

Collaborate

Innovate

Technology, Media, and Telecoms Casebook
Global Transaction Services



“This Casebook is a testimony to the innovative and creative spirit of our clients. It demonstrates how we work in collaboration with our clients to deliver new solutions to challenges they may not have faced before.”

Michael Guralnick
Global Head, Client Sales Management
Treasury and Trade Solutions
Global Transaction Services, Citi

welcome



Michael Guralnick
Global Head
Client Sales Management
Treasury and Trade Solutions
Global Transaction Services, Citi

It is my pleasure to present our Citi Global Transaction Services Technology, Media & Telecoms Casebook. This book of client case studies is a compilation of the innovative solutions that we have designed, in partnership with our clients, to help them achieve excellence in meeting their key working capital goals.

Against a backdrop of unrelenting economic challenges and a continued move towards globalization, our clients are focused on achieving operational efficiencies across their businesses and their increasingly complex supply chains. In this global business environment, our clients are also looking to mitigate a wide range of risks, such as operational risk, settlement risk, and transaction risk.

Citi's Global Transaction Services business provides a global platform of innovative solutions that fully utilizes the creative leverage of

the world-class professionals who staff our offices across more than 104 countries.

This Casebook is a testimony to the innovative and creative spirit of our clients. It demonstrates how we work in collaboration with our clients to deliver new solutions to challenges they may not have faced before. It is designed to share global best practices, and to help our clients accelerate the realization of their transaction services goals.

At Citi, we are committed to helping our clients in the technology, media and telecoms sectors respond effectively to these challenging times. We are delighted to share with you the insights we have gained from working with businesses like yours. I look forward to hearing from you and welcome the opportunity to continue and expand our successful partnership.

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facilitating a new era
of creativity in the
technology, media, and
telecoms sectors

The technology, media, and telecoms sectors have experienced diverse and complex challenges over recent years, with each subject to different industry, consumer, and competitive trends. What characterizes the most successful companies in each of these industries is their ability to flex their business and revenue models, both in response to, and in anticipation of, these developments. Here we outline some of the challenges and opportunities for companies in these sectors, and how transaction banking solutions may enable them to finance their activities, optimize liquidity, mitigate risk, and maintain their competitive position.

Addressing challenges, maximizing opportunities

Technology

During the latter part of 2008 and into 2009, the technology sector was badly hit as companies and consumers reduced their budgets, affecting semiconductor, consumer electronics, software, computing, and network infrastructure companies alike. For example, the semiconductor industry, often a strong indicator of the wider technology industry, witnessed an 11% fall in revenues during 2009. However, there were some bright spots. Consumer demand continued unabated for convenient mobile

computing solutions, such as netbooks, while smartphones became ubiquitous among consumers. Home entertainment also remained a priority for consumers, despite becoming more cost-conscious in other areas. For example, global LCD television sales reached 107 million units in 2008, an increase of 24% from 2007. High-definition TV ownership in the United States grew from 11% in 2004 to 49% in 2009 and is expected to reach 71% in 2014, a trend that is mirrored in other regions. Among the business community, cloud computing, software, and infrastructure virtualization continued to expand,

with growing acceptance of SAAS (software as a service).

Technology companies have not been waiting idly for the recovery to come. Indeed, these companies are well positioned to take advantage of every growth signal. Many have diversified their functional offerings, invested in innovation, implemented cost-efficiencies, and increased their geographic footprint. According to recent research by Gartner, technology purchases are likely to rise by 5.3% during 2010. In particular, we see continuing demand for consumer technology, both in established and emerging

markets. For example, in the BRIC countries, the number of personal computer users is anticipated to grow by more than 30% per year, topping 500 million by 2012 in these countries alone.

Media

The media sector encompasses a broad and diverse reach of companies from advertising and marketing through to entertainment. These companies were experiencing a variety of business challenges even before the recent global financial crisis as business models for marketing and advertising changed to reflect the needs of an increasingly digital era. In parallel, consumer entertainment demands became both more discerning and more fragmented. Already vulnerable media companies, particularly those engaged in advertising and marketing, were badly affected during the global financial crisis as clients reduced their discretionary spend.

During this difficult period, media companies were tasked to streamline costs and enhance efficiency, but also to align their business models with the changing needs of their business and consumer markets. While these businesses were hit the hardest, conversely they are in many ways a "litmus test" for recovery. Leaner and more competitive, media firms have been among the first to witness signs that the economic tide is turning as their patrons return to advertising as a means of accelerating business growth.

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Telecoms

While handset and equipment manufacturers experienced a downturn in revenues, the telecoms sector in aggregate was largely insulated from the global financial crisis. Mobile roaming revenues and voice traffic among business customers fell, but otherwise operators saw generally steady income. Even so, by embarking on cost-efficiency programs, companies that were most affected could still remain profitable. The business-to-consumer (B2C) market has continued to grow strongly globally as mobile communications are increasingly seen as essential services in the same way as utilities such as gas or electricity.

Telecoms companies are not complacent, however. While the economic downturn may not have scarred them to the same extent as other industries, the sector is

entering a period of significant change, with innovative operating models developing in established markets, new service offerings, the effects of digital expansion, emerging-market growth, and an evolving regulatory landscape. Competition is likely to become stronger still, with Asian players expanding globally and low-cost carriers challenging established revenue models. To be successful, companies are compelled to flex their business models, expand their product and service offerings, and take advantage of investment opportunities; those that lack the necessary strategic and financial flexibility are likely to find themselves eclipsed.

Plugging into the new economy

While there is clearly significant diversity across the technology, media, and telecoms sectors, the most

innovative and competitive companies within each of these industries are well positioned for recovery and are already leveraging new opportunities and creating competitive advantage. As a partner bank of over 2,000 multinational companies in this sector, Citi has developed significant expertise in understanding and responding to changing business needs and has invested in the solutions that are helping to enable these companies achieve their business strategies, maintain access to liquidity, and manage their risk.

Facilitating growth in technology companies

Supply chain initiatives

For technology companies to maximize opportunities for growth into new product and geographic markets, sales channels need to be robust and reliable. With many companies heavily reliant on distributors, many of whom have a weaker credit standing than the

manufacturers of the products they sell, supply chain techniques such as distributor financing help to ensure that companies' sales strategies are well supported. For example, by enabling distributors to access financing, multinational companies are realizing uninterrupted supply, a consistent brand presence, and ongoing sales momentum.

At the other end of the supply chain, supplier financing helps enable companies to support their suppliers by offering invoice discounting at a competitive rate while maximizing their own days payable outstanding (DPO). Such a solution brings working capital advantages to the buyer and its suppliers, increases the resilience of the supply chain, and strengthens relationships between partners.

Managing risk

As technology companies seek to expand both their geographic footprint and their portfolio of products and services, trading partners are changing, with new

rules of engagement. The need to innovate, embrace new technologies, and seize opportunities in new markets means that companies are obliged to expand their trading network while managing their credit and currency risk and protecting their financial supply chain. Consequently, there has been a growth in demand for trade instruments such as import and export letters of credit (LCs) as the tools of choice for companies of all sizes and geographies to manage their counterparty risk. While open account trading became more

“Banks such as Citi have supported clients' trade finance processes by enhancing efficiency and automation, therefore helping to enable them to receive goods or payment more quickly.”

prevalent during the years preceding the global financial crisis, there has since been an evident increase in the use of LCs. Banks such as Citi have supported clients' trade finance processes by enhancing efficiency and automation, therefore helping to enable them to receive goods or payment more quickly.

Optimizing working capital

While working capital has been a priority for many technology companies during a period of restricted financing, the return to economic growth should not mean that this focus should be reduced. Indeed, to maintain its competitive position, cash flow initiatives are critical for any company in this sector. For example, OEMs (original equipment manufacturers) in emerging markets have a variety of scale advantages and often large cash reserves. As some of these companies extend beyond assembly and manufacturing to design and innovation, they need support from

their banking partners to enable new financial flows, including consumer, business, and distributor flows. The development of these companies creates a new market dynamic as they both compete and cooperate with ODMs (original design manufacturers). Technology companies of all types, including OEMs and ODMs, need an effective, integrated approach to cash management, including payables and receivables, to maximize liquidity available for investment in business growth and innovation and to enhance financial flexibility. This can be particularly complex for multinational companies operating across a large number of currencies and countries with diverse regulatory constraints, and these issues are often exacerbated by fragmented banking relationships.

Best-in-class technology companies seek treasury optimization strategies such as overlay structures to enhance liquidity

and reduce "trapped" cash. Furthermore, with many upstream technology companies collecting in US dollars but having local currency payment requirements, there needs to be an efficient means of pooling cash across borders, ensuring the availability of funds and managing currency risk. Working with a bank such as Citi, which has considerable geographic reach and depth and product versatility, can be essential to these efforts. With a presence in 104 markets, Citi has the scale and depth of offering to meet the needs of the world's leading technology brands.

Building customer base

With the competitive pressures exacerbated by the emergence of competitive technologies such as netbooks, tablets, eReaders and the next generation of smartphones, marketing departments are tasked to deliver new strategies for customer acquisition. Prepaid card programs

have proven instrumental for technology companies wishing to build strong relationships with new and existing customers, increase brand loyalty and spend, and enhance customers' experience, without adding administrative effort. Furthermore, prepaid cards have proved a convenient and attractive means of compensating and incentivizing sales teams.

Not only do prepaid card programs represent a crucial element of proactive marketing campaigns, but they also provide detailed management information and metrics for measuring the success of customer acquisition, "churn", and retention programs. Consequently, they can be influential in developing greater intelligence about customer needs and behaviors and in determining how marketing efforts should be channeled or refined, essential for any customer-oriented company.

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Facilitating growth

As competition continues to strengthen, technology companies continue to pursue attractive acquisition targets to accelerate their ability to deliver innovative products and services to the

market. In particular, companies with significant balance sheet strength are seeking to rebalance revenues in favor of services, which provide a more regular and predictable income stream, as margins on hardware are compressed as the market becomes more commoditized. Consolidators are seeking banking partners to support them during and post-acquisition to reduce risk and maximize the value of these acquisitions. Accessing international escrow services and pledge accounts, to minimize risk and handle deferred obligations, can be essential during an acquisition process. Citi's Agency and Trust group specializes in providing these customized solutions. Furthermore, by leveraging a partner bank's experience in implementing cash and liquidity management structures and in supporting shared service centers, it is possible for companies to

integrate acquired businesses more quickly, increase visibility, reduce costs, and enhance value.

Monetizing the digital economy in the media industry

Media and entertainment companies facing the challenges of declining advertising revenue and circulation of traditional news and entertainment media, such as newspapers, require an innovative approach to harnessing new digital media and building new revenue streams, as opposed to simply transferring existing business models to a digital format. Marketing, public relations, research houses, and advertising companies need to find enterprising solutions for their clients.

Establishing synergies in decentralized companies

Media companies that have grown through acquisition frequently retain local autonomy among business units to encourage

innovation and the design of creative services specifically crafted for the needs of the local market. However, as the economic landscape has changed, these companies are seeking to reduce debt/equity levels and manage their counterparty risk more effectively. These companies are therefore increasingly using tools such as Citi's TreasuryVision®, the award-winning cash and data aggregation solution, to achieve visibility of cash across multiple banks and accounts globally.

In addition, as the fortunes of media companies improve, fueled by innovation and more flexible service offerings to their customers, they are looking to redeem debt and maximize investment returns by centralizing cash through regional and global liquidity structures. To achieve such a solution, it is important to work with a bank experienced in optimizing cash flow in decentralized organizations, familiar with the objectives and

concerns of head office and local finance teams, and with the necessary geographic reach and functional depth.

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Efficiency in distributed payments

Media companies frequently work with remote journalists, authors, correspondents, and content or mobile application contributors, and this diversity of input is often essential to maintain the variety and

depth of material that consumers require. However, making regular or one-off payments to these individuals or companies can be difficult when they are distributed globally. Consequently, media companies can benefit significantly from tools such as Citi’s WorldLink® Payment Services, the foreign-currency payments system that enables regular or one-off payments in 137 currencies. Additionally, the use of prepaid cards to compensate contributors or content developers can be a convenient means of making payments without the need to request or store payment instructions.

Collecting cash

Not only do media companies need to make payments more efficiently, but they also require innovative collection solutions such as virtual accounts as used by leading companies in some of the world’s most challenging markets, such as Russia and the Ukraine.

Enhancing competitive advantage for telecoms companies

In a continually changing environment where competing firms are increasingly seeking to convert customers in mature markets and develop brand recognition and market share in emerging economies, there is constant pressure on telecoms companies to invest in geographic expansion and product innovation, whatever the economic conditions. In a new economic climate, therefore, while the need for capital expenditure has continued unabated, the models for funding it have changed substantially.

Financing in a new economy

As companies' costs of financing have increased, traditional routes to financing, such as bank funding or capital markets issuance to support infrastructure development, have become less financially attractive or feasible. However, companies have found favorable alternatives through export agency financing. Citi has

assisted a number of mobile network operators, including many of the world's leading telecoms companies, to access export agency financing as an attractive source of capital.

Innovation and investment in its own activities is not enough for a telecoms company to be successful. Another key consideration is how to secure supplies to deliver on customer expectations. Companies are therefore implementing supply chain finance solutions that enable them to finance suppliers to ensure continuity of supply while maximizing DPO and preserving working capital. Given the inherent interconnectedness of the communications industry, a noticeable feature has been the "catalyst effect" of implementing supply chain finance programs. This has seen the large suppliers to the wireless and electronic companies that have previously benefited from these programs as sellers, now equally considering the merits of these programs as buyers.

Earnings and margins compression

A highly competitive and demanding economic climate challenges telecoms companies to maintain earning levels and protect margins. These challenges are exacerbated further by increased payment delinquency, tightening roaming and rate regulations and option fees. Consequently, telecoms companies are tasked to find innovative and compelling ways of increasing revenues from each customer, reducing churn, and attracting new customers. At the same time, they are seeking to reduce costs and increase efficiency within the business. As discussed earlier in relation to the technology sector, prepaid card programs are becoming increasingly prevalent in the mobile and triple-play space to improve average revenue per user (ARPU), a key metric for the industry, and support customer acquisition programs such as refer-a-friend promotions and handset rebate alternatives.

Pioneered by banks such as Citi, these programs have proved so successful for leading operators in the US that there is increasing demand in other regions.

Telecoms companies are also becoming increasingly aware of the merits of commercial card solutions as a means of controlling travel and entertainment (T&E) expenses and ensuring that procurement spend is performed in line with corporate processes. There can be considerable economic benefits to be gained from the use of commercial cards, including rebates, workflow efficiencies, tighter control over costs, and increased buying power with key suppliers. These benefits may be further enhanced by the ability to provide a convenient corporate liability card to employees for expenses and purchasing.

Managing cash and liquidity

As with media companies, cash and treasury management is frequently decentralized in telecoms companies, partly due to the need to service large domestic client bases. To allow cash to be centralized, net borrowings

reduced, and counter-party risk minimized, telecoms companies require efficient overlay solutions and creative purchase-to-pay and order-to-cash solutions on a local and regional basis. This may require different types of banking support across the company: for example, a bank may help an operator to centralize its payments processing while providing local business units with assistance with marketing campaigns and collections.

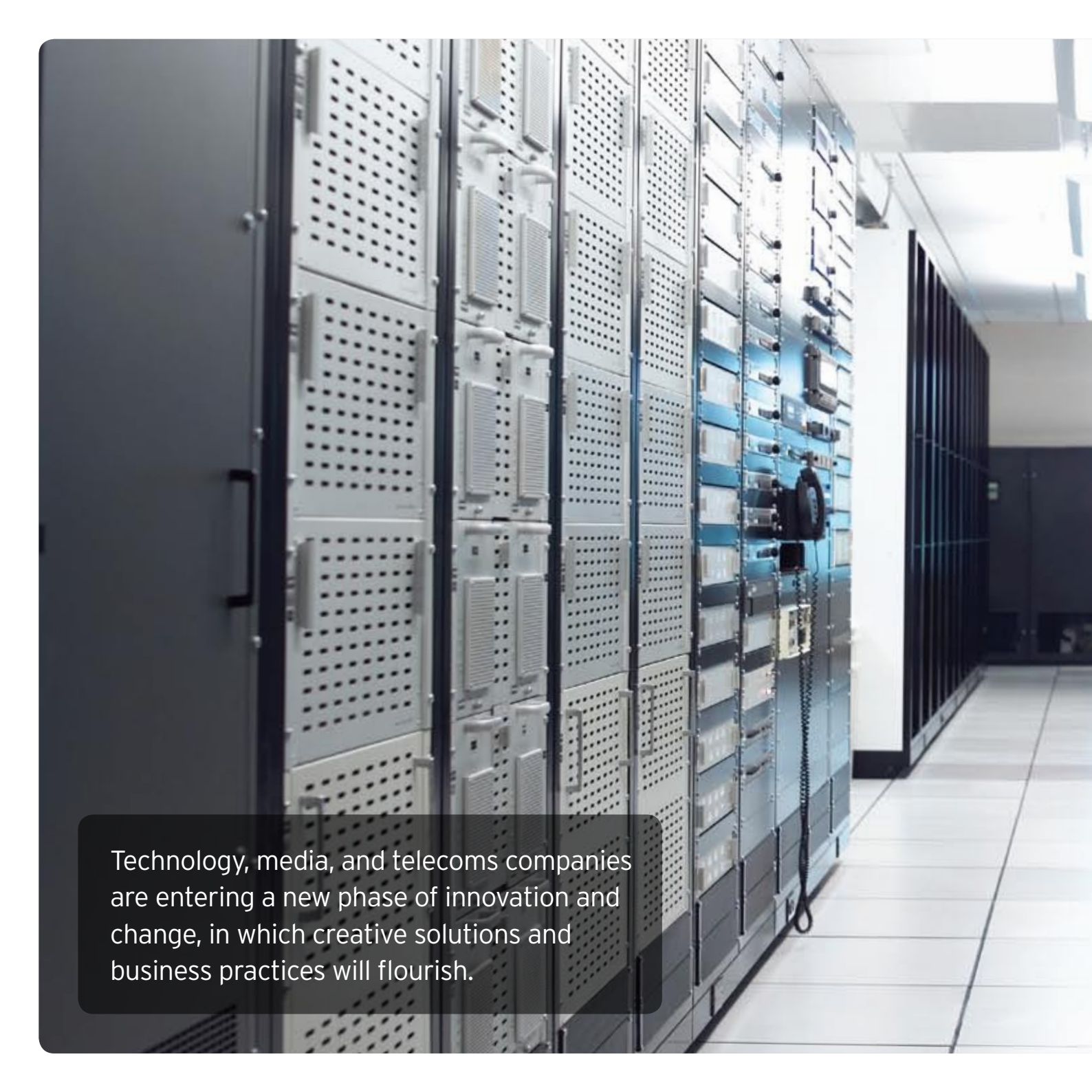
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Looking ahead

We believe the challenges for technology, media, and telecoms companies will continue to be diverse and subject to rapid change. Competition will continue to increase, with new market entrants, particularly in emerging markets. These markets will bring the greatest number of new customers and subscribers, and will increasingly be core to every company's business strategy. New markets bring challenges as well as opportunities in terms of regulation, culture, and financial practices. Engaging a global banking partner with the geographic reach and product scope to support strategic objectives could be critical to meeting these challenges and achieving success.

In addition to new markets, maintaining flexible business models that can be adapted to the evolving demands of business and retail customers will be vital to success, which, in turn, will require transaction banking services that

help to maintain liquidity, provide access to cost-effective financing, and mitigate risk. Technology, media, and telecoms companies are entering a new phase of innovation and change, in which creative solutions and business practices will flourish. Working with a bank that has the necessary depth of understanding of these sectors, that can support the entire financial ecosystem for these companies, and that can share the same vision and creative energy is a powerful formula for success.



Technology, media, and telecoms companies are entering a new phase of innovation and change, in which creative solutions and business practices will flourish.



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accelerating
efficiency in payments
and collections

Accelerating efficiency in payments and collections is critical to technology, media & telecoms (TMT) companies aiming to unlock trapped cash and drive efficiencies in the order-to-cash and procure-to-pay cycles. Citi's technology platform, innovative solutions and global reach are key to helping TMT companies optimize working capital across their global and local operations.

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Hutchison Essar Ltd

Large-scale collections solutions

Hutchison Essar Ltd is the fourth-largest provider of wireless telecommunications services in India, with 25 million subscribers across the country.

The challenge

Hutchison Essar Ltd (Hutch) needed innovative solutions to collect payments due from customers. It needed to be efficient and customer-friendly in the collection process. Hutch also needed to make available information about collections to its customer service/billing units as soon as possible.

India is a country in which many customers of telephone companies and utilities pay by check or cash for the services that they receive. About 56% of Hutch's monthly collections are in cash. However, when payment is made by check, the check must be returned to the relevant clearinghouse – of which there are around 1,000 across India – before Hutch's account is credited.

The solution

Hutch engaged Citi to undertake the physical collection and banking of cash. In addition, Citi was tasked with collecting and expediting the processing of checks collected via drop boxes. There are over 6,500 drop boxes across 15 major cities. Some drop boxes have been installed on buses in Mumbai, so that customers

can literally make payments while they travel to work.

Although the drop boxes were convenient, they did not provide the paying customer with instant confirmation that he/she made a payment. Citibank® Easy Payments was the receivables management solution to meet this challenge.

Easy Payments accepted payments in checks and cash, and included a Management Information System (MIS). When a payment was made, Hutch was advised quickly and the customer got an instant acknowledgement. The Easy Payments solution includes:

Automatic Self-Service kiosks

Known as Citibank® Easy Payment Centers, these are independent collection centers at Hutch's own facilities, and are available to customers 24/7/365. They accept both checks and cash and are linked directly to Hutch's own central database.

E-Box

This is a portable check-only payment box. Unlike a conventional drop box, it can accept high-volume check

payments. It periodically sends clients' payments information to Hutch. A Hutch spokesman says, "We needed to collect cash and checks and get amounts credited to our account as soon as possible. We wanted a reliable partner who could handle the physical collection of cash and checks and the MIS requirements. Citi has the technology, people, and processes to do this."

The result

By working with Citi, Hutch got a solution that has enabled it to collect and process payments in the most efficient way. Hutch also has a solution that is flexible in that it allows for the ongoing strong growth of its own business. The various kiosks attract customers away from the manned payment counters, and free up Hutch's personnel to focus on service issues. One Hutch spokesperson notes: "In Citi, we have a long-term partner who is proactive in meeting our needs and amenable to our specific requirements."

McGraw-Hill

Corporate card solutions

The McGraw-Hill Companies are leaders in financial services, education and business information. Their brands include JD Powers, Standard & Poor's, BusinessWeek, and McGraw-Hill Education.

The challenge

Prior to 2005, McGraw-Hill Companies (McGraw-Hill) employees who were traveling in Asia Pacific typically paid for Travel & Entertainment (T&E) expenses using their own personal cards. They would provide details of the expenses that they had incurred to the company. Accounting staff at McGraw-Hill would then manually enter the details of the expenses in spreadsheets to calculate what had been spent and where.

McGraw-Hill wanted to increase the level of control over its substantial T&E expenses in Asia Pacific. This, in turn, required greater data transparency regarding data generated via employee travel. McGraw-Hill also wanted to collect that data more efficiently and utilize a card management solution that provided enhanced functionality in terms of acceptance, reporting, and data integration.

In essence, McGraw-Hill wanted a commercial card solution that had three characteristics. It had to be comprehensive in that it could handle all T&E transactions in the region. It had to operate consistently in most (if not all) of the countries in the region. And it had to provide the highest levels of merchant acceptance worldwide, provide ad hoc reporting capabilities and enable McGraw-Hill to upload transactional card data into McGraw-Hill's own corporate expense management system.

The solution

McGraw-Hill chose the Citi® Corporate Card as its regional solution for T&E expenses in Japan, Hong Kong, Singapore, and Australia. The solution is currently being expanded to Taiwan, Korea, and India. The card met McGraw-Hill's needs as it provided a comprehensive solution for country coverage, acceptance,

reporting, data integration, and overall best-in-class functionality. It therefore provided a single solution across Asia Pacific – and, moreover, one that was integrated with McGraw-Hill's existing commercial card solutions in North America and Europe.

Citi also provided specialized file formats that allowed McGraw-Hill to upload card data into its Concur corporate travel management system. McGraw-Hill has benefited from Citi's ability to offer a single regional contact and support regardless of where cards were issued. Says Joo Hock Lim, Singapore-based Vice President and Asia Controller for McGraw-Hill: "Citi's Corporate Card solution provides us with an online platform and specialized reporting, which enables us to understand where we are incurring T&E expenses in terms of countries and merchants."

The result

The Citi® Corporate Card enabled McGraw-Hill to monitor its T&E expenses more efficiently. It has also reduced the costs of paying for T&E expenses. Joo Hock Lim says: “Citi’s Corporate Card is widely accepted. This means that there is far less need for our employees to use cash for their expenses.” There are also significant benefits for the employee cardholders.

Firstly, and perhaps most obviously, it is no longer necessary for employees to use their own cards for T&E expenses. They do not have to use their own credit or funds for company business. The Citi® Corporate Card is accepted at over

24 million merchants worldwide. It provides access to cash – if needed – at over 1 million ATMs around the globe. It offers cardholder travel insurance, travel and emergency assistance services, and lost and stolen card reporting – as well as emergency card replacement and cash disbursement.

Finally, cardholders gained access to customer service 24 hours a day, seven days a week, from anywhere in the world, while using a product that provides unparalleled levels of functionality in terms of acceptance and ease of use.

Citi's Corporate Card is widely accepted. This means that there is far less need for our employees to use cash for their expenses.

Mobitel

Ambitious collection and payment structure revolutionizes cash management

Mobitel is Sri Lanka's second-largest and fastest-growing mobile telephone provider, with a market share of 25%.

The challenge

A few years ago, Mobitel began a five-year plan to expand its market share in the Sri Lankan mobile telecommunications market. The company recognized that in order to meet its sales goals, it needed to rationalize its cash management and improve the visibility of its funds. To achieve this, Mobitel wanted to centralize its accounts receivables and payables with a single cash management bank to improve its cash cycle and maximize working capital.

Specifically, Mobitel needed a collections solution that distinguished between payments from its own 79 collection and service points across Sri Lanka and those of its franchisees. Moreover, the company needed to be able to use funds and information obtained on the day of collection and sweep funds automatically between accounts.

In addition, the company wanted to enhance its management reporting and integrate the solution with its ERP system for automatic reconciliation.

The solution

Citi proposed a fully integrated accounts receivables and payables solution to increase Mobitel's visibility and control of funds and improve reconciliation. Every aspect of Mobitel's receivables structure was redesigned. Daily collections of cash and checks from Mobitel's collection centers were outsourced to a single third-party entity, which used an armed pick-up courier, reducing costs and minimizing risk. Funds were then pooled into a concentration account structure. This gave Mobitel insight into its cash generation and collection in different geographical areas and facilitated informed payment and investment decisions.

Payments that had previously been carried out manually in-house were automated as part of the integrated solution using CitiDirect® Online Banking. CitiDirect facilitated multiple payment types and offered online and offline authorization, providing flexibility for signatories. More generally, CitiDirect allowed Mobitel to

see real-time collections and payments and receive regular, customized reports online. Mobitel now receives notification of large credits and debits to ensure float maximization. Both collections and payments are fully integrated into Mobitel's ERP system for auto-reconciliation.

The accounts receivables and payables solution for Mobitel contained two innovations in the Sri Lankan market. As part of the receivables solution, Citi deployed an Easy Pay Kiosk Machine at Mobitel's flagship store to provide a convenient payment alternative to its customers. The machine is capable of accepting cash, check, and credit card payments, and has instructions in three languages with voice guidance. It is the first of its type to be connected in real-time to Mobitel's server in Sri Lanka.

A special feature of the accounts payable solution proposed by Citi was the outsourcing of Mobitel's withholding tax (WHT) certificate issuance. In Sri Lanka, payments for

services are liable for WHT. Part of every payment is returned to the payer along with a certificate to prove payment. The supplier uses the certificate to offset its tax bill. Traditionally, this process was manual, time-consuming, and problematic for reconciliation. Citi's solution to this challenge was to issue corporate checks on Mobitel's behalf and print WHT certificates from CitiDirect in a single process. Checks could then be returned automatically to beneficiaries or Mobitel, according to the delivery instructions. Mobitel was the first corporate in Sri Lanka to outsource the issuance of WHT certificates together with the related payments to a bank. Inland Revenue approval was required for this landmark outsourcing.

The result

The complete solution is now operationalized. As a result of Citi's collection and payments solution

and its WHT certificate outsourcing, Mobitel has significantly improved the visibility and control of its payments and collections. By streamlining its end-to-end collections, Mobitel can maximize its days-payable cycle and working capital needs while enhancing its returns on surplus cash. Moreover, by fully integrating collection, payments, and WHT certificate issuance, the company would require fewer resources for reconciliation, freeing-up staff for value-added activities.

"Citi's solution to Mobitel is based on a complete understanding of our requirements and goals," says Nishantha Weerakoon, Senior General Manager in Finance and Procurement at Mobitel. "The Citi team was able to structure a solution that truly enhanced our processes. The benefits to Mobitel both in terms of process enhancements and value creation are significant."

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Reliance Communications

Electronic receivables management acts as sales enabler

India's Reliance Communications is India's second-largest wireless telecom operator with over 50 million subscribers and revenues of over USD2.68 billion.

The challenge

Reliance Communications operates a diverse distribution model encompassing over 1,500 dealers across 22 circles (the geographic license areas into which Indian mobile telecoms is divided). Historically, collections and receivables management was handled by banks appointed by the local operators of each circle.

Collections were almost entirely paper-based as electronic solutions had proven to be unreliable and prone to problems in reconciliation. As a result, the cost of managing receivables from distributors was high and reporting was cumbersome and significantly lagged sales. In addition, time after settlement was lengthy and had a negative impact on the company's working capital. Reliance Communications wanted to move a large part of its receivables collection to an electronic system. It was essential for the company that any potential solution addressed its concerns about the

accuracy of remitter information to ensure that reconciliation would not be compromised. The company also required more timely MIS based on accurate information and in a customizable format. Reliance Communications wanted a robust MIS platform in order to facilitate the quick release of purchased pre-paid mobile phone talk time – a potential sales advantage in the fiercely competitive Indian mobile market.

The solution

Citi India structured an E-Collect solution that involved the assignment of codes to distributors and, crucially, the assignment of a unique four-digit prefix to each sales activity, such as airtime sales or handset sales. Distributors initiating remittances in favor of Reliance Communications used the Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) payment systems. For each transaction, they included their own code in the form of a suffix and the

four-digit sales-related prefix. This system is user-friendly and limits input errors by distributors because the number of digits required to be entered for each transaction is minimized.

In addition, Citi performed length validation on the remitter dealer codes and rejected invalid transactions, which avoided reconciliation problems. Importantly, the use of a prefix and suffix for collections linked to Reliance Communications' mother account facilitated real-time credit, which was followed by intraday customized MIS at two-hourly intervals on working days. There were also various other components included in the second phase in October 2009, which included real-time remitter notification through SMS and email channels and online database validation. These measures have further increased dealer acceptability as it has enabled them to have real-time notification on the status of transactions.

The result

Citi was appointed to the project and after a 15-day implementation period, which simply involved linking various systems and codes, the first phase of the E-Collect solution went live with a pilot project across three circles (Mumbai, Karnataka, and Madhya Pradesh). They are currently live on E-Collect across 7 circles today.

Reliance Communications has worked hard to convince dealers to use the collection channel and expects that more than 70% of payments will be completed electronically, compared to just 12% before the first phase was launched.

Reliance Communications now has a receivables collection system that facilitates straightforward and reliable reconciliation. The company has enjoyed a significant reduction in Days Sales Outstanding and a faster release of talk time, which in turn has acted as a significant sales enabler.

As a next step, Reliance Communications is also looking to automate the receivables reconciliation process by integrating its ERP with Citi systems and ensuring a host-to-host reconciliation process.

Reliance Communications now has
a receivables collection system
that facilitates straightforward and
reliable reconciliation.

VeriSign

Prepaid's impact on employee rewards

Billions of times a day, companies and consumers rely on VeriSign's infrastructure to communicate and conduct e-commerce with confidence. With over 4,300 employees, VeriSign's workforce protects over 900,000 servers worldwide.

The challenge

With over 4,300 employees, VeriSign places tremendous value on maintaining and motivating its workforce. For years, individual departments had been responsible for their own rewards. This resulted in a wide range of rewards for a wide range of events. This approach provided significant challenges around inconsistent perceived value of different rewards, ineffective communication, and messaging channels, a lack of coordination to drive performance throughout the organization and visibility issues around cost containment of the programs.

The solution

"When we were looking to launch the 'Thrive' program, we looked at a number of different options as to how to reward our employees," said Chad Hallett, VeriSign's Compensation Analyst. "Gift certificates had historically gone unused, forcing someone to go to a place that they would normally not frequent, and

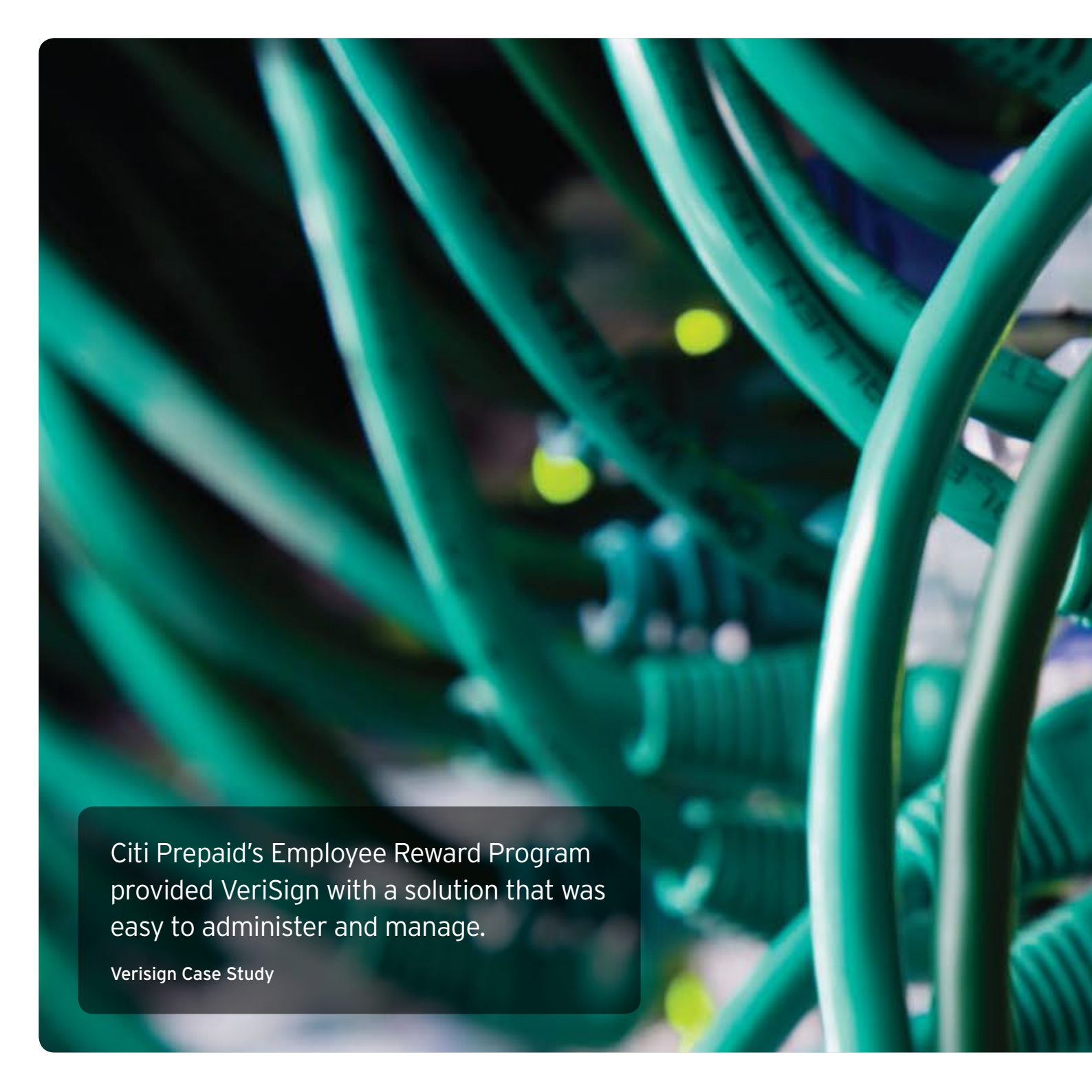
gifts really had no bearing on employees. We realized that cash was king and sought an effective way to deliver rewards and communicate with employees. This is where Citi® Prepaid came in."

Enter the VeriSign Thrive program, powered by Citi Prepaid Services. This program allowed employees to recognize colleagues at all levels within the organization for their hard work, dedication, and modeling of VeriSign's values, all of which were integral to encouraging top-quality work. The Thrive program was created to centralize rewards and create a more cohesive program and expectations. The solution was complete with a VeriSign-branded website, 24/7, toll-free, multilingual cardholder and client support, account alerts and a fully custom-branded VeriSign Visa® Reward Card. This provided a centralized reward for its large employee base that would be universally preferred and accepted as easy-to-use and administer. The VeriSign Card also provides instant,

electronic reward payments that can be used everywhere Visa debit cards are accepted, and the card itself provides tremendous trophy value for recipients."

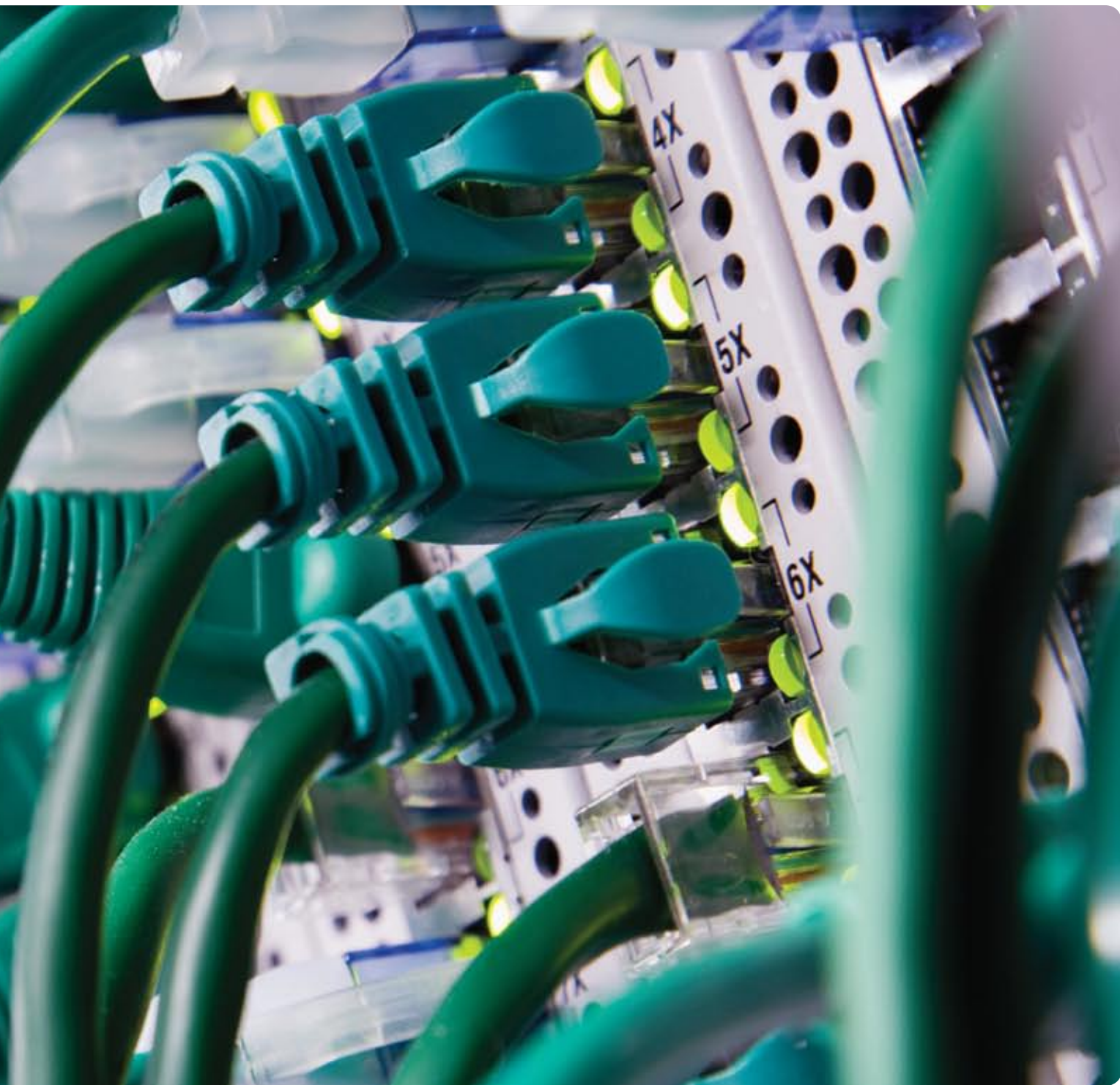
The result

Citi Prepaid's Employee Reward Program provided VeriSign with a solution that was easy to administer and manage. Every qualified, domestic employee received a VeriSign Card. When the employee participates in activities "above and beyond" his/her typical job function, he/she receives a "spot" reward. These rewards range from USD100 to USD1,000 and are delivered to the cards twice weekly within 24 hours of submission. "We find tremendous value in being able to reward employees promptly for a job well done," said Hallett. "Our employees love that they can immediately go out and use their reward any way they want. We love the fact that every time an employee uses their branded reward card, they are reminded that VeriSign appreciates their effort and values them.



Citi Prepaid's Employee Reward Program
provided VeriSign with a solution that was
easy to administer and manage.

Verisign Case Study



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achieving cash
visibility and liquidity

As technology, media and telecoms companies operate in an increasingly global market, it has become essential for them to gain visibility of their operating cash and make it work harder for them. Citi's liquidity tools and solutions help them get a better view of cash positions, improve strategic decision-making and better manage risk.

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Lenovo

Integrating global payments for simplicity and efficiency

Lenovo is a global company, which acquired IBM's PC business in 2005.

The challenge

Following its acquisition of IBM's PC business, Lenovo worked with Citi to deliver a cash and liquidity management structure for 66 countries in just four months. The challenge was compounded by the fact that Lenovo had no treasury staff outside China, no systems, and no banking relationships at this time. "While the situation was a challenge, it was also an amazing opportunity," says Damian Glendinning, Vice President and Treasurer at Lenovo. "We got to design a cash and liquidity management structure on a blank piece of paper."

The centralized structure created in those four months utilized host-to-host connectivity to Citi® File Xchange (CFX) payment channel, continuing to update Lenovo's approach. In recent years, the company has sought Citi's help in integrating local-currency in-country payments as new countries continue to be added to its global SAP ERP system rollout.

The solution

To further enhance Lenovo's liquidity management, the company progressively implemented its country operations to its SAP system, while integrating and automating in-country vendor payments to Citi.

The first integration phase began with Canada. A second project phase added Australia, Hong Kong, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore, Taiwan, and Thailand. A further phase integrated Poland and Mexico to Citi File Xchange.

Citi coordinated the global implementation using a dedicated regional implementation manager, and local Citi solution specialists who addressed country-specific challenges, such as the complexities of the Polish clearing system, and providing Lenovo a single point of contact in Singapore for the global integration on SAP. Citi also provided Lenovo local country vendor payments implementation.

The result

Lenovo's strikingly simple and almost uniform model is based on a centralized global treasury in Singapore. It has also been further improved in recent years by leveraging the operational efficiency of integrating countries into its SAP system and automated integration to Citi for in-country vendor payments. By partnering with Citi and standardizing processes globally, Lenovo is continually improving its efficiency.

The treasury's unique "against-the-sun" structure – where surplus funds are sent to Singapore at a rate determined by the scale of sales in a given country – continues to effectively meet Lenovo's liquidity needs. The structure requires no local funding as it is based on the sale of goods. Any funding element is on trade terms and therefore less affected by exchange controls.

Tata Communications

TreasuryVision® facilitates improved strategic decision-making

Tata Communications is a leading global provider of a new world of communications. A forerunner in emerging markets, the company leverages its advanced solutions capabilities and domain expertise across its global and pan-Indian network to deliver managed solutions to multinational enterprises, service providers, and Indian consumers.

The challenge

Tata Communications had made a number of acquisitions over a four-year period and had consequently gained numerous banking partners. The company had more than 40 legal entities across 20 countries, and 120 accounts with 10 banks spread over 20 countries.

To gain an overview of the company's positions, the company's treasury team had to manually consolidate account balances – resulting in delays and potentially redundant information. This limited visibility hampered the company from optimizing its global resources and gave it limited insight into its liquidity positions, bank exposures, and country and currency exposures.

The company wanted online access to consolidated information showing its treasury positions across different entities, with different banks and in different countries and currencies. The company also wanted to increase the centralization of its treasury

operation and reduce its dependence on local teams for timely reporting of liquidity positions.

The solution

Tata Communications chose Citi's TreasuryVision® portal to achieve regional and global financial visibility on a daily basis. TreasuryVision facilitates the aggregation of financial information across currencies, countries, and bank accounts, increasing visibility and enabling better utilization of funds.

TreasuryVision addressed the company's requirements by giving it the ability to monitor cash positions and access transactional level information on accounts, reducing its administrative costs and time. It helped the company modulate its currency and bank exposures by appropriately managing funds. The company has also reduced the operational risk associated with manual data compilation.

The result

Citi initially implemented TreasuryVision on Tata Communications' Citi accounts before expanding its scope to include accounts in 20 countries across EMEA and the USA. Finally, all in-country accounts – where visibility had been less of a problem – were added to the solution. With the exception of some delays caused by third-party banks in relation to SWIFT messages, implementation went smoothly.

Tata Communications has gained visibility of its balances across its numerous entities around the world, which has facilitated improved strategic decision-making. Moreover, TreasuryVision has improved efficiency by allowing treasury staff formerly occupied with the manual consolidation of positions to focus on value-added tasks. In the words of Aroon Dasappa from Tata Communications' Finance Division: "TreasuryVision is a perfect tool for a centralized treasury set-up to handle large-scale banking operations with ease."

WPP

Implementing a multicurrency notional pool

One of the world's largest communications services groups with 2009 billings of over GBP37.9 billion and revenues of over GBP8.6 billion, WPP employs 138,000 people in over 2,400 offices in 107 countries, and has 100+ specialist agencies in advertising, media, investment management, public relations and public affairs, branding and identity, healthcare, and specialist communications.

The challenge

WPP is a company with many business units/agencies, with each one maintaining its own distinctive culture and identity. Each agency holds its own bank accounts, which are financed by Group Treasury. It took a great deal of time to forecast cash flow accurately and perform the necessary FX swaps to fund each account in the right currency at the right time. For a small treasury team this meant little time was spent on more strategic activities. WPP's Group Treasury was therefore seeking a solution that avoided the need to fund each account physically, with interest calculated on a net basis across the group. This could not easily be achieved, as accounts were held in a wide range of currencies.

The solution

Citi is a long-standing banking partner of WPP, and provides cash management services in North America, Latin America, Central and Eastern Europe, and

parts of Asia. Citi recognized the challenges that the company was experiencing, and suggested an innovative multicurrency notional pooling solution. This meant balances in multiple currencies could be notionally pooled for the purposes of interest calculation, without affecting the integrity of each account while

“Working with Citi to implement a multicurrency notional pool has made a significant difference to our day-to-day activities, by simplifying our intercompany funding. We can leverage our cash surpluses across the group to finance deficits in others, without incurring external funding costs.”

avoiding the need to fund individual accounts. Citi was one of the very few banks globally with the geographic footprint and experience required to offer such a solution.

It was relatively straightforward to implement the multicurrency notional pool at WPP. Once the documentation was complete, business units transferred their balances to new accounts, which they continued to manage in the normal way. In addition, Group Treasury was provided with access to sophisticated monitoring and reporting tools across the cash pool.

The result

The notional pool has reduced the workload required to finance group companies significantly. Unless there are huge balances in non-core currencies that WPP wishes to convert to reduce group currency exposures, no FX swaps need to be performed, which avoids the need to pay the FX spread and reduces operational costs and risk.

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AT&T

Single IBAN account breaks new ground for corporate receivables and enhances daily liquidity management

AT&T, with annual revenues of USD123 billion, is the largest communications holding company in the world.

The challenge

AT&T, a leading communications provider to thousands of multinational corporations on six continents, offers its clients the flexibility to pay for their services in a single currency, whether they do business with AT&T in one country or dozens of them.

This popular, value-added offering, called Consolidated Statement, provides an easy, convenient way for companies to pay for services provided by AT&T entities around the world without having to issue multiple payments in multiple currencies.

With this service, a customer chooses to pay his/her bills in a given currency, say euros, and AT&T's Consolidated Statement department converts all of the customer's invoices from various AT&T subsidiaries to euros and issues one euro-denominated invoice on top of all local invoices.

Historically, once the customer submitted his/her payment in euros, AT&T would transfer funds, in the local operating currency, to its subsidiaries for their portion of the payment, which involved buying those currencies to complete the transaction. What's more, individual payments were issued to subsidiaries every time a customer payment was received, resulting in a multitude of FX forward transactions and funds transfers each month.

In addition, the processing of customers' payments and subsequent funds transfers was outsourced to a third-party vendor. This provider handled all back-office processing support and managed the FX forward contracts and cross-border transactions associated with country-specific reconciliations.

The process was inefficient and involved thousands of FX

transactions a month. Plus, because of forward contracts sitting with AT&T's third-party provider, it was difficult to transfer a customer credit in one country to a debit in another country.

To streamline and improve the processing of Consolidated Statement receivables, reduce the number of FX transactions and related costs, and better control FX risk, AT&T's Treasury department proposed bringing everything in-house.

"We wanted to find a way to have our customers, regardless of the currency they chose, make a payment into a single multi-currency account, where we could have access to the money. In addition, instead of paying thousands of payments a month to subsidiaries, we wanted to aggregate receivables for their services and make a single monthly payment to them,"

said Tom Clemens, AT&T's former Director of Financial Analysis.

The solution

To achieve its goals, AT&T turned to Citi. "We had an existing relationship with Citi and recognized that it possesses the global capability to handle the type of request we were making," Clemens said.

Citi responded with a solution that is typically reserved for financial institutions: a single IBAN redirection account. In fact, AT&T is the first corporation to take advantage of a single IBAN account structure.

AT&T's account is set up in the UK and is used to receive all Consolidated Statement customer payments in all currencies. From this depository account, funds are redirected to underlying subaccounts denominated in various foreign currencies.

In addition, the subaccounts are notionally pooled to a US-dollar account that is zero balanced on a daily basis, providing AT&T's Treasury department with access to the funds until monthly payments are made to its subsidiaries.

FX translation is executed automatically and BAI files are sent directly from Citi to AT&T's systems, something that has both automated and simplified account reconciliations and provides AT&T with ready access to information about its funds. Treasury and cash management staff can view funds movements and availability around the clock using the CitiDirect® Online Banking system.

The result

AT&T's funds are no longer tied up in a vendor's systems. The company has more control over and visibility into its funds on a daily basis. Manual processes and

large volumes of FX transactions – and associated fees – have been eliminated. What’s more, all of this was achieved without increasing the workload of AT&T’s cash managers.

The company has more control over and visibility into its funds on a daily basis. Manual processes and large volumes of FX transactions – and associated fees – have been eliminated.

“We wanted to bring everything in house, but we also wanted to minimize the impact on both our FX traders and cash management staff,” Clemens said. “The single IBAN account, combined with the daily sweeps, has done that. And more.”

Referring to the daily, drain-the-pool structure, Elaine Lou, Director of Financial Analysis, adds: “The multi-currency notional is really key. It provides a cost-effective means of moving and deploying funds and makes it easier for us to manage liquidity on a day-to-day basis. Equally important, it frees up funds to pay down commercial paper or put to other corporate uses.

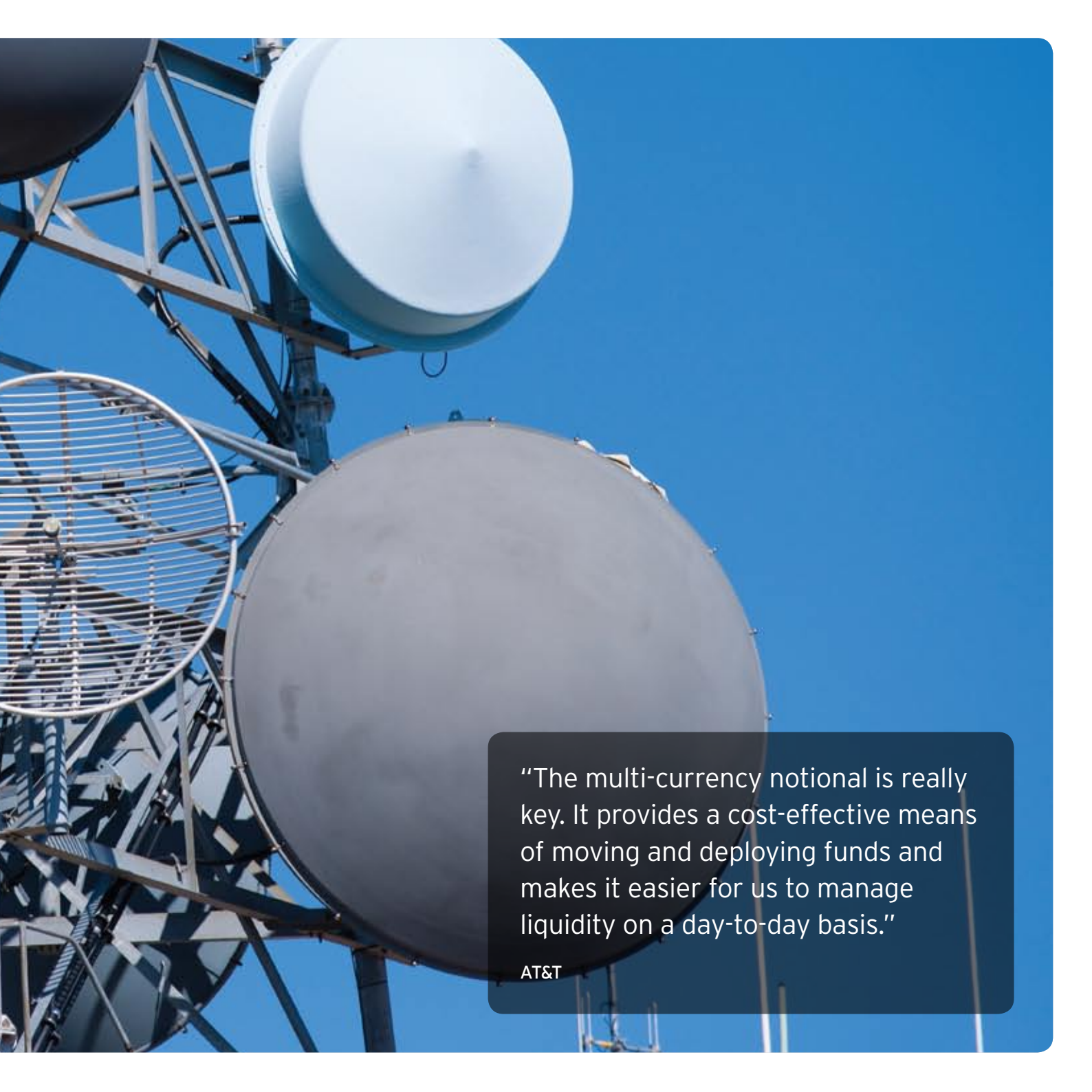
“Plus, our cash management people can access CitiDirect and see how much money they’re going to get that day or how much money is going to be taken from their US account to cover pool needs,” Clemens added. “It’s a very clean system that provides consolidation with a minimal amount of additional work for our FX and cash management team.”

It was also easy to transition customers to the new payment process, since only one set of

payment instructions was needed for all customers, regardless of the payment currency of their choice.

Lastly, another notable payoff from bringing the Consolidated Statement process in-house is substantial cost savings.





"The multi-currency notional is really key. It provides a cost-effective means of moving and deploying funds and makes it easier for us to manage liquidity on a day-to-day basis."

AT&T

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financing
through supply
chain initiatives

As the cost of credit and financing remains high, technology, media and telecoms companies have been looking to solutions to build robustness and reliability across their supply chains and extract greater value. Citi's supply chain solutions offer companies, their suppliers and distributors access to working capital and the ability to better optimize their balance sheets to fund growth initiatives.

LG Displays (LGD)

Assigning receivables helps LGD optimize its balance sheet

Part of the massive Korean electronics group, LGD is the world's second-ranked maker of liquid crystal displays (LCDs).

The challenge

LG Displays is a subsidiary of the Korean electronics giant LG. LGD wanted to improve its balance sheet management in the light of Korean accounting standards converging with international reporting standards. The changes meant that it would cease to benefit from structures that had previously given balance sheet relief.

Under the Korea Accounting Standards Board rules, account receivables provided by a financial institution had to be booked as a loan on balance sheets. LGD wanted a solution that would avoid this for receivables from LGD Germany because of the new way loans were being treated under the accounting rules changes. (LGD Germany provides LCDs for the European market through two Polish subsidiaries of LG Electronics).

LGD also wanted to diversify its sources of funding, as the frequent use of short-term loans tended to use up its existing credit facilities.

The solution

Citi Korea devised a pioneering structure, in consultation with LGD's auditors, which allowed LGD to sell its receivables to Citi. In this way LGD's outstanding sales were converted into cash and the receivables removed from LGD's balance sheet.

The issue of using short-term loans as a source of funding was also resolved. Citi's structure represented a form of indirect lending that helped LGD increase its borrowing capacity without using its existing credit facilities.

The result

The innovative structure created by Citi has removed receivables from LGD's books to meet the new accounting standards while simultaneously achieving the objective of optimizing the management of LGD's balance sheet.

In selling its receivables, LGD has accelerated the cash conversion

cycle. The monetization of these assets now frees up working capital in the supply chain: instead of waiting 60 or 75 days for the payment, this liquidity can be applied immediately to funding new sales.

Releasing this liquidity also reduces the need to seek short-term working capital from banks that, in the past, had used up the credit facilities that had been allocated to LGD for other applications.

By enhancing LGD's working capital position and accelerating sales, the company has improved key metrics analysts look at when assessing large corporates.

Citi Korea is going to offer similar streamlined and customer-friendly financing solutions for other Korean corporations adopting the new accounting rules.

A great advantage of the structure is that it is highly replicable within LG's portfolio of receivables and at other firms.

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América Móvil S.A.B. de C.V.

A USD1.5 billion equipment financing solution

América Móvil is Latin America's leading wireless telecommunications provider, with operations in 18 countries and providing telecommunications services for more than 800 million people.

The challenge

Serving more than 182 million mobile customers and providing nearly 4 million fixed lines in Central America and the Caribbean, América Móvil didn't rise to such a dominant position by sitting on its hands. To provide top-notch service to its customers, the company is in continual innovation mode, investing in leading-edge technologies to enhance and expand its network.

Recently, the company was ready to purchase new network equipment from suppliers in Finland and Sweden, but by the second half of 2008, global credit markets suffered tremendous shocks. This tightened América Móvil's traditional financing options – public debt markets – and once again Export Credit Agency financing became an interesting opportunity. An additional complication was that the company needed to move quickly to secure this financing as markets were very rapidly tightening.

Fortunately, the company also had an existing relationship with Citi.

"We had done ECA financing deals with Citi in the past for equipment purchases," says América Móvil's Ricardo Rivera, Deputy Director of Treasury and Finance. In fact, the company had worked with Citi on a 2005 syndication loan, which was subsequently converted into a Citi revolving line of credit two years later.

The solution

A conversation was initiated and before long América Móvil realized that Citi was offering a better deal in size and pricing than other market players were able or willing to do.

América Móvil appointed Citi as its mandated arranger for a unique ECA-supported financing package. The total volume of financing, spread across three charges, was just over USD1.5 billion – a considerable, and welcome, source of liquidity in an otherwise highly illiquid environment.

The financing was granted on the basis of procurement, the equipment makers' headquarters in Scandinavia, and their local subsidiaries as well. Beyond supporting goods sourced from Nokia Siemens and Ericsson, both agencies support a larger volume of local cost financing. The agencies can support 85% of goods exported from Finland and Sweden, plus local costs of up to 30% of the value of exported goods.

One of the key attributes of the transaction was speed. Because Citi utilized a proprietary set of investors to fund the transaction, it offered "single-bank" execution that obviated the need for broad market syndication. As a result, the deal closed in record time; the first tranche of debt was closed in just four weeks. Another benefit of this single-bank execution included significantly lower pricing and execution risk than a multi-player transaction would have entailed.

The result

With the rapid USD1.5 billion cash infusion from Citi, América Móvil got the funding required to purchase needed equipment for upgrading and expanding its growing telecom network. That is no small issue in the highly competitive Latin American marketplace, where other major players continually parry with América Móvil for market share.

“Citi had a very good sense of the needs of our company,” says Mr. Rivera. “Its pricing, its speed of execution, and its service were all very much in line with our expectations. We would be more than happy to work with Citi again.”

América Móvil realized that Citi was offering a better deal in size and pricing than other market players were able or willing to do.

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Telefónica, S.A.

Financing for network build-out and upgrades in Europe and Latin America

Telefónica is one of the world's largest telecommunications companies, with a network that serves 268 million customers in 25 countries around the globe.

The challenge

The telecommunications industry is undergoing an enormous technology evolution, and key players continually keep up with those developments.

Madrid-based Telefónica is one of the largest telecommunications companies in the world in terms of market capitalization. To maintain its global leadership, the company planned to expand, upgrade, and enhance network infrastructure in its Europe and Latin America markets.

Telefónica regularly makes purchases from Sweden-based Ericsson AB to procure new 2G and 3G core network equipment and related services.

The solution

To finance these purchases, Telefónica signed a term loan facility with Citi. In its capacity as a Joint Mandated Lead Arranger for a USD472-million financing

package, Citi helped get the loan facility in a challenging economic environment, which, set to mature in 2019, was divided into three tranches, each covering six months of telecom equipment deliveries and services from Ericsson.

The facility features a competitive fixed rate provided by AB Svensk Exportkredit (SEK) of Sweden. Acting as export credit agency, SEK issued funds at the commercial interest reference rate (CIRR), providing significant flexibility in drawdown to match the purchases and deliveries from Ericsson.

In addition, a comprehensive guarantee was provided by Exportkreditnämnden (EKN) of Sweden, covering 100% of political and commercial risks.

The result

With the financing package in place, Telefónica was able to immediately begin upgrading its core network

infrastructure – and better serve customers in its European and Latin American markets.

The facility diversifies Telefónica's funding sources, with access to a strong investor. It provides a base for the company to access similar financing sources in the future.

Telefónica also benefits from a competitive fixed rate that assists in building out its networks in regions that comprise an important part of the company's growth strategy.



“Export Credit Agency financing represents an interesting alternative of funds for Telefónica with attractive pricings and tenors, which help us diversify and contain financial expenses. It’s in the group’s intention to replicate these financial contracts in a recurrent basis, always subject to competitive conditions and purchases to suppliers.”

Telefónica, S.A.



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centralizing
for operational
efficiency

The rapid growth in the technology, media and telecoms sectors is resulting in an increased focus on the need to consolidate and centralize operations to enhance efficiency, better manage risk, and unlock liquidity. Citi has the network technology and connectivity capabilities that offer companies the ability to automate, standardize and centralize their operations for greater efficiency.

Microsoft Asia Pacific

Standardized and centralized payment processes across Asia Pacific

Microsoft is the worldwide leader in software, services, and solutions that help people and businesses realize their full potential. With offices on five continents, Microsoft develops products that meet the needs of a wide range of consumers and organizations.

The challenge

Microsoft had a decentralized payment structure in Asia Pacific. Each country selected separate payment banks and consequently there was no consistency in payment processes or bank interfaces. The resulting lack of control and security made compliance with Sarbanes-Oxley challenging.

“Payment reports had to be manually imported and validated before being imported into CitiDirect® Online Banking,” explains Say Mei Feng, Service Delivery Director – Asia/ Middle East and Africa in Microsoft’s Operations in Singapore. “Our aim was to mitigate the risks associated with that process by sending the data straight to Citi.”

In addition, Microsoft’s decentralized structure meant that costs for payment processing were both high and opaque.

As part of a process centralization initiative, Microsoft set up an internal

SSC in Singapore covering seven countries: Australia, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, and Singapore. In line with its global finance initiative – OneFinance – Microsoft leveraged its existing internal SSC to further align its processes in a global model and added another nine countries to the fold – Bangladesh, China, Korea, India, the Philippines, Sri Lanka, Taiwan, Thailand, and Vietnam.

The solution

Citi won an RFP for the project with a solution that made use of its global reach and standardized technology platform. The solution standardized payment processes and centralized them at the SSC in Singapore. It included Citi® File Xchange (CFX) integration with SAP to create a fully automated payment process.

Microsoft was able to make use of all relevant payment methods, including PayLink checks, in each country. Industry-standard PAYMUL

file formats were used, incorporating local language where it was required for local payments. Beneficiary advice was sent by email or fax for every country and for all payment types, and the reporting and reconciliation of payment accounts was achieved with MT940 electronic bank statements.

The solution entailed the opening of local accounts with Citi for each Microsoft entity in every country covered, along with US-dollar accounts where appropriate. Overall, around two-thirds of the company’s local accounts with third-party banks were closed. “We were eager to streamline the number of banks that we worked with and our account structure,” says Mei Feng. Following planning and technical connection phases, implementation took place in four country groups. The first group comprised Singapore (the location of Microsoft’s internal SSC), Hong Kong, and Malaysia (the last two of which are managed from Singapore). The final group comprised India, Bangladesh, and Sri Lanka.

“Implementation was a huge success,” says Mei Feng. “The single point of contact at Citi mirrored our own structure.” The project was largely driven by the central Accounts Payable Global Shared Service team and did not leave much discretion with the local Finance team. “We made it a condition that to join the internal SSC each country had to sign up with the regional payment platform – Citi,” explains Mei Feng. Similarly, Citi’s dedicated IT team worked closely with Microsoft’s internal SAP team to ensure a seamless integration. “Integration with the SAP ERP system has been excellent,” she says.

The result

Microsoft now has standardized and centralized payment processes and platforms in Asia Pacific with consistency between countries in the region. “It means that everyone only has to learn one set of processes and procedures, making training straightforward, for example, and

freeing up resources for high value-added work,” says Mei Feng. “Most importantly, with just one login, the central payment team can get access to all our regional accounts,” she adds.

The company has improved control and now has industry-standard security, connectivity, and file formats. Consequently, Microsoft has fulfilled one of the key goals of its payment project in facilitating Sarbanes-Oxley compliance. At the same time, Microsoft’s payment costs have been significantly reduced. By automating processes and integrating its ERP system with Citi, it has also enjoyed a reduction in error rates. The success of the solution has proven to be a catalyst for further streamlining by Microsoft, with the company subsequently outsourcing finance and accounting activities, including accounts payables processing, to a business-process outsourcing firm, further reducing costs and improving operating efficiencies.

Microsoft now has standardized and centralized payment processes and platforms in Asia Pacific with consistency between countries in the region.

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SAP Asia

Centralized operations enable efficient integration of new businesses

SAP Asia established both its Shared Service Center (SSC) – one of the first in Asia and the first globally for SAP – and its partnership with Citi to ensure that it would remain technologically advanced and flexible.

The challenge

SAP selected Citi as its Asia Pacific cash management bank to support the establishment of an SSC in Singapore. The bank initially managed domestic payments and cross-border funds transfers for Australia, Hong Kong, Indonesia, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, and Thailand. Payroll services were also centralized while integration with CitiDirect® Online Banking enabled straight-through processing and account reconciliation.

SAP decided to integrate India into its SSC, and later it also added Japan. The rationale was straightforward: SAP wanted to unify management of its operating countries in the region, produce faster, more accurate information, simplify data administration, reduce the impact of growth on costs, and enforce consistent use of automation and workflows. Ultimately, the goal was to improve compliance and corporate governance.

A further integration challenge arose when SAP acquired BusinessObjects, which had a presence in six Asian countries. In addition to the specific tasks of integrating India, Japan, and BusinessObjects, SAP has constantly looked for ways to improve its processes and stay at the forefront of SSC innovation.

The solution

In India and Japan, SAP chose to move its banking to Citi to facilitate integration into its SSC.

In India, Citi's deep, domestic knowledge base allowed it to handle risk and cash management issues, including the country's complex clearing infrastructure.

Similarly, in Japan, where a smooth transition was especially important for SAP given the size of the market, the move to an SSC model prompted the company to switch its business from a domestic bank to Citi. Given the traditional autonomy enjoyed by SAP's Japanese operation, it

was crucial to handle the cultural issues associated with the move sensitively.

In integrating BusinessObjects, it was essential for SAP to take control of BusinessObjects' cash and accounts and achieve visibility of cash quickly. It was also important to migrate BusinessObjects' processes to SAP's as rapidly as possible to gain maximum efficiencies. SAP's ongoing streamlining of end-to-end processes is achieved through a structured system that assesses current working practices and evaluates the return generated by any potential change. "We work with the Shared Services team, and relevant experts, including Citi, to discuss automation using technology and streamlining to remove manual processes," says Colin Sampson, Regional CFO, Asia Pacific & Japan, SAP, Singapore. "Once we've identified efficiencies, we bring in the IT people to see whether there is a return-on-investment case."

The result

SAP, working with Citi, has created a flexible and responsive SSC that made the integration of operations in India and Japan – and BusinessObjects – straightforward and fast, enabling SAP to realize efficiency savings. For example, Citi completed the entire process—including opening accounts, enabling these electronically and implementing payments onto SAP's system within three months after Citi started migrating BusinessObjects' processes in to SAP's SSC.

Perhaps most importantly, SAP has established a culture that continually looks for the more efficient processes – from the most complex payment tasks to simplifying data entry for interview procedures that then feeds through to payroll. “We have a structured way for

discovering facts that has proven central to our success as an SSC,” says Sampson. “Equally, we have systems in place to analyze the cost and time involved in every decision we could make.” That culture means that SAP is always looking for new ways to drive change. “Asia was our first SSC and we now have regional SSCs around the world,” explains Sampson. “Our aim is to globalize processes, and ultimately it may be possible to centralize individual processes into one global service center. Obviously, there are time-zone, language, and skill barriers to overcome. But we are committed to finding a way and we are confident that Citi is the right partner to help us identify ways in which we can achieve our cash management and treasury goals.”

SAP, working with Citi, has created a flexible and responsive SSC that made the integration of operations in India and Japan – and BusinessObjects – straightforward and fast, enabling SAP to realize efficiency savings.

Grupo Carvajal

Centralized treasury structure delivers visibility and control

Grupo Carvajal has media, printing, communications, and services operations in 15 Latin American countries, Spain, the US, and China.

The challenge

Grupo Carvajal had a decentralized treasury structure in Latin America. Treasurers at its local entities were responsible for banking relationships, which were with major local banks in each market. The company had no regional support or standardized products or solutions.

Grupo Carvajal decided to centralize its regional accounts with one bank and standardize its processes and systems. The company planned to invest significant resources in order to automate its treasury and needed a bank with a regional presence to support that goal.

The solution

Following an RFP, Citi was chosen to do the job because of its regional strength, powerful product offering, and strong support.

The bank created a tailor-made solution for Grupo Carvajal that included an account structure

that enabled its regional treasury center based in Cali, Colombia, to have complete visibility of all Latin American accounts and those in New York. A passive collections arrangement was chosen for all countries, with an additional active collection system in those countries where it was available.

Citi's PayLink local currency payment solution was implemented across Latin America, giving Grupo Carvajal complete control, process centralization, and integration with its ERP system.


CitiDirect® Online Banking ensured that the company had full visibility and control of its bank accounts across the region. This banking platform is now fully integrated into Grupo Carvajal's accounting system.

The result

Given the scale of the project, it was essential that implementation be carefully planned and executed.

Citi and Grupo Carvajal's senior management worked together extensively before the process had begun, and communication continued during implementation. As a result, the switch from local treasury control to regional treasury control was seamless.

Grupo Carvajal achieved all of its original goals. Its account structure, collections, and payments are fully centralized, giving the regional treasury an unprecedented level of visibility and control over regional operations. Equally, the information generated by the new structure is fully integrated into Grupo Carvajal's accounting system, enabling informed decision-making and effective use of liquidity across individual entities and the group overall.



Citi's PayLink local currency payment solution was implemented across Latin America, giving Grupo Carvajal complete control, process centralization, and integration with its ERP system.

Grupo Carvajal Case Study



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Google

Single card solution delivers exceptional employee experience while streamlining expense management

Headquartered in California's Silicon Valley, and with offices throughout North and South America, Europe and Asia, Google is a world leader in search technologies, connecting millions of people around the world with information every day, indexing over one trillion unique URLs and capable of translating 98% of the languages read by Internet users.

The challenge

As Google experienced rapid global growth over the first 10 years of its existence, finance executives faced significant challenges in meeting the company's expense management needs. Employees, known as "Googlers," were offered travel and entertainment (T&E) cards for their travel-related expenses, and purchasing cards for other types of payments. In keeping with Google's corporate culture, use of the cards was not mandated and with individual liability cards offered in the U.S. and joint liability in Europe, Google's card program lacked consistent policies and procedures. As a result, it was underutilized.

In addition, because card programs were managed at a local level, there was a lack of integration with the company's Oracle expense reporting platform. This created lags in reimbursement owing to cumbersome manual, paper-based expense reporting. An expense analysis also revealed cards weren't being used for low-dollar, self-purchase spend. Instead, Googlers relied on the company's paper-based purchase order requisitions process, which

was prone to data entry errors and also resulted in delayed repayment. Without an enterprise-wide, global initiative to implement procure-to-pay automation, the finance team had minimal insight into employee and departmental spend, and no visibility into total spend at the merchant level, impeding the team's ability to negotiate effectively.

Google recognized the need to address employee frustration, reduce inefficient processes, and create a card user experience that would organically drive penetration. An overall strategic plan, featuring a corporate pay card program that would streamline expense management and provide better control of spend was needed.

The solution

To address the expense needs of 20,000 employees in 45 countries, Google turned to Citi to implement its One Card solution. The Visa-branded Citi One Card program was rolled out globally after a pilot initiative.

The Citi One Card solution offers the functionality of a traditional T&E and purchasing card, thereby eliminating

the need for Googlers to carry multiple cards for varying functions. Citi provided Google a corporate liability structure that was global, making it possible to offer a single, widely accepted card with uniform features and a standard credit limit for all employees, regardless of where they worked or traveled. Purchases made on the Google One Card integrated directly into Google's expense management system, reducing the need for time-consuming, manual transaction entries, thus speeding up expense reporting.

The company has now been able to standardize card operations worldwide, including privacy policies and the card application process. "At Google, we have an open-usage policy where we don't mandate the use of the Google One Card, which means in order to drive adoption, we need it be extremely simple to get and simple to use," explained Leonard Leung, Global Process Manager, Credit Cards, Google. "The Citi solution allows us to offer a very user friendly experience. Our online procurement portal only requires five mouse clicks to secure a card within two weeks. And, because the One Card program makes back-end processing

easy, it frees up Googlers from time-consuming expense reporting, so they can be more productive – writing great code and developing innovative new products for our users.”

The result

Following the launch of the Google One Card, nearly 2,500 card applications were submitted by Googlers per month in the early stages of the program.

The streamlined application process, corporate pay versus individual liability, convenient cash access, and efficiencies around expense reporting associated with the new program have proven highly appealing to employees.

Currently, there are 11,000 Google One Cards in use worldwide by Googlers.

The program boasts 65% plastic in wallet companywide, with 80% penetration among employees who make expense purchases. Since the program’s inception, Google has seen:

- 55% expense report spend penetration
- 90% of cardholders charges submitted within 30 days
- 40% faster expense reporting

Google selected Citi because of the bank’s unsurpassed global experience and extensive footprint, and the ability to offer a single platform for handling multiple types of expenses. Since its launch, the Google One Card program has streamlined expense management by simplifying purchase, reconciliation, and reimbursement procedures; provided greater visibility into global transactions and total spend; and improved the accuracy and timeliness of expense reporting. The Citi solution integrates seamlessly with Concur, Google’s expense-reporting tool, reducing receipt requirements, unauthorized charge reminders and automated dunning for unsubmitted charges, driving further efficiencies for the treasury team.

“Working with Citi, we’ve built a solid foundation upon which to expand the program and realize even greater benefits moving forward,” added Leung. “We plan to roll the rebate we’ve earned through transaction cost savings this year back into the program to drive further adoption. As more and more Googlers use the card, we are able to move toward a finance-driven strategy, which will allow us to maximize our cash flow objectives.”

Google selected Citi because of the bank's unsurpassed global experience and extensive footprint, and the ability to offer a single platform for handling multiple types of expenses.

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facilitating growth

As competition intensifies, technology, media and telecoms companies continue to pursue attractive investment and growth opportunities to accelerate their ability to deliver innovative products and services to their markets. Citi's local market expertise and relationships enable us to support companies before, during and after the most complex of transactions to maximize value and minimize risk.

Taiwan Semiconductor Manufacturing Company (TSMC)

Landmark ADR program achieves recognition as Asia's premier program locally and among US investors

Taiwan Semiconductor Manufacturing Company is the world's largest dedicated semiconductor foundry with revenues representing half of the total foundry segment globally.

The challenge

When TSMC became the first Taiwanese company to list American Depositary Receipts (ADRs) on the New York Stock Exchange in 1997, it needed a bank with a strong track record, knowledge of the local markets and regulatory environment, and excellent links with brokers and settlement houses. TSMC posed a number of challenges as the first Taiwanese ADR program. "Taiwan has complex and specific regulatory requirements on dividend payments and we needed a bank that could make this process more transparent to international investors," says Elizabeth Sun, Director, Head of Investor Relations at TSMC.

The solution

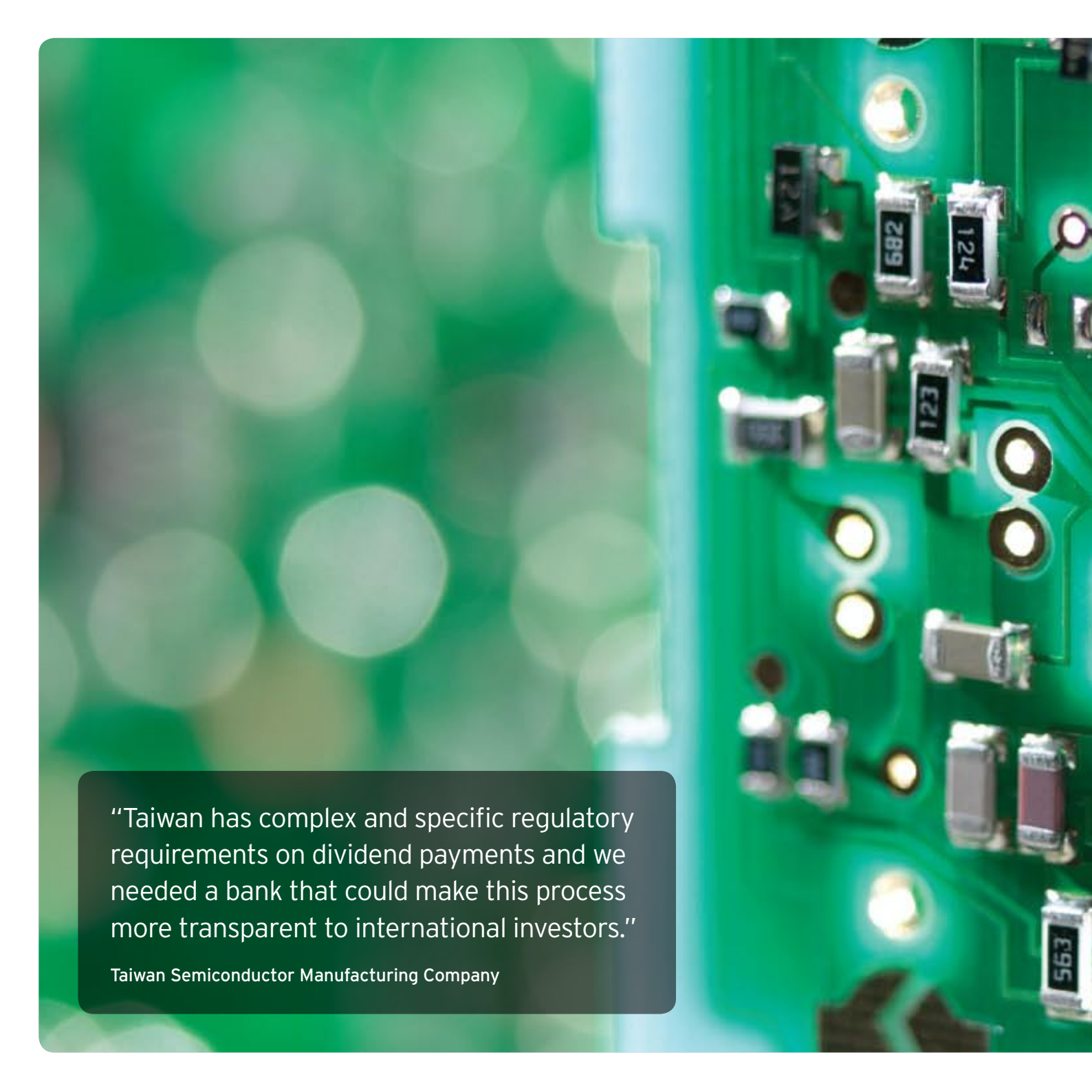
TSMC's US listing was the "crown jewel of Asia" and highly coveted by all DR banks. TSMC chose Citi as its depositary bank because of

Citi's global presence and local expertise. Citi had operated in Taiwan for decades, had achieved a strong reputation, and was an obvious choice given TSMC's status as the country's pre-eminent company. In addition to resolving the complex issues relating to regulatory requirements on dividend payments, Citi was able to offer TSMC a comprehensive package of value-added services to help grow its knowledge of the US and European investors base and to get better information on who invests in the company's equity.

The result

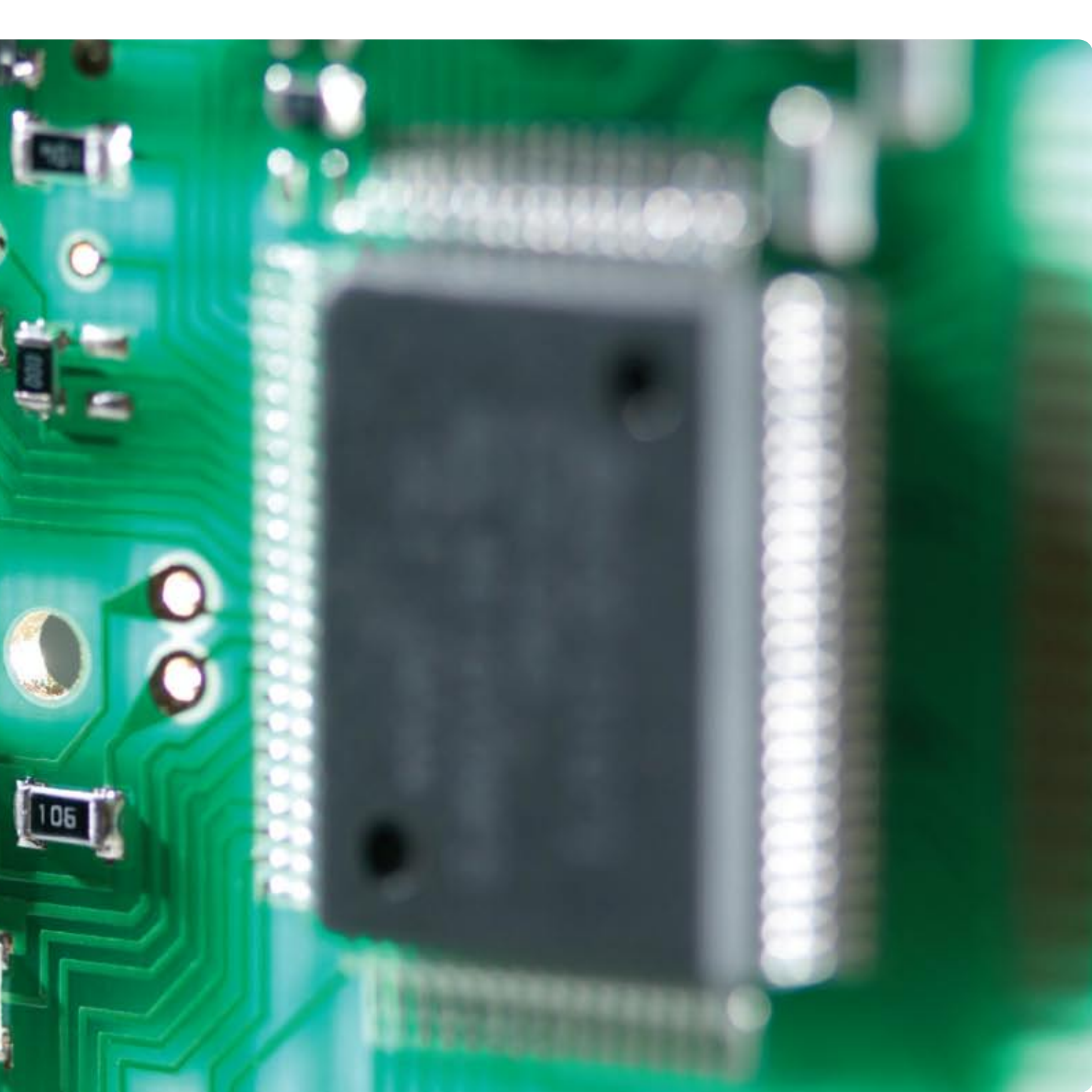
TSMC is consistently ranked among the top five traded ADRs on the New York Stock Exchange. Its IR program has again and again been recognized as the number one in Asia. TSMC has remained with Citi and is pleased with the support it is receiving from the DR team.

"We've enjoyed working with our dedicated account officer at Citi," says Sun. "With Citi's help, we're able to identify significant position changes among our ADR holders through their quarterly filings. We also get regular reports on investor relations that help us to stay on top of the issues that concern our shareholder base and serve our investors better."



"Taiwan has complex and specific regulatory requirements on dividend payments and we needed a bank that could make this process more transparent to international investors."

Taiwan Semiconductor Manufacturing Company



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building the
customer base

With competitive pressures in technology, media and telecoms sectors increasing, marketing and sales departments are tasked to deliver new strategies for customer acquisition and retention. Citi's Prepaid Card programs have proven instrumental to companies to engage and reward customers, increase brand loyalty, and enhance the customer experience.

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Mando Brand Assurance

Citi® Prepaid Cards offers turnkey solution for reward scheme

Satellite navigation company, TomTom, wanted an eye-catching fuel credit promotion that saved costs and increased revenue. Its fulfillment partner, Mando, turned to Citi.

The challenge

Mando Brand Assurance, a specialist communication agency of media giant WPP, wanted a striking promotion for its client, TomTom, in the UK. The satellite navigation firm planned to launch new models for Christmas 2008 and wanted to attract potential purchasers with a rebate/reward scheme. Traditionally, Mando had used checks as consumer refunds but found them costly to produce, distribute, and manage. Mando was eager to capitalize on motorists' concerns about rising fuel costs with a fuel credit promotion. TomTom also wanted a solution that could increase the proportion of rewards spent on its products.

The solution

In August 2008, Citi introduced Mando's Account Directors to Citi® Prepaid Services, which has been in the US for ten years and launched in Europe two years ago. The bank demonstrated tangible evidence

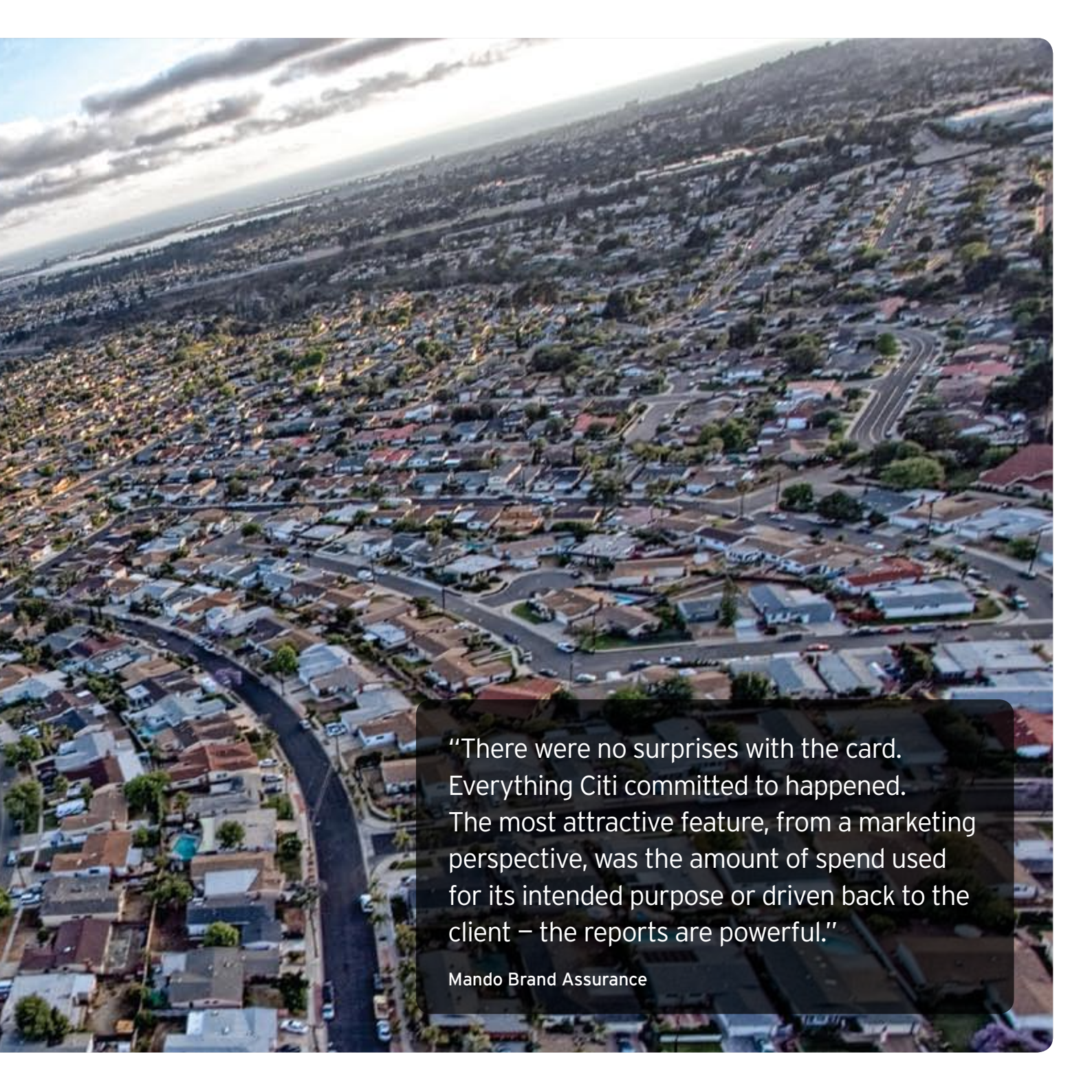
of its impressive results working with US clients who operated in markets similar to those served by WPP's European clients. Mando asked Citi to help with the TomTom promotion. Mando had considered offering checks or a tie-up with a specific fuel provider as consumer incentives, but instead it selected Citi's idea of a TomTom-branded Prepaid Visa® Card. While marketed as a fuel card, it would offer users the flexibility of acceptance at all Visa outlets – including TomTom's own website.

The result

Details of the promotion were finalized in October 2008 and a rapid design process was launched. Citi and Mando established a secure data file transmission system to process customer receipts within 30 days, a dedicated program support team and a 24-7 multilingual customer service operation on behalf of TomTom. TomTom's new models debuted in

December and Citi sent out the first TomTom-branded cards in January 2009. Initial results show that 100% of rewards have been spent either on fuel or with TomTom, while costs are significantly lower. Moreover, Mando and TomTom have gained powerful marketing insights from the promotion. "There were no surprises with the card. Everything Citi committed to happened," says Chris Baldwin, Mando Account Director. "The most attractive feature, from a marketing perspective, was the amount of spend used for its intended purpose or driven back to the client – the reports are powerful."





"There were no surprises with the card. Everything Citi committed to happened. The most attractive feature, from a marketing perspective, was the amount of spend used for its intended purpose or driven back to the client – the reports are powerful."

Mando Brand Assurance

Global Transaction Services
www.transactionservices.citi.com

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