

TREASURY & RISK

THE FUTURE OF FINANCE TODAY

November 2008

TREASURY MANAGEMENT

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UPS USES A SERVICE BUREAU TO LINK INTO SWIFT TO STREAMLINE ITS A/P BULK PAYMENTS AND ELIMINATE ONE-OFF BANK INTERFACES IN 15 COUNTRIES.

Swiftly Simple

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—UPS' WIXTROM

MANY OF THE trailblazers in direct corporate use of SWIFT are big companies like Microsoft and GE that are implementing big infrastructure strategies. But specific tactical applications can also pay off, as Atlanta-based \$49.7 billion UPS Inc. has discovered. UPS didn't build an internal SWIFT infrastructure. It signed on with a service bureau, Axeltree Solutions, North Brunswick, N.J. And it didn't use SWIFT to communicate with all its banks to get a complete, real-time view of cash. What

it did was solve an A/P bulk payments problem. Instead of building one-off interfaces with individual banks in multiple countries to transmit A/P files, it turned to a single interface with its service bureau to get A/P files to two banks,

Citi and BNP Paribas, which hold UPS' A/P bulk payment accounts for 15 countries. The one-off interfaces entangled UPS in "different message formats, different transmission methods, different data security protocols and proprietary encryption and communication routines that were expensive and time-consuming," says Karl Wixtrom, controller for finance and accounting systems development. "We needed a more efficient, repeatable solution." Now data security is standardized and tighter. Costs are lower in time and money.

The solution is working in 15 countries that are on UPS's Oracle ERP system. Oracle exports A/P bulk payment files to an internal EDI application, which then sends the payments in EDI format to EasyLink, a value-added-network, which forwards them to Axeltree. Axeltree puts the files in a SWIFT FileAct wrapper and uses its SWIFT connection to send them to Citi and BNP in Europe. The banks execute the payments—wires,

checks and ACH-like batch-processed low-dollar electronic payments. In most cases, UPS uses one disbursing account per country.

UPS will expand its solution to include more banks and more countries. "All future A/P deployments in new countries will come via SWIFT," Wixtrom says. "It's now a requirement to take SWIFT files if you want to be a disbursing bank for UPS." But whether it becomes a broader financial communication strategy is up to treasury, which would be the primary user, Wixtrom notes.

One of the benefits of starting small and using a service bureau is simplicity. "It took 25 days to implement," Wixtrom says. And one of the drawbacks is modest savings. "This isn't a large ROI project, but we'll break even in less than five years," he reports. "If we had gone for more bank reporting and straight-through processing, the benefits would have been greater."

