

## HIGHLY COMMENDED WINNER

### Best SWIFT Solution

Microsoft

Washington, US

Jennifer Chisholm, Treasury Manager



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## An inexpensive solution that delivered multiple benefits

### Company profile

*Founded in 1975, Microsoft is the worldwide leader in software, services and solutions that help people and businesses realise their full potential.*

#### The challenge

Microsoft's legacy file transfer process prevented the team from receiving real-time updates. It also hindered the team's ability to achieve greater straight through processing (STP), because of the need for manual intervention at different points in the FX trade process for the front, middle and back offices.

The team therefore required a low-cost and easy-to-implement solution to enable real-time updates and enhanced STP.

#### The solution

Treasury decided to update its file transfer process to a SWIFT file format. The implementation of SWIFT has yielded significant business impacts for front, middle and back offices, and resulted in many business process improvements.

Key aspects of the solution include:

- Auto-population of fixing rates for non-deliverable forwards and options from Reuters. The fixing is automatically generated from Reval, an ION Treasury solution, and confirmations are generated and auto-matched on the fixing date. This eliminated many of the previous manual processes, which saves time and mitigates the risk of errors occurring.
- Fully amended financial details automatically flow into FXall (FX spot/forward matching and confirmation). This leads to a significant reduction in time spent cancelling and re-booking FX trades, which can potentially create discrepancies between systems. It also helps streamline the process for the front office while enabling full amendments and creating time efficiencies for middle/back office. This automatic flow also helps to prevent duplicates and reduces the number of manual steps required to update multiple systems.
- The previous trade file messaging communication cycle occurred every ten minutes with a full cycle every 20 minutes between front, middle and back offices. The new SWIFT message format communicates trade files between FX platform Reval and FXall within approximately one minute. This increase in speed between systems has helped reduce settlement risk, ensuring that system differences are prevented while any unmatched trades or breaks are identified and resolved much faster. The timing is imperative due to daily hard matching/settlement deadlines, so this time reduction helps to prevent fire drills.

High levels of coordination were required between external vendors, FXall and Reval to deliver the project on time. The solution was rolled out in under three months from conception and at a cost of less than US\$20,000.

Updating this process to a SWIFT file format increased the speed between systems by over ten-fold. It also increased STP while significantly reducing the number of manual steps and enabling greater transparency throughout the process.

#### Best practice and innovation

"Despite being a highly cost-effective solution, the time savings gained from adopting the SWIFT file format alone have resulted in significant process improvements, and also reduced the burden on our IT team by preventing the shutdown errors we experienced in the past on a regular basis," explains Jennifer Chisholm, Treasury Manager, Microsoft. "We experienced outages between systems that we no longer have to deal with using the SWIFT file format. We also have greater flexibility to adjust specific fields, adding/removing/editing wherever necessary, which is critical in an environment of changing regulatory requirements and updates in market standards."

By working with its vendors to change its FX trade file format, Microsoft found a fast and effective way to generate time savings and drive greater transparency across its FX process. The end result is more reliable reporting, a significant reduction in errors and a greater ability to quickly identify and resolve issues, enabling Microsoft to complete its processes with greater efficiency. George Zinn, Treasurer and Corporate Vice President, Microsoft, adds, "At Microsoft, we're trying to think with a growth mindset. Striving to challenge the status quo is part of our culture. This change enabled a streamlined end-to-end process that can be utilised across multiple platforms."

#### Key benefits

- Greater transparency for the front, middle and back offices.
- Prevention of differences between systems due to manual errors.
- Greater controls.
- Improved financial reporting.
- Efficiency gains.