



Cashing in

HOW RUSSIAN OIL GIANT LUKOIL FOUND TRANSPARENCY IN THE BALKANS.

When oil company Lukoil needed to implement a new cash management system for its Balkan operations, it held a tender specifically for the region, which Societe Generale won. Andrey Rostovsky, deputy head of treasury at Lukoil, says: "We wanted to increase our transparency and improve the efficiency of our cash management in the region, both of which we achieved. Working with Societe Generale, we successfully designed and implemented a comprehensive cash management solution across the region."

The solution initially covered the Balkan countries of Serbia, Macedonia and Montenegro, as well as Georgia in the Caucasus. As the project continued, it was expanded to cover Croatia. Key to the project's success was the immediate synergy between Lukoil and Societe Generale. This was already apparent at the request for proposal (RFP) stage.

Rostovsky says: "One of the advantages of Societe Generale was that they had a presence in all the countries we wanted to cover. They matched what we needed in terms of the spectrum of services they were offering, and also the levels of service." The RFP stage was completed fairly quickly, and to Lukoil's satisfaction.

Designing the solution brought all parties together, and the close communication achieved at this stage was to characterise the project right through to its successful completion. Irina Malinina, head of treasury methodology at Lukoil, says: "We designed the implementation plan together with Societe Generale. It was discussed and agreed between the bank, our subsidiaries and the corporate centre. The implementation team itself was headed throughout by an implementation manager from Societe Generale."

EARLY INVOLVEMENT The bank's approach was, early on, to bring together key personnel at every level within Societe Generale and Lukoil, so that they would be working on the basis of face-to-face relationships with their counterparts as the project went forward.

Thereafter, the bank's people on the ground in the Balkans worked closely with Lukoil's in-country teams to align the overall solution to their needs. This was crucial, given the project's scale and its complexity. The objective was to deliver an efficient, transparent, cost-effective cash management solution across the Balkans that would connect via the implementation of the SWIFT MT 940 format specification for account information.

Within the region and within each country, Societe Generale's cash management solution for Lukoil enabled



Lukoil is one of the world's biggest vertically integrated companies for the production of crude oil and gas, and their refining into petroleum products and petrochemicals. The company is a leader in Russian and international markets in its core business.

services ranging from local electronic banking, overdrafts and local guarantees, to cash collection, foreign exchange transactions and the handling of both local and foreign incoming and outgoing payments.

Clear and open lines of communication proved vital to the project's success. Malinina says: "We had regular meetings and when there were challenges, which is, of course, normal for a project on this scale, we were able to discuss them and resolve them to the satisfaction of both parties."

And what of the outcome? Looking back on the project today, Malinina says: "We are satisfied with the implementation and it's going well."

To find out more about Societe Generale cash management solutions:

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