Over the past several years Unilever, the Anglo-Dutch consumer goods supplier, has migrated its treasury operations from a multi-country treasury model to a centralized model. In doing so, it moved to SWIFT as its payment messaging route with its banks, first for treasury payments, then for all commercial payments.

With 400 brands, of which 14 generate over 1 billion in revenues a year, major launches and acquisitions in the Brazil, Russia, India, China and South African (BRICS) nations, and 55% of its business in 2012 taking place in emerging markets, Unilever can definitively be called a truly multinational company. The sheer scale of its business meant that the operation of a single SWIFT payment environment would become eventually a high-volume enterprise, consuming a growing pool of resources internally. To better manage its payments environment, Unilever turned to D+H’s SWIFT service bureau to save time, money and reduce risk.

In 2006 Unilever began to reorganize the way it ran its treasury. An important aspect of the project was that SWIFT would be used as the single interface and connection to all of their banks. This would free the firm from supporting the many different messaging standards used by the multitude of systems its banking partners employed.

According to Ben Schol, Subject Matter Expert Data and Integration, Unilever, “In 2006 each country within Unilever...”
had its own treasury business or organization, but we went through a regional re-organization to create regional treasury centers, and one global back office. That took place between 2006 and 2009/2010. Then we went a step further in 2012 and consolidated all of the regional centres into one centre based in Switzerland for treasury operations."

At the start of the project the firm set out to manage an in-house implementation of SWIFT using its own staff and management. That was run successfully for two years, and during that time, the firm became more familiar with SWIFT. By utilising a single channel for communicating with its banks, the treasury was able to streamline its operations. Later the firm decided to expand the SWIFT implementation for its commercial, day-to-day operational payments. However as the business relied more and more on SWIFT for payments it became clear that the management and support of a multi-facetted SWIFT environment was an extremely complex task.

“We had a small internal team that was responsible for maintaining the SWIFT environment but over the years, as the demands grew, the team increasingly had to grow to include some external, non-Unilever staff,” says Schol. “It was quite different to managing the other applications we had in-house, such as SAP. Where the SAP environment is relatively straightforward and it is relatively easy to get skilled people, the SWIFT situation was entirely different.”

Training the SWIFT team quickly became an issue. Its own in-house team was general IT staff used to providing general IT support rather than being specialists specifically trained for SWIFT.

For SWIFT work, Unilever found itself increasingly dependent on external third party suppliers, resulting in management time for oversight as well as soaring operational costs. “We were able to manage the day-to-day operation but even that was taxing,” says Schol.

In 2009 Unilever began to look at outsourcing its environment. Discussions about outsourcing came to a head when SWIFT began implementing its Hardware Security Module (HSM) box for security keys. “It became very clear that we were having a lot of issues”, says Schol. “Our environment was not set up as SWIFT would have liked and at that point we decided we can’t support this environment.”

The finance team commenced the search for a third party supplier that had the necessary skills that could simply be given the relevant files and then return to Unilever what it wanted without requiring any further work or management. Unilever conducted a request-for-proposal (RFP) process. “Because we had some experience with SWIFT we knew what we wanted in a vendor,” says Schol. “We set out a long list of questions with all kinds of things that we needed answers for, such as ‘What are your support costs? Are you able to support the activities that we are engaged with in SWIFT?’"
At the time Unilever was using FIN transactions and SWIFTNet Accord, the matching and exception handling system that SWIFT provides for foreign exchange, money market, OTC derivative, and commodity trade confirmations, but it also wanted to use Fileact more extensively. “Those parts would need to be supported by the service bureau; in total we had about 80 criteria questions. Of course cost reduction was also one - we knew what SWIFT cost us every year so we could easily quantify the cost reduction, if any.”

After a rigorous RFP process the firm decided on D+H (formerly known as Fundtech’s BBP financial messaging group). One of the biggest challenges in the project was that the firm wanted to migrate to an outsourced environment in a short time - less than three months. “We sat down with D+H and went through the whole process,” he continues. “They did very well; there was a checklist of tasks that had to be completed very quickly, and together we mapped out the work and determined that it would be possible.”

Having selected D+H, a joint oversight team was set to work on the project, comprising a project manager from D+H and an in-house project manager from Unilever. The two companies had to work very closely to achieve the targets within the timeframe. Although the D+H team had worked with large corporates like Unilever many times before, the short timeline, combined with complexities of Unilever’s multinational business, presented some challenges. In the end, however, the project came in on time and budget, with no business interruption.” says Schol. “In the end we completed the whole process without the people in the business even noticing we went from an in-house environment to an externally hosted environment. It was very obvious that the D+H team had done this before and they did it very well. They knew what steps had to be taken and everything happened on time. Given the time parameters this was very impressive.”

Cost was obviously one of the big drivers behind the project but Unilever did not set KPIs for cost; instead, it simply took the view that the outsourcing service should not be more expensive than running it in-house. A service bureau provider has an economy of scale in that it can process more customers in the same environment and with the same infrastructure, so this should also help to ensure that the cost of each message processed was cheaper.

Following the success of the initial phase of the project, Unilever also moved its commercial payments to the service bureau and continues to roll out the programme across all of its operating countries.

“We completed the whole process without the people in the business even noticing we went from an in-house environment to an externally hosted environment. It was very obvious that the D+H team had done this before and they did it very well. They knew what steps had to be taken and everything happened on time. Given the time parameters this was very impressive.”

Ben Schol,
Subject Matter Expert
Data and Integration, Unilever
D+H

North America
140 Broadway, 40th Floor
New York City, NY 10005
Tel: +1 212 497 1820

EMEA
D+H U.K. Limited
6 Bevis Marks
London EC3A 7BA

Asia-Pacific
D+H Asia Pacific Pte Ltd
3 Church Street
#22-05 Samsung Hub
Singapore 049483
Tel: +65-6372 3123 / 6372 3131

For more information about D+H visit www.dh.com

About D+H
D+H's Global Transaction Banking Solutions Group, formerly known as Fundtech, is the leader in treasury services solutions. D+H is a leading financial technology provider the world's financial institutions rely on every day to help them grow and succeed. Our lending, core, payments, channel, optimization and treasury services solutions are trusted by nearly 8,000 banks, specialty lenders, community banks, credit unions, governments and corporations. Headquartered in Toronto, Canada, D+H has more than 5,500 employees worldwide who are passionate about partnering with clients to create forward-thinking solutions that fit their needs. With annual revenues of more than $1 billion, D+H is recognized as one of the world’s top FinTech companies on IDC Financial Insights FinTech Rankings and American Banker's FinTech Forward ranking. For more information, visit www.dh.com.