

Corporates

on SWIFT



THE VALUE OF SWIFT TO CORPORATES

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Corporate expansion plans

Welcome to the Q2 edition of Corporates on SWIFT. After two gruelling years for the financial services industry as a whole, it is pleasing to a bearer of good news: corporate take-up of SWIFT is booming.

Last year we saw an interruption in SWIFT's pattern of continuous growth in annual traffic volumes, reflecting conditions in the industry. While growth has subsequently resumed, volumes for the year as a whole did not register an increase. Corporate involvement has, however, been on the rise, both in terms of the number of firms joining and the traffic volumes generated.

The range of corporates joining has also expanded. With initiatives such as Alliance Lite, smaller corporates are finding it easier to take advantage of SWIFT both operationally and from a cost perspective. Geographically too, corporate involvement has been spreading, notably in the US, where a number of well-known Silicon Valley companies such as eBay and CISCO have found the SWIFT value proposition convincing.

Partly as a result of the crisis itself, we have seen a surge in the use of reporting messages. Achieving improved visibility on cash positions has been a key priority for corporates in present environment, a point addressed in this issue both by Adyl Sayagh of Syntesys (page 4) and Marie-Laurence Faure of BNP Paribas (page 6). One of the first things new corporate customers of SWIFT take advantage of is the ability not only to receive end-of-day statements and timely information on their intraday positions, but also to integrate this information into their applications.

New initiatives

There are also a number of new initiatives we are undertaking that will ease the administrative burden for corporates in dealing with their financial service providers. There is a strong corporate appetite for Electronic Bank Account Management (EBAM) and, as Carlo Palmers explains on page 7, that is high on the agenda. Although



Elie Lasker,
head of corporate market, SWIFT

There is good news on the trade and supply chain side. Banks and corporates now have a single channel for exchanging standardised corporate-to-bank trade data.

Elie Lasker, head of corporate market, SWIFT

developments in this area are at an early stage, our EBAM messages have already been accepted as ISO standards. In a related project, we are about to launch a pilot programme for our digital identity solution with a view to going live in Q3 this year. Four banks, nine corporates and seven vendors are involved. There is good news on the trade and supply chain side. Banks and corporates now have a single channel for exchanging standardised corporate-to-bank trade data. Trade for corporates now covers 43 flows for Import and Export Documentary Credits and Guarantees and Standby Letters of Credit. This more than doubles the original offering made available in

December 2008.

We have also developed a consultancy programme to help banks prepare their offer towards customers, optimise their investment in SWIFT and lower their overall TCO.

On page 3, we provide a case study of Alcatel-Lucent, whose SWIFT implementation project has resulted in a number of significant tangible benefits.

I hope you enjoy this issue. Please feel free to take part in debating the themes we cover here at: www.swiftcommunity.net/corporates. Alternatively, please email us at: swiftforcorporates@swift.com.

We welcome your feedback.

Elie Lasker, head of corporate market, SWIFT

Meeting the needs of a centralised treasury

SWIFT has helped Alcatel-Lucent to gain a global view of its multiple treasury flows

With more than 77,000 employees and operations in over 130 countries, Alcatel-Lucent is a leader in fixed, mobile and converged broadband access, carrier and enterprise IP technologies, applications, and services. In 2009, the group generated total revenues of EUR 15.2 billion.

Alcatel-Lucent runs a centralised treasury that is responsible for global cash and liquidity management. It monitors bank relationships and supports the group subsidiaries in bonds, guarantees, financing and hedging. As part of a growing and changing business organisation, the treasury had to deal with

the following specific challenges:

- Support three regional shared service centres in implementing best in class processes;
- Standardise treasury processes and tools; and
- Rationalise existing bank communication tools and reduce costs.

Bank partner

Standard Chartered has long been a key partner for Alcatel-Lucent, helping the firm to implement innovative working capital solutions across Asia, Africa and the Middle East. Working with Standard Chartered Bank, Alcatel-Lucent selected SWIFT to streamline its banking communication channels.

The bank assembled an experienced team designed to mirror Alcatel-Lucent's organisational structure and align with the project objectives. In-country Standard Chartered representatives worked with each Alcatel-Lucent unit, while central coordination with the Paris head office was managed out of Singapore.

Having decided to replace its banking communication infrastructure and aiming to facilitate the implementation of best in class transactional processes, Alcatel-Lucent adopted the SWIFT for corporates solution. "Increasingly, our clients are turning to SWIFT to gain better visibility and control of their liquidity and manage their working capital more efficiently," says Neal Livingston, global head of client access, transaction banking, Standard Chartered Bank.

Alcatel-Lucent's one-off investment paid off rapidly. Standard Chartered support in Asia and the Middle East enabled the company to implement a truly global and standard solution, and to significantly increase cash visibility.

The resulting initiative brought the following benefits to Alcatel-Lucent:

- Global visibility on cash: the group cash position is known daily and on time to guarantee sound investment decisions.
- Cost reductions, driven by:
 - banking channel rationalisation
 - standardisation
 - end-to-end integration with company's ERP (SAP) and Treasury Management System
- Productivity increase: business growth is absorbed at constant staff level
- Availability of a single standardised communication channel to banking partners

The group now communicates over SWIFT with approximately 85 banks.

Increasingly, our clients are turning to SWIFT to gain better visibility and control of their liquidity and manage their working capital more efficiently.

Neal Livingston, global head of client access, transaction banking, Standard Chartered Bank.



We now have end-to-end integration between our ERP system and our various banking partners – all using a standardised interface and protocol.

Xavier Hourseau, director, IS & Operation Group Treasury, Alcatel-Lucent

It achieved global visibility over 1,140 bank accounts daily, using MT 940. Some 12,000 high value payments are initiated monthly in 59 different currencies using MT 101. Bulk payments are being progressively exchanged over the SWIFT file transfer mechanism, FileAct.

“The solution has met our objectives for a centralised view of cash flows, payments, liquidity, counterparts and transactions,” says Xavier Hourseau, director, IS & Operation Group Treasury, Alcatel-Lucent. “We now have end-to-end integration between our ERP system and our various banking partners – all using a standardised interface and protocol.”

Future opportunities

With the success of this project, Alcatel-Lucent is now considering moving beyond cash and treasury management to address other treasury needs; notably, the use of dedicated trade messages (MT798) for bank guarantees and letters of credit and the automation of bank account management using newly developed EBAM XML messages.

For more information on this case study, please contact Mahesh.Narayan@sc.com (Standard Chartered Bank)

How can SWIFT help you?

Cash visibility, risk diversification, access to credit and cost savings are on every treasurer's mind in today's turbulent financial environment.

Multiple banks? Looking for ways to centralise collections and achieve greater automation through standardisation?

SWIFT for corporates enables corporates to exchange financial information (payments, securities orders, reporting) with all their financial institutions through one highly secure, standardised communication platform, as opposed to multiple connections. SWIFT's internationally recognised standards help corporates reduce costs and risk, and increase efficiency through improved automation and liquidity management, leading to easier regulatory compliance.

Case studies of treasury departments that have implemented SWIFT tell the story best showing ROI anywhere between 200 and 400%. SWIFT for corporates is giving them significant return on investment and impacting the bottom line. Low cost and easy connectivity options such as Alliance Lite are taking the “pain” out of connecting to SWIFT and making it accessible for corporates of all sizes.

Benefits

- Visibility of accounts at multiple banks
- Reduce costs and risk of financial transactions
- Improve auditing processes, ensuring easier compliance
- Increase straight-through processing
- Optimise cash and liquidity management
- Streamline operations
- Focus on continuity and security
- Global reach

Demonstrating ROI

Syntesys provides a consultant's view on the extensive benefits to corporates of leveraging an investment in SWIFT



The SWIFTReady consultancy programme defines a framework enabling consultancy firms and SWIFT to develop the

SWIFT for corporates business. It provides a planned and structured approach to collaborate and coordinate actions.

The Syntesys group, created in January 2008, with the merger of OnFin and Cardinal Consulting, is a SWIFT Regional Partner in Continental Europe and the first non-commercial regional partner to focus exclusively on the delivery of SWIFT-certified professional services to all segments of the SWIFT market. Corporates on SWIFT spoke to Adyl Sayagh, managing partner and CEO, Syntesys, about consultancy for corporates.

What was the biggest challenge you faced in achieving the SWIFTReady Consultancy for Corporates label?

The challenge of this certification is twofold: (1) The large scope of expertise expected by SWIFT and (2) The actual method chosen by SWIFT for this certification. As far as the scope is concerned, Syntesys held SWIFT certifications that were either business- or technically-oriented but never both. This is the first SWIFT certification that requires a deep understanding of the

corporate treasurer's business drivers as well as extensive technical expertise to demonstrate the benefits of SWIFT security, network and standards for corporate treasury systems and applications. Secondly, the certification process itself was very difficult because it involved four hours of actual role play in front of a panel of SWIFT experts representing SWIFT's sales, marketing and partner management teams.

In your experience, what are the main issues of concern for corporates considering using SWIFT?

In the aftermath of the financial crisis, cash is the main concern. More than ever before, corporate treasurers need real-time visibility on worldwide cash positions enabling them to maximise liquidity, reduce borrowings, manage financial risks and prevent potential frauds. From my experience, it has been very easy to convince corporates to embrace SWIFT for their bank communication as soon as we made them realise the benefits of migrating to a universal, standard, secure, scalable and reliable channel to do business directly with all banks worldwide and for all of their critical business processes – from domestic and international bulk or single payments to treasury and cash management or even trade services.

That's Syntesys' mission: Demonstrate to corporate treasurers that there is a tangible ROI to migrate from proprietary solutions to SWIFT. Sometimes we have to advise corporate treasurers to be proactive in adopting SWIFT at their own pace before the internal corporate controller mandates it for compliance for regulatory reasons.

To what extent do you need to customise your approach to the needs of individual corporates or are there certain criteria by which you can segment potential

SWIFT's 'Pay as You Go' pricing together with the simple turnkey Alliance Lite product make SWIFT an affordable reality for corporates of all sizes in all markets.

Adyl Sayagh, managing partner and CEO, Syntesys



corporate users of SWIFT?

At Syntesys we respect the fact that every corporate likes to think it is unique. Our motto is "Big enough to serve. Small enough to care". So, yes, not only do we customise our approach to the needs of the corporate, but we also adapt it to the local market constraints. In France, for example, where Syntesys is a major player in the migration from the legacy ETEBAC network and protocol to SWIFTNet, we have, in partnership with SWIFT and partner banks such as BNP Paribas and Deutsche Bank, developed a specific one-stop-shop approach for French corporates where Syntesys delivers all service components for a smooth migration from ETEBAC to SWIFTNet.

Everywhere else in Europe, SEPA is one of the major business drivers and our approach is again adapted to that specific need with Syntesys solutions that include SWIFT's Alliance Integrator for ISO 20022 compliance.

As far as segmentation is concerned, frankly, there is none required anymore. SWIFT's 'Pay as You Go' pricing together with the simple turnkey Alliance Lite product make SWIFT an affordable reality for corporates of all sizes in all markets. Pricing and complexity is no longer a valid excuse.

Are there any projects you have completed that illustrate the benefits to corporates of taking the SWIFT route?

Absolutely. I will start by mentioning an international project we are currently delivering for a worldwide leader in healthcare products. Thanks to SWIFT, our SWAPS application for corporate payments and statements combined with our SWIFT Service Bureau, all in SaaS mode, this client will achieve tangible savings when it retires over 10 proprietary e-banking platforms and saves over 20 FTEs from its European shared service centre.

In addition to reducing costs and business process complexity, the SWIFT project will also deliver softer benefits in the area of payment status tracking, account reporting, and exceptions and investigations handling. Let me also add that the extensive bank request for information (RFI) managed by Syntesys for this client has led it in some markets to switch to a new banking partner able to offer comprehensive financial services over SWIFTNet.

The second example I'd like to mention is a domestic project in France where we have delivered a full ETEBAC replacement solution in record time to LME (Laminés Marchands Européens) who in the context of its group IT

consolidation project needed a new banking communication platform compatible with the group's SAP ERP system.

Do you have a template for creating a business case for a corporate considering joining SWIFT?

In fact, we build on the business case templates developed by SWIFT for corporates, where we clearly identify the operational benefits that can be derived from the retirement of proprietary systems and/or optimisation of staff. We then work with the corporate treasurer to estimate the financial benefits that could be derived from working capital optimisation, for example. Last but not least, the template leaves enough room for the softer benefits in the area of increased compliance, better security or simply fraud prevention.

Which markets have you found the most enthusiastic about the opportunities resulting from using SWIFT?

Syntesys is SWIFT's regional partner in France, Switzerland, Germany and Austria. It is no secret that France is by far the leading country in Europe in terms of corporate connectivity to SWIFT. There are really two main reasons for this. First is the historical support of French member banks for the SWIFT corporate access initiative. All major French banks have been actively promoting corporate access within their own MACUGs well before the general use of SCORE. Secondly, France Telecom has announced the retirement of ETEBAC, the current French corporate-to-bank network and protocol. That has created a massive opportunity for SWIFT member banks in France to offer French corporates of all sizes an ETEBAC replacement that reuses SWIFT's proven solutions while at the same time leveraging their long-term investments in SWIFT.

Addressing the corporate challenge: a bank perspective

BNP Paribas was a pioneer in delivering the benefits of SWIFT to corporate customers. What changes has it seen in the market environment?

BNP Paribas has long been attuned to the potential benefits of SWIFTNet for corporate customers. As a result, explains Marie-Laurence Faure, head of channels products at BNP Paribas cash management, the bank chose to run its 'SWIFT for corporates' business from within the cash management business line. "We gave responsibility directly to the people in charge of corporate customers and their banking communication requirements," says Faure. Given that SWIFT has traditionally been used for interbank communications, BNP Paribas felt a different approach was needed for SWIFT to be viewed as a regular corporate channel. "This positioning allowed us both to design an appropriate value proposition and to help SWIFT itself understand the specific needs of our corporate customers," says Faure.

The range of corporates looking to benefit from SWIFT has expanded over time. "In the beginning," says Faure, "very large corporates had the greatest interest in SWIFT because they need international multibank channels." Such firms were looking not only to enhance

information flows for cash management services, but also for other business lines such as trade, securities and FX. "For a multinational corporate, it is very important to use a solution like SWIFT for corporates that is multi-business and worldwide," she comments.

The deployment of SWIFTNet within a corporate organisation has tended to develop in stages, says Faure. "The first is often to start as a treasury counterparty, exchanging MT 300s with their banks," she explains. "A second step, still using FIN, is to move into cash management with single orders such as MT 101 and account statements like the MT 940. The third step is to put mass transactions such as supplier payments and direct debits into FileAct, making use of the full scope of cash management solutions." Once they are comfortable with using SWIFT for their cash management needs, corporates will look to extend the benefits from their investment into other areas such as securities and trade. "Using SWIFT for cash management is now well established. Securities in this context could be viewed as an 'emerging market', while for trade services, we are more in pioneer mode," says Faure.

Midcap opportunities

In the beginning, Faure suggests, SWIFTNet was not seen by many midcaps as a feasible option as it was relatively complicated and expensive. But with the advent of service bureaux and connectivity solutions like Alliance Lite, she notes, “midcaps are an increasingly attractive target for SWIFT for corporates.” To some extent, she acknowledges, the attitude of midcaps to the opportunities presented by SWIFT are likely to vary, depending on whether the firm concerned is primarily domestic or is active internationally. “SWIFT is definitely a good solution for those with international activities, even if they’re quite small,” says Faure. “For midcaps with domestic activity only, it depends on the culture of the different countries.”

BNP Paribas has created a special package for midcap corporates in the French market, including its own service bureau and member concentrator services and is planning to export the concept to other markets.

The bank is also involved in exploring new services over SWIFTNet. “We are part

of a pilot project with SWIFT in electronic bank account management (EBAM) and will also be piloting its digital identity solution with two customers in the coming weeks,” says Faure.

Cash management university

For the past four years, BNP Paribas has organised an annual cash management university. This is a two-day event organised in partnership with several industry players including SWIFT and dedicated to corporate clients “The idea is to dialogue and exchange views on the key issues that corporate clients have in their day-to-day activities,” says Faure. There are a number of plenary sessions with keynote speakers as well as a variety of workshops. “We explore future organisational needs and solutions. It is really a dialogue. There are no sales presentations,” she stresses. Last year, the event attracted 100 corporate clients from 19 different countries. “The fourth cash management university will be on 25 and 26 November in Paris,” she adds. “It’s an ideal opportunity for clients to hear what their peers are doing.”

For a multinational corporate, it is very important to use a solution like SWIFT for corporates that is multi-business and worldwide.

Marie-Laurence Faure,
BNP Paribas



EBAM is live

ISO-compliant standards now available for electronic bank account management

While payment processes have largely been automated, bank account management remains surprisingly manual for most corporates. “Everyone agrees that it is a real issue,” says Carlo Palmers, corporate market solution manager, SWIFT.

All that is about to change, however. In response to requests from the community, SWIFT has developed standards for Electronic Bank Account Management (EBAM), which can be accompanied by potentially necessary electronic attachments and transported securely over SWIFTNet FileAct. The standards cover four key areas, says Palmers: account opening; closing; maintenance; and reporting. Fifteen XML messages have been developed to cover the scenarios envisaged.

The account opening messages are designed for existing customers to open new accounts at their banks. To some extent, the ability to complete that process entirely electronically depends on local legislation. “In some jurisdictions, you still have to provide a copy of your identity card, but at least you can exchange this in an electronic way,” says Palmers. Account closing may at first sight appear to be a simple process, but, as Palmers points out, it requires instructions on how to handle the remaining balance on that account.

As for maintenance, Palmers does not expect management of the normal characteristics of an account to generate huge volumes of traffic. By contrast, he expects mandate maintenance messages to be widely used. “These cover issues such as who can sign up to what threshold, the combination of signatures required for higher thresholds, and the types of transaction that particular signatories can perform,” says Palmers.

For more information,
contact carlo.palmers@swift.com

Seminars promote SWIFT for corporates in APAC

In collaboration with the International Association of Corporate Treasurers (IACCT), our member banks and partners, SWIFT is running a series of ten seminars in Asia Pacific throughout 2010.

These invitation-only seminars have been designed with the priorities of corporate treasurers in mind. Their objective is to promote treasury best practices and innovative ideas to improve the operating environment for treasurers. "The seminars give us the perfect opportunity to share with our target customers the impact of technology on their business and show them how they can leverage our solution for corporates to better manage their liquidity," explains Caroline Lacocque, head of corporate

connectivity, Asia Pacific.

The first event, co-hosted with HSBC and SunGard, took place in Hong Kong on 27 January. It attracted twenty-eight treasurers and corporate finance officers from companies such as Jardine Matheson, Li & Fung Limited, and MTR Corporation.

For more details on these seminars please refer to www.swift.com/corporates

About IACCT

IACCT is committed in its mission in promoting treasury best practices and in embracing innovative ideas to improve the operating environment for treasurers in Hong Kong and China. <http://www.iacctchina.com>

Product update

Common Global Implementation Guides published for pain.001 and pain.002

Common Global Implementation (CGI) Guides for ISO 20022 Customer Credit Transfer Initiation and Payment Status Report V3 are being published for industry usage.

These guides are a result of actual implementation requirements and harmonisation across various parties for utilisation with global corporate, multi-banked, multi-payment type, multi-country implementations (mixed payables).

The focus is on the general message structure and then successful creation of individual transactions that can be executed by the participating banks.

More information is available in the documents section at www.swiftcommunity.net/CGI.

Feedback is welcome in the blog.

For more information, contact marc.ghesyskens@swift.com

Meet SWIFT – upcoming events

Date	Organiser	Event	Location
20 Apr	NACHA	NACHA Payments	Boston
21 Apr	AFP	AFP Treasury Management Forum	National Harbor, MD
21-23 Apr	Schwabe, Ley & Greiner	Finanzsymposium	Mannheim, Germany
27-28 Apr	ACT	ACT Annual Conference	Manchester
16 May	AFP	AFP Global Corporate Treasurers Forum	Washington
5-7 May	Eurofinance	International Cash & Treasury Mtg	Miami
12-14 May	Eurofinance	Cash and Treasury Management	Singapore
26 May	Eurofinance	Cash, Treasury & Risk management for Companies in Spain	Madrid
3 Jun	IACCT	IACCT, BNP Paribas and SWIFT	Shanghai
1 Jul	Eurofinance	International Cash, Treasury & Risk management in Japan	Tokyo
Jul	IACCT	IACCT, J.P. Morgan and SWIFT	Guangzhou
25 Aug	IACCT	IACCT, Deutsche Bank and SWIFT	Hong Kong
6-8 Aug	Eurofinance	International Cash & Treasury Mtg	Geneva
25-29 Oct	SWIFT	Sibos 2010	Amsterdam
TBC	IACCT	IACCT, J.P. Morgan and SWIFT	Shanghai
7 Nov	AFP	AFP Annual Conference	San Antonio
23 - 24 Nov	Eurofinance	Cash, Treasury & Risk management in India	Mumbai

Save the date!

Sibos forum for corporates

Amsterdam
26-27 October 2010

www.sibos2010.com

SWIFT pour les entreprises

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