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- Keith Shapley, Treasury Manager Projects and Compliance, BAE Systems

## BAE Systems Improves Operational Efficiency with Bottomline’s SWIFT Access Service

### Company Profile

BAE Systems is a global defense and security company with approximately 100,000 employees worldwide. The company delivers a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and support services. Its business is based around home markets in Australia, India, the Kingdom of Saudi Arabia, the United Kingdom and the United States.

Effective performance management, strong program execution and delivering innovative, affordable solutions and services are integral to BAE Systems’ business and are built upon its reputation for technical excellence in engineering across a global organization.

### The Situation

BAE Systems operates a centralized treasury model for the group’s international operations. Key challenges include managing the Group’s funding requirements and core liquidity, exposure to interest rate movements, exposure to foreign currency rate movements, financing exports and controlling and monitoring bank credit risk. The treasury team is responsible for tens of billions of sterling in foreign exchange turnover per year.

While planning an IT hardware upgrade, BAE Systems began to examine its treasury processes, particularly around how to securely transmit files such as payments, from its City Financials treasury management system (TMS), to bank counterparties. Payments were batched up once or twice a day for authorization and distribution, in a less than fully secure manner which potentially left BAE Systems exposed to risk.

### The Solution

Keith Shapley, Treasury Manager Projects and Compliance, BAE Systems looked at how using the SWIFT network could benefit a corporate with relatively low volume but high value payments: “We initially considered setting up an in-house connection to SWIFT however it quickly became apparent that the service bureau model was far more closely aligned to our needs. It was

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cost effective and provided access to specialized SWIFT expertise which would have been costly to build and retain in-house. When we looked at the business case, I couldn’t see any benefits to a corporate such as ourselves in connecting to SWIFT directly when compared to using a service bureau.”

Two service bureau offerings were evaluated by BAE Systems. It chose the SWIFT Access Service from Bottomline Technologies. Shapley explained, “We were very impressed with every aspect of Bottomline’s operation. The service bureau is the biggest of its kind in the UK and the consultants that we met were extremely professional - we certainly benefited from this expertise during the project.”

Bottomline consultants worked closely with the treasury team and BAE Systems' outsourced IT partner CSC to ensure the installation proceeded smoothly. The process of sending financial messages from City Financials to the service bureau for distribution over SWIFT to BAE Systems' counterparties is now automated. However BAE Systems operates strict controls which ensure that payments require deal confirmations to be matched before they are passed for authorisation. Breaks which are very infrequent, are investigated and corrected on the TMS before transmission over SWIFT. Bottomline experts available to offer advice and guidance on fixing and resolving message breaks where required.

## Results and Benefits

The SWIFT connectivity project went live for BAE Systems' foreign currency payments in January 2011 and SWIFT is now used for all MT101 foreign currency transactions. In March 2011, BAE began receiving MT300 confirmation messages over SWIFT. The next stage of the project will involve sending sterling payments via the bureau. This is predicted to increase SWIFT payment volumes by 110%.

BAE Systems has also calculated that by streamlining the payment process it is saving nearly an hour per day of management time.

Shapley stated, "Overall the project has run smoothly and we have received a high standard of service from Bottomline. We can draw upon their expertise to help with any issues related to our SWIFT messages. This has been a major benefit as we do not have to be SWIFT experts from the start. The SWIFT training that we received for our people involved in cash control role also went very well."

The project has also enabled BAE Systems to further enhance its cash management. It is planning to go live on MT940 messages later this year which will provide greater visibility of its international bank accounts and balances. By using SWIFT messaging, BAE Systems' treasury team will gain a more complete view of global cash balances which will increase its ability to manage liquidity for the Group.

Shapley concluded, "We have increased our operational efficiency while improving security for our payments. We are now able to make an individual payment as soon as a deal has been confirmed and no longer have to wait for the next batch to be processed. This has reduced operational risk around payments and settlements. We have been able to streamline how we process payments while maintaining full security and control."

## About Bottomline

Bottomline Technologies (NASDAQ: EPAY) provides cloud-based payment, invoice and banking solutions to corporations, financial institutions and banks around the world. The company's solutions are used to streamline, automate and manage processes involving payments, invoicing, global cash management, supply chain finance and transactional documents. Organizations trust these solutions to meet their needs for cost reduction, competitive differentiation and optimization of working capital. Headquartered in the United States, Bottomline also maintains offices in Europe and Asia-Pacific. For more information, visit [www.bottomline.com](http://www.bottomline.com).



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