Implement SWIFT Simply: Top 10 Things You Need to Know...

Monday
October 28, 2013
10:30 - 11:45 AM

Brad Vollmer, Treasurer, Gilead Sciences
Troy Angara, Senior Vice President, Wells Fargo
Kemal Batu, Regional Manager, SWIFT
Agenda

• What is SWIFT?
• Areas addressed by Treasurers
• Top 10 things to know
• Talk to your banks
• Talk to your peers
  – Gilead’s case study
• Q&A
SWIFT is...

- A co-operative serving the financial industry since 1973
- A provider of highly secure Financial Messaging services
- A Financial Standardisation organization

10,000+ customers spread over 212 countries

Over 20 million messages/day
99.999 % Availability
Areas addressed by Treasurers

Provide visibility to cash

Optimize working capital

Reduce cost and risk

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## Top ten things to implement SWIFT

**Simply…**

<table>
<thead>
<tr>
<th>10. Plan your project with the goal in mind</th>
<th>9. Clearly define and socialize the benefits you want to realize (e.g. Mitigate Risk, Bank Rationalization, Standardization)</th>
<th>8. Talk to your banks • Troy Angara from Wells Fargo will share the bank viewpoint including best practices</th>
<th>7. Talk to your peers • Brad Vollmer, Treasurer, Gilead Sciences will share his organization’s case study</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Talk to SWIFT • Learn about your options from membership, connectivity, integration, standards, bank readiness and on-boarding</td>
<td>5. Talk to your technology providers • Do they support the business and technical flows/formats you want to implement?</td>
<td>4. Formats/standards • Understand which are best to support your business, geographic and technical requirements</td>
<td>3. Legal • Review what documentation is required by your banks</td>
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<tr>
<td>2. Project team • Include stakeholders from Treasury, AP and IT early in the process</td>
<td>1. ROI - Implement where you will glean the most value (e.g. Treasury, AP, Supply Chain)</td>
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</table>
Talk to your banks

Perspectives from Wells’ Fargo
What factors into adoption?

- ERP Upgrade
- Cash Mgt.
- FX
- Trade
- Legacy Bank Formats
- Account Mgt.
- Liquidity
- Credit Borrowing
- Enhanced Security

SWIFT

A portfolio approach of communication
Potential value of SWIFT

• Provides foundation for:
  – Improved liquidity management by enabling easier visibility of account balances across multiple banks
  – Eliminates need for multiple proprietary bank interfaces
  – Reduced costs through greater automation and streamlining of IT infrastructure within corporate treasury
  – Reduced operational risk
  – Highest levels of security, resilience and compliance
  – Flexibility and scalability
Planning for a SWIFT project

**Define**
- Financial service needs
- Identify core banks
- Your environment

**Contact**
- Kick-off meeting: banks, technology, business teams
- Agree operational parameters
- Contractual framework

**Connectivity and software**
- SWIFT directly
- See SWIFT ready partners on swift.com

**Implement**
- Join SWIFT
- Install software, connect to SWIFT
- Run test pilot
- Staff training

**Go live**
- Per bank
- Kick-off meeting
- Setup and test live environment
- Go live
- Monitor traffic flows
- Retire proprietary connections
Talk to your peers

Gilead’s Case study
Gilead at a Glance

• Founded in 1987, leading global biopharmaceutical company with marketed products in HIV/AIDS, liver, cardiovascular and respiratory diseases

• Subsidiaries in 30+ countries with over 5,200 employees worldwide and global headquarters in Foster City, CA

• Market Value: ~ $90 billion

• Robust operating performance and free cash flow generation
  - Total Revenues: 2012 - $9.70B; Q2 2013 - $2.77B
  - Operating Cash Flow: 2012 - $3.19B; Q2 2013 - $953M

(1) As of August 21, 2013
Single Tablet Regimen (STR): Advances HIV/AIDS Therapy

1996
30+ Pills a Day

2006
Atripla
First STR

2011
Complera
Second STR

2012
Stribild
Third STR

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Corporates want to be efficient and scalable.

Simple vs. Complex

Standard vs. Non-standard

Simple plus standard = scalable and efficient
Challenges/Opportunities

Operational Challenges
- Change is time consuming and complex
- Various manual and time consuming processes
- Limited real-time visibility to location of cash
- Adhoc systems administration
- Many tokens/many passwords
- Focus on transaction processing

Strategic Opportunities
- Easy to implement solutions and fast time to market
- Single standard/bank agnostic connection via SWIFT
- Real time view of global cash
- Simplify and standardize system administration
- One token/one password
- Focus on strategy

Simple
Standard
Automated
Scalable
Efficient

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Gilead chose Alliance Lite2 for two reasons: simplicity and efficiency.

**Multiple bank channels**

- Accounts payable
- Accounts receivable
- Treasury
- Other

- Host to host X
- Leased line
- Internet

- Difficult to scale (complex)
- Inefficient (non-standard)

**Single, standardised gateway**

- Accounts payable
- Accounts receivable
- Treasury
- Other

-SWIFT

- Easy to scale (simple)
- Efficient (standard)
SWIFT Connectivity Options

In House - Private Infrastructure
Connectivity infrastructure owned and operated by the customer

Indirect Connectivity
Connectivity infrastructure owned and operated by third party

Hosted & Managed by SWIFT - Cloud based
Simplified, secure connectivity, end to end implementation and support by SWIFT

Gilead chose Alliance Lite 2 for two reasons: simplicity and efficiency
A picture says a thousand words
Gilead Sciences Roadmap

Gilead’s potential ability to further leverage SWIFT

**Current Usage**
- Limited to Treasury
- Focused on Major Banks
- FIN messages include: MT101, MT210, MT300, MT900
- FileAct: BAI2

**Future Uses**
- Integrate Custody
- Additional messages: MT103 and MT192
- FileAct for AP bulk payment files

**Other Uses**
- Foreign Exchange (Options)
- XML upgrade
- eBAM
- SEPA compliance
Thank you

Merci

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どうもありがとうございます

谢谢

감사합니다

Grazie
# Secure financial connectivity

Portfolio of Industry Standards supporting your various business flows*

<table>
<thead>
<tr>
<th>Business area</th>
<th>Description</th>
<th>Solution</th>
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<tbody>
<tr>
<td><strong>Payments</strong></td>
<td>High-value &amp; bulk payments</td>
<td>FIN MT101</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FileAct for all formats e.g. ISO 20022, DTA</td>
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<tr>
<td><strong>Cash Management</strong></td>
<td>Intraday and end-of-day statements</td>
<td>FIN MT9xx, MT210</td>
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<td></td>
<td>FileAct for all formats e.g. ISO 20022</td>
</tr>
<tr>
<td><strong>Foreign exchange</strong></td>
<td>Deal Confirmations and matching</td>
<td>FIN MT3xx</td>
</tr>
<tr>
<td><strong>Multi-asset class</strong></td>
<td>FX/MM, Derivatives, Commodities, Securities</td>
<td>Matching (Accord)</td>
</tr>
<tr>
<td><strong>matching</strong></td>
<td></td>
<td>FIN MT3xx, MT5xx, MT6xx</td>
</tr>
<tr>
<td><strong>Trade Finance</strong></td>
<td>LCs, Demand Guarantees</td>
<td>FIN MT798</td>
</tr>
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<td>FileAct for documents</td>
</tr>
<tr>
<td><strong>Supply Chain</strong></td>
<td>• BPO based services (Payment on time, risk mitigation, financing)</td>
<td>FileAct for all formats e.g. ISO 20022</td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td>• Approved payables financing</td>
<td></td>
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<tr>
<td><strong>Regulatory</strong></td>
<td>Trade reporting, clearing and collateral management</td>
<td>FIN FileAct</td>
</tr>
<tr>
<td><strong>requirements</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>eStatements</strong></td>
<td>Statement dematerialisation</td>
<td>FileAct e.g. PDF, …</td>
</tr>
<tr>
<td><strong>EBAM</strong></td>
<td>Account management (opening, closing) and Mandate management (signatories,</td>
<td>ISO 20022</td>
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<tr>
<td></td>
<td>user entitlements)</td>
<td>Documents e.g. PDF, …</td>
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*Non-exhaustive list of business flows
### Glossary of terms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>What does it mean</th>
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<tr>
<td>SWIFT</td>
<td>Society for Worldwide Interbank Financial Telecommunications – a member-owned,</td>
</tr>
<tr>
<td></td>
<td>cooperative that defines standards and enables financial transactions</td>
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<tr>
<td>ISO 20022 XML</td>
<td>International Standard Organization (financial message standard – 20022) and XML is a file format. Another cooperative organization that defines worldwide standards. They are separate from SWIFT</td>
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<tr>
<td>eBAM</td>
<td>Electronic Bank Account Management – standards to allow for account opening, account closing, signer changes</td>
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<tr>
<td>eStatements</td>
<td>Electronic Bank Account Statements – bank statements sent via file in a PDF file format</td>
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<tr>
<td>3SKey</td>
<td>Universal Token – ability to use a single token across multiple banks for transmissions and online access</td>
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<tr>
<td>PAIN</td>
<td>Payments Initiation – ability to initiation payments using the ISO standards (payments and acknowledgements)</td>
</tr>
<tr>
<td>CAMT</td>
<td>Cash Management – ability to receive information reporting using the ISO standards</td>
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<tr>
<td>ERP/Workstation</td>
<td>Treasury Workstations that send/receive files to automate cash position, reconciliation and forecasting. Allows CFOs, Treasurers and Cash Managers to concentrate more strategically</td>
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<tr>
<td>MTxxx Message</td>
<td>The traditional message defined by SWIFT for use with financial transactions (examples are MT101 [request for wire transfer], MT940 [previous day reporting])</td>
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