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# Annual Conference

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## Beyond SWIFT Basics: Corporate Options and Considerations

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INEOS Group

Craig Jeffery

Strategic Treasurer

Maria Flores

Sysco Corporation

Mohan Murali

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# Panel of Speakers

**Craig Jeffery** – Managing Partner, Strategic  
Treasurer, Treasury Consultants

**Mohan Murali** – President, Axletree Solutions  
SWIFT Partner & Service Bureau

**Rebecca Libourel** – US Treasurer, INEOS \$28 Billion,  
global chemical company

**Maria Flores** – Finance Lead, Sysco Corporation  
\$39 Billion, global food distributor

# Agenda

## **1. Overview on SWIFT** *by Craig Jeffery*

*Features, Benefits, STP, Cost Benefit Analysis*

## **2. Connectivity to SWIFT** *by Mohan Murali*

*Connectivity options and general implementation plan*

## **3. Case Study – INEOS** *by Rebecca Libourel*

*SWIFT Implementation*

## **4. Case Study – Sysco** *by Maria Flores*

*SWIFT implementation and integration with ERP*

# 1. Overview on SWIFT

*Features, Benefits, STP, Cost Benefit Analysis*

*By Craig Jeffery*

# SWIFT Simplified Overview

## *Two Key Components*

### **1. STANDARDS SETTING BODY**

*For communication of business messages.*

### **2. NETWORK – or PIPE**

*For communicating business messages and files.*



# Top Level Features of Using the SWIFT Network

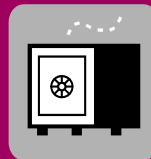
## Messages

- Balances
- Transaction Details
- Wire Instructions
- Files (non-SWIFT formats)
- Trade Messages
- eBAM



## Uptime & Security

- Near-Military Grade Security
- 99.999+ Uptime
- Which system will banks bring up first?

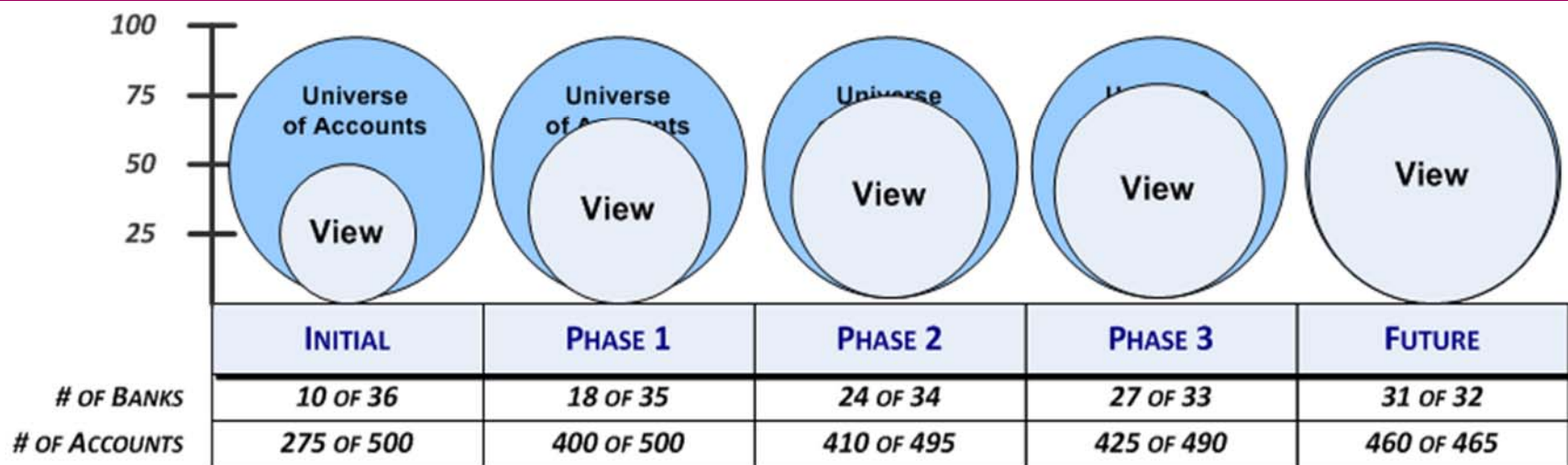


## Confirmed

- Non-repudiation of messages

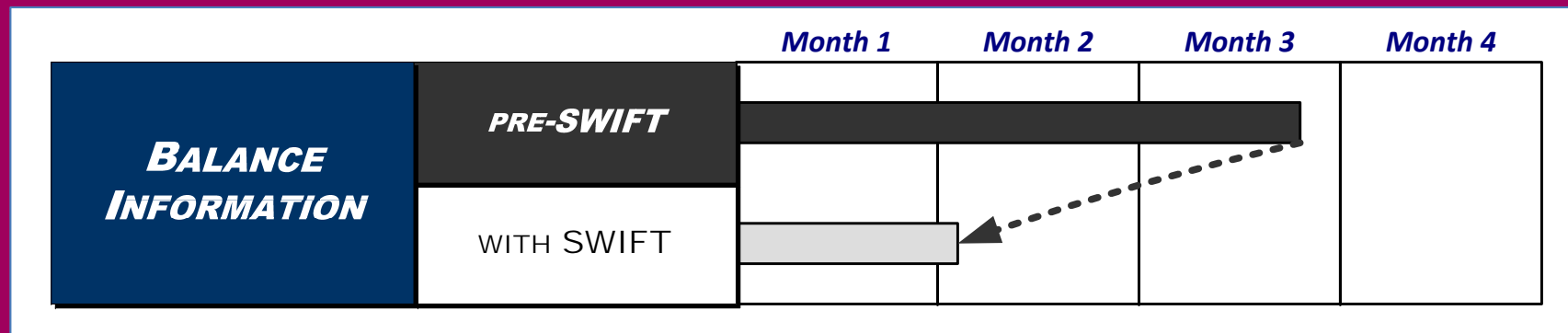
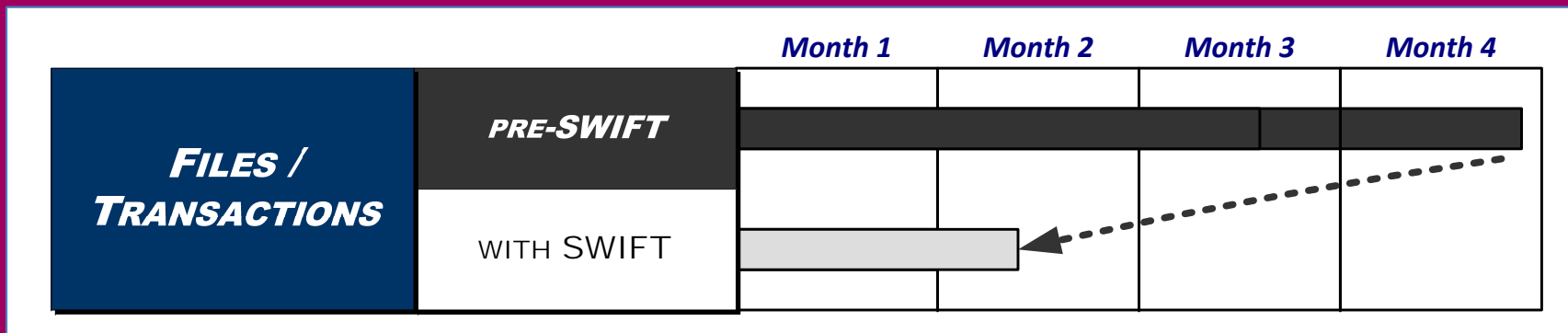


# Key Benefits Achieved With SWIFT: *Visibility*



**CASH VISIBILITY**

# Key Benefits Achieved With SWIFT: *Flexibility*

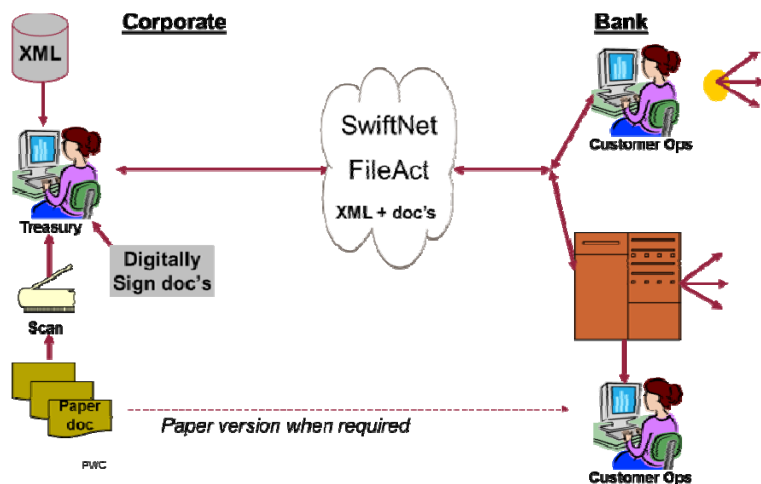




# New Solutions

## eBAM

Electronic Bank Account Management  
SWIFT Solution



## Electronic Statements

- Control

## Security (3SKEY)

**We have !!!**



**We want**

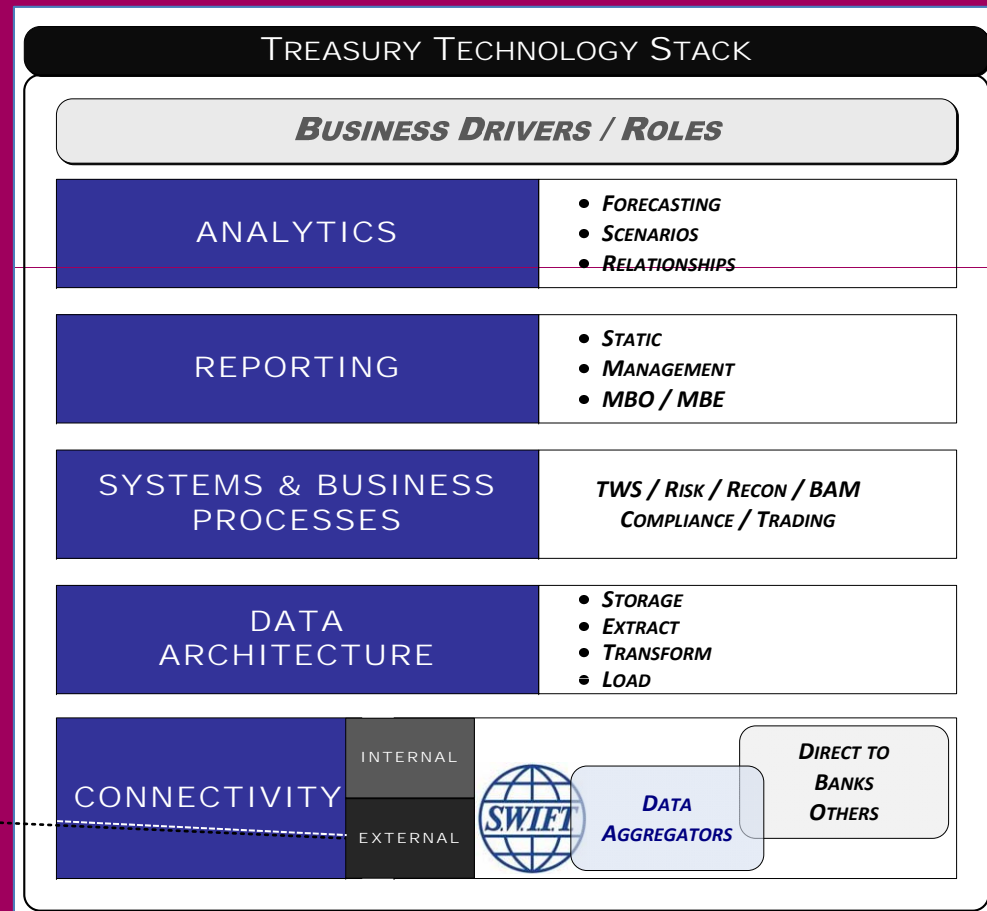


# Understanding the Value of SWIFT in Context

*SWIFT plays an important role in the connectivity portion of the technology stack.*

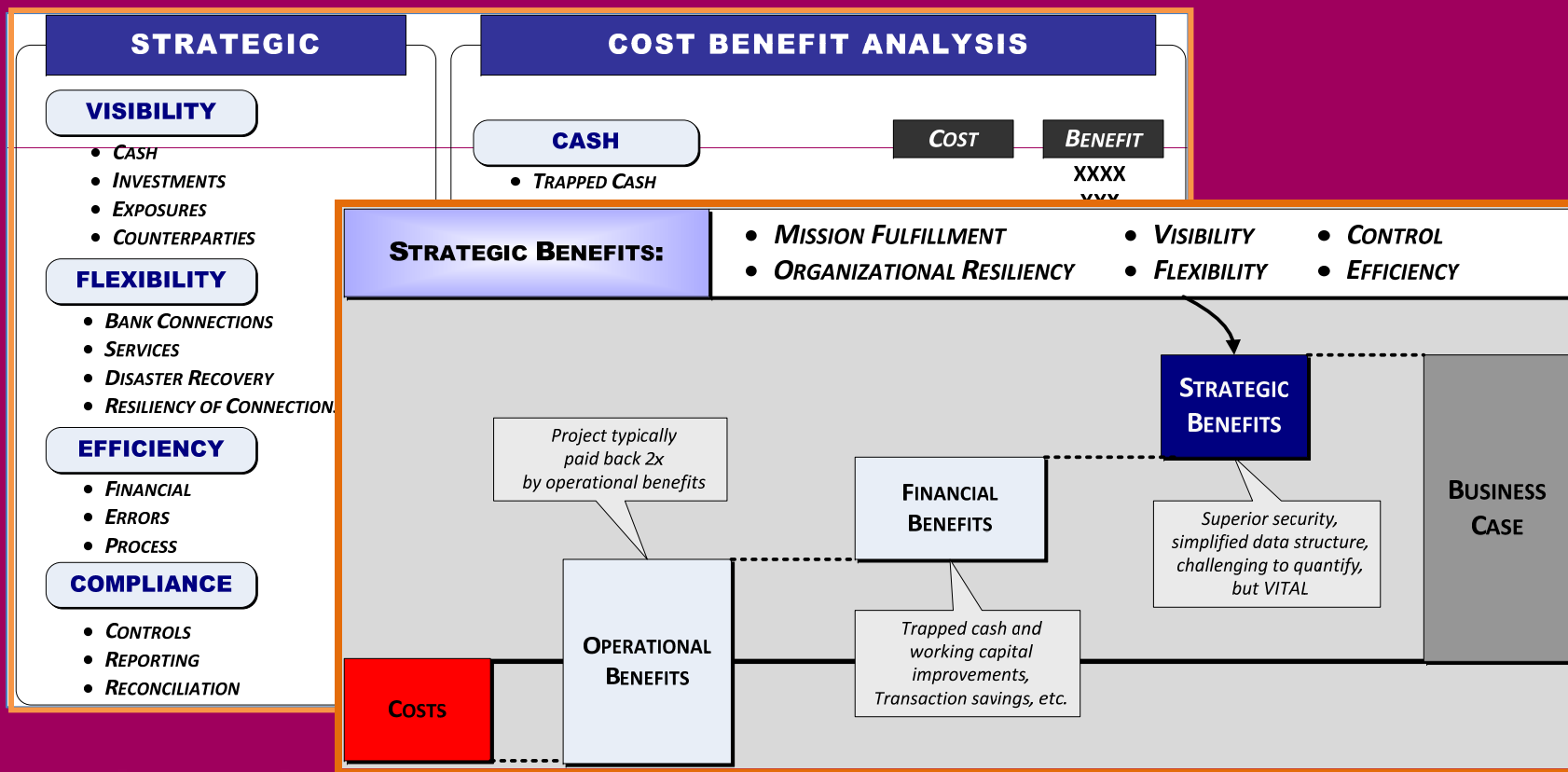
SWIFT SITS IN THE CONNECTIVITY SECTION OF THE TREASURY TECHNOLOGY STACK

- Balances
- Transactions
- eBAM
- File Transfer
- Trades / Settlement



# Building the Business Case *Strategic Value and Cost/Benefit Projection*

The rapid business case creation will identify the key strategic benefits and identify the areas of cost and benefits.



## 2. Connectivity to SWIFT

*Connectivity options and general implementation plan*

*By Mohan Murali*

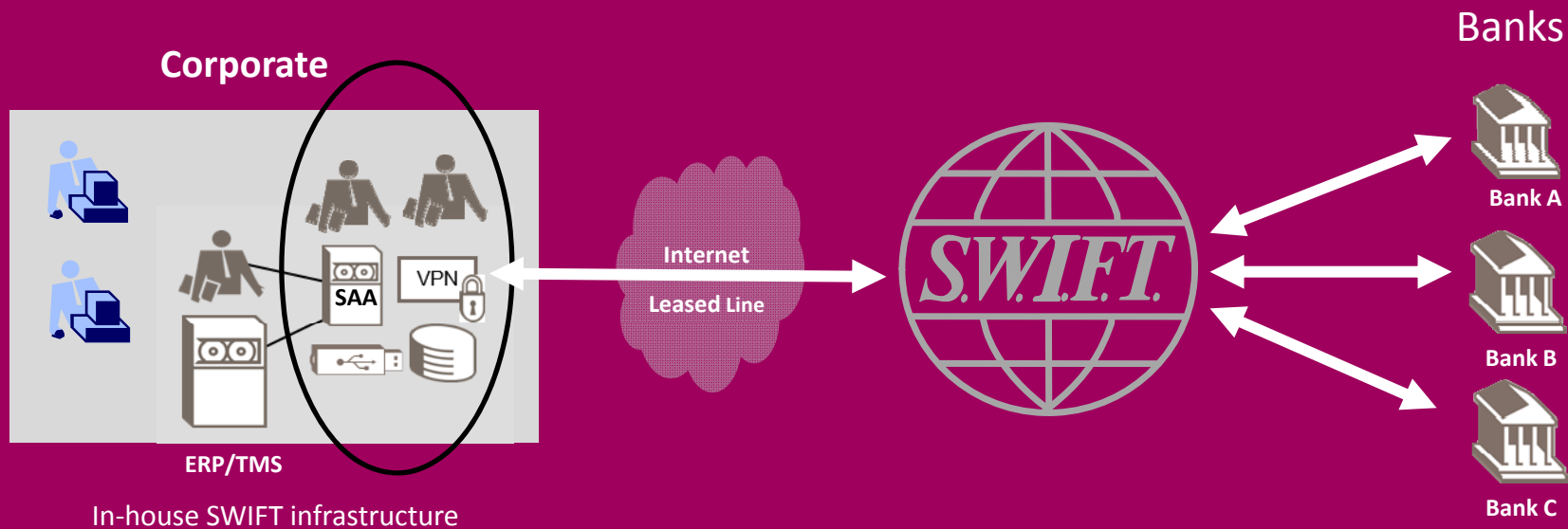


# Three connectivity options





# Option 1 - Direct Connectivity



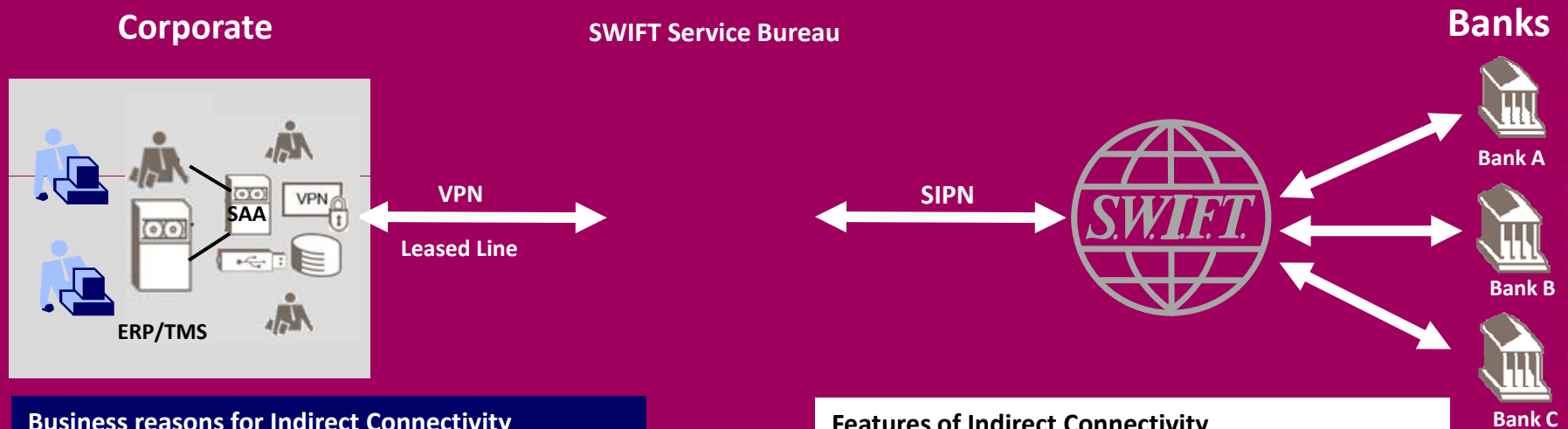
## Business reasons for Direct Connectivity

- SWIFT infrastructure in-house, policy on outsourcing
- Global business
- Multiple banks with several bank accounts
- Large volume of messages

## Features of Direct Connectivity

- Full control, Complete SWIFT infrastructure in your premises
- In house employment to manage SWIFT operations
- Requires investment in hardware, software and trained personnel

# Option 2 - Indirect or Outsourced Connectivity



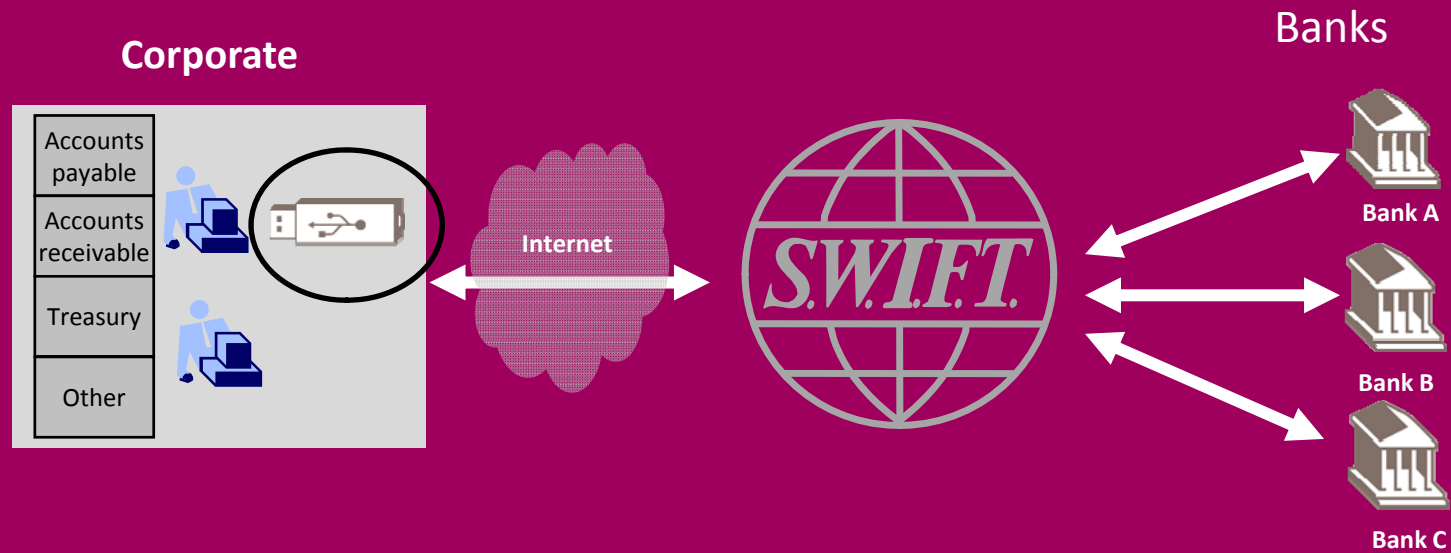
## Business reasons for Indirect Connectivity

- Do not wish to manage everyday SWIFT operations
- Lower costs
- Global business
- Multiple banks with several bank accounts
- Large volume of messages

## Features of Indirect Connectivity

- Outsourced SWIFT operations – infrastructure, personnel, maintenance and 24x7 customer support
- Certified Expertise
- Economical (shared costs)
- No internal resources tied up
- Free from distraction: focus on your specialty

# Option 3 - Alliance Lite



## Business reasons for Alliance Lite

- Proof of concept
- Small volume of messages

## Features

- Easy to install – Plug in and go!
- Minimal integration
- **Entry Level Option**

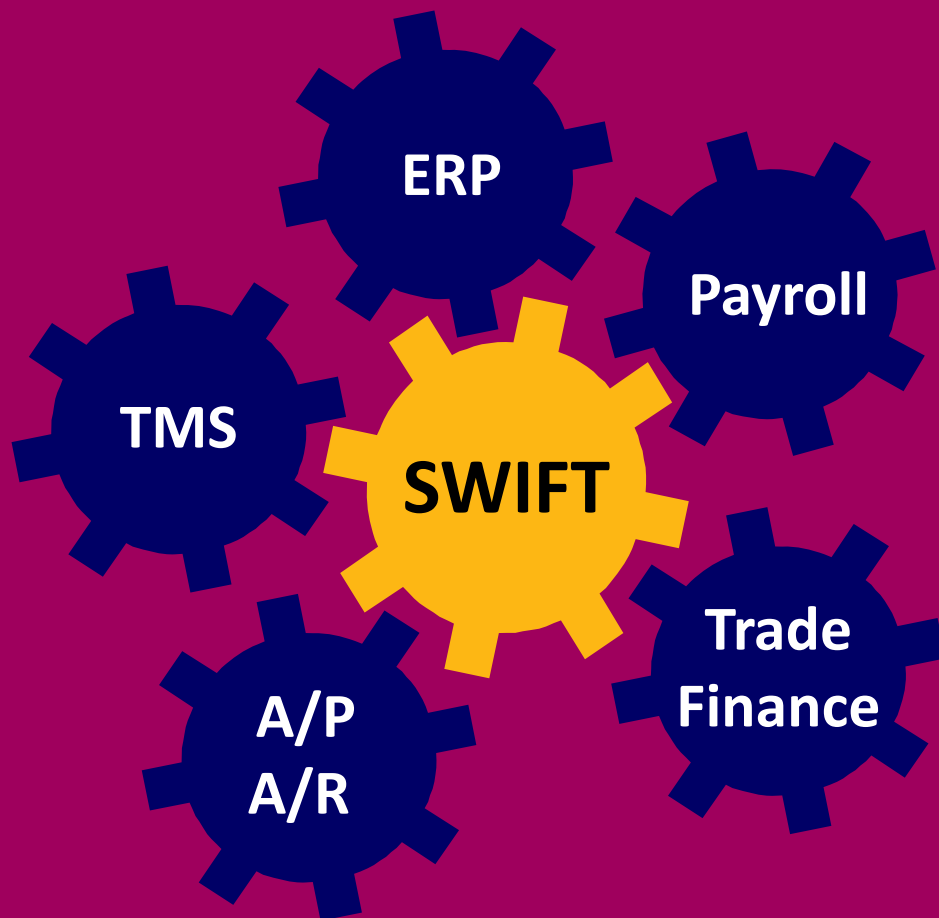
# Comparison of three connectivity options

	Infrastructure	Average Implementation Time	Technical support	Cost	Message volume/day	Full Functionality	Project Management
<b>Direct Connectivity</b>	In-house	>24 weeks	In- house/SWIFT Partner	\$\$\$\$	Unlimited	Full	In- house/SWIFT Partner
<b>Indirect Connectivity</b>	SWIFT Service Bureau	8 weeks	SWIFT Service Bureau	\$\$	Unlimited	Full	SWIFT Service Bureau
<b>Alliance Lite</b>	Plug n Play	4 weeks	In- house	\$	Limited	Limited	In- house



# Sequencing: TMS/ERP and SWIFT

The SWIFT pipeline for your data first followed by TMS or ERP





# SWIFT Implementation Plan



**• Scope activities**

- Nature of transactions
- Volume of transactions
- Channels/  
formats used today

- Contact your banks to define & modify service agreements**

- Contact SWIFT Service Partner**

- Connect to SWIFT**
- Run test pilot

- Go live**

# 3. Case Study – INEOS

*SWIFT Implementation*

*By Rebecca Libourel*

# INEOS SWIFT Implementation

- INEOS
- SWIFT – what, why, how?
- Benefits
- Questions

# INEOS

- Global manufacturer of petrochemicals, specialty chemicals and oil products. It comprises 15 businesses each with a major chemical company heritage.
  - ▶ Annual sales of \$28.4 billion
  - ▶ Network spans 60 manufacturing facilities in 13 countries
  - ▶ Multiple bank partners

# SWIFT - Typical Corporate Client

- Requires better visibility of global cash position
  - Manage liquidity & provide flexibility
- Conducts business in a number of countries and continents
  - UK, Europe, Asia, North and South America
- Operates variety of systems to exchange files/payments
  - Multiple bank partners
  - Multiple message structures and/or country specific requirements
  - High cost



# SWIFT - Implementation

- Data collection and bank documentation
- Contract with Service Bureau Partner
  - Lowest cost of entry and rapid deployment
- Phase 1
  - Register with SWIFT
  - Receive MT 940 and MT 942 messages
  - View global cash position
- Phase 2
  - Payments and treasury management solution (TMS)
  - Evaluate business cases and roll-out, where appropriate

# SWIFT/TMS Benefits

- Lower interest
- Currency exchange cost
- (Overnight) investment returns
- Bank fees, transaction costs
- Process efficiency

# INEOS SWIFT Implementation

- Questions

## 4. Case Study – Sysco

*SWIFT implementation and integration with ERP*

*By Maria Flores*



# Sysco Overview

Global leader in selling, marketing and distributing food products

*Our Mission - To market and deliver great products to our customers with exceptional service*

*Our Vision – To be our customers’ most valued and trusted business partner*

## Statistics:

- Consists of 187 Operating companies
- Serves more than 400,000 customers
- More than \$37 billion in sales
- Centralized cash management at Corporate
- 48 banks – 6 primary banks
- >650 bank accounts

# Sysco's Business Transformation



# Business Challenges

- Multiple bank connectivity methods
  - FTP, SFTP, SFT, Modem
  - Multiple servers, encryption methods, key exchanges
- Multiple proprietary file formats
  - ACH (3)
  - ACH return (3)
  - Wires (5)
  - File confirmations (3)
- Transmission knowledge resource
  - Business – Understanding SWIFT
  - Technical – who understands the connectivity & can write/interpret the scripts?
- Challenges when data/format was changed in files

# Solution Options

- Keep the Status Quo
  - Build the interfaces for each of our 6 primary banks
    - Estimated 96 hours per interface to build.
      - For Sysco that meant 12 interfaces (in/out for 6 banks)
    - Coordinate getting an IT resource assigned
      - Risk our resource being replaced over the course of the project
      - Our resource was replaced 5 times over the course of the project
    - Coordinate with bank for setup
      - Establish test time table
      - Exchange keys
      - Test connections
- SWIFT for Corporates
  - Direct connectivity
  - Indirect connectivity



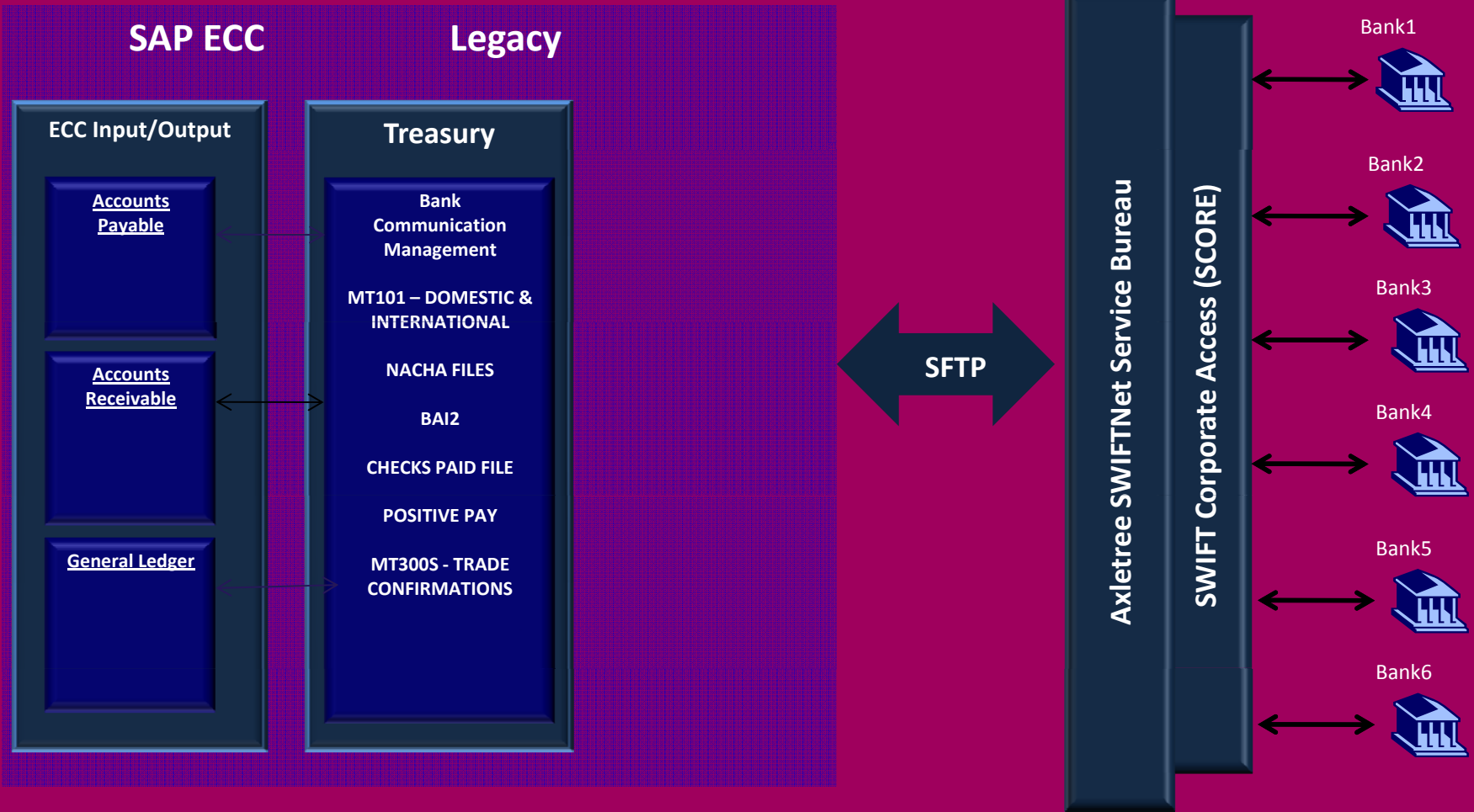
# Why SWIFT Was Considered

- Standardize connectivity for all banks
- Standardize payment file formats for all banks
- Opportunity to implement because of the business transformation
- Requirements for internal technical expertise are limited
- Rarely is Treasury's sense of urgency understood and/or acted upon – *Customer Service standard response is 'open a ticket'*

# Advantages

- Improved reliability
  - connection managed by experts 24/7
- Operational efficiency
  - file receipt issues have been eliminated
- Simplification
  - standardized payment formats
  - standardized connectivity
  - eliminate hardware requirements for SWIFT transmission
  - eliminate on-site IT transmission expertise
- Risk Management
  - business continuity; data is accessible across the country
  - flexibility to add, delete or change banks as needed

# SWIFT Project Overview



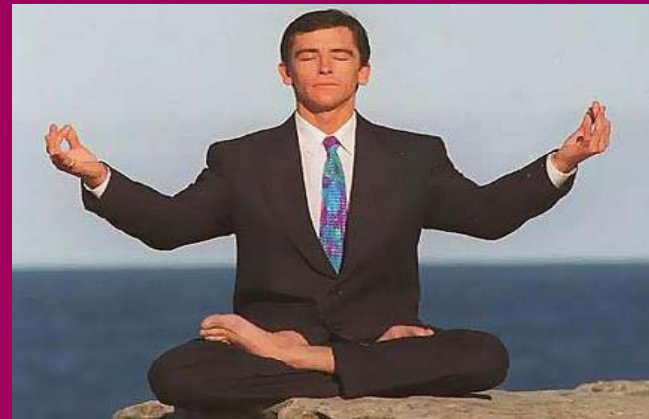


# Sysco's End Result



← **BUSINESS**

**TREASURY**





# Q & A

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Thank You

# SWIFT | Why it matters

## Building the business case for SWIFT

During these uncertain economic times, information that is both accurate and current can help organizations make sound decisions that can have a long term impact. One such area that can have a significant impact on decision making is financial messaging. Connecting to the SWIFT Network can play a vital role in building an efficient and reliable financial messaging system. While building a business case for SWIFT, it is recommended to adopt an enterprise wide view and not restrict its value only to treasury.

A thorough examination of the internal processes of your company, identifying the key challenges or business drivers that are roadblocks in the path to achieving operational efficiency and an internal cost-benefit analysis can shed light on whether SWIFT is right for your organization.

The reasons to join SWIFT may vary depending on the nature of your organization's business environment and processes; however, one of the most common business drivers to join SWIFT is the need to streamline banking communications (refer Fig 1).

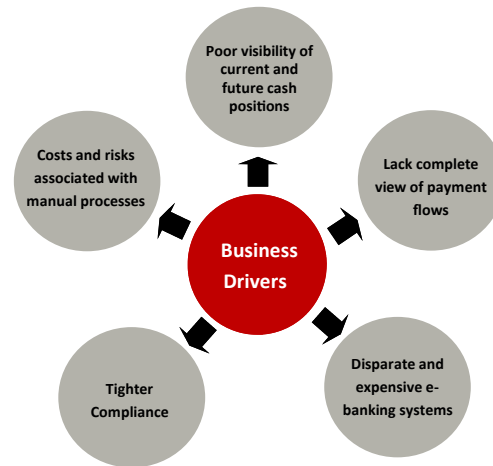


Figure1– Business Drivers

## Costs-Benefit Analysis

Although the challenges for banks and corporations vary, the key benefits of connecting to SWIFT remain the same in either case: a single, standardized messaging environment that is robust and allows for interoperability with other systems, scalability and flexibility. SWIFT's value of a streamlined and standardized messaging system is very powerful in the new normal where corporate treasurers have an heightened interest in optimizing cash and applying stronger operational controls to their banking communications.

In drawing up the cost-benefit analysis it is important that corporations assess what they hope to accomplish with SWIFT, how much it would cost them and how much they expect to save in time, effort and money. With over 700 corporations globally on the SWIFT network, it is evident that the case for SWIFT is growing stronger. The benefits (refer Fig 2) surpass the costs. Corporations on SWIFT enjoy operational, financial and strategic benefits with favorable ROIs.

The costs associated with joining the SWIFT network include connectivity charges, integration with business applications and depending on the connectivity type, the need to buy additional hardware, software and hire trained personnel.

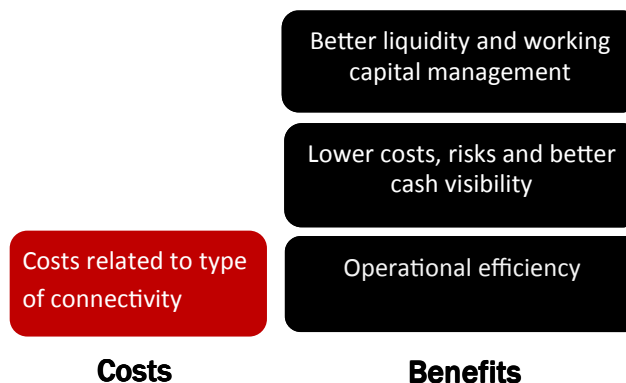


Figure 2- Cost- Benefit Analysis



# Connectivity Options

Today, corporates have multiple options to join SWIFT based on their business needs and message volume. Currently SWIFT offers three modes of connectivity (refer Fig 3) :

1. Direct Connectivity - SWIFT infrastructure is owned and operated by the corporate
2. Indirect or outsourced connectivity - most favored method of connectivity that involves a SWIFT authorized shared infrastructure provider (Service Bureau) who helps you connect to SWIFT
3. Alliance Lite- a “plug and play” USB Token based connectivity option for corporates with low volume messages

## Comparison of three modes of SWIFT Connectivity

	Infrastructure	Average Implementation Time	Technical support	Cost	Message volume/day	Full Functionality	Project Management
<b>Direct Connectivity</b>	In-house	>24 weeks	In-house/ SWIFT Partner	\$\$\$\$	Unlimited	Full	In-house/ SWIFT Partner
<b>Indirect Connectivity</b>	SWIFT Service Bureau	8 weeks	SWIFT Service Bureau	\$\$	Unlimited	Full	SWIFT Service Bureau
<b>Alliance Lite</b>	Plug n Play	4 weeks	In-house	\$	Limited	Limited	In-house

Figure 3 - Comparison of the three connectivity modes to SWIFT

### About Axletree Solutions

Axletree Solutions is one of the most trusted and specialized provider of SWIFT connectivity solutions and services to Fortune 500 corporations and banks worldwide. We are the nation’s first SWIFT Best Practice Certified Service Bureau recognized for our expertise and state of the art infrastructure. Our fully managed end-to-end SWIFT connectivity and other value added solutions significantly improve efficiency, lower costs and enable STP. Axletree serves a wide range of customers globally with headquarters in New Jersey and data and operational centers in Pennsylvania, New Jersey, Uruguay and The Bahamas.