



GoTo's ecosystem is designed around supporting consumers' needs from end-to-end in today's – and tomorrow's digital world."

Jacky Lo
CFO, GoTo Group



Citi Dialogues

GoTo Group

In conversation with *Jacky Lo*, CFO, and *Rania Ali*, Group Treasurer, GoTo Group

About GoTo Group

GoTo Group is the largest digital ecosystem in Indonesia, with a mission to "empower progress" by offering technology infrastructure and solutions that help everyone to access and thrive in the digital economy. GoTo's ecosystem comprises on-demand transport, e-commerce, food and grocery delivery, logistics and fulfillment, and financial services through the Gojek, Tokopedia and GoTo Financial platforms.

GoTo has experienced stratospheric growth since ride-hailing and payments giant Gojek and e-commerce firm Tokopedia – two unicorns – agreed to merge. Together, they became GoTo Group, the largest digital ecosystem in Indonesia, and carried out an IPO on the Indonesian Stock Exchange in April 2022.

The group's speed of growth, diversity of operations and marriage of two highly successful companies brings a unique set of challenges for its finance and treasury team. Not only has it had to support group companies' rapidly evolving liquidity and risk management requirements, but it has also needed to bring together two distinct cultures and treasury infrastructures to equip the Group for the next stage in its corporate journey.

Jacky Lo, GoTo Group's CFO, and Rania Ali, Group Treasurer, talk to Citi about their strategic and operational priorities in transforming their treasury and finance function to meet the changing needs of the business.

The merger between Gojek and Tokopedia was a huge undertaking. How did you go about bringing together the two treasury teams, cultures and infrastructures together?

One of our most important areas of focus when we brought together the two businesses was to develop a new, best in class treasury function that would combine the strengths of each organisation, support the needs of the combined group, and position us for future growth. This was an end-to-end process, from updating our treasury policies, procedures and technology, to developing a robust financial risk management framework and a revised organisational structure that could meet the current and future needs of the business.

To start this process, we worked with our partner bank Citi to perform a 'health check' on Gojek and Tokopedia's existing treasury activities using its Treasury Diagnostics tool, and provide a comparison with peer organisations. This was a really helpful process in helping us to identify focus areas and establish priorities.

Having managed the immediate requirements of the merger, GoTo Group quickly carried out an

IPO on the Indonesia Stock Exchange ("IDX") – what were the unique characteristics of the IPO and how did you support it?

Our IPO, valued at USD 1.1 billion, was one of the biggest IPOs globally in 2021-2*, bringing together two household names, Gojek and Tokopedia, to form GoTo, Indonesia's largest digital ecosystem. GoTo's ecosystem is designed around supporting consumers' needs from end-to-end in today's – and tomorrow's digital world. This includes on-demand transport, e-commerce, food and grocery delivery, logistics and fulfillment, and financial services through the Gojek, Tokopedia and GoTo Financial platforms.

Treasury's credibility in the IPO was essential given the critical role of payments and collections in facilitating and connecting this entire ecosystem. In addition, treasury was pivotal to the IPO itself by enabling and monitoring the flow of funds during the listing process. During this period, the need for treasury to have access to digital capabilities to access timely, complete and accurate data became apparent.

*Once the merger and IPO were complete, what were your priorities and primary objectives in transforming your treasury function to meet the future needs of the Group?

With the findings of Citi's Treasury Diagnostics in-hand, we engaged with the bank's Client Advisory team over a period of 12 months through a series of workshops, meetings and whiteboarding sessions. The aim was to develop a treasury strategy for the combined Group, including a roadmap with the top ten key projects/initiatives. We found that while most advisory services focus on a more traditional model of 'people, process and technology', Citi combined this with a pragmatic solution approach.

As a result of this process, we are now focused on executing the top recommendations that are aligned with GoTo's priorities. These include:

Centralising our treasury activities for better operating efficiency, control and scalability;

Rationalising bank accounts to improve liquidity management, operational efficiency and control;

Improving overall group liquidity and working capital management;

Streamlining systems across our treasury and finance functions to ensure the smooth, secure and timely flow of funds and data;

Restructuring our foreign exchange risk management framework.



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Jacky Lo
CFO, GoTo Group

A formal policy and robust risk management approach to underpin the new treasury function – and rigorously observing it – was essential. Technology plays an enormous role, leveraging innovation and efficiency opportunities to automate processes, provide effective controls, help in decision-making and achieve the scalability and agility that are so important for our business. However, execution is essential, so we have focused on ensuring that we have the right skills and processes to drive the outcomes we need as a business.

***As you look ahead, what are GoTo Group's distinctive challenges and opportunities? – and how is treasury supporting the business in these areas?**

***Why did you opt to work with Citi on your treasury transformation, and what benefits has the relationship brought?**

We have an established, trusted relationship with Citi that is closely aligned with the fast-growing, multi-faceted and digital-first nature of GoTo's business. In addition to the breadth and quality of the bank's solutions and platforms, we recognised that Citi offered a unique proposition as a banking provider. We were impressed by the bank's strong advisory capabilities, pragmatism, vision and the expertise of both experienced treasurers and product experts with a deep insight into best-in-class cash management solutions. The combination of these elements was critical for the treasury transformation that we were working towards.

While Citi's Client Advisory team worked with us over the course of a year to help develop and deliver on our vision of treasury, the relationship is long-term, and based on trust, common objectives and pragmatic delivery. Unlike other advisory processes that tend to be short term, we are able to access Citi's expertise in key areas such as liquidity management, payments, collections, financial risk management and connectivity on an ongoing basis, while implementing the bank's solutions to deliver on our treasury ambitions. We also rely on Citi to offer solutions to meet our changing business needs across our footprint, including Singapore, Vietnam and India, which many banks are not able to offer.

***Are there any elements of your transformation that particularly stand out in terms of innovation or outcomes, and why?**

The success of our transformation so far has been based on a combination of centralisation discipline, innovation and process efficiency. Strong and consistent senior sponsorship from the beginning helped to inspire a common purpose and the confidence and vision to achieve it.

eCommerce and the wider digital ecosystem is very dynamic, and businesses such as GoTo have to be agile in responding to opportunities to build market share, create new customer pathways, and expand into new market segments. Treasury plays a key role in facilitating the digital ecosystem by ensuring efficient, secure and rapid payments and collections, and optimising working capital and liquidity. By doing so, we help the group in its aims to minimise supply friction and provide customers with an excellent, end-to-end experience.

We need the right tools in treasury to do this, such as accurate, timely cash flow forecasting, secure, rapid payments and collections, and reliable risk information to help inform our business expansion plans. Robust systems and infrastructure are key to achieving this, including secure, real-time connectivity between our ERP and the bank's systems. With these tools and solutions in place, we can better manage day to day liquidity requirements, reduce the level of liquidity buffer across the group and optimise yield on excess cash.

To meet the ongoing, and rapidly changing needs of the business, treasury is keen to understand the potential for new innovations. For example, our advisory project highlighted the potential benefit of expanding our use of Citi's Virtual Cards Account "VCA" (i.e. virtual corporate credit card) to improve working capital through extended payment terms. We are implementing VCA for internal procurement in our Tokopedia business, and we are considering expanding the use of the solution to pay for digital advertising and cloud services.

Based on your experience, what would your advice be to other CFOs and treasurers of fast-growing digital companies?

The pandemic challenged GoTo across businesses and processes but most importantly it accelerated the digital journey, especially for treasury. We found that taking Citi's Treasury Diagnostic survey as a treasury health check was a great starting point to treasury transformation, and helps to establish priorities.



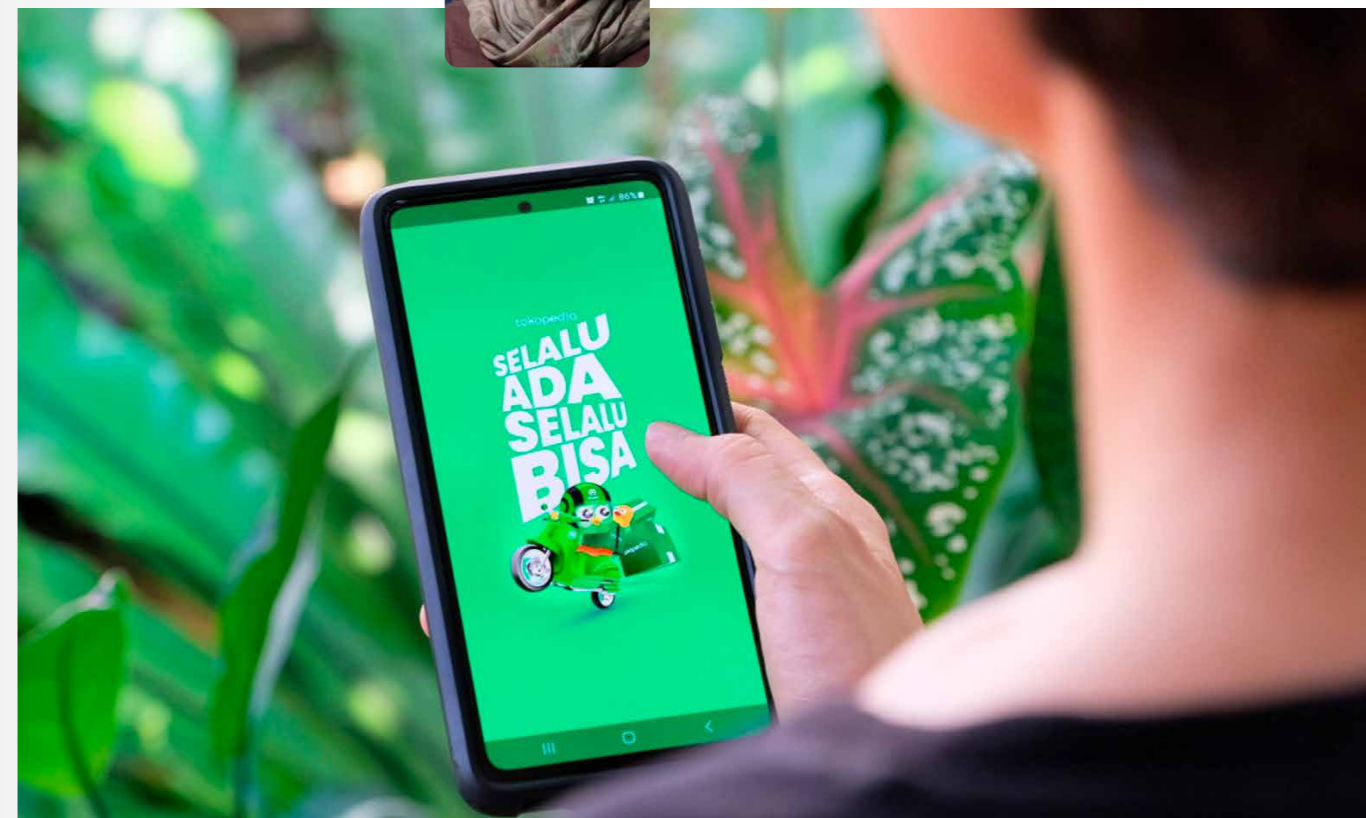
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Rania Ali
Group Treasurer, GoTo Group



As we transition into a rising interest regime with economic uncertainty, priorities such as profitable growth, prudent working capital and cash management are front and centre for corporate treasuries. Moreover, as operating models evolve to help businesses provide a great customer experience while continuing on the path of profitability, treasurers and CFOs need to play a greater role in advising on, and execution of business strategy with digital tools and data capabilities.

** "Gojek and Tokopedia's GoTo raises \$1.5bn in IPO, valuing company at \$58b", The Straits Times, 31 March 2022*



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