Alliance Lite as a SWIFT Connectivity Platform

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Director, Treasury Services
Occidental Petroleum Corporation

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Director of Business Development
Trellis Integration Partners
Presentation Agenda

- Introductions – Oxy & Trellis
- SWIFTNet and Alliance Lite
- Integration Options
- Costs and Benefits of Alliance Lite
- Alliance Lite at Oxy
- Project Background
- Current Situation
- Questions
Occidental Petroleum

- Int’l Oil and Gas E & P with Chemicals Company
- Founded 1920 – 30,000 employees & contractors
- Fourth largest US Oil & Gas Company
- Domestic operations in Texas, New Mexico, California, Kansas, Colorado & Utah
- Middle East/Africa in Qatar, Oman, Libya, Yemen & Bahrain
- South America in Colombia, Argentina & Bolivia
- Occidental Chemical in 11 US States plus Canada, Brazil and Chile
Trellis Integration Partners

- Founded in 2007 by ex-Microsoft IT Treasury Members
- Specialty Consulting and Integration for SWIFT Technology
- Extends base Microsoft products into industry vertical solutions for corporate treasuries, community banks, investment managers and medical banking participants
- Microsoft Gold Certified partner
- SWIFT partner and Alliance LITE Wholesaler
How to connect to SWIFTNet

<table>
<thead>
<tr>
<th>Private Infrastructure</th>
<th>Flexibility and control</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWIFTNet connectivity infrastructure owned and operated by the customer</td>
<td>One time 25-50 KEUR</td>
</tr>
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<table>
<thead>
<tr>
<th>Indirect Connectivity</th>
<th>Outsource</th>
</tr>
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<tbody>
<tr>
<td>SWIFTNet connectivity infrastructure owned and operated by third party</td>
<td>One time 1.5 KEUR + provider cost</td>
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</table>

<table>
<thead>
<tr>
<th>Alliance Lite</th>
<th>Easy and light</th>
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<tbody>
<tr>
<td>Simplified, Internet based, secure connectivity, more business oriented</td>
<td>One time -</td>
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</table>

* Prices for average 200 FIN messages/day
Alliance Lite Pricing

**Price (EUR/month)**

- **« All-in » Flat Fee**: 850 EUR/month, includes traffic up to 4000 items/month (+ 1.0 EUR/item > 4,000 items/month)
- **« Pay as you go »**: 200 EUR/month + 1.0 EUR/item

**Traffic (sent+received items/month)**

1 item = 1 FIN MT, 1 InterAct, or 1 FileAct chunk (up to 100 KB)
What's on your keychain?
Alliance Lite in an non-integrated environment

Non-Integrated SWIFT Alliance Lite

- USERS
- APPROVERS
- ADMINISTRATORS

FIN MTs
MT101s To Banks
MT940s From Banks

Outlier Banks
- Bank A
- Bank B
- Bank C
- Bank D
- Bank E

Core Banks
- Bank 1
- Bank 2
- Bank 3
- Bank 4
- Bank 5

Existing Bank Communication Links

- Manual Uploads
- Internet
- TWS
- ERP
- ERP
- ERP
- Middleware

Automated FTP Outbound & Inbound

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Alliance Lite in an integrated environment

Manual file transfer via AutoClient & FileAct

Integrated SWIFT Alliance Lite

Outlier Banks

Bank A
Bank B
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Core Banks

Bank 1
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SWIFT

Manual Uploads

AutoClient

FileAct To Banks

Manual Uploads

Manual FTP Outbound & Inbound

Middleware

TWS
ERP
ERP
ERP

Reconciliation

ZBA Transactions

Accounts Payable

Controlled Disbursements

Payroll

Treasury

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Alliance Lite in an integrated environment

Automated File Transfer via AutoClient & FileAct

- **Outlier Banks**
  - Bank A
  - Bank B
  - Bank C
  - Bank D
  - Bank E

- **Core Banks**
  - Bank 1
  - Bank 2
  - Bank 3
  - Bank 4
  - Bank 5

- **Integrated SWIFT Alliance Lite**
  - USERS
  - APPROVERS
  - ADMINISTRATORS
  - **Lite GUI**
  - **AutoClient**
  - **FileAct**
  - **Middleware**
  - **SWIFT**

- **Fin MTs**
  - MT101s OXYPUS6L to Banks
  - MT940s Banks to OXYPUS6L

- **Automated FTP**
  - Outbound & Inbound

- TWS
- ERP
- Accounts Payable
- ZBA Transactions
- Reconciliation
Alliance Lite in an integrated environment

Other potential processes for integration with SWIFT

Integrated SWIFT Alliance Lite

Outlier Banks

Core Banks

- Pensions & Investments
- FX, Money Market and Loans
- eBAM
- Payments Exceptions & Investigations
- Real-time Cash Reporting
- Trade Finance
- Medical Banking

- Treasury
- Payroll
- Controlled Disbursements
- Accounts Payable
- ZBA Transactions
- Reconciliation

- FileAct To and From Banks
- AutoClient
- Lite GUI
- APPROVERS
- ADMINISTRATORS
- AUTOCLIENT
- SWIFT
- MT101s OXYPUS6L to Banks
- MT940s Banks to OXYPUS6L

- Automated Upload To and From Banks
- Automated FTP Outbound & Inbound

- TWS
- ERP
- ERP
- ERP
- Middleware

- Bank A
- Bank B
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- Bank 1
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Cash and Banking Systems at Oxy

- 130 US bank accounts concentrated in 2 main banks
- 160 International bank accounts in 24 countries with regional concentrations
- Multiple interfaces from ERP’s to Banks for EFT payments
- Multiple bank on-line transaction systems
- Multiple interfaces from Treasury Workstation to bank on-line systems
- Several local Int’l banks with one-off systems
- Joint venture and non-operated assets
System Concerns & Challenges

- Time and effort requirement issues
- IT resource availability
- Increased exposure due to number of entry points
- Flexibility to add banks acquired via mergers and acquisitions
- Consolidate and simplify
- Position for the future
Project Background

- SWIFT identified as potential connectivity solution
- Joined SWIFT as a SCORE member
- Obtained company BEI
- Reviewed options for access to SWIFT
- Elected to subscribe to SWIFT Alliance Lite
  - Meet EFT needs of outlier banks (MT101)
  - Import balances and transaction data (MT940)
  - Familiarize company with SWIFT capabilities
  - Ordered SWIFT Alliance Lite on line
Alliance Lite Functions and Capabilities

- Internet browser-based interface
- Secure Public Key Infrastructure (PKI)
- Supports multiple FIN Message Types (MT) including
  - MT 940 balance and transaction info
  - MT 101 transaction request
- Supports FileAct messages up to 100KB
- AutoClient allows automated send & receive
- Inbox/outbox function acts as a status dashboard
- Testing environment built into Lite
Alliance LITE Implementation

- On line ordering
- Thin client installation, administrators & users
- Selected banks for initial setup
- Send RMA messages to target banks
- Contact bank through regular treasury contacts
- Identify Bank SWIFT implementation team
- Begin dialog with SWIFT Team
- Define bank implementation requirements
Bank On boarding Requirements

- SCORE Service Level Agreement with each bank
- Transfer implementation forms
- Balance and transaction information forms
- Specific bank BIC to use for transfers
- Special field requirements
- Testing between bank and Lite test systems
Project Benefits

- Single channel for multiple banks
- Secure Internet access using UBS memory stick
- Low cost access to SWIFT
- Limited technology resources required
- Reduces need to add bank systems
- Reduces host to host interfaces
- Elimination of faxed wire requests
- Transaction templates eliminate rejects
- Built-in BICPlusIBAN Directory
Challenges & Lessons Learned

- Thin client conflict with bank system token
- Operating systems supported
- Connecting with proper people at banks
- Different on boarding requirements for each bank
- Different field requirements by bank
- Third party expertise very beneficial
- Time consuming process to implement
Standards – the lesson of the railroads

<table>
<thead>
<tr>
<th>Standards represent a significant investment</th>
<th>Validation helps</th>
<th>Consider backward compatibility</th>
<th>Engineers will find a better standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Railroad Track" /></td>
<td><img src="image2" alt="Stone Paving" /></td>
<td><img src="image3" alt="Man" /></td>
<td><img src="image4" alt="Man" /></td>
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Watch for mushrooming in nascent technologies

<table>
<thead>
<tr>
<th>Region</th>
<th>Track Width (m)</th>
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<td>SE Asia</td>
<td>1.000</td>
</tr>
<tr>
<td>S Africa</td>
<td>1.067</td>
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<tr>
<td>World</td>
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<td>Russia</td>
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<tr>
<td>Brasil</td>
<td>1.600</td>
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<tr>
<td>Iberia</td>
<td>1.668</td>
</tr>
<tr>
<td>India</td>
<td>1.750</td>
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Co-existence is possible...

... but is inherently messy

Coexistence tends to work between domains, but not within.
Lite will accommodate and insulate you from SWIFT standards in both a manual & integrated modes
Q & A