

SIMPLIFY CORPORATE-TO-BANK COMMUNICATION

REDUCE COMPLEXITY AND COSTS

From midsize companies to large enterprises, organizations must maintain relationships with many financial institutions. SAP® Integration Package for SWIFT lets companies consolidate their multiple communication interfaces to reduce the complexity and cost of electronic bank communication.

The Problem with Bank Communication Today

Companies can seldom rely on a single financial institution. Even midsize corporations must maintain several banking relationships to stay competitive in the global marketplace. Treasury and cash managers are interested in harmonizing and standardizing their payment infrastructure to lower costs, increase compliance, and improve liquidity management.

However, electronic connections between banking partners and companies' enterprise resource planning (ERP) systems require a complex environment of communication interfaces, including expensive, custom, point-to-point connections. These interfaces are developed using a variety of protocols, proprietary standards, and technology. The average cost for maintaining each proprietary interface can exceed US\$50,000 per year. For global companies with multiple banking relationships, their costs can easily exceed \$1 million annually.

In addition to incurring integration costs, fragmented interfaces frustrate efforts to improve financial process efficiencies and control. For example, payment orders or electronic statements from each bank must be handled separately, which results in higher levels of manual processing, productivity losses, and an overall lack of cash-flow transparency.

SAP® Integration Package for SWIFT helps reduce the complexity and cost of bank communication by enabling companies to consolidate their multiple

communication interfaces via the infrastructure of the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Improved Company-Bank Communications

SAP Integration Package for SWIFT is a standardized payment gateway that enables your organization to communicate with your multiple banks more efficiently via SWIFT's highly secure and reliable messaging platform known as SWIFTNet. Through a single connection point provided by SAP Integration Package for SWIFT, SWIFTNet allows you to greatly reduce the number of bank integrations you operate and maintain, thus lowering your overall total cost of ownership. It helps your organization achieve greater control through improved payment automation and liquidity management, leading to enhanced regulatory compliance. Furthermore, because SWIFTNet provides access to over 8,900 financial institutions in 208 countries and territories worldwide, you have a wider choice of banking partners and greater flexibility in your choice of those partners.

SAP Integration Package for SWIFT uses Internet-based standards, which help your company achieve independence from proprietary payment protocols and bank-specific e-banking products. Integration between your financial systems and your banking institutions enables more streamlined payment processing, cash-flow transparency, and improved visibility of global liquidity.



The package provides the following:

- Tight integration with the SAP ERP Financials solution (and the treasury applications from SAP) and the SAP NetWeaver® technology platform, providing direct access to SWIFTNet and connectivity between banks and your company's financial systems
- Real-time exchange of payment and settlement messages via a secure and highly available network, which provides full redundancy and advanced recovery mechanisms
- Independence from country-specific standards and proprietary electronic-banking products
- Simplified implementation and auditing of statutory payment regulations through a uniform solution worldwide

Data Transfer

SAP Integration Package for SWIFT supports SWIFT's two main data transfer mechanisms – called messaging services – that define how information is exchanged between companies and their financial institutions. These messaging services are as follows:

- FIN is the main messaging mechanism used by organizations for liquidity and risk management purposes. It is a store-and-forward message transfer system used to exchange single payments or intraday and end-of-day bank statements using the SWIFT message type (MT) financial services messaging standards.
- FileAct is a system for transferring batch messages such as payroll or periodic payment runs. It also supports both real-time and store-and-forward communication.

The package provides dedicated message and process mappings between the application interfaces and business logic of SAP ERP Financials and SWIFTNet. Its process-integration content and mappings cover the entire business process lifecycle, from payment to reconciliation. SAP Integration Package for SWIFT also provides technical message mappings, which are positive or negative acknowledgments and delivery notifications that may be requested by the sending company. These messages also update the payment status monitor in the SAP Bank Communication Management application and – if SWIFTNet or your bank is unable to process your payment transactions successfully – create either a workflow or e-mail notification.

Support of International Payment Standards

SAP Integration Package for SWIFT also supports the ISO 20022 message scheme – referred to as the UNiversal Financial Industry messaging scheme, or UNIFI – as defined by the International Organization for Standardization (ISO) and SWIFT. These standards are the foundation of the Single Euro Payments Area (SEPA) initiative. SEPA enables corporations and individuals in the 27 European Union member states to send and receive cross-border payments in a standardized format.

Technical Architecture

SAP Integration Package for SWIFT is powered by SAP NetWeaver, which lets you integrate people, information,

SAP Integration Package for SWIFT helps reduce the complexity and cost of bank communication by enabling companies to consolidate their multiple communication interfaces via the infrastructure of SWIFT.

and business processes across technologies and organizational boundaries. SAP NetWeaver provides the best way to integrate all systems running SAP or non-SAP software. Based on open, standard technology, it supports commonly used technologies such as Java Platform, Enterprise Edition; Microsoft.NET; and IBM WebSphere. SAP NetWeaver has advanced business process management functionality, allowing the design, execution, and monitoring of the pay-to-reconcile process across applications and systems.

Support for FIN and FileAct in the integration repository of the SAP NetWeaver Process Integration (SAP NetWeaver PI) offering lets you manage the pay-to-reconcile business scenario, processes, and mappings. The repository also contains the integration directory, where you can manage the technical characteristics of partners, such as party identification and collaboration agreements.

When using FIN, you have the following file-adapter-specific functionality:

- Creation of SWIFTNet-specific files formatted as protocol data units (PDUs) in the automated file transfer (AFT) format
- Local user authentication management between SAP NetWeaver PI and the SWIFTAlliance Access messaging interface, which eliminates the need to authenticate users to many different systems

SAP Integration Package for SWIFT supports the ISO 20022 message scheme – referred to as the UNiversal Financial Industry messaging scheme, or UNIFI – as defined by the International Organization for Standardization and SWIFT.

- File transfer between SAP NetWeaver PI and SWIFTNet via FTP or through a shared folder
- Direct processing of SWIFTNet-specific files, formatted as PDUs of the AFT format by SAP ERP Financials

The following functionalities are enabled when using the FileAct messaging service:

- Transmission of batch messages via the file transfer agent and processed by SWIFTAlliance Gateway, which manages access to SWIFTNet

- Local authentication between SAP NetWeaver PI and SWIFTAlliance Gateway
- File transfer between SAP NetWeaver PI and SWIFTAlliance Gateway via FTP or through a shared folder

Benefits of SAP Integration Package for SWIFT

Organizations that use SAP Integration Package for SWIFT gain the following business benefits:

- Enhanced communications with banking partners
- Improved transparency into the cash-flow process
- Streamlined payment-exchange and pay-to-reconcile processes
- Support for international payment standards

Find Out More

For more information about how your company can simplify communications with banking partners, contact your SAP representative or visit us online at www.sap.com/solutions/business-suite/erp.

SAP: Delivering IT-Powered Business Innovation

SAP delivers products and services that help accelerate business innovation for our customers. We believe that doing so will unleash growth and create significant new value – for our customers, SAP, and, ultimately, entire industries and the economy at large. Today customers in more than 120 countries run SAP applications – from distinct solutions addressing the needs of small businesses and midsize companies to suite offerings



Support for FIN and FileAct in the integration repository of the SAP NetWeaver Process Integration offering lets you manage the pay-to-reconcile business scenario, processes, and mappings.

for global organizations. SAP defines business software as comprising enterprise resource planning, business intelligence, and related applications such as supply chain management, customer relationship management, product lifecycle management, and supplier relationship management.

From Walldorf to Wall Street: The SAP Success Story

Founded in 1972, SAP has a rich history of innovation and growth that has made us a true industry leader. SAP has sales and development locations in more than 50 countries worldwide and is listed on several exchanges, including the Frankfurt Stock Exchange and NYSE under the symbol “SAP.”

Summary

SAP® Integration Package for SWIFT provides integration with the SWIFTNet infrastructure of the Society for Worldwide Interbank Financial Telecommunication (SWIFT). Using SWIFT's secure and reliable infrastructure lets companies communicate simply and efficiently with their multiple banking partners.

Business Challenges

- Reduce reliance on proprietary payment protocols
- Maintain multiple banking relationships
- Harmonize and standardize payment infrastructure
- Improve financial process efficiencies and control

Key Features

- **Data transfer** – Use FIN or FileAct to exchange single payments or transfer batch messages
- **Message and process mapping** – Communicate information throughout the business process lifecycle
- **International payment standard support** – Send and receive cross-border payments in a standardized format and comply with the Single Euro Payments Area initiative for message exchange
- **Business process management** – Manage the pay-to-reconcile process across applications

Business Benefits

- **Improve communications** between organizations and their multiple banking partners
- **Streamline exchange of payments**, using a secure and highly available network
- **Enable cash-flow transparency**, due to integration between your financial systems and your banking institutions
- **Improve visibility of global liquidity**, with support for international payment standards
- **Improve the pay-to-reconcile process** by using integration with the SAP NetWeaver® technology platform

For More Information

Call your SAP representative, or visit us online at www.sap.com/solutions/business-suite/erp.

50 080 933 (10/04)

©2010 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, Clear Enterprise, SAP BusinessObjects Explorer, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP France in the United States and in other countries.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.