



Roche extend use of SWIFT to maximise technology investment

From our point of view, this project has been a success and we can see the value of our investment. Our relationship with our technology partners continues to develop and is enriched by successfully delivering innovative solutions like this. We look forward to continuing to evolve and innovate our treasury services to support Roche today and into the future.”

Marco Brähler

Head of Treasury Back Office, Roche

The company

F. Hoffmann-La Roche, the Swiss based bio-tech company was founded in 1898 by Fritz Hoffmann-La Roche who believed that the industrial manufacture of medicines would be a major advance in the fight against disease. Today, Roche has grown into one of the world's leading healthcare companies. The increased focus on innovation and biotechnology leads to important advances in diagnostic techniques and medicines aimed at molecular targets. As a result, many diseases can be detected earlier and treated more specifically.

In 2016, Roche sales achieved 50.6bn CHF across the two divisions of the company, with Pharmaceuticals and Diagnostics culminating in a net income of 9.7bn CHF. A strong performance in times of war, terror and epidemics was made possible by the commitment of the company's 94 052 employees around the globe.

In order to continue as leaders in industry, Roche invest considerably into the research and development of new medicines, in particular the difficult to treat diseases. At the same time, they are focused on maximising technology investments that help with prudent financial management.

The treasury challenge

In order to support the global business activities of Roche, the treasury team based in Basel require effective cash management systems and processes. In keeping with the innovative ethos of the company, the treasury team are constantly seeking to reduce costs and increase efficiency, particularly as there are only 3 people who manage the centralised treasury function for Roche. This project was prompted by Roche's desire to: invest directly with their chosen Money Market Fund (MMF) providers, be able to automate trades, access investment performance tracking data and portfolio values when required and reduce trading costs. The combination of all of these elements provided attractive benefits for the company.

An important aspect of the Roche treasury role is to maximise their existing investments in technology and realise all of the benefits available from the integration of their SAP financial system and their financial communication network provider, SWIFT.

In fact, Roche was one of the very first corporate members of SWIFT's SCORE (Standardised Corporate Environment) in 2006 and subsequently established a fully integrated payment process from their SAP system across the SWIFT network, with standardised reporting of account balances and transactions for easy, straight-through reconciliation and posting to the general ledger and intercompany accounts. As the SWIFT network has grown, the ability to access many more banks and financial institutions across the globe has enhanced the value to Roche.



Having gained experience of working with SAP and SWIFT over recent years, the Roche team identified an opportunity to capitalise further on this expertise by automating the transfer and reporting of their investment funds transactions directly with their chosen MMF providers. The ability to automate these transactions in today's low interest rate market afforded Roche an opportunity to save money, improve operational efficiency, reduce the risk involved in dealing with multiple broker accounts/ passwords, and eliminate the time consuming manual processing of these transactions.

Access to end-of-day statements of holdings ensures investment performance can be tracked and monitored daily and with confidence.

The SWIFT solution

Providing a reliable solution for their MMF connectivity requirements was an extension of the strong relationship that has evolved between Roche and SWIFT over many years. A deep understanding of the technical environment at Roche and the ability to integrate with the incumbent SAP system was instrumental to enabling SWIFT to deliver their part of the solution and meet the Roche treasury team requirements.

In essence, Roche create an MT502 (order to buy or sell) and send it to the chosen MMF provider. The MMF returns an MT509 (trade status message) followed by an MT515 (Client Confirmation of Purchase or Sale). At this point, the book value is recorded and used as the basis for measuring the performance of the investment on a daily basis as an MT535 (statement of holdings FUNDS) are automatically generated each day.

These transactions are fully automated in to and out of the SAP system ensuring the Roche financial reporting is always up-to-date. This is essential for timely decision making and vital in the current investment market conditions.

"This project takes full value of the situation we have today where NAV 1 = 1 USD. In a financial world that is constantly changing, we also feel confident that we will be able to meet the challenges of the future. Given the level of investment that we manage at Roche,

it was considered a very worthwhile opportunity to remove unnecessary charges incurred when managing our investments in the traditional way. This has provided us with timely reporting on investment performance and ease of tracking our portfolio." Marco Brähler, Head of Treasury Back Office, Roche.

The future

There is no doubt this is a very innovative solution, with demonstrable benefits, that is working well for Roche. Savings are being realised and we now have the flexibility to scale trading activities when required.

Whilst some might think that the timing of the SWIFT decision to migrate MT messages to MX messages to conform to ISO20022 Standards could negatively impact a project such as the one undertaken by Roche, this was not considered an issue when risk/reward factors were taken into account by the treasury team.

"From our point of view, this project has been a success and we can see the value of our investment. Our relationship with our technology partners continues to develop and is enriched by successfully delivering innovative solutions like this and we look forward to continuing to evolve and innovate our treasury services that support Roche today and into the future." Marco Brähler, Head of Treasury Back Office, Roche.

By working closely on this project, the combined SWIFT/SAP and Roche team have delivered the required benefits for Roche and given them more flexibility and control over their investment portfolio. At the same time, the team have gained additional expertise and experience of the processes and systems used.

The process of adopting the new ISO20022 compliant MX messages is now expected to be a smooth transition for Roche given the success of this project. The challenges of integration and automating new processes, procedures and third parties have already been resolved and Roche are now ready for the future, with the confidence that they have already paved the way for embracing new standards and the benefits that these will bring.

"This project takes full value of the situation we have today where NAV 1 = 1 USD. In a financial world that is constantly changing, we also feel confident that we will be able to meet the challenges of the future. Given the level of investment that we manage at Roche, it was considered a very worthwhile opportunity to remove unnecessary charges incurred when managing our investments in the traditional way. This has provided us with timely reporting on investment performance and ease of tracking our portfolio."

Marco Brähler

Head of Treasury Back Office, Roche