

Achieving business continuity for treasury operations

AES Corporation uses Fides to aggregate, validate, and standardize transaction data and communications



CUSTOMER PROFILE



Company: AES Corporation
Industry: Energy
Headquarters: Arlington, VA
Employees: 18,000+ employees globally
Website: aes.com

Business Need

AES Corporation was working with banks in 45+ countries that had 750+ accounts reporting electronically. AES needed a solution that would quickly and reliably standardize formats and enable automated bank statement delivery to its central treasury system.

Solution

Fides ARS and Fides EFT

Benefits

- Aggregated, standardized transaction processing
- Reduced business risk
- Straight-through processing
- Improved operational efficiencies

About AES Corporation

The AES Corporation (NYSE: AES) is a Fortune 200 global power company that provides affordable, sustainable energy to 16 countries through a diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. Its workforce of 18,000 people is committed to operational excellence and meeting the world's changing power needs. The company's 2016 revenues were \$14 billion and it owns and manages \$36 billion in total assets.

AES's business need

AES and its subsidiaries operate in sixteen countries over four continents, generating, selling, and storing electricity. In 2005, AES had financial operations in 45 countries. (This number has since been strategically reduced). As a company with an expansive global footprint, AES' treasury staff needed a solution that would aggregate their bank and transaction information worldwide and deliver it to their central treasury management system.

Strategic design

The AES treasury department was tasked with building a strategic plan and implementing a treasury system that had global visibility into banking and cash. They wanted to split the banking portfolio into two pieces: one provider acting as a service bureau for bank connectivity, and a separate ERP provider, to have more flexibility for future growth. Their short list for connectivity providers came down to Fides and a global bank.

One area that AES needed assistance with is prior day bank statement delivery. The individual banks that AES connects with fall into three categories: SWIFT, BAI, and "neither one". The latter produces consistently formatted bank statements, but the actual formats differ from bank to bank, making delivery a challenge. Banks simply are not able to work with all these different formats – but Fides can.

When a bank was not able to provide a SWIFT or BAI file, but could provide another type of format consistently every day (such as a .csv or even a PDF), Fides was able to write a parser specific to that bank or bank branch that will read and convert their format into the format of the client's choice – for example, SWIFT MT940 – and deliver it to AES' treasury system. Within six months of implementation, eighty percent of AES' banks were on-boarded through Fides.

"I have yet to see another bank services provider who can handle a non-BAI or non-SWIFT communication – to take an incoming bank statement, collect, aggregate, and send it. Fides can do it all."

*– Lawrence Hirsh, Assistant Treasurer,
AES Corporation*

Solution: Fides ARS + Fides EFT

AES effectively outsources all of its banking interfacing to Fides. The company uses the backend account reporting services that Fides offers. For payment execution, AES uses the same process – but in reverse. Whether the company is executing a payment in its treasury system or accounts payable system, the payment is put into their single format of choice (in AES' case, an MT101) and delivered to Fides. There are fields that are flagged to identify the payment as a wire, an ACH, or any other format. This provides Fides with the information needed to execute the payment. The files are automatically converted into the format required by the originating bank, and transmitted as if there were a direct host-to-host connection with that bank.

Value-added services

The ERP treasury system that AES was initially using ran into difficulties due to an input problem. A few banks were providing electronic bank statements that had the wrong number of decimal places for the local currency. When the ERP system received that file, it crashed. The ERP provider's estimate was expensive and would have taken a significant length of time until delivery. Within one week, Fides was able to build and deliver a filter that could find and correct all instances of this incorrect formatting – at a fraction of the cost.

AES also takes advantage of Fides' validity checking services. Fides reads all the bank statements are being received on AES' behalf, and in the process of normalizing those statements into a common format, performs a validity check. Based on various criteria, exceptions can be flagged. For example, a bank account statement number may not be sequential, or an opening balance may not match a closing balance. Flagging these for review helps AES reduce risk and potentially catch any fraudulent activity early enough to more easily resolve.

Making the complex simple

In 2013, AES decided to change its treasury system provider. At that time, the company was processing electronic statements delivered from 750 bank accounts within various banks spread across 25 countries. The only change that was required was that AES had to set up the new TMS to receive the feed for incoming bank statements. The banks did not need to change anything, and Fides didn't have to change anything. From the perspective of the TMS provider, there was just one single feed. This made what could have been a time-consuming, complex implementation, simple.

“Fides is able to automate what would otherwise be a manually downloaded bank statement from an internet banking portal.”

*– Lawrence Hirsh, Assistant Treasurer,
AES Corporation*

Planning for future

AES is currently exploring adding bank fee analysis services. Rather than establishing and maintaining interfaces from its treasury system to each of the banks that would be providing the bank fee analysis statements, the company intends to outsource this connectivity to Fides as well.

About Fides

Fides is the global leader in multi-bank connectivity, enabling corporates to connect to any bank, in any region, through any channel. Fides helps more than 3,000 clients communicate with more than 10,000 banks globally within 170 countries. Whether you are using a Treasury Management System (TMS), Enterprise Resource Planning System (ERP), our Fides web applications, or any combination thereof, Fides is the only bank connectivity platform you need. As an independently operated subsidiary of Credit Suisse, Fides offers SWIFT connectivity to corporates who do not have their own SWIFT BIC code by leveraging the lead bank model. Fides also provides conversion, validation and security services. We are known for our outstanding project management and support services, ensuring a timely implementation and customer satisfaction. With Fides, clients can reach further, and connect faster.

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