



\_experience the commitment™

# CGI Trade360® Supply Chain Finance

CGI Trade360 Global Trade Platform is delivered as Software as a Service (SaaS) in a secure community cloud, providing banks with enabling technology for end-to-end trade and supply chain solutions, to reduce costs, enhance customer service, and meet bank customers' changing needs.

Business  
solutions  
through  
information  
technology®



## OPENS THE DOOR TO A BROADER CUSTOMER RELATIONSHIP

### What is Supply Chain Finance?

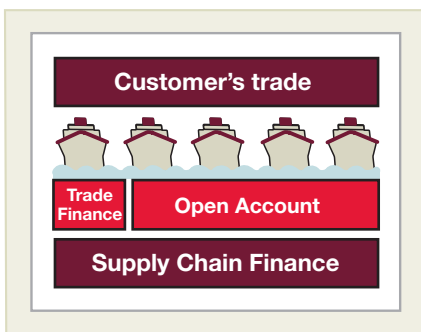
Supply Chain Finance (SCF) is a customer-centric way of looking at trade banking. Rather than focusing on bank products, it starts with the fundamental building blocks of trade, Purchase Orders and Invoices, and identifies payment, financing and service needs throughout its order-to-pay lifecycle. From this perspective, SCF applies to the full spectrum of trade from open account to traditional trade finance.

### Going Horizontal Across Your Customer's Trading

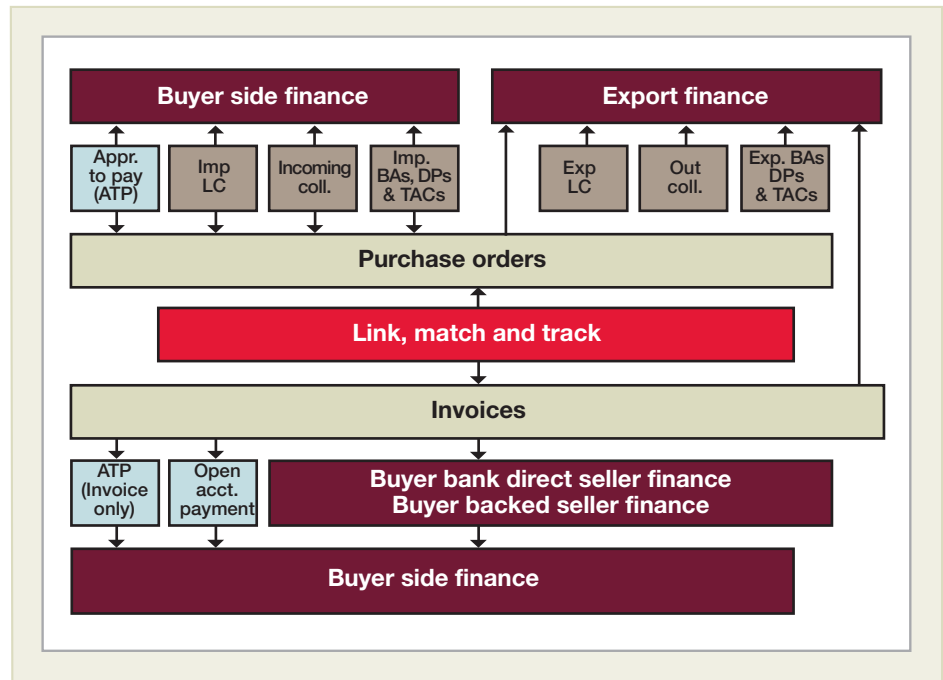
Trade banks have been confined to the fraction of trade that traditional trade finance has supported for hundreds of years. SCF provides the opportunity to expand beyond that narrow relationship. Trade360 SCF provides the tools to enable you to do so.

Banks can creatively repackage their lending strengths to meet the finance needs of supply chain parties. By incorporating purchase order and invoice data management, the banks can facilitate receivables and payables financing, plus matching services.

This positions the banks as value-adding partners horizontally across the customer's entire supply chain, creating further opportunities for additional solutions and deeper and broader trade relationships.



Impact on Bank's Customer Trade Relationships: SCF can enhance the bank's customer relationships through a broader platform from which to offer higher value solutions and by allowing consolidation of processes and information across the customer's trading activities.



### Trade360 SCF Solutions PO and Invoice Data Management

In the eyes of corporations, trade revolves around purchase orders, invoices, and other non-bank documents; Letters of Credit (LC), collections and bank-assisted open account instruments simply provide added benefits. Incorporating purchase order and invoice data into traditional trade finance and creating new open account products and services around them allows banks to provide strong offerings that align with the corporations' view of the supply chain.

### Trade360 Supply Chain Finance

Trade360 SCF provides the following PO and Invoice Data Management Services:

- **Host-to-Host Integration**—Trade360 SCF provides customer integration capabilities for PO and Invoice data into Trade360 through its bank or connectivity provider. This data is received by Trade360 in TSU-like messages, and stored on the PO/ Invoice database.
- **Linking POs to Instruments**—POs can be linked to the open account and trade finance instruments to integrate

PO terms to the instrument, and also to facilitate invoice matching and PO tracking.

- **Invoice Matching Service**—When invoice data is provided it can be matched against the PO to determine if there are discrepancies (mismatches). Mismatches would be appropriately handled for the type of instrument to which the PO was linked. Currently, key data is matched; however, in the future Swift TSU in-depth matching may be provided. Note: Swift has developed the TSU to provide its member banks with a deep matching service so they can embed it in their trade applications.
- **PO Tracking**—As a result of invoice matching, the bank can maintain tracking data, including invoiced and remaining balances by line item. This data can be provided to the customer via the PO Tracking XML message, and/or self service reporting from the Trade Portal.
- **Linking Invoices to Instruments**—Some open account and finance instruments only require invoice data to facilitate payments and financing. Invoices can be linked directly to these instruments.

## Approval to Pay

Approval to Pay (ATP) is a bank-assisted open account product that eliminates the bank exposure fees that a customer would pay under a letter of credit, while providing some letter of credit-like benefits. An ATP is typically based on POs and issued like a letter of credit, with the buyer's conditional payment terms specified, and no bank guarantee.

This hybrid ATP instrument provides a structured framework from which open account trading services like document checking, PO/Invoice matching and tracking, PO or approved payables financing, seller payment, or buyer side finance can be offered.

## Open Account Payment

An Open Account Payment is similar to a straight trade payment, except it is initiated when the bank receives invoices from the buyer with instructions to pay them immediately.

## Export/Seller Finance

The typical order-to-pay trade cycle places financial burdens on sellers, since they must prepare and ship the order, and then wait for payment—a wait which can be lengthy. This reality drives the demand for export financing.

With Trade360 SCF, Export/Seller Finance can be extended in a wide range of contexts and situations as described below.

## Export Trade Finance—Export Finance

In order to provide financing at various points in the order-to-pay lifecycle, the export bank of either an export letter of credit or outgoing collection can provide pre-shipment, shipment or post-shipment financing.

- *Pre-shipment finance* can be created standalone and linked to the letter of credit immediately, if advised, or later. PO data can be linked to pre-shipment finance.

- *Shipment finance* can be created, or existing ones linked, during the letter of credit examination or collection open activities. To facilitate the lending process, PO and/or invoice data can be linked to shipment finance.
- *Post-shipment finance* can be created in the letter of credit and collection payment activities when banker's acceptances, deferred payment, or trade acceptances further extend payment to the seller. To facilitate the lending process, PO and/or invoice data can be linked to post-shipment finance.

Purchase orders and invoice data linked to an export finance instrument that in turn is linked to an export letter of credit or outgoing collection, are not incorporated into the terms of the letter of credit or collection. Export finance can have recourse either to the import bank or the seller.

The export letter of credit and collection payment activities can liquidate the pre-shipment or shipment export finance instruments from sight proceeds. If post-shipment finance is created, its proceeds can be used to liquidate the pre-shipment or shipment export financing, during the payment activity. Pre-shipment and shipment financing created prior to payment, but whose maturity has been matched to the anticipated maturity dates of the bankers acceptances, deferred payments, or trade acceptances can be transferred to them.

At maturity, the proceeds from liquidating the banker's acceptances, deferred payments, or trade acceptances can be used to liquidate the post-shipment export financing or other financing transferred to them during the liquidate activity.

## Open Account—Direct Seller Export Finance

The buyer's bank can directly finance the seller with pre-shipment, shipment, or post-shipment export financing, creating both country and party exposure. Many banks without an existing presence in the seller's country will not find direct export finance attractive. However, for banks that do, they can offer financing on the POs or invoices that have been downloaded and linked to approval to pay instruments, open account payments, import letters of credit, and incoming collections. For straight accounts receivable financing the invoice data can be linked directly to the finance instrument.

## Open Account—Approved Payable Finance

Many buyers are moving away from traditional payment delaying tactics to programs that optimize the costs of their supply chains in more creative and collaborative ways. Often the seller's size and geographical location mean that local financing is very expensive and unreliable. Buyers on the other hand wish to extend payment terms for as long as possible to enhance their cash flow. Furthermore, expensive seller financing makes extending longer terms to the buyer prohibitive, and places upward pressure on the seller's pricing.

The solution therefore is often approved payables finance that creates a win-win situation for the buyer, seller, and even the bank. This supply chain optimization technique gives the buyer longer payment terms and lower prices, while the seller gets reliable and cheaper finance, and the bank gets new revenues for lending and activity fees. Trade360 SCF supports approved payables financing from approval to pay and payables management (2012).

## Buyer Side Finance

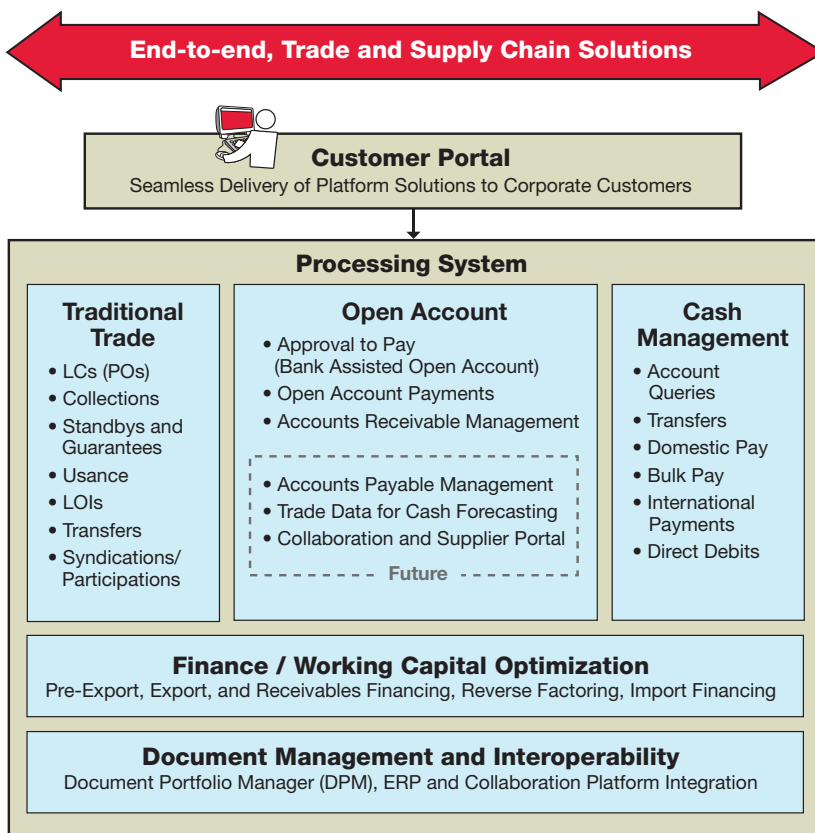
Whenever the buyer has an obligation to pay under an open account, import trade finance instrument, or another import finance instrument, the buyer's bank can extend buyer side financing to the buyer. The buyer side finance is created in the payment or liquidation activity for which the funds are required, applying the proceeds of the finance to fund the buyer's obligation.

## Trade Portal

The new instruments—approval to pay, open account payment, and export finance—can be initiated from the Trade360 Trade Portal. The instrument's transaction history and general reporting are accessible on an ongoing basis. Detailed self-service reporting for PO/Invoice tracking is available as well. Furthermore, exception handling and matching rule maintenance for account receivables management is provided and online corporate cash management.

## SCF is Integrated into the Trade360 Global Trade Platform

The following diagram illustrates how SCF is an integral part of the end-to-end solutions provided by Trade360.



## CGI AND THE TRADE360 SERVICE OFFERING

With more than three decades of technology know-how and over 27 years of trade finance industry experience, CGI is uniquely positioned to help banks address their global trade services processing needs. We combine trade services knowledge with industry-leading transaction processing and customer self-service software through our Trade360 service offering. CGI allows banks to buy trade services technology as a service, reducing the overall cost of ownership. For more information, send an email to [banking.solutions@cgi.com](mailto:banking.solutions@cgi.com).

## CORPORATE PROFILE

At CGI, we're in the business of satisfying clients. For 35 years, we've operated upon the principles of sharing in our clients' challenges and delivering quality services to address them. As a leading IT and business process services provider, CGI has approximately 31,000 professionals operating in 125+ offices worldwide, giving us the competitive advantage of close proximity to our clients.

Through these offices, CGI offers local partnerships and a balanced blend of global delivery options—including onshore, nearshore and offshore expertise—to provide clients with the combination of value and expertise they require.

CGI defines success by exceeding expectations and helping clients achieve superior performance.

Website: [www.cgi.com](http://www.cgi.com)