

Johnson Outdoors Inc. Selects Fair Value Insight – Saving Time through Automation

“Considerable time is saved in our valuations because we don’t need to take the time to set up a spreadsheet, verify the accuracy of the exchange rates and calculations, and then distribute reports to the appropriate stakeholders. All of this is done automatically for us with Fair Value Insight. The result for us was a significant time savings – a valuations process that took hours, now only takes minutes.”

Lori Strangberg, Corporate Controller



THE CUSTOMER

Johnson Outdoors Inc. is a leading global outdoor recreation company that turns ideas into adventure with innovative, top-quality products. The company designs, manufactures and markets a portfolio of award winning, consumer-preferred brands across four categories: Watercraft, Marine Electronics, Diving and Outdoor Equipment.

THE ISSUE

As a global company, Johnson Outdoors needed to institute a program to hedge the US dollar denominated inventory purchases of its foreign subsidiaries. Their foreign subsidiaries purchase raw materials priced in US dollars from overseas suppliers, exposing the company to volatility in the spot foreign exchange markets. The company decided to enter into FX forward contracts in order to hedge against the volatility in the FX markets. Johnson Outdoors started a pilot program to manage these FX risks and chose Fair Value Insight as the system to ensure the valuation process was reliable, transparent, efficient and auditable.

THE SEARCH FOR THE RIGHT SOLUTION – FAIR VALUE INSIGHT

When looking for a solution, Johnson Outdoors wanted something that was easy-to-use, easy

to implement and cost effective. In comparison to other vendors, Fair Value Insight offered the best mix of features, including simple implementation, scalability and ease-of-use making it the clear choice. Since Fair Value Insight is a web-based system that can be accessed from anywhere, it meant that maintenance and upgrades to the system are all handled by FINCAD thus reducing the total cost of ownership and overhead required to manage software in-house.

WHY FAIR VALUE INSIGHT?

Reducing Operational Risk through Automation

Manual approaches can lead to costly mistakes such as contracts not being captured and valued, or the calculations not being performed correctly due to user error. The result is that the accounting department receives numbers based on incorrect valuations.

“As a publically traded company, there is a lot of visibility to the derivatives information in our financial disclosures. There is a high degree of accounting risk with derivatives, so the solution we employed to house the data, perform the valuation and report our hedge portfolio needed to be sound and auditable,” said Lori Strangberg, Corporate Controller.

Fair Value Insight offers the necessary transparency and reporting to pass audit scrutiny and made it easy for Johnson Outdoors’

accounting and treasury departments to keep control over the process.

Johnson Outdoors needed to ensure that all of the contracts in their hedging program were being accounted for correctly. With Fair Value Insight, trades are entered into the system once and can easily be checked against the original contracts. The system automatically retrieves the necessary currency rate information to perform the calculations so there is no risk of transposing a rate – the numbers used for the valuation are accurate. Also, since the values are calculated by the system there is no way that a user can accidentally or intentionally modify the calculation, providing further control over the process.

Easily View and Distribute Information through Enhanced Reporting

With Fair Value Insight, Johnson Outdoors can view their portfolio at a high level using the available dashboards in the system as well as viewing reports for each trade. “Producing reports is very easy. Calculations can be scheduled so reports are automatically generated – all we need to do is run the reports and we can be confident that the numbers are accurate,” remarked Lori Strangberg, Corporate Controller.

Reports can then be easily distributed to subsidiaries and stakeholders around the world via email. Johnson Outdoors is provided with

Case Study *continued*

reporting that is clear and easy to understand, so when reports are sent to their subsidiaries the values will be entered correctly into their accounting system.

Johnson Outdoors also uses the counterparty reporting functionality as a way to isolate certain trades and report against them more easily. In addition, the reports in the system assist the firm in meeting fair value disclosure requirements, such as Topic 820 (previously known as FAS 157), by providing Johnson Outdoors with the ability to segregate valuations by fair value hierarchy.

Significantly Reduce Valuation Time

Time is always at a premium. For Johnson Outdoors they needed a system that would save them significant time in performing valuations and reporting. Since the valuation process is automated in Fair Value Insight, once you've entered the contract into the system, the necessary data required to run the model is automatically retrieved. The calculation can be scheduled to run automatically based on the frequency that the user specifies. Entering contracts is also easy – the ability to duplicate a trade makes it more convenient to add a similar trade so building out portfolios in the different currencies takes less time.

“Considerable time is saved in our valuations

because we don't need to take the time to set up a spreadsheet, verify the accuracy of the exchange rates and calculations, and then distribute reports to the appropriate stakeholders. All of this is done automatically for us with Fair Value Insight. The result for us was a significant time savings – a valuations process that took hours, now only takes minutes,” said Lori Strangberg, Corporate Controller.

THE FUTURE WITH FAIR VALUE INSIGHT

Johnson Outdoors can continue to rely on Fair Value Insight as their hedging program grows. Since the system is a web-based application, they can expand the volume of trades without having to invest in new hardware and software. Best of all, the amount of time saved in valuation and reporting for their derivatives portfolio can now be directed towards adding value to their businesses.

For more information about Fair Value Insight and other treasury software solutions, visit www.fairvalueinsight.com

“The support has been excellent and responsive. The training was very clear and I appreciated that we trained using own data instead of canned data, so we could see how the system worked with our own trades. In addition, the one-on-one training focused on what we needed and helped us get up to speed quickly.”

Lori Strangberg, Corporate Controller

CONTACTS

Corporate Headquarters

Central City, Suite 1750
13450 102nd Avenue
Surrey, BC V3T 5X3 Canada

EMEA Sales & Client Service Center

Block 4, Blackrock Business Park
Carysfort Avenue, Blackrock
Co Dublin, Ireland

USA/Canada 1.800.304.0702

Europe 00.800.304.07020

London +44.20.7495.3334

Dublin +353.1.400.3100

Elsewhere +1.604.957.1200

Fax +1.604.957.1201

Email info@fincad.com

FINCAD[®]