

## Payments Case Study

# INTERNATIONAL AIRLINE AUTOMATES GLOBAL PAYMENTS PROCESSING WITH TRAX

### Airline Background

- Major international commercial airline, with an extensive domestic and international network with service to more than 325 destinations on six continents
- Headquartered in North America
- Over 80,000 employees worldwide
- Serves more than 180 million customers each year

### Treasury & Payments Background

- Centralized treasury and payments in North America, with international payments processing functions located in respective geographic regions
- Use of Trax for centralized electronic payments processing
- Use of SWIFT as international and domestic bank communication channel
- Global deployment of Quantum treasury management system
- Use of SAP ERP for domestic AP payment origination & integration to Trax

### The Problem

The Airline historically relied on SAP for AP payments and bank portals to enable treasury payment processing activities, however those systems only partially met business requirements. Because of functional shortcomings within existing systems, a considerable number of manual processes, redundant controls, and workarounds were in place. One major problem was related to the inflexibility of SAP in processing a varied, ever-changing range of payment types. SAP was not able to systematically react to changes in global payment standards, such as SEPA, a situation which forced the Airline to often revert to the manual processing of payments and workarounds. Additionally, SAP was not able to process payments in real-time, at any given time. These SAP limitations, coupled with lack of standardization in bank connectivity channels and formats made for an unnecessarily complex payment processing environment at the Airline.

We started out looking for a traditional treasury management system, but quickly found our complex payments requirements would be better managed within a specialized payments engine - Trax

### THE OBJECTIVES

The Airline sought a powerful, specialized global payments processing solution to meet several key objectives listed below, which spanned a number of departments and functions:

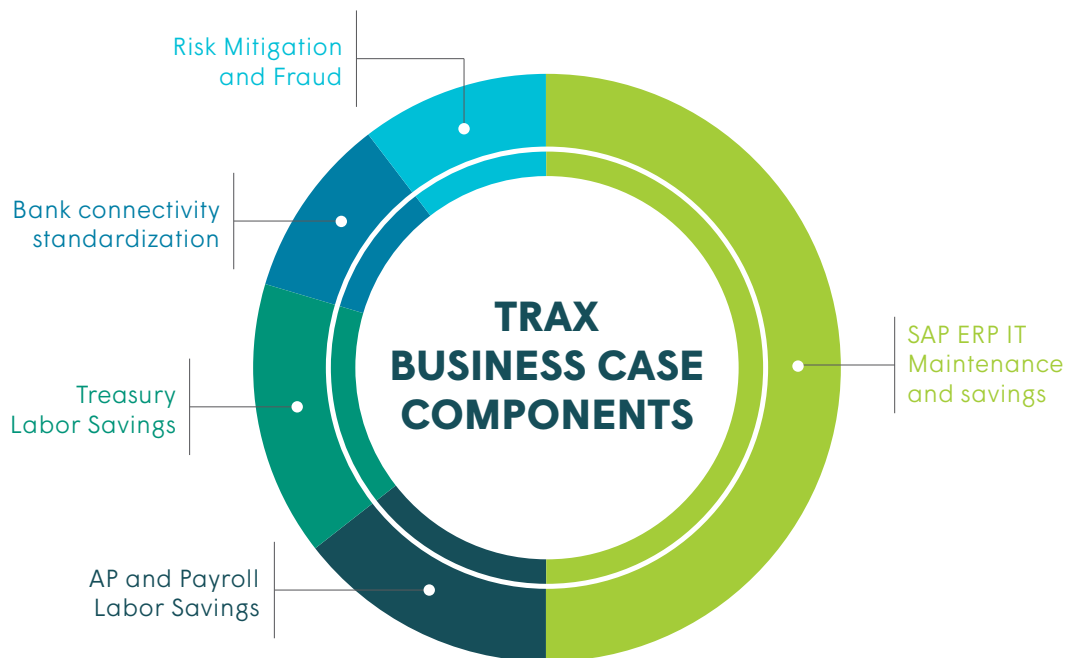
- **Flexibility:** Become a more agile, global payments processor, to improve responsiveness to business units and reduce reliance on IT resources for systems configuration.
- **Simplified Integration:** Standardize and simplify bank connectivity channels and formats through SWIFT to reduce processing errors and reliance on online banking platforms.
- **Automation:** Automate manual processes within accounts payable, payroll, and treasury.
- **Improved Controls:** Through greater standardization in all transaction processing activities and the use of more secure, systematic payment processing technology.
- **Analytics:** Improve analytical capabilities and available information for more informed and timely decisions.

### THE BUSINESS CASE

Limitations in existing payments technology made a strong business case for the Airline to adopt Trax as its global payment processing platform. Business case components included the following:

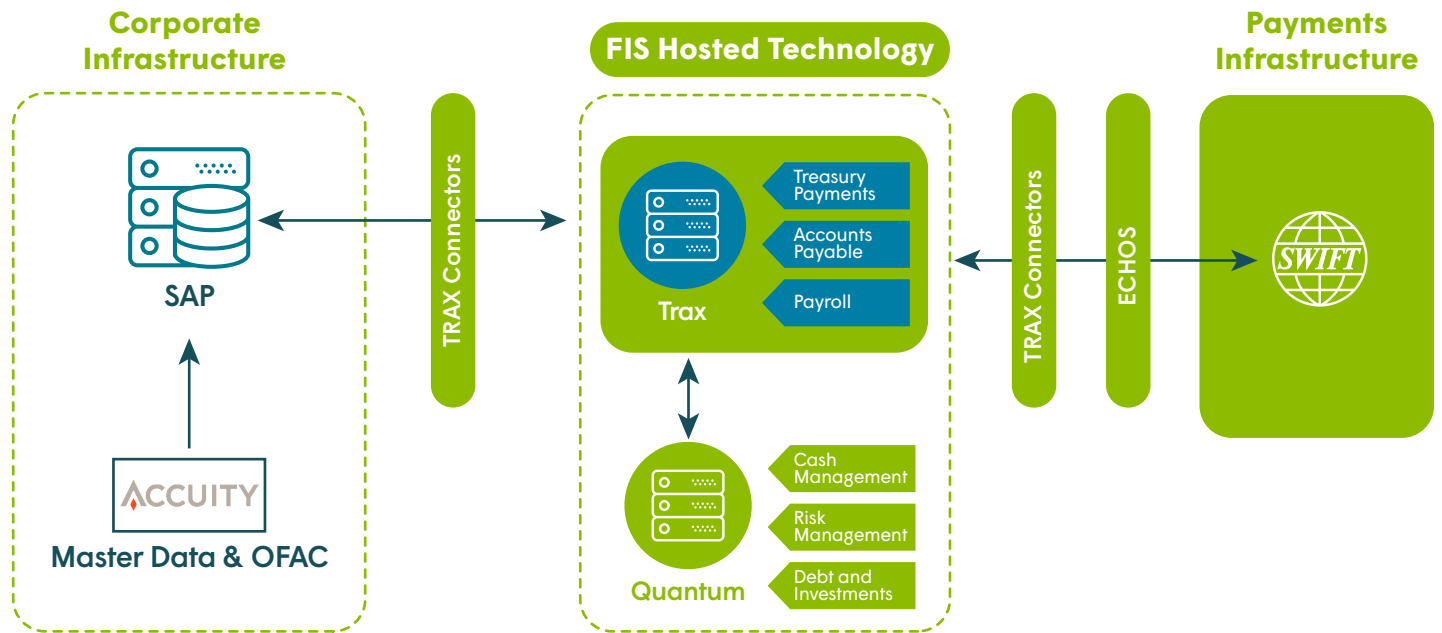
- **SAP ERP IT Maintenance & Savings:** Ongoing SAP payments maintenance, configuration, and customization costs, which were considerably higher than Trax.
- **Labor Savings:** The Airline identified international and domestic payroll, accounts payable, and treasury as being primary areas to benefit from greater automation in payments processing.
- **Bank Connectivity Standardization:** Through the adoption of SWIFT and payment messaging standards, the Airline was able to consolidate individual host to host connections with key banking partners.
- **Risk Mitigation and Payments Fraud Prevention:** Through greater automation in processing, and accuracy in reporting, which help reduce the risk of error and internal/external fraud.

Figure 1: TRAX Business Case Components



Trax has streamlined and simplified payment processing tasks for multiple international departments and business units

Figure 2



## The Project

The Airline began the system selection by only evaluating traditional treasury management systems, however it quickly became clear that the complexity of its payment requirements were beyond what a cash management system could handle. The Airline therefore selected Trax and Quantum to meet a combination of traditional treasury and global payments business requirements. The scope of the first phases of the Trax project focused on international and domestic payroll and domestic AP processes as well as treasury payments. Currently, the airline receives bank statements from 12 banks representing roughly 300 bank accounts for use in Quantum and SAP. The Airline leveraged the SWIFT network to reach all global banking partners via one, streamlined communications hub. Successfully live, the Airline plans to continue to expand Trax usage globally for international accounts payable, rolling out to additional countries, business units, and banking partners.

## Project Scope

- Roughly 300 bank accounts
- 42 countries
- SAP ERP & Quantum Integration
- SWIFT Connectivity

## Conclusion

At the conclusion of the Trax implementation, the Airline had achieved several technical and procedural improvements spanning accounts payable, payroll, bank statements, IT, and treasury:

- Customized host to host connections with key banking partners were eliminated and replaced with standard SWIFT connectivity
- Manual AP, payroll, and treasury processes were eliminated through use of Trax
- Automated bank statements eliminated manual cash positioning processes
- Payment flexibility within Trax translated into less manual intervention, reduced redundant controls, and improved overall payment security
- Information reporting and transaction processing were centralized within Trax, improving reporting, cash visibility, and global processing standards

The Airline now processes on average over 350,000 payments and 6,000 statements through Trax each month, successfully integrating with both Quantum, SAP, and key banking partners over the SWIFT network. For the Airline, who expects the scope and volume of Trax usage to grow as the company continues to grow, Trax has become the payment processing solution of the future.

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### About FIS

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