

# SWIFT for Corporates

## *Webinar*

Axletree Solutions  
Greenwich Treasury Advisors

February 24, 2009



# Welcome

- **Uncover solutions to better manage liquidity in today's volatile economic climate**
  - Speaker: Jeff Wallace, Managing Partner, Greenwich Treasury Advisors
  - Treasury consultant for global cash management; FX, interest rate and commodity risk management; FAS 133 hedging; and Treasury technology
- **Discover connectivity options for economically accessing SWIFT**
  - Speaker: Mohan Murali, President, Axletree Solutions
  - SWIFT Service Bureau & Service Provider with SAS-70 Type II and SWIFT Audit Certifications
- **Case Study of Corporate benefiting from SWIFT corporate access**
  - Karl Wixtrom, Controller, F&A Systems Development, UPS



# Agenda

- **Introduction to SWIFT**
- Corporate Treasury drivers
- Corporate SWIFT applications
- Making your business case
- Practical next steps
- Connectivity
- User insight from UPS
- More info



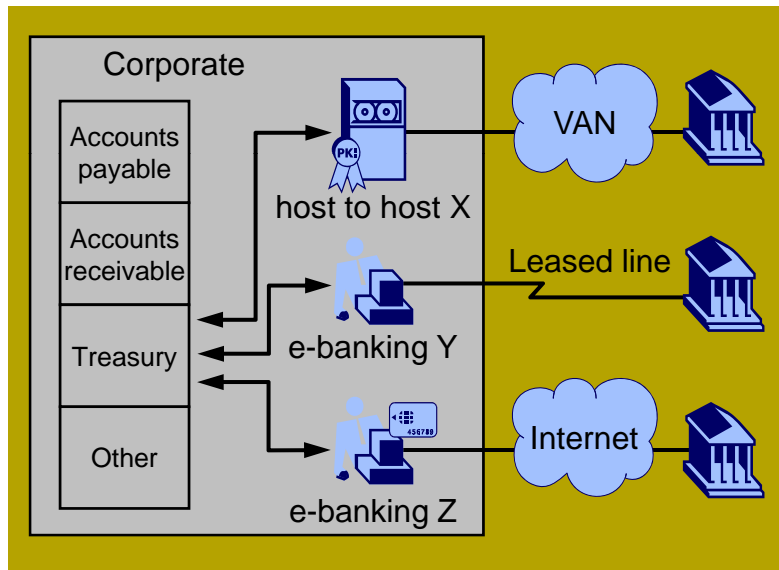
# Introducing SWIFT

Making Financial Messaging  
MORE SECURE and LESS EXPENSIVE

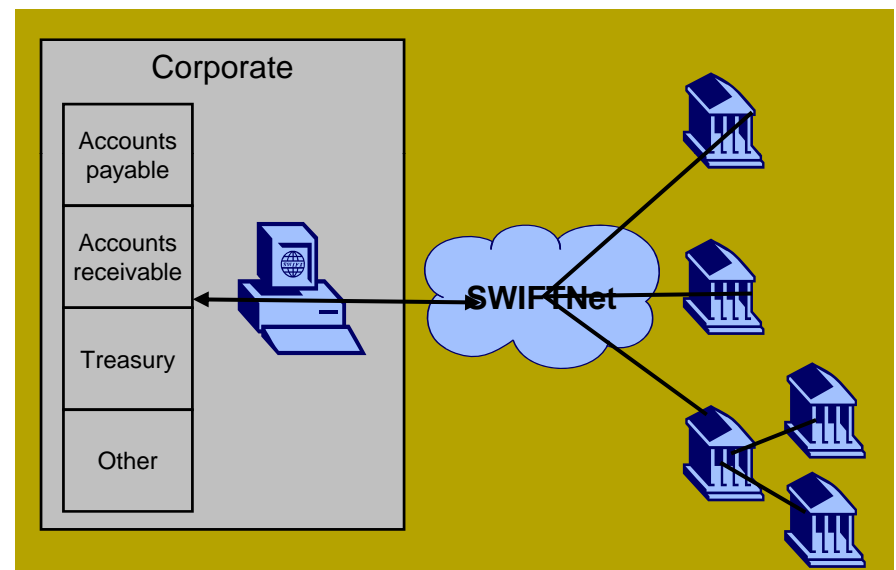


# SWIFT: a single, standardized gateway

## *Multiple bank channels*

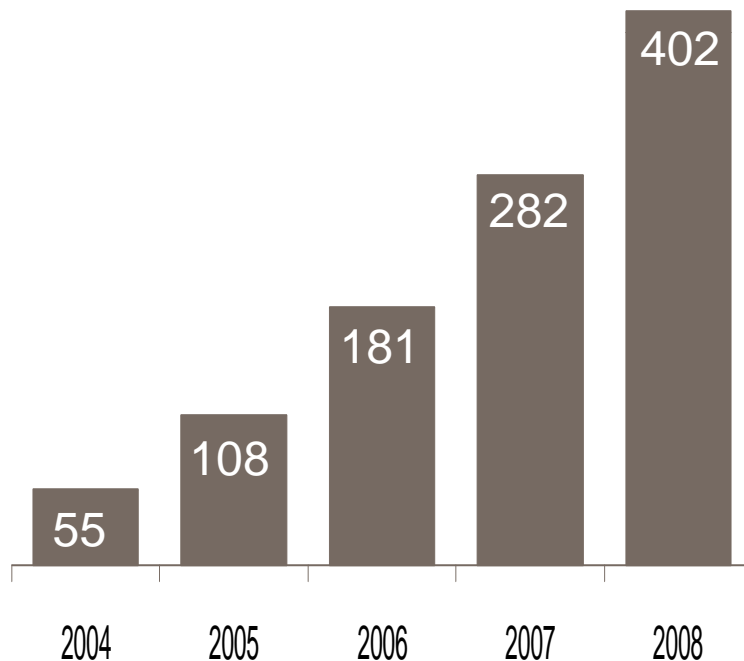


## *Single, standardized gateway*



# Corporates on SWIFT

## # registered corporates



## Profiles of corporates

- Geographic spread:
  - 70% EMEA
  - 20% Americas
  - 10% Asia
- Increasing number
  - Of smaller size (<1 bn EUR annual turnover)
  - With fewer banking relationships (even 1)
  - Using SWIFT for domestic transactions

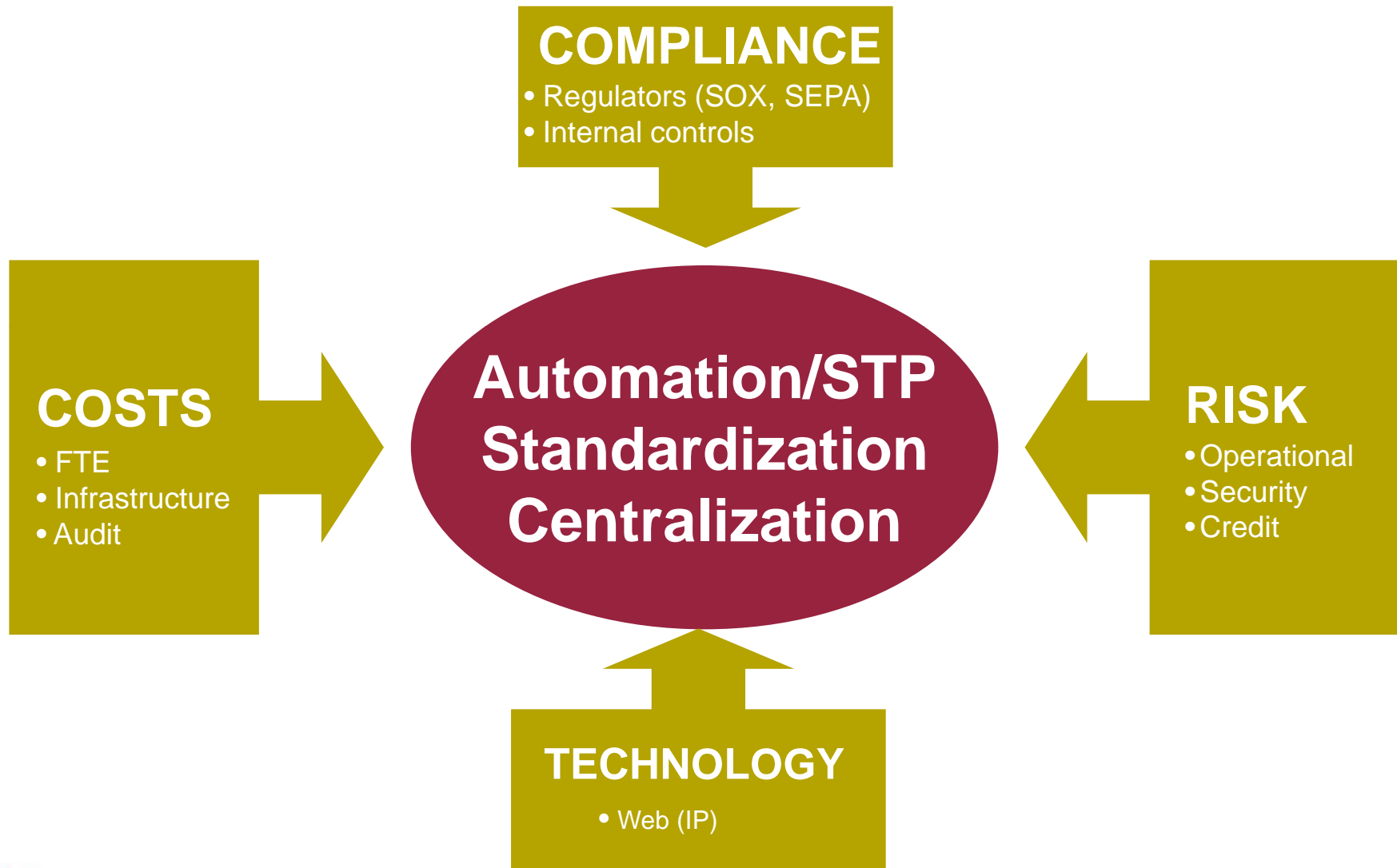


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# Corporate Treasury drivers



# Corporate SWIFT applications

- More efficient global cash/liquidity management
  - Real-time intraday balances via MT 942 messages
  - Move real-time cash via MT101 messages to offset deficit positions and consolidate cash quicker for investments
  - Eliminates need for overlay physical pooling structures
  - Can eliminate notional pooling bank costs
  - Access to cash held at legacy local banks that is heretofore unutilized
  - Larger investment positions can be invested longer term
  - Easily scalable for new banks and new entities
  - Auto reconciling cash G/L Accounts with MT 940 messages



# Corporate SWIFT applications (cont'd)

- Efficient, secure mechanism for transferring bulk payment information: A/P, Payroll, expense reimbursements, HR benefits, etc.
  - Via FileAct, send ACH's, wires, and direct debits
  - Facilitates payment factories
  - Consolidated volumes reduce transactions costs
- Quicker, easier clearing of incoming remittances against A/R file
  - Account statements allow STP with autoreconciling
  - Quicker clearing provides better customer service and allows quicker credit approval for customers near credit limits
- Electronic trade confirmations
  - MT3xx's for FX, interest rate, and money market trades



# Likely future SWIFT applications

- Transaction exception handling (Exceptions & Investigations)
- Automation of investment matching and reconciliation beyond money market instruments
- Electronic automated management of bank accounts and authorizations/permissions, modifications and closings
- Faster and less costly XML messaging, facilitating STP



# Making your business case – The tangible benefits

- Decreased net interest expense due to
  - Real-time management of cash
  - Accessing cash at banks never accessed before
  - Reduced overdrafts and borrowings
  - Better investment rates
- Decreased bank transactions costs
  - Eliminate bank proprietary networks at \$30K/network
  - Elimination of overlay bank accounts and pooling costs
  - Lower disbursement costs
- Decreased in-house bank maintenance costs
  - Treasury staff
  - IT staff



# Making your business case – The intangible benefits

- Improved security with one single dedicated network vs. many bank internet networks
- Increased network reliability at 99.999% level
- Bank independent
- Easily scalable to new bank counterparties and new units
- Better SOX and audit compliance
- Increases time on decision-making versus time spent cobbling together information from diverse sources
- Frees critical treasury resources from channel-supporting to real value-added activities



# Key benefits of using SWIFT

<b>Funds visibility</b>	<ul style="list-style-type: none"><li>• Obtain visibility on cash across multiple banks, to improve working capital management</li></ul>
<b>Cost savings</b>	<ul style="list-style-type: none"><li>• Rationalize multiple proprietary connections, all different</li><li>• Increase straight-through-processing and staff productivity</li></ul>
<b>Control, Security, Reliability</b>	<ul style="list-style-type: none"><li>• Better control on payment initiation</li><li>• Increase overall security and reliability</li></ul>
<b>Compliance</b>	<ul style="list-style-type: none"><li>• Reduce administrative work to document bank communication processes (SOX)</li></ul>



# Value of SWIFT to Corporates

*"With SWIFTNet, we never have to worry about availability."*  
Assistant Treasurer, GE

*"Using SWIFT, T-Mobile can run a central platform with a single standard for every country and every bank for the first time."*  
VP Finance & Treasury, T-Mobile International

*"We needed a more efficient, repeatable solution. Now data security is standardized and tighter. Costs are lower in time and money.."* Controller, UPS

**What corporates on SWIFT value**

*"SWIFT was the only way to make our vision - reach all our banks via one connection - a reality."*  
Global Treasury IT Manager, DuPont

*"SWIFTNet is enabling Microsoft to build one centralized 'source of truth' for banking data shared across the company."*  
Group Manager, Treasury, Microsoft

*"SWIFTNet played a main role to achieve all the objectives of our treasury centralization project."*  
Head of Treasury and Risk Management, Iberia

*"We took SWIFT to reach all our banks directly, with the highest security."*  
Head of Treasury Control and Reporting, Novartis



# Case studies

Company	Benefits	ROI	Payback
DuPont	<ul style="list-style-type: none"> <li>• IT and Treasury labor savings</li> <li>• Retirement of bank systems</li> <li>• Working capital optimization</li> <li>• Improve strategic focus</li> </ul>	203%	36 months
Iberia	<ul style="list-style-type: none"> <li>• IT and Treasury labor re-allocation</li> <li>• Retirement of bank systems</li> </ul>	276%	25 months
Petronas	<ul style="list-style-type: none"> <li>• Treasury staff growth avoidance</li> <li>• Reduced communication charges</li> <li>• Increased interest earnings</li> <li>• Improve strategic focus</li> </ul>	404%	14 months

Source: Robertson, David, "SWIFT Corporate Access: The Next Generation", gtnews.com, 15 October 2007



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# Practical next steps

1. Let us help: Role of a SWIFT partner
2. Define scope of your project
3. Plan your project
4. Contact your banks
5. Join SWIFT, Choose BEI - identity
6. Select connectivity option (Direct Vs. Indirect)
7. Integrate SWIFT in your back-office



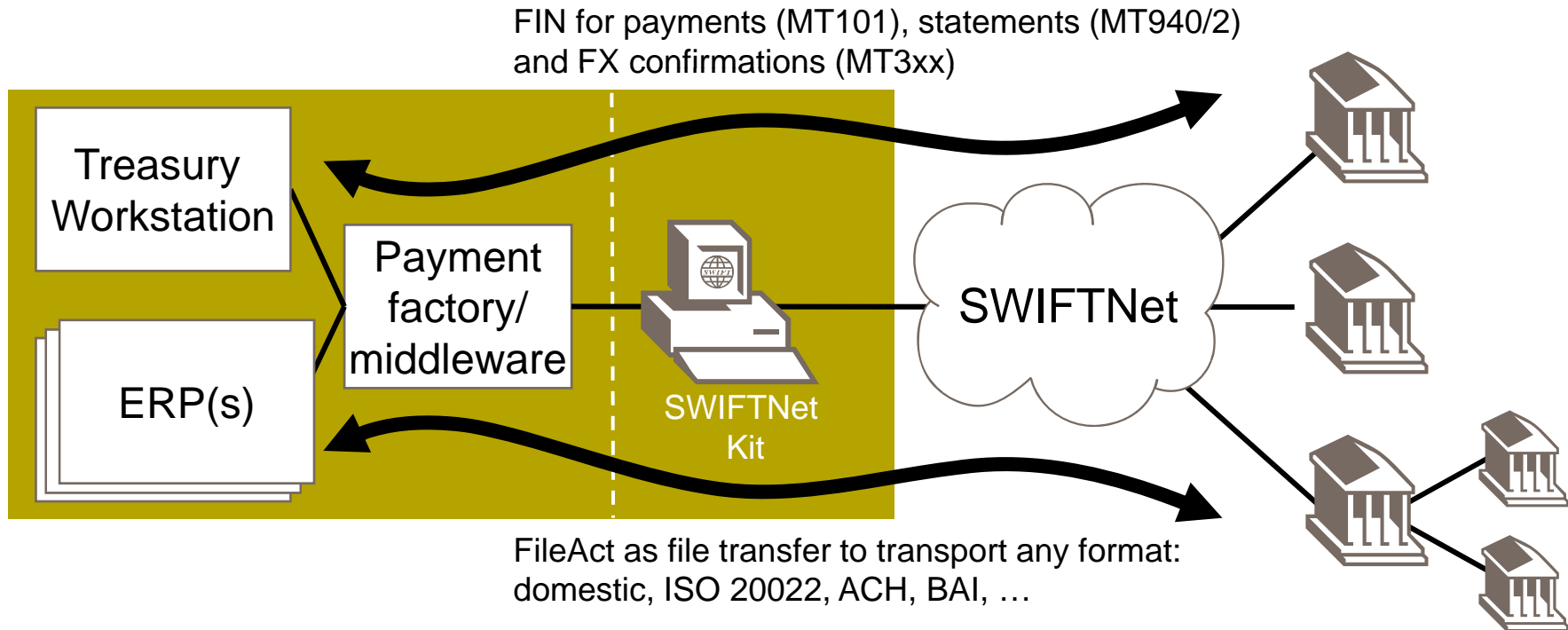
# Define scope of your project

Which applications to connect to SWIFT?

How to connect?

What formats & messaging to use?

Which banks to connect to?



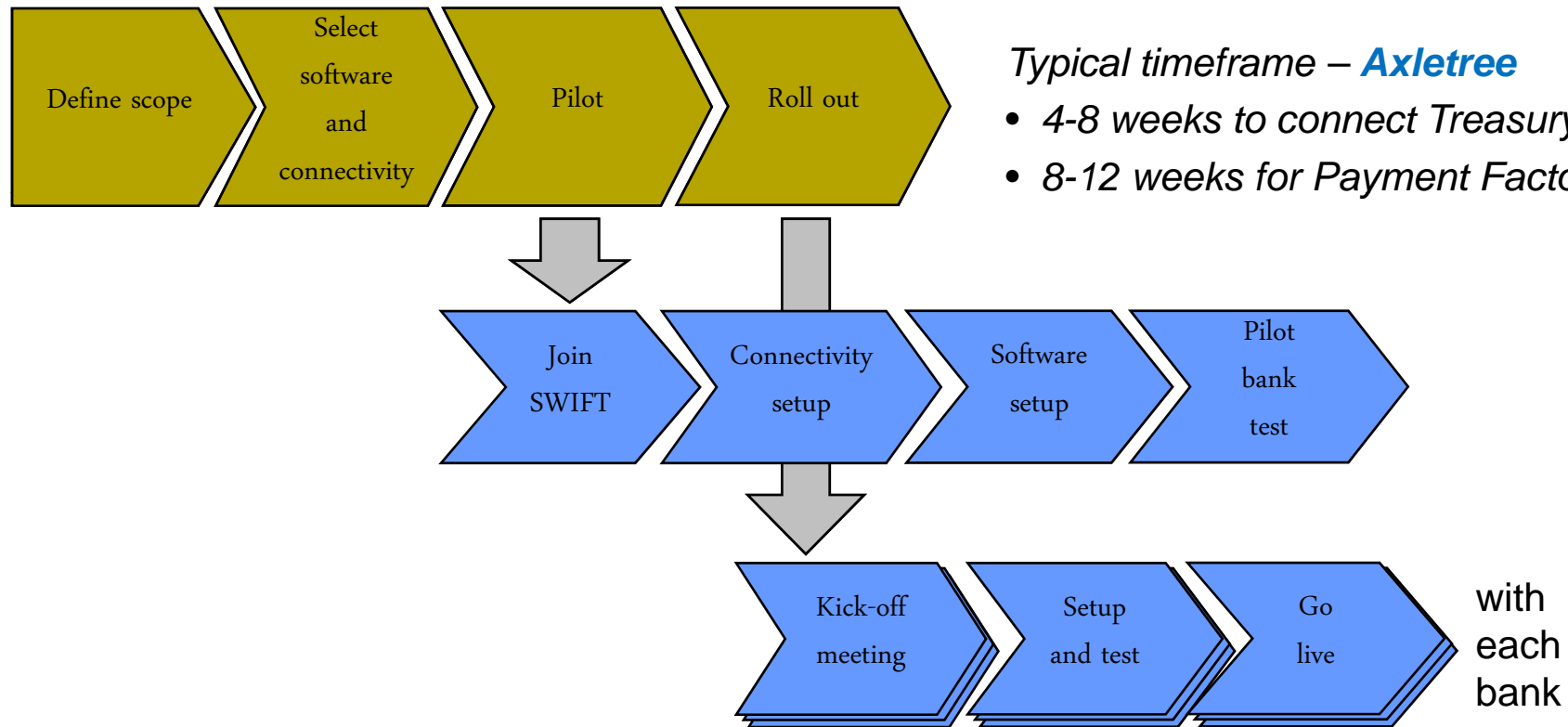
# Plan your project

Typical timeframe - **Direct**

- 3-6 months to connect Treasury
- 6-12 months for Payment Factory

Typical timeframe – **Axletree**

- 4-8 weeks to connect Treasury
- 8-12 weeks for Payment Factory



# Contact your banks

Reach:  
916 banks  
in  
104  
countries

Number of bank destinations that  
sent / received payments and statements  
with corporates over SWIFT  
January 2007 – June 2008

- Contact your bank
  - Understand their offering
  - List of contacts at key banks providing corporate access: [swift.com/corporates](http://swift.com/corporates)
- Contract with your bank
  - Agree services and formats
  - Contract template available



# Join SWIFT

## Choose BEI - identity

- BEI (Business Entity Identifier)

Example **CORPUS33**

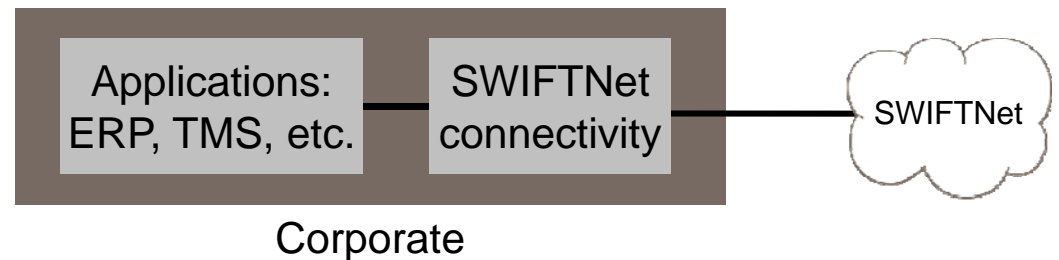
- Used for routing
- Used to identify an entity within a transaction
- Published in BIC directory



# Select connectivity option Direct or Indirect (Axletree)

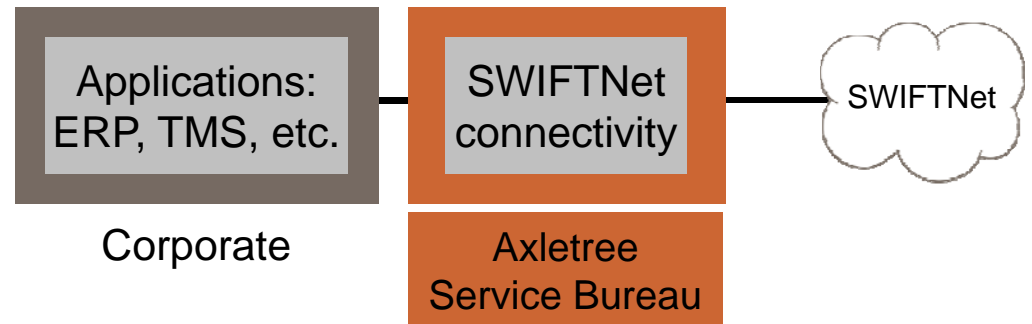
## a) Direct Connectivity Private infrastructure

SWIFTNet connectivity infrastructure owned and operated by corporate



## b) Indirect Connectivity Shared infrastructure (Axletree Service Bureau)

SWIFTNet connectivity infrastructure owned and operated by third party



# Insourcing vs. Outsourcing - Connectivity

## Direct Connectivity

1. Owned by Corporate
2. In-house integration with back-end systems
3. Local administration and support
4. Complies with internal security policies
5. *Typical implementation timeframe*
  - 3-6 months to connect Treasury
  - 6-12 months for Payment Factory

## Indirect Connectivity (Axletree)

1. Outsourced, Lower Cost
2. Access to third party middleware integration tools
3. Dedicated technical resources
4. SaaS delivery model (SAS-70)
5. Faster implementation
  - *Typical timeframe*
    - 4-8 weeks to connect Treasury
    - 8-12 weeks for Payment Factory



# Insourcing vs. Outsourcing

## Integrate SWIFT in your back-office

### Direct Connectivity

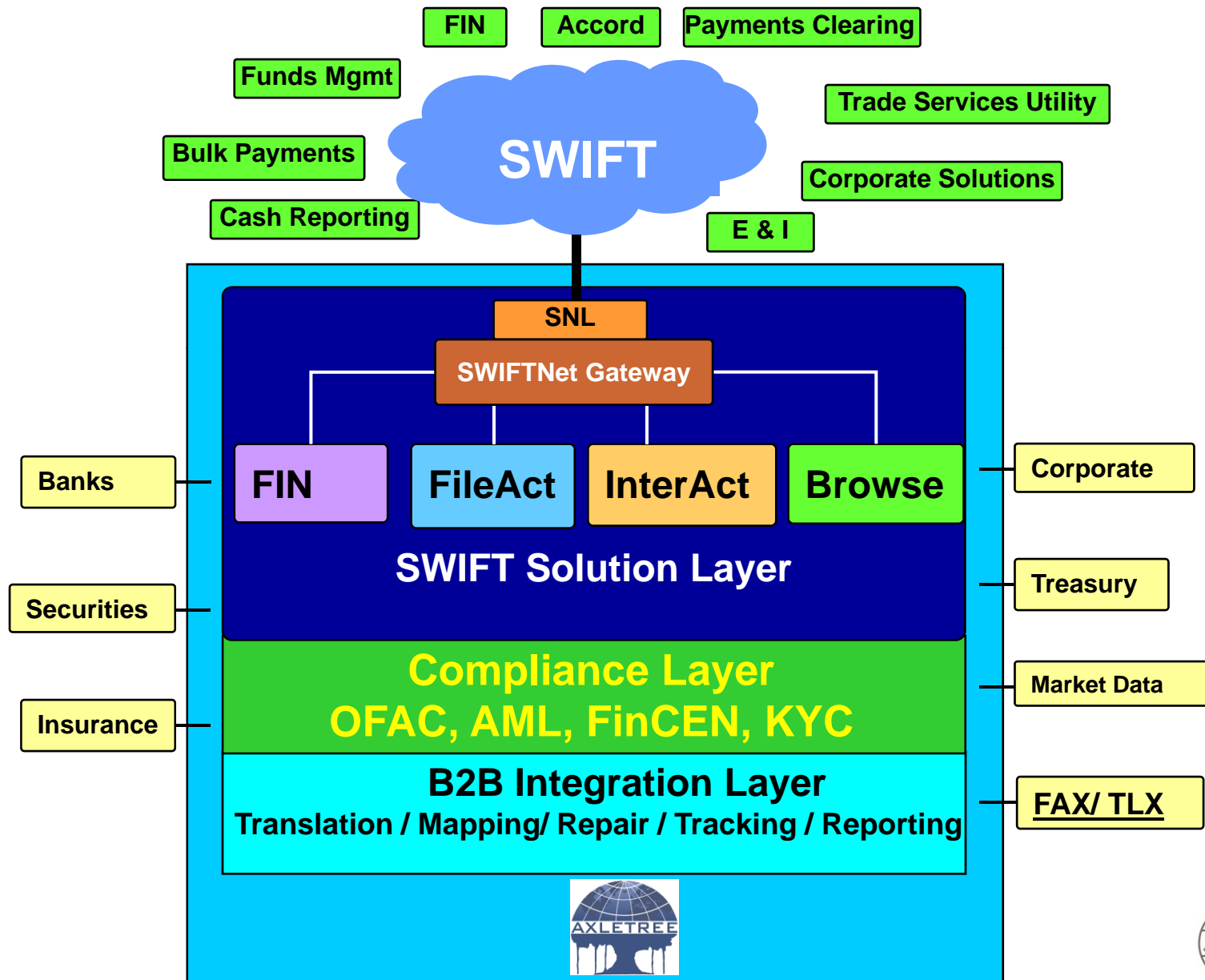
1. Do it yourself:  
Integrate through custom built code
  - Treasury
  - ERP
  - Finance and Accounting
  - Human Resources
2. Use a middleware B2B Integration application

### Indirect Connectivity (Axletree)

1. Use professional services
  - Third party Integration services & tools
2. Use a middleware B2B Integration application
  - In a SaaS (Software as a Service) model



# Single Window to SWIFTNet



# Axletree: Who we are

- Registered SWIFT Service Bureau
- Accredited SWIFT Service Provider
- SAS-70 Type II and SWIFT Audit Certifications
- Gartner recommendation
- History:
  - Since 2002: Exclusive focus on SWIFT Solutions
- Clients:
  - 58 & Growing across the USA and the Caribbean
- Locations:
  - New Jersey, Pennsylvania, Mumbai
  - Stable & Reliable operations



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# UPS – World's largest transportation company

- 200+ countries and territories
- 4 billion packages in 2007
- Carry 6 % of U.S. GDP, 2% of global GDP
- \$49.7 billion in 2007 revenues
- 2<sup>nd</sup> largest employer in U.S., 8<sup>th</sup> largest in world (427,000)
- 9<sup>th</sup> largest airline in world
- 100,000+ vehicles
- Largest DB database in world (2 times size of U.S. customs)
- Beijing Olympic sponsor



# Case Study: United Parcel Service

- Client: UPS, Mahwah, NJ
- Service: SWIFTNet FileAct
- Usage: Global
- Department: Finance and Accounting Systems
- Connectivity: Through Axletree Solutions, Inc.
- Go Live Date: February 21, 2008
- Connectivity Implementation: 25 days
- Total project implementation: Less than 1 year
- Type of transactions: A/P



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# More info - SWIFT

- Contact your bank(s)
- Contact corporates on SWIFT
- Contact SWIFT
- Register to the corporate community on [www.swiftcommunity.net](http://www.swiftcommunity.net)
- Go to [swift.com/corporates](http://swift.com/corporates)
- Attend conferences
  - Industry events like Eurofinance
  - “SWIFT for corporates” days
  - Sibos Forum for Corporates



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**SWIFT**

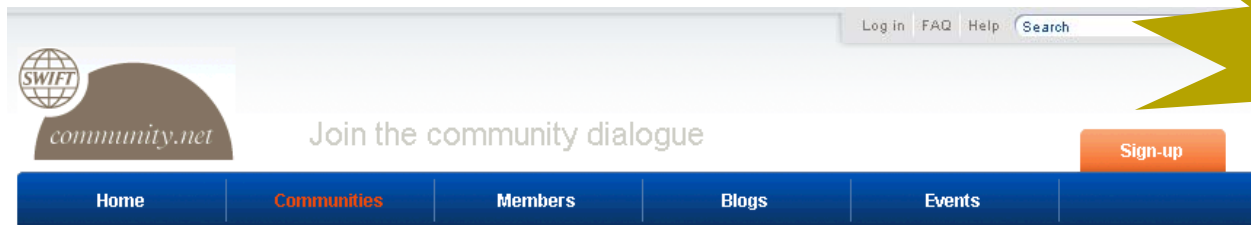
7 Times Square, 45<sup>th</sup> Floor

New York, NY, 10036



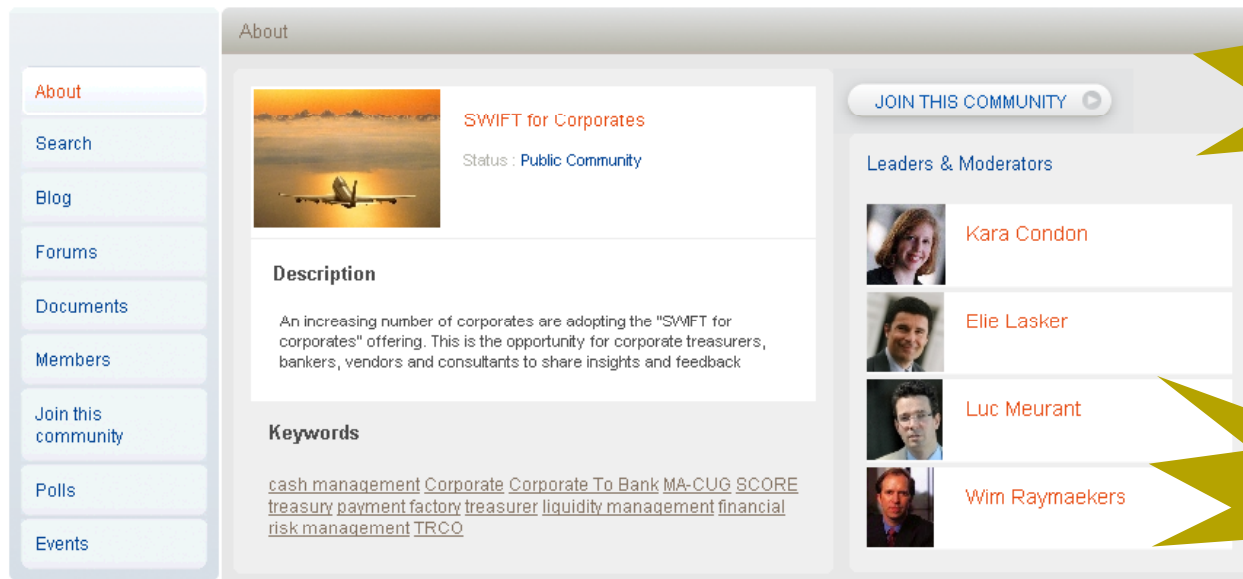
# SWIFT for corporates community

<http://www.swiftcommunity.net/corporates>



**~ 900 members**

## SWIFT for Corporates



**Case Studies**

**External Bloggers**



# More info – Axletree Solutions Inc.

- Contact Mohan Murali, President
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  - (732) 296-0001
  - [www.axletrees.com](http://www.axletrees.com)



# More info – Greenwich Treasury Advisors

- Founded in 1992 as an independent corporate treasury consultancy
- Over 350 clients ranging from Global Fortune 10 multinationals to mid-market international companies
- Core expertise is international treasury
  - Global cash management
  - FX, interest rate and commodity risk management
  - FAS 133 hedging
  - Treasury technology
- Contact Jeff Wallace, Managing Partner
  - [jeff.wallace@greenwichtreasury.com](mailto:jeff.wallace@greenwichtreasury.com)
  - (303) 442-4433



Thank you!

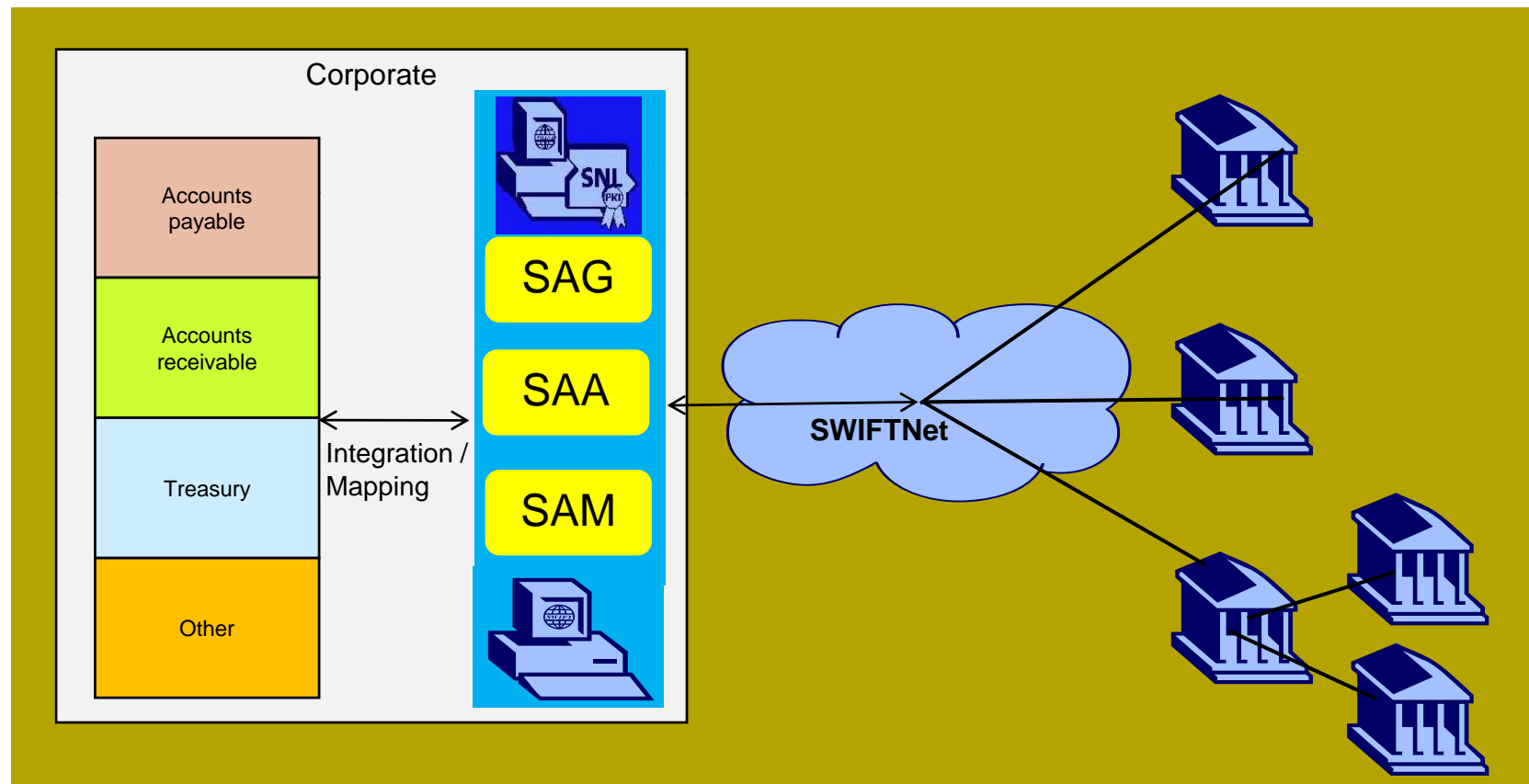
# Questions and Answers



# Private Infrastructure - Direct Connectivity

## a) Private infrastructure

SWIFTNet connectivity infrastructure owned and operated by the corporate



# Shared Infrastructure - Indirect Connectivity

## Axletree SWIFT Service Bureau

