

## INTRODUCTION

Corporations and banks alike are becoming well versed in the benefits of SWIFT corporate-to-bank connectivity. However, they are less aware and prepared to deal with the vendor selection, planning, development and management of the project. These factors play heavily into the success or failure of a new SWIFT connectivity project. This paper reviews these aspects of implementing a new SWIFT connection so that both the corporate treasury and IT staff can better plan and manage their project.

## SWIFT BENEFITS

The general benefits of why most Fortune 1000 global corporations should be using SWIFT are well known. They are restated below:

- One channel for communication with all banking partners that are connected with SWIFT, one mechanism for exchanging data
- Saves money, time and labor for maintaining multiple protocols, systems and standards commonly used by corporations for multi-bank communications
- Enhanced security, reliability, and faster STP for financial transactions versus other methods, such as email, fax and other systems, typically used by corporations
- Reliable platform for future requirements
- Enables integration with back-office systems for better cash position visibility and management—given that formatting middleware is also implemented

## THE STAKEHOLDERS

Following is a chart that depicts all of the stakeholders that a corporation should involve and collaborate with from the very start of the project. If project plans and timelines are focused on a few but not all the stakeholders, unexpected time delays and costs can be incurred. In addition, collaboration with all stakeholders can only result in more options and better decisions.

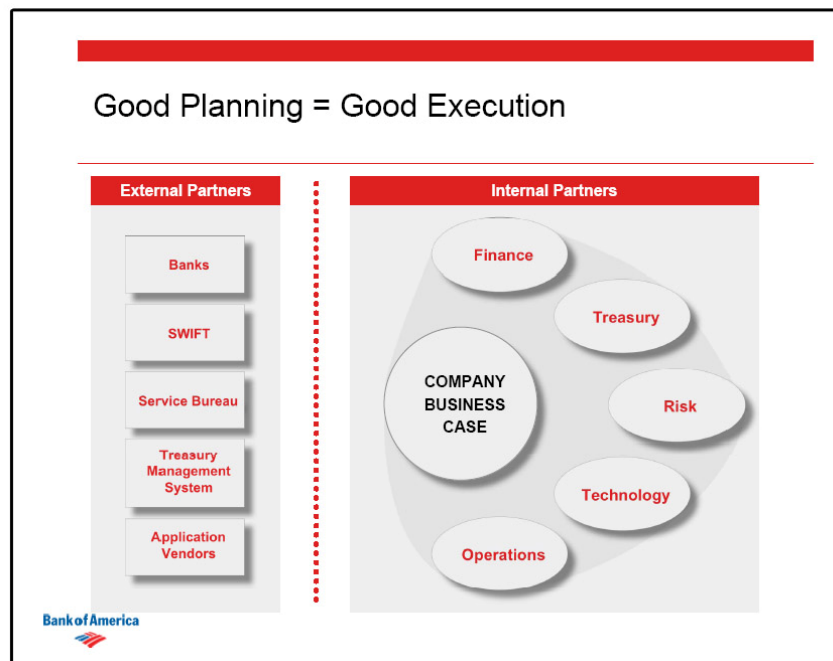


Figure 1 – Stakeholders in a SWIFT Project

## A FEW WORDS ON VENDOR SELECTION

Although vendor selection will not be a big part of this white paper, it should be noted that communicating your requirements to potential vendors during the RFP process is important, but that you should remain open to their experience and recommendations. As Mary Ellen Putnam, VP of BankServ's International division explains, "All too often a corporate has not well defined their format and data requirements, but has solidified the technology approach they want to use even though that approach may not be the best choice."

## WHERE TO START: THE BANKS

It's often hard to figure out where best to start the planning process, since there are now so many resources, such as SWIFT, consultants, the banks and even your vendors.

We suggest that you start with your banks since they are good objective partners, who already know your business and will be a major and must have stakeholder in your SWIFT implementation. It is wise to rationalize banking relationships both from a Treasury payments perspective and an accounts payable perspective if these payment processes are separate.

Banks, such as Bank of America (BofA), are pioneering leaders for helping corporates implement SWIFT faster and easier. Bank of America started offering SWIFT connectivity support to its corporate clients about two years ago by request of some of its key global clients like Microsoft and BMC Software. In fact, Linda Haddad, Senior VP of Global Integration and Product Manager at BofA, works with 20-30 project managers worldwide, who focus on just corporate SWIFT implementations and other more complex projects. They have already helped over 30 corporates establish SWIFT connectivity.

Before the start of each project, BofA meets with each client to review their business reasons for implementing SWIFT, discuss other options if appropriate and help develop the proper requirements and timelines. *"SWIFT provides many great benefits to corporates, such as improved security, reliability and integration with their back-office systems for improved cash position visibility and management. But, I'd say that cost savings should be based on a long-term investment,"* explains Linda.

As Linda further explains, *"many of our clients have a project plan, but sometimes they don't consult with us before they solidify these plans and timelines. Collaboration is critical to avoiding delays and expense."*

Many corporates are still relatively new to working technically with their banks and don't realize that each bank, and in many cases, each country, has varying data, format and reporting requirements, as well as production schedules for the induction of new SWIFT customers. For example, although each bank can readily receive a MT101 format, the way the data is captured or processed may not be the same and the delivery cut off times for same-day processing are different. In addition, each bank may have a set window of time for when it can do any testing and production work. If a corporate has 40 banks, we're talking potentially 40 different schedules that the corporate will have to coordinate with their overall timeline!

## CASE STUDY: BMC SOFTWARE

Following is a description of a new corporate SWIFT implementation that was started officially in May 2008. It will review the solution set used, benefits achieved, challenges and key success factors.

### About BMC

- BMC Software, Inc. [NYSE: BMC](#), is a software provider that pioneered the concept of Business Service Management (BSM), through which the company provides software solutions that enable companies worldwide to manage their IT infrastructure from a business perspective.
- Founded in 1980.
- US Corporate headquarters in Houston
- International headquarters in Amsterdam and Singapore
- Approximately 16,000 customers in 124 countries
- 4 primary banking relationships.
- Approximately 5,800 employees worldwide

### Solution Set (provided by BankServ's Service Bureau solution):

- **A Fully Outsourced and Managed SWIFT Service Bureau:**
  - All hardware, software and support services required
  - Single point project management and implementation
  - Access to professional development of all format and routing requirements
  - 24/7 customer service and technical support
  - Ongoing support for disaster recovery, upgrades, standard changes and general maintenance
- **Integrated Technology:**
  - SWIFT FIN processing via TurboSwift for SWIFT FIN formats
  - SWIFT FileAct processing through TurboSwift for all other formats
  - MessagePro for mapping, transformation, and destination logic
  - OFAC Global Compliance Watch List/checking
  - Archiving/Auditability

### Benefits of SWIFT to BMC

- Consolidation of protocols and systems into one standard SWIFT-based system for exchanging all payment transactions.
- More secure and reliable communications and transactions.
- Faster execution of transactions through STP
- Reduced labor, time and operations costs
- Improved visibility and control of cash positions and payment activity through back-office systems.
- Consistent payment process between the Treasury payments process and the Accounts Payable payments process

### Benefits of a SWIFT Service Bureau to BMC

- Project management assistance - to coordinate and facilitate bank relations and set-up.
- Enhanced disaster recovery facilities and services.
- Readily available development resources for additional banks or requirements
- Access to other critical value-added services in the future, like the CSS Dashboard, which provides unified access to all SWIFT services and transactions

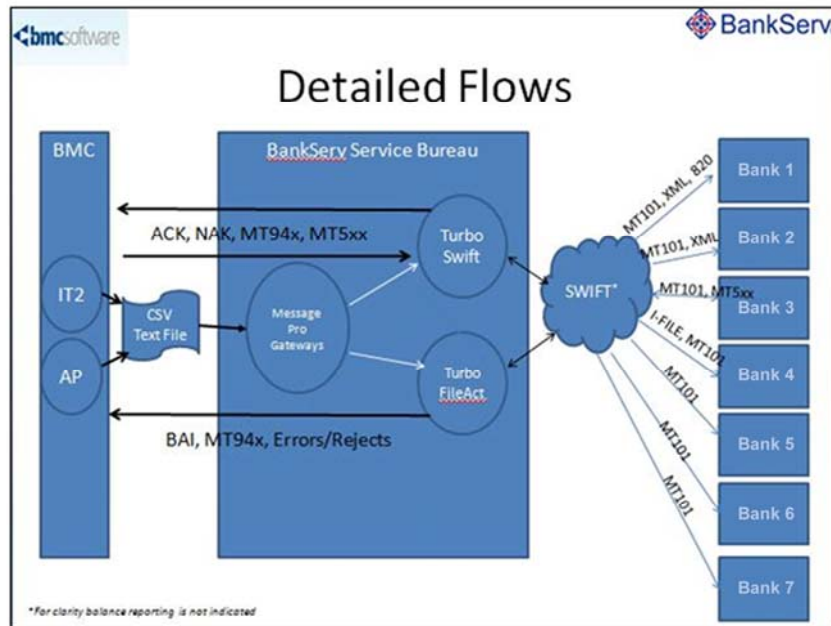


Figure 2 - BMC Integrated SWIFT Solution Set

After months of preparation, research and discussions with its banks and BankServ, BMC officially kicked-off the project in May 2008 with the goal to finish implementing SWIFT connectivity with all banks on a fairly tight timeline due to multiple factors. To launch the project, BMC held a meeting with all of their banks and their vendor, BankServ, at their Houston headquarters.

Format requirements were discussed, and BMC established a common flat file, comma separated value (CSV) format, as the standard that would be sent to BankServ and universally accommodate all the derived banks' requirements. BankServ was responsible for machining the data to those formats specified by each bank.

Each company provided the following team members to participate in the project:

1. BMC
  - Implementation Manager
  - Project Manager
  - Treasurer
  - Accounts Payable payments specialist
2. BankServ
  - Project Manager
  - Implementation Manager
3. The Banks – 4 primary
  - Each had their own project managers, as well as teams of specialists for each area, such as ACH, EDI, SEPA and reporting.

One issue that became apparent, only after the meeting, was that this one “SWIFT” project actually consisted of several sub-projects, all going on at the same time:

1. New SWIFT membership (Treasury)
2. FIN and FileAct SWIFT services (BankServ/Banks)
3. Implementation of and integration with a new Treasury System (Treasury) and Oracle AP (Accounts Payable)
4. The actual SWIFT connection – hardware and software at the Service Bureau (IT)
5. Development of all formatting and data requirements for each of the 7 banks (Bankserv/Treasury/Accounts Payable/Banks)
6. Connectivity to each bank, as well testing and production (Bankserv/Treasury/Accounts Payable/Banks)
7. Data cleansing of BMC account information and vendor payment information in Oracle AP (Accounts Payable)

Each of these projects was dependent on each other and also had their own schedules and requirements with different responsible parties (banks, BankServ, and/or BMC). For example, because both the new TMS and Oracle systems submitted the transactions and formats, testing could not be thoroughly completed until both sources submitted accurate formats and data.

In addition, even though BMC set a tight deadline, not every bank could meet this deadline, given that they had specific schedules already established for putting new clients into UAT, System Integration Testing (SIT) and production. As such, the timeline for the project had to be extended and adapted to meet the requirements of all stakeholders of this project. See Figure 2 above.

Another problem was that each of the banks also had varying data requirements for each format. For example, one bank or one country for a bank may only accept account numbers without dashes and another bank or country may require them.

Additionally, a comprehensive data cleansing process on existing accounts payable data needed to be performed to allow for consistent translation by Bankserv to specific bank payment formats required.

Lastly, an overall project manager needed to be assigned by BankServ in order to manage both the banking relationships as well as the overall timeline for all projects.

**The issues that caused a delay include:**

- Multiple major projects being implemented at the same time
- No dedicated overall Bankserv project manager to work with the banks
- Need for data requirements in addition to formatting requirements for both BMC’s back-office systems and the bank systems that sent and received the messages and files.
- Not every bank, in every country was set-up to receive/send newer formats like XML or did not have SWIFT FIN yet commercialized universally, etc.

**The key success factors were:**

- BankServ established a phased approach for BMC:
  - FIN – a more straight-forward format already accepted and understood by most banks
    - First by domestic US banks
    - Then by country
  - Other formats
  - XML and other proprietary formats, such as IFILE, 820s.

- BankServ assigned an experienced project manager for the banks as well as for the service bureau.
- Weekly meetings with each of the banks were conducted to work through specific data requirements for each of the banks.
- Additional 2-4 meetings were conducted with BankServ to work through scheduling and assignments, given the treasury management and A/P system implementations schedules.

In summary, BMC was able to implement Treasury payments relatively quickly, but due to the lack of internal dedication in aligning the separate accounts payable payments formatting and data cleansing to the standard (CSV) format, delays were experienced. To date, however, the BMC project has been largely successful, with their largest geographies now fully operational on SWIFT and only a handful of smaller, less-critical countries remaining to come online.

#### WORDS OF WISDOM FROM BANK OF AMERICA AND BANKSERV

1. Develop sound business objectives and make sure they align with the benefits achievable from a SWIFT implementation.
2. Communicate and collaborate with all stakeholders, internal and external, before solidifying plans and timelines. This includes all of your banks, but also any service bureau and technology vendors, external consultants, SWIFT and other parties involved.
3. Consider all projects that impact the SWIFT implementation, such as the installation of a new treasury management system, ERP systems (including existing payment information data cleansing), the banks' schedules, etc.
4. Consider a phased-in approach:
  - a. Do one project at a time and prioritize projects, based on their impact on other projects.
  - b. For the actual SWIFT project, implement one format at a time, starting with FIN (a more straight-forward format already accepted by the banks) for domestic and then by each foreign country; followed by other formats, such XML and other proprietary formats.
5. Develop a phase 0 to establish:
  - a. Written documentation of the objectives and requirements
  - b. Both format and data requirements by bank and country
  - c. Realistic timeline that considers all related projects
  - d. List of all stakeholder companies and projects
6. Assign an internal and BankServ overall project manager to manage all projects and bank relationships.
7. Set realistic timelines and project plans