



The Power of Experience®

Supporting Global Growth through SWIFT Connectivity



Background: PETRONAS

With revenue of over \$50 billion, Petroliaam Nasional Berhad (PETRONAS) is a leading oil and gas multinational whose businesses encompass the full spectrum of oil and gas operations.

- Headquartered in Kuala Lumpur, Malaysia
- Operates in over 33 countries
- Employs 34,000 individuals

Background: Group Treasury Division

- Manages surplus cash for 60+ subsidiaries / business units
- Responsible for interest rate and FX exposure management
- Local subsidiaries manage operational accounts and daily payables and receivables

“With SWIFT, we now have a standard and reliable process with all our banks”

SWIFT delivers straight through processing and a 414% ROI for PETRONAS

THE CHALLENGE

Supporting the financial needs of a Global FORTUNE 500 firm, the Group Treasury Division of PETRONAS manages significant daily volumes of payments and foreign exchange flows.

Prior to August 2005, payment requests, notifications to receive and deal confirmations (FX and securities) were handled via semi-automated telexes and manual faxes. To meet these challenges in an environment of rapidly growing activity, PETRONAS realized it needed to establish standard and reliable processes with its banks to achieve its goals.

THE OBJECTIVE

PETRONAS' goal was to improve efficiency and control by automating manual activities via straight-through processing.

- Straight through processing, eliminating manual faxes and processes, reducing errors and error rates
- Reduced costs (staff overtime, telex, fax, etc.)
- Enhanced controls around and visibility to transactions, notifications and confirmations
- Streamlined operations and increased Treasury staff efficiency and productivity
- Fewer bank interfaces to support
- Increased security for transmissions

THE INITIATIVE

After assessing its options, PETRONAS embarked on a two pronged initiative in September 2004.

- 1) Implement a Treasury Workstation, Trema Suite, to automate processes and interface with the company's Enterprise Resource Platform, SAP
- 2) Communicate with their 6 primary banks via SWIFT to achieve greater straight-through-processing in payment requests, notifications and confirmations.

SWIFT IMPLEMENTATION

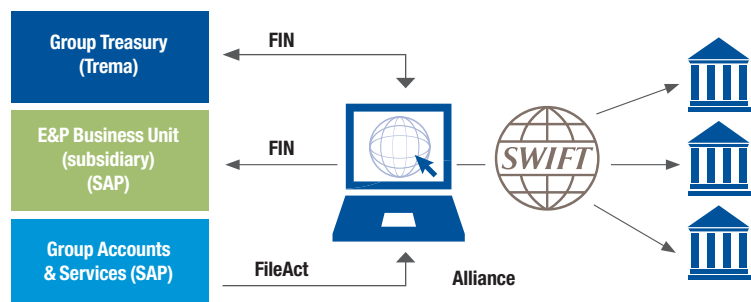
FIN

- Treasury payments
- Notifications to receive
- FX & securities deal confirmations
- Statements

FileAct

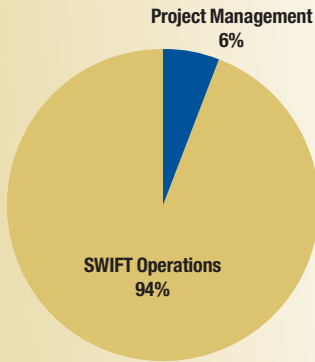
Instruction letters to suppliers

- Predefined format
- PDF format

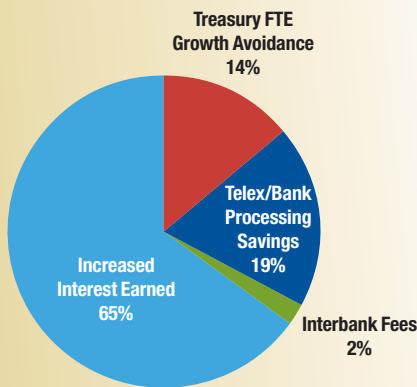




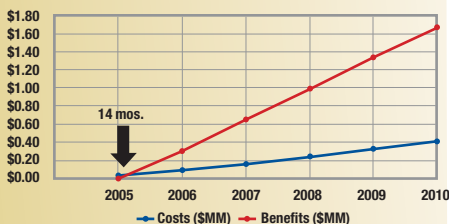
Investment Components



Benefits Components



Breakeven Analysis



THE COST / BENEFIT

PETRONAS achieved its objectives of enhanced productivity, enhanced controls and greater straight through processing.

Implementation and ongoing costs include:

- Project management costs—including a link to Trema Suite which was already SWIFT-enabled
- SWIFT operations costs—including Alliance capital expenditure and maintenance, traffic and transaction costs

Benefits include:

- Treasury staff growth avoidance—treasury staffing levels have remained constant at 8 despite a doubling of transaction volumes and a 55% reduction in overtime
- Savings in telex and bank processing costs—due to automation and straight through processing
- Increased interest earned—as a result of increased funds available due to payments that can be released a day later
- Enhanced strategic focus—Operational efficiencies have allowed Group Treasury Staff and Executives to focus on more strategic initiatives for the company such as the planned implementation of a shared services center / payments factory.

All of the above quantifiable benefits have resulted in a net benefit of \$1.1 million over 5 years, an ROI in excess of 400%, and a payback period of 14 months. Additional financial benefits will be realized with the shared service center / payments factory.

THE CONCLUSION

PETRONAS has achieved a single channel and straight through processing with its banks. Building on this initial project, they have begun plans for a shared service center and payments factory that will be using SWIFT as its messaging infrastructure.

The above analysis was performed by Treasury Strategies, Inc. during the second quarter of 2007. For more information on this case study, please contact Treasury Strategies at: info@TreasuryStrategies.com or your local SWIFT office.

About Treasury Strategies, Inc.

Treasury Strategies, Inc. is the leading Treasury consulting firm working with corporations and financial institutions. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions.