



# Globaalit pankkiyhteydet yhden kanavan kautta 24.3.2011

Case: Metso



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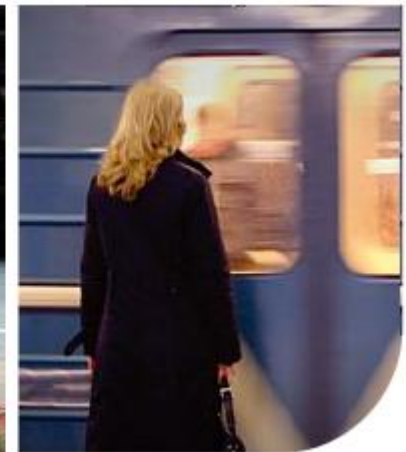


# Metso Corporation



# Metso Corporation 2010

- Net Sales 5 552 million Eur
- Operating profit % 8.0
- Clear recovery in orders
- Strong performance in services and emerging markets
- About EUR 100 million improvement in underlying EBITA
- Strong free cash flow
- Solid financial position
- New management team from March onwards



# Metso Corporation 2010

## Personnel by area

	Dec 31, 2010
Finland	8,748
Other Nordic countries	2,880
Rest of Europe	4,183
North America	3,491
South and Central America	3,166
Asia-Pacific	4,700
Africa and Middle East	1,425
<b>Total</b>	<b>28,593</b>





# Metso Financial Services



# Metso Financial Services



Metso Financial Services (MFS) offers financial and payroll services to Metso units in North America, Sweden and Finland. The range of services consists of general ledger and fixed asset accounting, accounts payable and processing of purchase invoices, credit control, invoicing, accounts receivable and collections, cash management and banking, travel expense accounting, and payroll services.

# Background

- Metso's goal is to provide all Metso business units with high quality business infrastructure and support services as cost efficiently as possible by using uniform/standardised processes.
- This philosophy has already been implemented in Finland, North America and Sweden during 2003 - 2007 by establishing Metso Financial Services (MFS) function in order to streamline and standardise financial processes.
- Metso's next target is to extend Metso Financial Services concept to Europe to the countries where Metso business units will implement new ERP systems.

# Operating model and scope in Europe

- MFS Europe operations will be divided into country based processes and regional processes.
- Regional processes will be performed in Finland using existing applications and competence.
- Regional transactional finance processes (AP, AR, CM, TR) will be performed in MFS Finland
  - Units using Baan in Jyväskylä
  - Units using SAP or M3 in Tampere
- Local transactional processes (GL, AA, Payroll) will be performed in a centralized way on a country level.

# Metso Financial Shared Services

- MFS Finland – yearly volumes
  - Head account 110
  - 630.000 purchase invoices
  - 520.000 cash management documents
  - 10.000 pay slips
  - 88.000 travel expense reports



# Global solution for cash management

Background



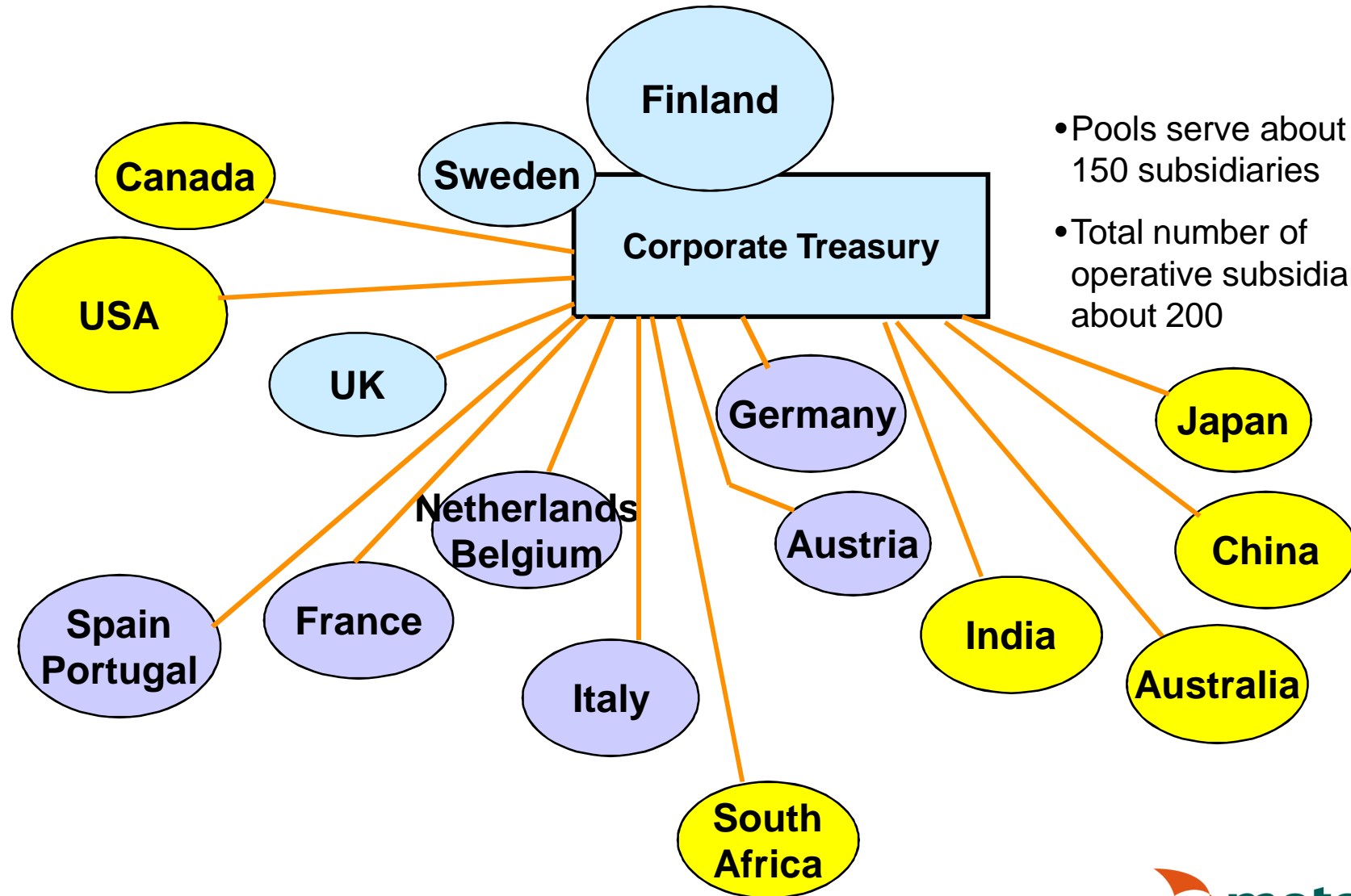
# Need for global cash management solution

- MFS concept is expanding to Europe, South-America and China.
- Current payment system used in Finland (for Finnish and Swedish units) is no longer adequate.
  - Multiple bank connections needed in several countries
  - Different payment formats in each country
- MFS objective is to utilize the best practices, common tools and processes, leverage the information systems and improve the quality and efficiency of services.
  - Common way of making payments and routing bank statements was needed to avoid manual work

# Need for global cash management solution

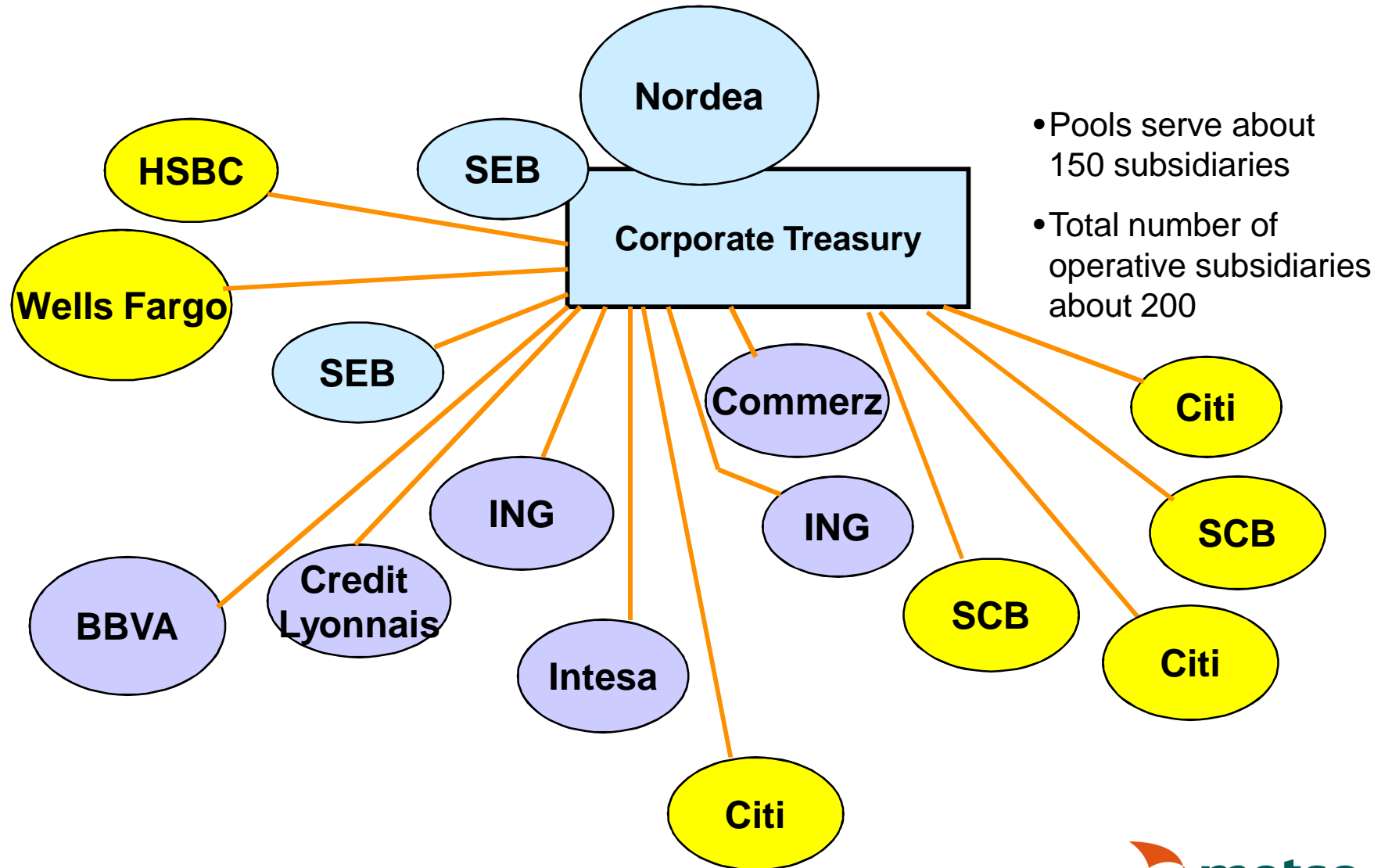
- Lot of bank relationships in Metso.
  - Metso Corporation currently has European cash pools in Finland, Sweden, Germany, Austria, Belgium & Netherland, France, UK, Italy and Spain & Portugal. Through these cash pools most of Metso's European cash is concentrated to Treasury in Finland.
  - No sense building own connections for each bank.
  - The next slide illustrates Metso's current pooling structures.

# Cash pool structures within Metso



- Pools serve about 150 subsidiaries
- Total number of operative subsidiaries about 200

# Cash pool banks for Metso



- Pools serve about 150 subsidiaries
- Total number of operative subsidiaries about 200

# Need for global cash management solution

- Metso Treasury had a need for collecting daily bank account balances from each bank.
  - Treasury had already planned SWIFTnet solution but the costs were too high for sufficient business case when the scope was only covering MT940 reporting.

# Need for global cash management solution

- In conjunction with this there is the EU Single Euro Payment Area (SEPA) migration process ongoing. The SEPA credit transfer using ISO20022 XML payment standard will be the payment format in the future.
- MFS wanted to utilize the possibility to start with SEPA payments also for other European countries.



# Tieto Payment Factory & SWIFTnet

# Tieto Payment Factory solution

- In conjunction with the European expansion project Metso made last summer the decision to implement SWIFT's payment processing architecture and software. The SWIFT system will be provided to Metso by a certified SWIFT Service Bureau by the name of Tieto Oyj. Metso has extensive cooperation with Tieto in various other fields of systems and software going back several years.

# Tieto Payment Factory solution

- The objective of the expansion is to streamline processes and systems and to gain cost savings through volume, efficiency, concentration and system maintenance. As additional Metso entities become customers of MFS, the payments will be made by MFS using the SWIFT software through the SWIFT network. This will change the way in which payment instructions are delivered to the local bank.

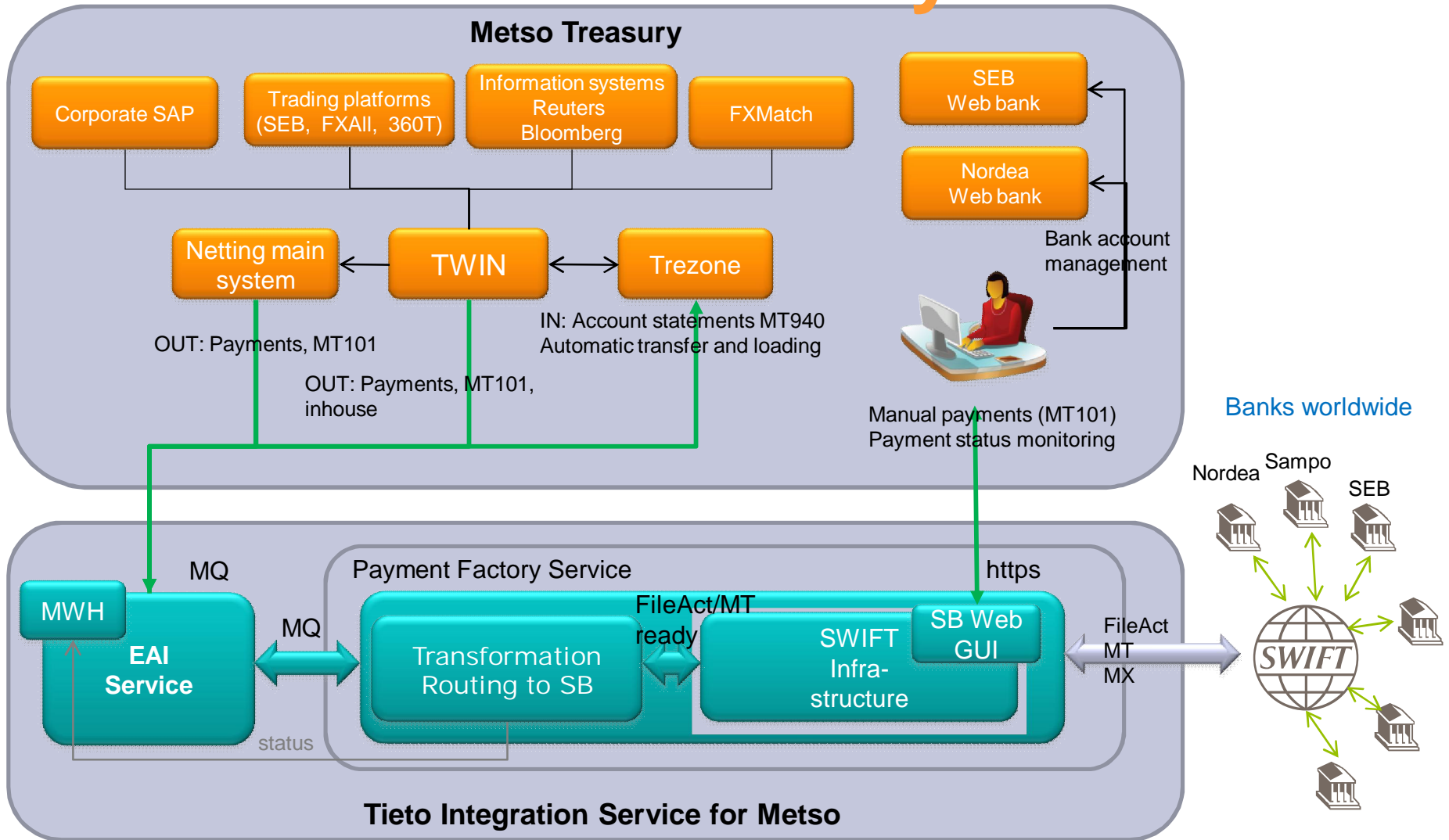
# Project scope

- Bank statement reporting
  - MT940
- Payment files
  - XML format if possible
- Manual payments
  - MT101

# Project scope

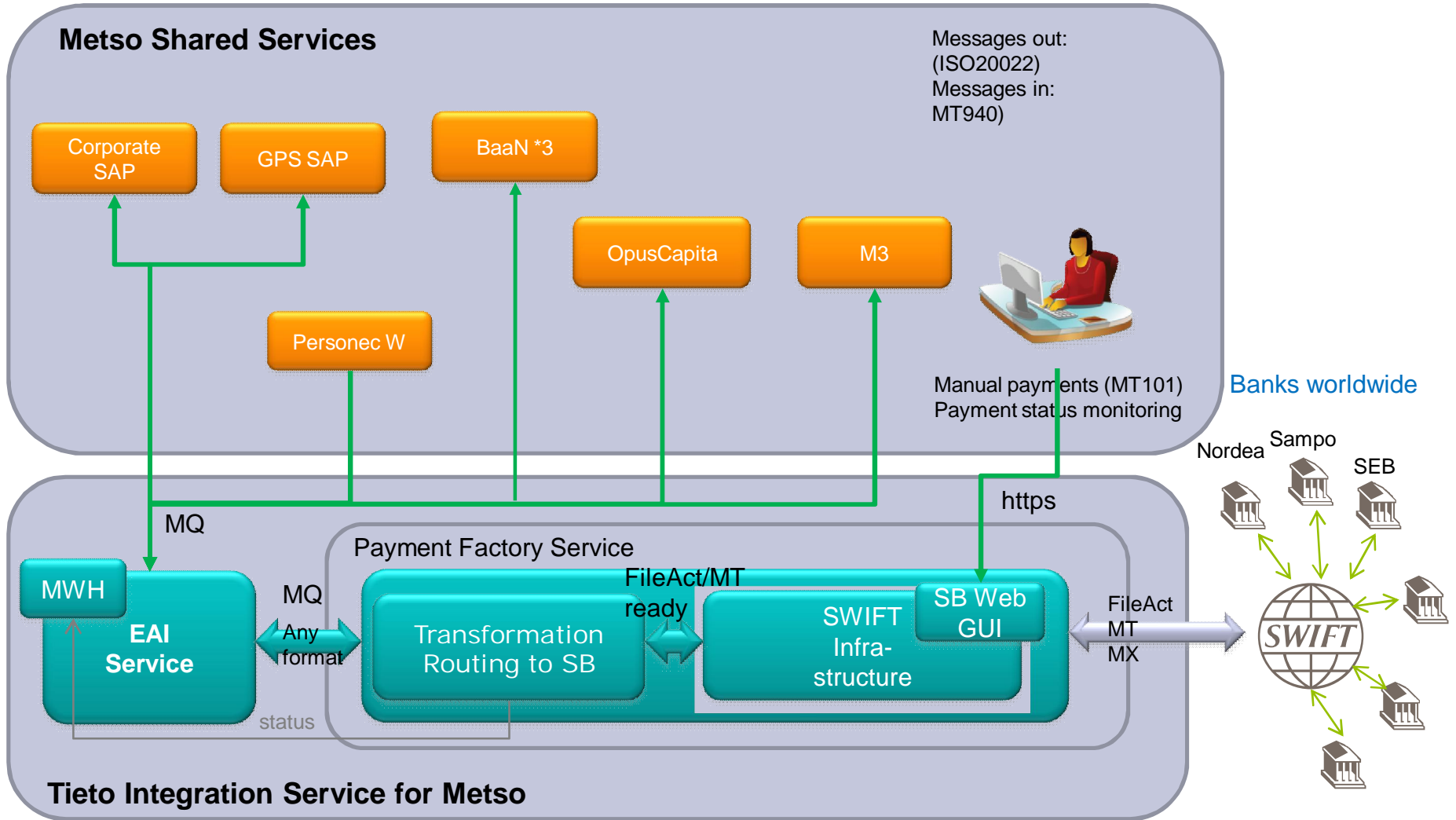
- First countries / Banks in "full" scope
  - Le Credit Lyonnaise in France
  - Commerzbank in Germany
  - SEB in UK
- Project started in Autumn 2010
  - First go-live with bank statement delivering during 02/2011
  - Go-live for production payments during 04/2011 (FR, DE)
- Treasury project with Bank Statement reporting has progressed quickly
  - Agreements done or under work with: LCL, SCB, SEB, Wachovia bank, BBVA, City, HSCB, ING

# TPF for Metso Treasury



Note: Corporate SAP and FXMatch are connected using EAI, but connection is not shown here due to presentational reasons

# TPF for Metso Shared Services





# Tieto Payment Factory & SWIFTnet

Lessons learned

# Lessons learned

- Project takes time even if SWIFTnet connection is easy to set up with Tieto Payment Factory service
  - Banks have different ways of doing SWIFTnet projects
    - Contracts
    - Costs
    - Communication
    - Technical details
    - Payment formats

# Lessons learned – highlights

- System will offer more modern way of making payments in Europe
  - Units have made lot of manual work, eg. fax assignments in France
  - Benefits of SEPA will be realised earlier than without this project
- Also units outside Europe and MFS customers are interested to join
  - Project in India already on-going
- Project does not require high investments itself
  - Most of the own technical work is done in Financial systems

# QUESTIONS?





**metso**  
**Expect results**