

Delivering an Optimized Financial Supply Chain to your Corporate Clients



Highlights

- **Provide corporate clients with more real time, intra-day liquidity information – increased visibility to the services consumed from the bank**
- **Implement using reusable services to manage contracts, relationships, and services billing**
- **Support EDI, SWIFT, TWIST, and ISO standards needed by your corporate clients**
- **Manage the connection to your corporate clients using streamlined connectivity based on industry standards**
- **Track and provide reporting to corporate clients on the business state of messages in real time**

World class corporate treasury departments are at the center of nearly all important financial transactions

The physical and financial supply chains are now codependent.

Corporate treasuries were once satisfied with next day cash management services. The explosive growth in open account supplier relationships and 'just in time' inventory management has accelerated the speed of the physical and financial supply chains to the point where current cash management solutions are not adequate.

Traditional corporate treasury services are no longer adequate as corporate needs have evolved. The complexities of many corporations' global supplier networks are driving demand for cash management capabilities that go well beyond batch-processing based services.

Treasurers now need to support regional, local, and global strategies with an understanding of how the movement of goods through the physical supply chain is influenced by the related financing. They are often pressed to offer financing to meet the needs of their suppliers.

Banks are challenged to offer new services while also holding down the capital costs associated with containing operational risk and meeting compliance requirements.

Working with IBM, banks can stay ahead of the curve with minimal capital costs to provide 'future proofed' payments services to their corporate clients. Banks can even offer corporate payments as an outsourced service to other financial institutions.

By linking existing wholesale payments systems with their corporate clients' ERP systems, banks can gain better visibility to the financing needs of their clients in real-time. With better insight into corporate customer needs, banks can offer appropriate services at the right time, driving increased revenue streams. They can anticipate customer financing needs which helps their corporate clients better manage supply chain costs. Corporate clients also benefit from improved visibility to their liquidity positions, allowing them to better manage their cash reserves.

How can banks deploy smarter corporate financial supply chain solutions? To do this, they need reduce the complexity of their own payments systems and get the flexibility to integrate with their corporate customers' systems.

The IBM Banking Industry Framework: Bridging the gap between business needs and IT capabilities

The IBM Banking Industry Framework for payments and securities provides banks with the flexibility and simplicity they need to deploy new payments solutions faster and at lower cost and risk. It provides industry extensions, best practices, and solution accelerators to build a more strategic, simplified, enterprise payments software platform. With a common architectural approach, you can integrate new and existing payments systems regardless of where they reside. With a simplified and standardized approach to supporting payments operations, banks are better equipped to support ever-changing business needs.

The IBM Banking Industry Framework for payments and securities supports solutions for:

- *Corporate services*
- *Payments process efficiency*
- *Digital payments conversion*
- *Retail payments*
- *SEPA compliance*
- *SWIFTNet modernization*

Assess and manage risk in the supply chain

Corporations have high risk awareness. Banks can help reduce the risk to their corporate clients by providing solutions that optimize costs and provide more real time information.

Large corporations have consolidated their cash management and credit line suppliers, which can cause additional strain on their capital base. The lack of visibility many corporations have to the credit line exposure within their supply chain makes credit risk difficult to manage.

Much of this risk is associated with intra-day liquidity and reporting needs. Corporate financial supply chain management solutions, built with the IBM Banking Industry Framework, provide insight into the banking channel based on a security policy so corporate clients can be exposed to better and more real time data. IBM also provides the ability to enrich the data as it is processed, providing even greater visibility to risk exposure.

Share a common language with your corporate clients

Considering the potential value of executing payments made within accounts payable windows, most corporate clients want to get the most efficient possible turnaround on payments services. For example, a corporate treasurer might ask his bank to provide a direct interface to his systems for processing payments related to high-cost items his manufacturing company needs – an added-value service the customer will gladly pay to receive. But supporting this request requires that the bank have a direct interface to the customer's corporate systems.

The IBM banking framework supports corporate financial supply chain management solutions with a standards-based gateway to support de-facto and industry standards for business to business communications. This function allows banks to provide data that is managed, secured, and transformed in flight to meet the needs of the client.

In addition, IBM offers direct data storage capabilities for TWIST, NACHA, SWIFT, iDOC, EDI, along with others and literally dozens of in-country standards – managed by IBM gateways. Stored directly in their native network-oriented formats within DB2, these messages can be processed by existing applications, reducing coding.

Optimize the process and enhance the relationship with your clients

Typically, banks must deal with large volumes of payments exceptions that have to be processed manually. Unfortunately, manual processes are costly – and not that effective at identifying duplicate transactional information.

Solutions built with the IBM banking framework can take advantage of an enterprise duplicate checking service that can be configured to check for duplicates within customer defined domains, for example, payments that include check and ACH. The goal is to reduce the manual intervention needed to detect and correct duplicates. This also helps with fraud detection and mistakes generated in a corporate back office system.

In addition, the ability to provide analysis directly to the corporate client helps reduce rework in the corporate back office. This is accomplished by providing functions from the bank's back office directly to clients.

IBM business partners offer even more value with business applications

Solutions that are built and deployed with the IBM Banking Industry Framework are complemented by applications and services provided by validated IBM business partners. These partners help to deliver solutions that drive and enhance the efficiency of payments and securities services.

To learn more about how the IBM Banking Industry Framework enables corporate financial supply chain management and other progressive renovation solutions for financial institutions, contact your IBM representative or IBM Business Partner, or visit ibm.com/software



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