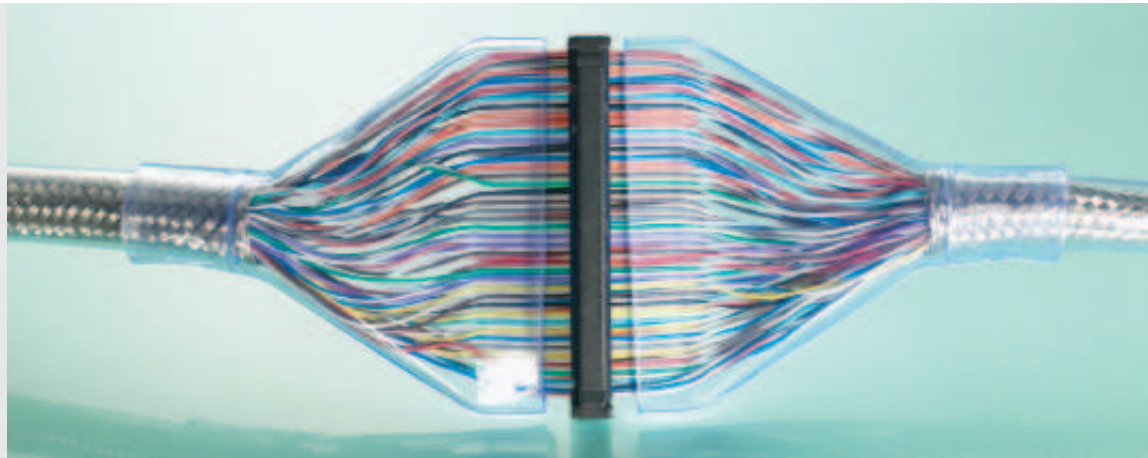




# The Road to a Smooth ERP Integration

For Corporate Clients

INDUSTRY INSIGHT



*“Companies are advised to select integration solutions that support all standard, proprietary and custom formats. This enables the treasury operation to remain bank-neutral. It also simplifies and reduces the cost of implementation and ongoing maintenance.”*

Today’s treasurers and CFOs are increasingly focused on the need to maximize corporate assets and legacy investments and one of the largest investments that a company makes in this area is its enterprise resource planning (ERP) system.

Older ERP technologies were based on fixed and leased lines of service and software that required costly, specialized service. In the quest for increased efficiency, many treasury operations are moving towards the adoption of host-to-host integration technologies with their banks. While the benefits of automation and controls are highly desirable, the complexities of implementation are often challenging. Companies aspire to minimize the effort of implementation without compromising on controls already in place.

Making full use of an ERP system lies in leveraging it to streamline the banking interface and improving integration between the various treasury operations. This can range from utilizing the ERP to generate payment files, automate the reconciliation of bank statements and automate accounts receivables reconciliations. The potential hidden costs of integration and the impact a banking interface can have on a company’s processes are significant if the integration is not done using best practices and best-in-class solutions. While there are many approaches and solutions being offered in the market, Citi with its dominant market share and experience can identify the pitfalls hidden within various approaches and provide bespoke solutions.

### Key facts about Citi® ERP Integrator:

- Fast and simple implementation: System ready to create ISO 20022 XML payment files within 5 days
- Cost effective: Leverages standard SAP tools and no additional hard- or software required
- Flexible: Adapts to existing ERP customizations and works for every ISO XML payment type
- Future Proof: Leverages open standards - ISO XML

### Non-intrusive Solutions

The use of electronic data exchange between banks and corporates has increased rapidly over the past decade. IT policies, however, determine what is allowed in terms of access to internal networks by third parties. Whilst practices vary, most do not allow banks to install proprietary software inside a company's firewall. Currently most solutions require extensive and intrusive access to the IT network and because the integration initiative may not be led by the corporate's own IT professionals, these barriers are often not discovered until the integration is underway and significant investments in human resources have been made.

For corporates that allow software installed behind their IT firewall, there are a myriad of serious implications if future changes are required, such as regulatory modifications that affect payments. The company must then contact the bank to make changes to the system rather than have its own IT team carry out the adjustments. An example of how Citi avoids this common problem, Citibank® File Services uses a translation engine installed on the bank's end that enables it to translate any file format into a format that the Citi system recognizes - without any changes on the corporate's end. The IT department does not have to reconfigure systems or convert file formats when migrating or when changes must be made to payment fields. All conversions, customization and other integration work are done within Citi's infrastructure, which ensures that no intrusive tools are put in place giving a corporate full control of the integrated system.

### Proprietary System Pitfalls vs. Standardized Technology

The two most important factors when it comes to ERP integration are: technology should facilitate integration and the quality of the data should be maintained. Unless a company can be assured of data integrity, the entire integration exercise will be seriously undermined and disruptive. Equally important with integration planning is the need to identify what interruptions system integration will cause to the data centre as well as understand the level of complexity it will add to the existing data centre structure. Much of the cost of integration is associated with the disruptions a change over has on normal daily business functions and the resources it takes away from the company's core operations. A bank-integration solution is intended to streamline the information flow, but if the wrong choices are made it will instead become a complex and costly IT problem.

Proprietary bank formats lock a corporate into using that bank's specific formats and increases switching costs. Companies are advised to select integration solutions that support standard, proprietary and custom formats. This enables the treasury operation to remain bank-neutral. It also simplifies and reduces the cost of implementation and ongoing maintenance.

Licensing costs and software upgrades, as well as complex training required of the IT department to service a new technology, are other potential costs that should be considered during the selection process. These costs can become recurring overhead if inappropriate third-party software solutions are chosen. Companies should look to their banking partner for providing a flexible solution that does not introduce new, unapproved technologies into the company's existing data service centres.

Many solution providers offer to build tailored applications to address differences in file formats or to meet unique needs. These types of customized applications create deficiencies and prevent companies from reaching their goal of streamlining processes.

The ideal solution is one that can take any treasury technology format currently in use and prepare it for ERP integration. For example Citi works with SAP's existing strategic modules rather than requiring new models which require costly licensing fees, training of IT staff and further disruptive integration processes. If a company already has IT staff well versed in maintaining SAP, they will be able to quickly adjust to the additional technology introduced through the ERP integration process. Citi's goal is to use the technology skills already present in an IT department versus training or hiring additional staff, and to eliminate third party software licensing costs.

In the market today, most bank ERP solutions are implemented by bank professionals because the tools are proprietary. Citi clients have the option of implementing it themselves because the technology is industry standard. The skills needed for implementation of Citi's solutions are available from the market and sometimes from within the company itself. Using industry standards generates savings not only during the set-up process but also in daily operations throughout the life of the solution.

Citi is the industry leader in providing host-to-host integration services, helping corporates set up shared service centres and regional treasury centres that serve their operations across Asia. Our experience can help clients avoid common problems and produce a solution that works for them, using their existing technology in the most efficient way.

For more information about Citi's Global Transaction Services, please visit [www.transactionservices.citi.com](http://www.transactionservices.citi.com).

**Raymond Hsuing**

Team Head, Regional Sales Team, Asia Pacific, Client Sales Management, Treasury and Trade Solutions, Citi

**Mayank Mishra**

Head of Information Solutions, Asia Pacific, Treasury and Trade Solutions, Citi

**Global Transaction Services** Asia Pacific - July 2011

© 2011 Citigroup Inc. All rights reserved. Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

**Disclaimer**

Statements and opinions expressed are those of the author. This communication is intended for reference only and is neither an offer to sell nor the solicitation of an offer to enter into a transaction with Citi. Nothing contained herein constitutes Citi's opinion. Although the information contained herein is believed to be reliable, Citi makes no representation as to the accuracy or completeness of any information contained herein or provided otherwise. The ultimate decision to proceed with any related transaction rests solely with you. Citi is not acting as your advisor or agent.

This Industry Insight and its contents are proprietary information and assets of Citi and may not be reproduced or otherwise disseminated in whole or in part without our written consent.