



Fuelling Global Growth with SWIFT

Huawei's Treasury Technology Transformation

Huawei is a flagship Chinese corporation that continues to demonstrate impressive growth across its extensive international footprint, resulting in increasingly complex and diverse cash and treasury requirements. To manage these evolving needs, Huawei has been a forerunner amongst Chinese multinationals in introducing industry-leading cash and treasury management technology and processes, including multibank connectivity through SWIFT.



Treasury organisation & objectives

Huawei has established an efficient treasury and finance organisation with a centralised group treasury function in Shenzhen and regional treasury centres in Singapore and the Netherlands. However, the company's ambitious and highly successful growth strategy has resulted in greater complexity in its internal treasury

technology and bank connectivity requirements. The number of banks and accounts had proliferated, with an increase in the number of banking connections and proprietary formats, which were costly and resource-intensive to maintain.

Consequently, Huawei recognised the need to implement a technology model that was more closely aligned with its business

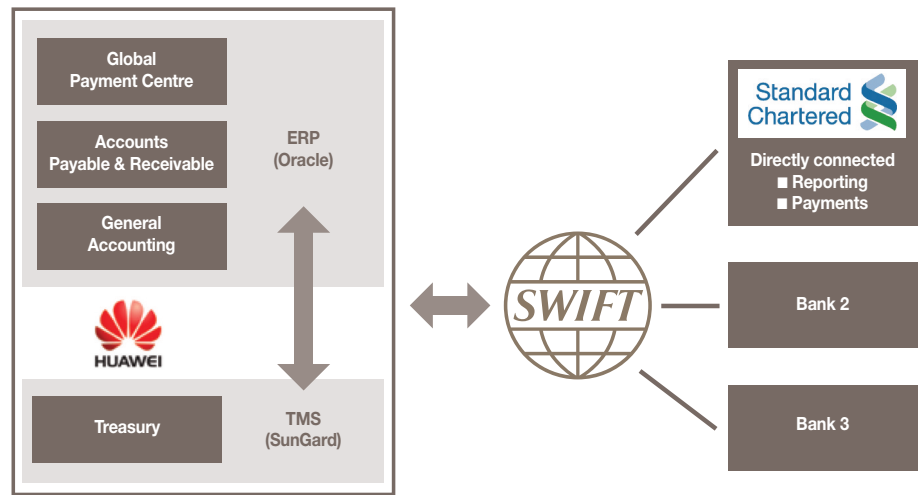




strategy and minimised operational risks. Treasury co-ordinated a project team comprising key personnel from account management, global payments, treasury and IT to set objectives and formulate and deliver on a strategy. This team identified the following objectives:

- Centralise payments through a global payment centre
- Achieve visibility and control over all accounts globally
- Enhance efficiency of internal cash and treasury management processes
- Improve quality and timeliness of reporting
- Automate payment and reconciliation processes
- Streamline bank communication through a single, robust channel
- Standardise payment formats and documentation across partner banks

Fig 1 - Huawei solution overview



Source: Standard Chartered

Solution overview

To achieve its treasury objectives, Huawei made the decision to implement a new technology infrastructure (figure 1), supported with an efficient organisational structure and business processes:

- SWIFT for global bank connectivity;
- Payments are transmitted using MT101 messages (for urgent/ad-hoc payments) and SWIFT's file transfer mechanism, FileAct (for batch payments). Most payments (including supplier payments) are conducted through FileAct;
- Global bank account balance and transaction reporting is obtained daily through FileAct;
- Standardised message formats for payments and account statements based on ISO 20022 XML-based formats (XML). XML provides flexibility, versatility and future validity, with widespread stakeholder and regulatory support and increasing adoption globally. XML supported local language requirements and allowed enriched data to be exchanged, enabling Huawei to define detailed reconciliation rules and automate processes;
- SunGard treasury management system (TMS) for treasury and cash management, integrated with the group ERP, Oracle, and SWIFT, in order to automate the exchange of internal and external data.

Implementation in practice

Huawei embarked on its SWIFT implementation in 2009 and started working with its three primary banks, including Standard Chartered, to replace its existing bank proprietary electronic banking systems with SWIFT, using XML message standards. The company decided to connect directly to SWIFT as opposed to outsourcing connectivity to a service bureau to comply with internal security and control requirements.

Huawei is adopting a phased approach to implementation. Standard Chartered supports the company in 21 countries across Asia and Africa, 13 of which are now connected to SWIFT and more to follow in 2013. Ultimately, all payments and account statements will be migrated to SWIFT to automate and streamline payment and reconciliation processes globally.

Addressing implementation challenges

Large multinational corporations often face the challenge that XML formats may be interpreted in different ways by each bank or within each country. To ensure that Huawei met its standardisation objectives, the project team held a harmonisation workshop with its three partner banks to ensure consistent formats. Huawei took the same approach to SWIFT documentation, and negotiated a single agreement with all three banks to avoid lengthy legal negotiations.

As a diverse, multinational business, payments are generated from more than one system within Huawei, so treasury and finance processes were centralised and rationalised to ensure consistency and efficiency. This resulted in very high transaction volumes, so Huawei conducted



XML supported local language requirements and allowed enriched data to be exchanged.



SWIFT

SWIFT is a member-owned co-operative that provides the communications platform, products and services to connect more than 10,000 banking organisations, securities institutions and corporate customers in 212 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

stella.lim@swift.com



"The technology transformation project at Huawei has been a vital step in achieving our strategic growth plans. Working with Standard Chartered and SWIFT has been a positive experience, enabling us to demonstrate industry best practices in banking and connectivity and provide leadership for other Chinese multinationals."

Huawei

"Standard Chartered is a strong supporter of corporate access to SWIFT and open standards for financial messaging. Our long association with SWIFT together with our industry-leading Straight2Bank electronic banking solutions have enabled us to become a trusted advisor for a wide range of clients globally who are devising their bank connectivity strategy. Our successful partnership with Huawei is an example of our commitment to providing our clients with innovative connectivity solutions to drive efficiency, optimise working capital management and reduce operational risk."

Gautam Jain, Global Head of Client Access, Transaction Banking, Standard Chartered Bank

"SWIFT has been proactive in supporting Huawei's project by providing an expert project team to work closely with Huawei to integrate SWIFT solutions into their ERP and TMS environment. Huawei has been a pioneer in adopting XML standards supported by SWIFT, which has enabled them to achieve the flexibility they required across languages and across countries. Based on the success of this project, we anticipate that Huawei's project will pave the way for further adoption of both SWIFT and XML by corporates and banks across Asia."

Franck de Praetere, Head of Payments and Trade Markets, Asia Pacific, SWIFT



Using SWIFT for multi-bank connectivity provides the security, scalability and flexibility that multinational corporations require.



through stress testing to ensure resilience and reliability of processing.

Benefits for Huawei

Huawei is already successfully achieving its treasury technology and connectivity objectives, with both operational and strategic advantages:

- Cost effective solution, with lower ongoing maintenance, connectivity and integration costs;
- Greater productivity, enabling Huawei to manage increased volumes and

complexity without adding further resources;

- Enhanced controls, facilitating compliance with internal and external audit requirements;
- Scalability and flexibility to manage evolving requirements as the company's international strategy evolves;
- Bank independence to enable banking partners to be selected based on the quality of solutions and service in each location;
- Greater visibility and control over global cash positions, enabling treasury to manage liquidity at a group level;

- Enhanced ability to centralise and streamline processes, supported with timely, complete management reporting, supporting financial decision-making and working capital optimisation.

With Chinese companies increasingly seeking new international opportunities for both sourcing and sales, cash management and banking relationships are becoming increasingly complex. Using SWIFT for multi-bank connectivity provides the security, scalability and flexibility that multinational corporations require to meet their current and future cash management needs, particularly when supported by an experienced international bank.

Huawei

Established in 1988, the Chinese multinational Huawei, headquartered in Shenzhen, has grown rapidly to become a leading global provider of commercial telecom networks, serving 45 of the world's top 50 telecom operators. Huawei's products and solutions are deployed in over 140 countries and support the communication needs of one-third of the world's population. In 2011, Huawei recorded audited revenues of USD 32.4bn with a CAGR (compound annual growth rate) of 22%.

Standard Chartered Bank

With a history of more than 150 years and a network across over 70 countries, Standard Chartered is well-positioned in the emerging markets of Asia, Africa and the Middle East. The bank's Wholesale Banking division combines global capabilities with deep local knowledge to develop innovative and award-winning financial markets and transaction banking solutions to continuously meet the needs of our corporate and institutional clients.

mahesh.narayan@sc.com

A successful banking partnership

For over five years, Standard Chartered has been a key partner for Huawei, helping the company to implement innovative working capital solutions across Asia, Africa and the Middle East. The SWIFT project was managed by an expert team, with local Standard Chartered representatives who worked with Huawei units within each country, with central co-ordination in China. Huawei is just one example of the Chinese multinational corporations that are leveraging Standard Chartered's unique emerging markets footprint and comprehensive suite of electronic channels to drive their strategic, financial and operational objectives. □