error.

In addition, Treasury had to work with local teams to provide bespoke financing when needed. Administrative activities around executing FX trades often consumed up to 80 percent of team members' time. Furthermore, due to the negative interest rate environment in many countries, Micron ended up with a carrying cost associated with yields in non-dollar currencies.

The Solution

To address these liquidity management inefficiencies, Micron turned to Citi's Treasury and Trade Solutions (TTS) to implement a daily domestic Cross Currency Sweep solution.

With the goal of reducing 100 percent of the company's non-dollar accounts to zero, Treasury embarked on a three-stage process to achieve greater efficiency and simplicity:

- **Stage One** – Treasury began by identifying key non-operating local currency accounts and replacing them with U.S. dollar accounts, allowing all payments to be initiated from these accounts. This allowed Treasury to

automatically fund these accounts through Citi's FX Sweep program.

- **Stage Two** – Because the FX Sweep program had certain limitations, such as the requirement to have a single cash concentration account in London, Micron converted its EUR and GBP Stage source accounts to a USD header account. This stood as a proof-of-concept for the Treasury team.
- **Stage Three** – With entities in France, Belgium, Germany, and Italy – all requiring local Euro accounts to meet regional tax restrictions – Treasury turned to Citi to combine two bank tools to achieve Micron's FX goals. This involved the use of a local currency sweep from the non-UK countries to the UK, and then converting the funds to dollars so they could ultimately be included in the USD header global cash pool sweep account.

"The implementation process was very short, only a couple of weeks from beginning to end, which was a pleasant surprise," explained Lambert. "We were very happy with the work by the Citi team, not only setting up the sweep solution, but also validating it, and monitoring it for a period of time after the implementation."

The Result

The Citi Cross Currency Sweep solution was a resounding success for Micron. By automating the process of sweeping non-dollars to dollars into a USD header global cash pool sweep account at the end of each day, Treasury had been freed up to focus on more strategic, value-added activities for the business. It has also liberated Treasury from the burdensome administrative task of overseeing the company's EMEA cash operations, thus freeing up employee resources and lowering costs.

Additional benefits included:

- Eliminated overhead of local operational resources from forecasting activities
- Increased yield on operating cash, with higher interest rates in USD
- Sweep with FX reporting on cash statements (MT940) and liquidity reporting in CitiDirect

Micron's Treasury team credits much of their success to taking time to involve and educate stakeholders across its business. "In order to be successful, it was important to gain buy-in across the organization," concluded Lambert. "We worked closely with our local teams to ensure they understood our objectives and how the solution would ultimately provide value to the entire organization."