

Fast-forward

OUTSOURCED SWIFT CONNECTIVITY HAS HELPED ITV TO RAISE ITS OPERATIONAL EFFICIENCY WHILE LOWERING ITS LEVELS OF RISK, AS **KAREN FAGAN** EXPLAINS.

Broadcaster ITV operates a business service centre to support its various companies and subsidiaries such as ITV Studios and ITV Broadcasting.

With domestic and international operations, it has the challenge of managing multiple bank accounts in around 10 currencies.

As a result, before the introduction of SWIFT (Society for Worldwide Interbank Financial Telecommunication) connectivity, there was a great deal of manual processing. The confirmations process was particularly time-consuming. International bank statements were sent by the different entities to the treasury department but this could be on a weekly or monthly basis.

ITV therefore decided to introduce in the UK a pooled operational banking structure with zero balancing alongside an in-house bank. It also wanted a more integrated and secure method of sending payments, receiving confirmations from counterparties and statements from its banking partners, and improved accounting.

SWIFT connectivity was key to ITV's long-term goals to future-proof and expand the capacity of the proposed treasury infrastructure over time. So it chose a new treasury management system (TMS) that would connect to the SWIFT network.

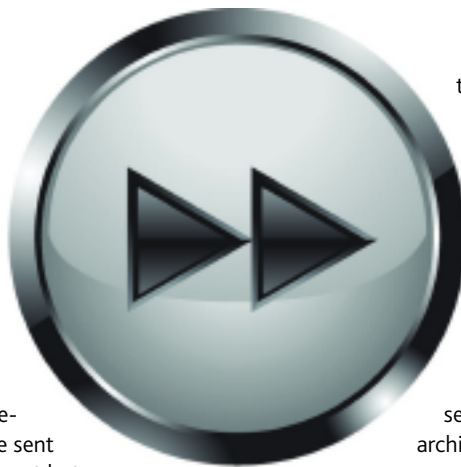
It also selected a cloud-based SWIFT access service from Bottomline Technologies. An outsourced service bureau approach offered many advantages over managing the SWIFT infrastructure in-house and Bottomline immediately demonstrated an in-depth understanding of the challenges faced by corporates that want to connect to SWIFT.

Bottomline had an existing relationship with Barclays Corporate and the TMS provider and explained exactly how the service bureau would work alongside ITV's proposed treasury infrastructure.

Zero balancing and SWIFT connectivity went live in January 2011. It has allowed ITV to receive MT940 messages from various banks via SWIFT. The MT940s are concatenated by the service bureau and uploaded automatically into the TMS where balance reporting and treasury account statement reconciliations take place.

ITV has also gone live with a new system from Trintech, which is used for the reconciliation of operational accounts. Because the process of receiving statements over SWIFT is automated, ITV can reconcile daily and use more up-to-date data than previously.

Whenever a foreign exchange or money market deal is entered into the TMS, a MT320 or MT300 message is generated and sent, via



the service bureau, to the counterparty bank over SWIFT. At the same time the counterparty sends ITV its MT320/300. The messages are captured and automatically reconciled in the TMS to ensure they match and the deal is confirmed; otherwise it is flagged up for further investigation.

The aim of ITV treasury was to integrate and streamline treasury processes by utilising the best available in treasury systems on a cost-effective basis. This was achieved by selecting a combination of vendors, designing an architecture to combine effectively the various new components with ITV's suppliers.

The treasury project has enabled ITV to automate time-consuming manual processes such as accounting and reconciliation and free up its resources to focus on resolving exceptions. Adding SWIFT connectivity to the TMS has allowed ITV to benefit from greater operational efficiency and lower levels of risk. It has allowed the treasury department to develop and roll out better controls while improving the ease and convenience with which it makes its payments.

ITV now has the scalability to increase the volumes processed without significant impact on the back-office, as well as a more complete view of cash balances across all bank accounts.

ITV is already planning to leverage its investment in SWIFT connectivity by using Oracle Lockbox to identify receivables from MT940 statements, and automatically post these to the debtor's account. The company has also asked all overseas entities to report electronic cash balances over SWIFT on a daily basis, which will give even greater visibility of ITV's true cash and liquidity position.

The same high level of automation is planned for the management of non-treasury payments, such as the BACS run for vendor, payroll, expenses, SEPA payments, international payments and faster payments. This will enable ITV to eliminate further manual processing while increasing efficiency.



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