

Case Study Tillo

Digital solutions support efficiency and ambition at Tillo

Manual processing and time-consuming reconciliations were threatening Tillo's growth ambitions. But for the digitally focused business, technology provided the answer, with Treasury APIs and virtual accounts unlocking efficiency and enhancing customer service.



Background

Founded in 2016, Tillo (then Reward Cloud) had a vision to transform the gift card market. Recognising the constraints of plastic gift cards and the the procurement and settlement frustrations experienced by customers and recipients, founders Gareth Gillatt and Alex Preece looked to technology to revolutionise the market.

Within a year, the company had turned a profit and, by 2019, had achieved 100% year-on-year growth. With tens of millions of transactions processed, accounting for £500m+ worth of gift cards, Tillo became a market leader. Today, Tillo works with more than 1,000 brands in 26 markets around the world.

The challenge

As an innovation focused business, Tillo was keen to streamline its internal processes and use digital solutions to enhance its customers' experience. The manual nature of its incumbent bank relationship jarred with this and encouraged CFO, Lee Spencer, to look at alternatives.

"Tillo's whole business model is based on our digital architecture," says Lee. "Going back five years or so, gift cards were all about physical, plastic or paper-based vouchers. For a business looking to send a gift card the user journey was complex, manual, time consuming and on top of that, being reliant on physical postal delivery at the end."

The entire process was inefficient for the business seeking to incentivise employees through gift cards, but tackling it was equally inefficient for Tillo. "We believe that there should be instant access to gift cards once you have a float with us and instant issuance when you order a gift card. One of our USPs when we started the business was that we approved customer funds into our bank account within an hour of funds being received (the industry norm is around two business days). We achieved that from day zero, but it was a very manual process. Managing the daily transactions, bank reconciliations and customer balances was consuming half the finance team's capacity. It was clearly not a scalable solution."

The solution

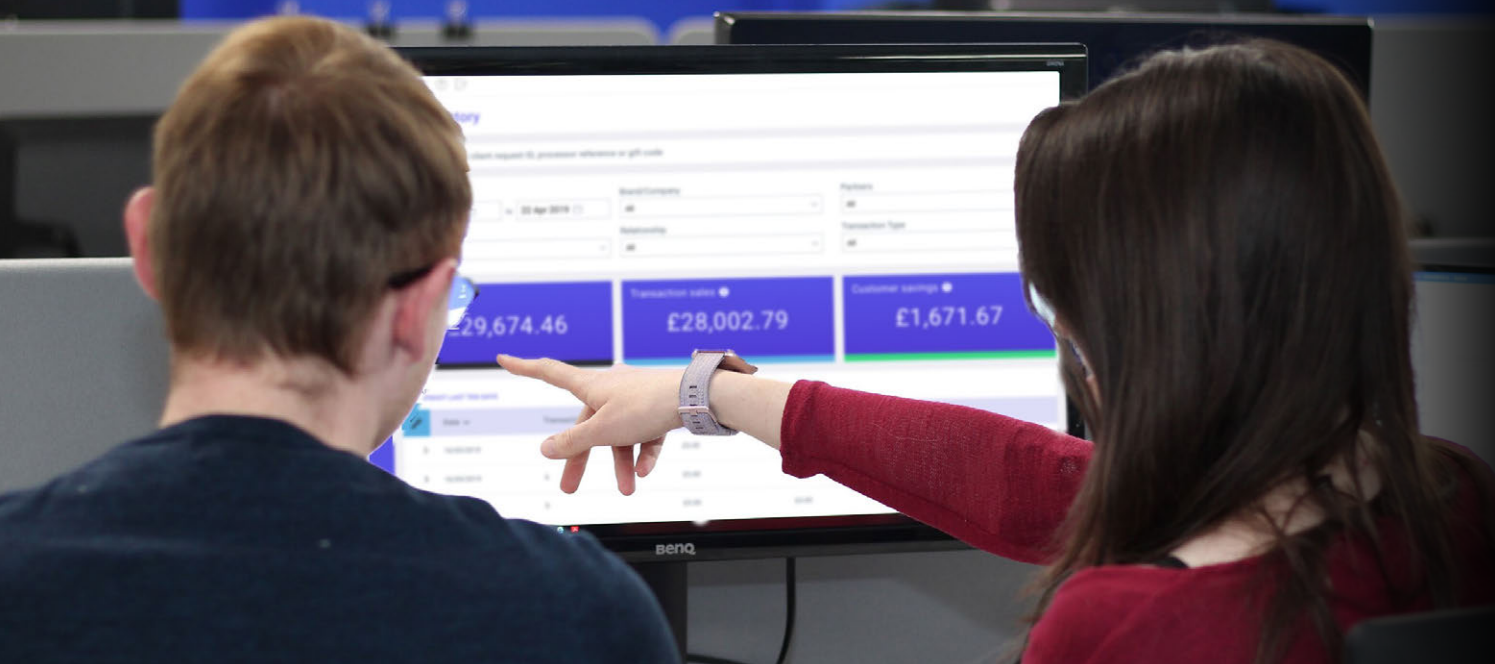
With the business growing globally and a greater number of customers transacting with an increasing catalogue of retailers, Tillo required an innovative solution that would ensure the business could maintain its service levels and improve efficiency. After reviewing different options, Lee approached HSBC.

"Following Lee's initial contact, we undertook a full transactional banking review with Lee and his team," explains Kevin Rogers, Cash Management Consultant, Global Liquidity & Cash Management, HSBC UK. "That gave us a deep understanding of how Tillo works, what the business' operational and banking challenges were and how we could support their ambitions."

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CFO





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As a result of that review, HSBC discussed a three-pronged approach that would help address the challenges Tillo faced and create a strong platform as the business looked to scale. It included consolidating the company’s banking platforms and implementing both the Bank’s Treasury API proposition and opening Virtual Accounts to assist with payer identification.

“By consolidating our three live banking platforms into one, we achieved much greater control, security and visibility of cash flows,” says Lee. “Meanwhile, implementing an API connection with HSBC allows us to continuously pull the transactions from each currency banking arm into the Tillo system to receive live data and provide our customers with instant purchasing when their money hits the account.”

The speed and automation achieved through the real-time account information

API works seamlessly with the Virtual Accounts Payer ID solution to create even greater efficiency. Explains Lee: “Each customer has their own unique virtual account number to pay into, which means we can instantly identify which customer has sent us funds as well as the amount sent and the currency, and allocate that appropriately. The master account that receives these payments uses the API to auto approve the funds. It saves us time in terms of reconciliation and enables weekend and out of hours approval. Not only do our customers get instant access, but also we get greater security as the virtual accounts mean we can keep our real bank account details out of the picture.”

Treasury APIs with Tillo’s customers, businesses and suppliers enables much faster straight-through processing , as well as automating the more time-consuming aspects of the service. “The instant nature

of the solution has transformed many of our processes from days into seconds and we have plans to automate much more with these tools” says Lee.

The solutions clearly demonstrate HSBC’s ability to combine solutions in a joined-up approach to meet client needs. Tim Clayton, Senior Product Manager, Global Liquidity and Cash Management at HSBC Europe, says: “API and Payer ID work together to create a seamless end-to-end experience for Tillo and their customers, delivering speed and data quality. With their customer base featuring some of the largest brands in the world, being able to provide a secure, simple and effective solution gives Tillo an edge.”

The process

Providing Tillo with access to a development site pre-implementation

and taking the time to understand the business meant that the process ran much more smoothly. “From the virtual accounts perspective, the fact that Tillo was re-banking anyway and therefore had to provide their customers with new account details, it meant that onboarding to the Payer ID solution was quick and straightforward,” says Tim. “Initially some of the transaction data raised challenges, however we adapted our systems to accommodate the unique references Tillo required.”

“We were really impressed by that response and willingness to overcome a few challenges and together we have created a really good solution.” says Lee.

The API connectivity was live within two weeks and the entire project completed within two months. With the solutions now fully implemented, Lee says that the

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benefits are multiple. “The main advantage is the ability to scale and process large amounts of receipts in all of our trading currencies into our business 24/7 and have these funds marked as available to use instantly.

“Our customers have been really impressed by this innovation into the gift card market and has increased our service levels even higher and provides the quickest access to digital gift cards in the market. This solution has also enabled the finance team to be refocused on controlling the treasury aspects of the department and on our next finance innovation projects.”

“For us, in finance, it offers real-time and accurate information around numerous parts of the business, including our liquidity position and profitability. And what’s particularly important is that our customers are loving the new facility and its efficiencies.”

Now with over 100 virtual accounts in operation across four currencies and with APIs operating in real-time across all currencies, Tillo’s systems are also future proofed and scalable for further global growth.

“As a digitally innovative business, we’re always looking to push the boundaries of what we and technology can do,” says Lee. “We knew that the technology to increase our efficiency existed in the marketplace; we were just looking for the right banking partner. In HSBC, we found them.”

The benefits



- ◆ Future proof – the ability to scale through enabling the automatic processing of large amounts of orders



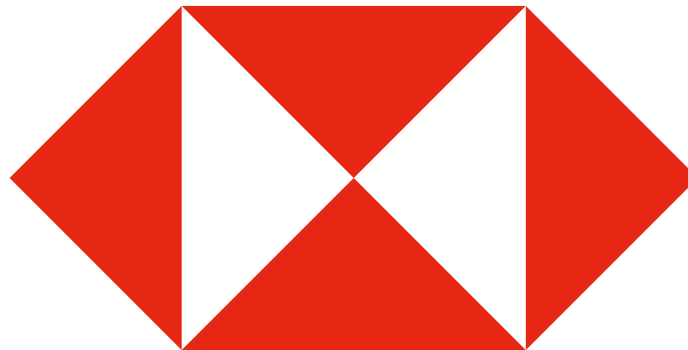
- ◆ Greater efficiency through:
 - the automatic and instant receipt, processing and approval of funds
 - reduction in processing and reconciliations from days to seconds
 - reduction in manual processing errors
 - finance team able to focus on new innovation projects
 - access to real time data and greater visibility



- ◆ Customer benefits providing:
 - instant access to funds for customers
 - reduction in customer services tickets relating to receipts
 - security of bank account details



- ◆ Cost savings:
 - eliminated working capital hold in stock
 - saved operational FTE’s and focussing recruitment in other key areas



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