

Fitness First:

A comprehensive solution for greater visibility and control over global cash flows



Fitness First

With its rapid global expansion, Fitness First found they didn't have the visibility and therefore the control over the Group's global cash flows they wanted. At one point, the Treasury team was working with more than 100 bank accounts around the world accepting monthly direct debits for subscription fees from circa 855,000 members. To increase efficiency and improve visibility into cash positions organisation wide, the company decided to consolidate accounts and knew they needed a truly global banking partner to support them. They turned to one of their existing providers for help – HSBC.

The Business Challenge

What began in a single location in Bournemouth in 1993 quickly grew into a multinational enterprise and in just five short years, Fitness First was operating more than 150 facilities in the UK and had begun opening clubs in Germany, Australia and Asia. As they expanded, the company naturally opened bank accounts in various countries to manage their local transactions. By 2015 the number of accounts they held around the world had grown to 104.

"You can imagine the sheer number of transactions we process on a monthly basis with circa 855,000 members and 7,000 staff," says Simon Clarke, Group Treasury Manager at Fitness First. "We knew we needed to take some action to simplify processes and improve visibility to streamline cash management across the business."

Adding to the complexity of their processes, one of their primary banking partners had begun pulling out of locations that were key to Fitness First. Mr. Clarke says this was when the Treasury team knew that the time was right to start looking to consolidate accounts.

The company had a syndicated loan facility with HSBC and within this relationship held a small number of accounts with the Bank. "I'd worked with HSBC in a prior role, undergoing an almost identical type of conversion – so I knew they could manage it successfully," explains Mr. Clarke. "A significant global reach was also important to us. We have a strong presence in Asia, and HSBC being in the region and being able to offer us local banking relationships there was a vital factor in our decision."

HSBC's Solution

HSBC implemented a number of solutions to help Fitness First gain more control over its global cash flows. As a first step, the Bank helped consolidate Direct Debit Receivables (DDR) accounts in the UK and Australia and SEPA DDR accounts in Germany, which involved switching over monthly subscription fees for circa 855,000 members globally. HSBC also gave the company centralised access to both local and international accounts via HSBCnet, the Bank's online banking platform.

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*Simon Clarke,
Group Treasury Manager
at Fitness First*





With its online real-time views of account balances and transaction activity across all HSBC accounts worldwide 24/7, HSBCnet delivers:

- Enhanced visibility
- Simplified processes
- Increased efficiency
- Complete scalability

Third-party bank account information delivered via SWIFT is also easily integrated into HSBCnet for a clear picture of company cash positions. HSBCnet also gives Fitness First the ability to monitor live foreign exchange rates with the Bank's GetRate service. A liquidity module allows the company to initiate various investments using HSBCnet as well.

To help better manage cash flows, HSBC implemented two separate cash sweeps solutions to reduce the need for manual transfers and systematically avoid the risk of overdrawn accounts.

"The solutions that HSBC proposed were exactly what we were looking for to improve our cash management processes in the way we needed," says Mr. Clarke. "More than that, they worked with us to get buy-in from our Board of Directors and were essential in helping us pull together a detailed breakdown of how it would work. Particularly for the direct debiting component, we wanted our Board to be comfortable with how we intended to mitigate the potential risk of the actual transfer."

The Result

Today, the majority of Fitness First's accounts are held with HSBC and the company has successfully reduced the number of their accounts. Mr. Clarke says "I now have visibility into cash in eight different countries via HSBCnet. I just log on and can complete most of the banking I need to in one place."

According to Mr. Clarke, what he and his team appreciated knowing was that they can pick up the phone and speak to someone who has a deep understanding of their business and can help solve problems or answer questions quickly. He says what sets HSBC apart is their high level of service. "They did everything we asked of them and more. From our experience, the relationship we've had with HSBC has been very supportive. They even made setting up accounts in various countries, which can sometimes be cumbersome, as seamless as possible with a clear, methodical process."

Future

"We think there's still room for improvement for us when it comes to consolidating accounts, so we'll continue working with HSBC to streamline our processes even further."

About Fitness First

Founded in 1993 with a single club in Bournemouth, England – Fitness First has grown into an international brand with locations throughout the UK, Europe and Asia. With approximately 10,000 staff across 370 clubs in 16 countries, Fitness First's goal is to give their 1 million members easy access to personalised fitness programmes.

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