

# ABB Case Study



## 5 Global Businesses

- Power Products
- Power Systems
- Discrete Automation and Motion
- Low Voltage Products
- Process Automation

## FOCUS: Bank Guarantee Management

### Company Profile

ABB ([www.abb.com](http://www.abb.com)) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies, headquartered in Zurich, Switzerland, operates in around 100 countries and employs about 145,000 people. With technology leadership, global presence, application knowledge and local expertise, ABB offer products, systems, solutions and services that allow their customers to improve their operations.

### The Challenge

The nature of ABB operations across all five of its core businesses means that Trade Finance instruments and project finance play a central and critical role for the company. As a truly global company with close to 300 subsidiaries it was a challenge to efficiently manage the various credit lines for the issuance of bank guarantees and related processes. ABB required a solution which allows centralized overview and limit management while at the same time enabling decentralized local guarantee and documentary letters of credit (LC) handling by specific business units in individual countries. The issue was made even more challenging by the fact that ABB is working with a substantial number of banks and managing over 36,000 guarantees and 1,200 LC's. This had historically meant that each subsidiary had its own process for handling guarantees or LC's and dealing locally with its partner banks.

### Outcomes

The combined Trade Finance Link and Bolero solution has enabled ABB to get all stakeholders globally on the same application, providing a centralized overview of all guarantees and LC's worldwide with all banking partners, while still giving subsidiaries control over their local handling process. In addition it allows ABB to more effectively manage its global bank relationships.

The solution is providing a wide range of benefits, including:

- Centralized visibility at the global level
- Centralized management of ABB global credit lines for bank guarantees resulting in more efficient use and lower bank charges

- Decentralized (local) handling of guarantees and LC's at the local subsidiary and country level
- Streamlining of the overall trade finance processes
- Boosts ABB bargaining power with banks, leading to lower costs
- Significant improvement in global bank management and strengthening bank relations with ABB's group of core banks
- High ROI in a short period of time
- Improved Control and Risk Management

### The Solution

Following a thorough review of the market and extensive consultation internally and with core banking partners, ABB selected a combined solution from Bolero and Surecomp. The Surecomp COR-TF solution provided a proven and functionally rich solution which could be installed within ABB as its global guarantee and LC management application.

ABB now refer to this solution as Trade Finance Link (TFL).

An important factor in the decision to select COR-TF was the fact that it was enabled to provide seamless integration with Bolero. ABB understood the importance of electronic communication with its multi-bank network in order to meet the challenges and objectives required by this project.

ABB began rolling out its Trade Finance Link and Bolero project initially with a 4 month pilot involving ABB's Swiss and German offices and three European banks. Following the successful conclusion of this pilot, rollout began in earnest to ABB subsidiaries in its core markets.

Today the solution is accessed by 400 users in 40 countries and electronic communication via Bolero is enabled with 23 banks. ABB has exchanged more than 55,000 messages over the Bolero platform.

ABB will continue its rollout into Asia Pacific and South America subsidiaries with a view to completing the implementation in 2013.



As electronic communication is such a critical component of the delivery of value through this project, ABB has been careful not to prescribe a specific solution to its banks, remaining open to consider any communication channel which can provide secure, legally certain trade finance messages that can be fully automated into Trade Finance Link. In practice, in spite of some banks considering alternative communication channels, the strict requirement that any solution must be fully demonstrable, functionally robust (fully supporting ABB requirements for guarantees and LCs) and already used by at least one other corporate customer in a live multi-banking situation, has resulted today in Bolero being the channel of choice for all banks currently live with ABB.

Peter Gisler, Group Vice President,  
Head Export and Trade Finance

*“It is critical to the success of this project that electronic communication with our core banks is not only possible but also proven. For this reason Bolero is currently our preferred solution*

*Considering the current development status in the market, I can confirm that Bolero is still state-of-the-art irrespective of recent developments by some other providers”*

**Bolero**