

SAP® INTEGRATION PACKAGE FOR SWIFT

SIMPLIFY CORPORATE-TO-BANK COMMUNICATION

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 US\$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 8,100 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. Seamless integration between your financial systems and your banking institutions enable 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 seamless connectivity between banks and the 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, out-of-the-box 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 life cycle, 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 new ISO 2022 message scheme – referred to as the

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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, which became effective in January 2008, enables corporations and individuals in the 27 European Union member states to seamlessly 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, 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 Exchange Infrastructure

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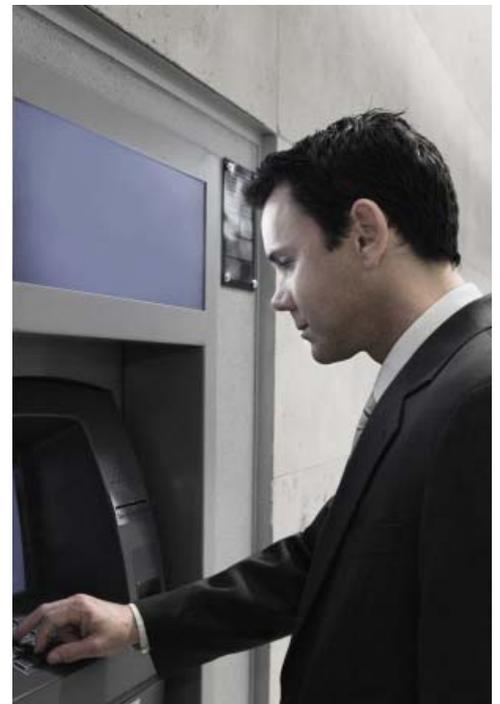
(SAP NetWeaver XI) component lets you manage the pay-to-reconcile business scenario, processes, and mappings. The repository also contains the integration directory, where you can manage the technical characteristics of partners, such as party identification and collaboration agreements.

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 XI and the SWIFTAlliance Access messaging interface, which eliminates the need to authenticate users to many different systems
- File transfer between SAP NetWeaver XI 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 capabilities are enabled when using the FileAct messaging service:

- Transmission of batch messages via the file transfer agent and processed by the SWIFTAlliance Gateway, which manages access to SWIFTNet
- Local authentication between SAP NetWeaver XI and SWIFTAlliance Gateway
- File transfer between SAP NetWeaver XI and SWIFTAlliance Gateway via FTP or through a shared folder



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

Summary

SAP® Integration Package for SWIFT provides seamless 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.

Challenges

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

Supported Business Processes and Software Functions

- Data transfer – Use FIN or FileAct to exchange single payments or transfer batch messages
- Message and process mapping – Communicate information throughout the business process life cycle
- International payment standard support – Send and receive cross-border payments in a standardized format and comply with the Single Euro Payments Area (SEPA) 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
- Enable cash-flow transparency
- 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.

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