

GXS in Financial Services

Financial Services Today

To compete in today's financial services market, a differentiated value proposition, excellent customer service and a solution-oriented approach are critical. A growing number of corporate clients do not perceive much differentiation between competing financial institutions. CFOs are beginning to view financial services such as deposits, payments and trade as commodities that should be selected from the lowest cost provider. Financial institutions must confront the risk of commoditization with new levels of value. And they must accomplish this transformation while continuing to meet shareholder expectations for growth and profitability.

As financial institutions evaluate strategic priorities, many are choosing to selectively partner with specialized providers for customer-facing IT functions. GXS specializes in business-to-business IT services that can integrate your financial services applications directly with your clients' internal systems. Our solutions are relevant in a broad range of service areas including cash management, global trade, consumer lending and procurement. GXS services enable you to exchange information electronically in real-time directly with your customers' finance, accounting and treasury systems.

GXS solutions offer several competitive advantages to your business:

- **Enhanced Customer Experience**—GXS integration technology is designed to mask the complexity of the various e-business standards used for B2B communications. As a result, you can share information with your clients in the e-business standard they prefer. The GXS value proposition applies whether your customers are small or large in size, regional or multi-national in scope, manufacturing or services-oriented in focus. Our services can assist you whether your customers are laggards or early adopters of technology, embrace standards or custom approaches to e-business, prefer outsourced or in-house IT models. Through a more customer-friendly approach, your institution becomes easier to do business with.
- **Expanded Solution Capabilities**—GXS can increase the levels of integration you achieve with corporate clients thereby creating the opportunity for new services and new markets. Examples include health care payment processing, advanced global trade services or consolidated receivables. GXS can accelerate migration towards a solution-oriented approach for financial services. Instead of offering independent solutions for check, wire and ACH, GXS can provide a single gateway for all payables regardless of which settlement system is used.



PRESSURES ON FINANCIAL INSTITUTIONS

- Concentration of Market Share to Large, Global Financial Institutions
- Increased Commoditization of Core Financial Services
- Need for Organic Growth from Differentiated Product Lines
- Regulation of Privacy, Money Laundering and Corporate Governance

Partnering with GXS reduces time to market for new products and solutions. Gaining first mover advantage can often result in a long-term market leadership position.

Solutions for Financial Services

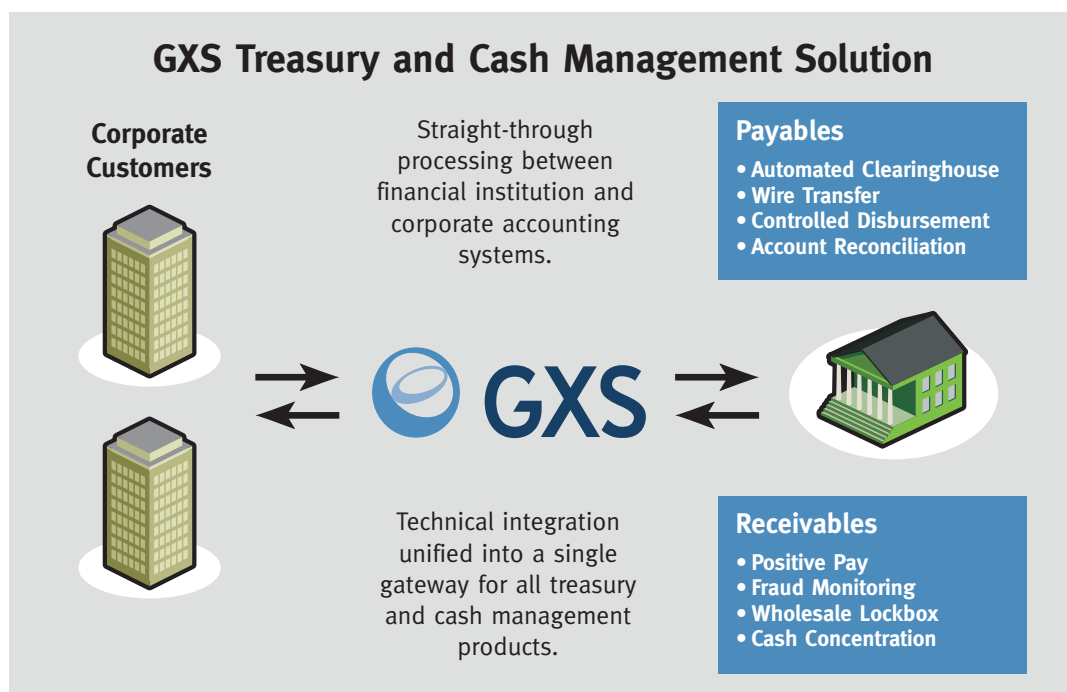
GXS solutions for Financial Services organizations include:

Treasury and Cash Management—GXS solutions for treasury and cash management enable financial institutions to enhance the services provided to corporate clients. GXS offers multiple tiers of solutions to meet a variety of business goals. These include:

- **Global Messaging Services**—Simplify your cash management services, by enabling corporate clients of all sizes to exchange payables and receivables information electronically. Additionally, you can share supporting documentation such as account statements, remittance advices and check images. Thousands of corporations around the world use GXS e-commerce services to transmit payroll, benefits and supplier payment instructions to their financial institutions. These payments can then be printed as checks or forwarded to wholesale settlement systems for processing via automated clearinghouse, wire transfer or international exchange. Additionally, GXS can enable you to provide information about treasury and cash management services in real-time. Share account reconciliation, fraud monitoring, wholesale and retail lockbox reports with corporate clients as well. GXS provides secure, reliable, high performance file processing in a wide variety of e-business standards to support your corporate clients' needs.

BENEFITS OF GXS SOLUTIONS FOR TREASURY AND CASH MANAGEMENT

- Reduce new customer implementation time frames by 25 percent
- Expand share of customer's wallet for cash management
- Become more flexible and easier to do business with
- Reduce complexity of customer interfaces
- Accelerate time to market with new services
- Improve performance against customer metrics to increase customer satisfaction.



- **Managed Services**—Many financial institutions are now offering services to manage all payables and receivables on behalf of their corporate clients. To accelerate adoption of these value-added cash management services, the solutions must be simple to configure and easy-to-use. Corporate clients do not want to purchase and manage specialized IT infrastructures to communicate with their financial institution. Instead corporations expect direct integration and straight through processing between banking applications and corporate accounts payable, accounts receivable and treasury management services. GXS offers direct integration with corporate ERP systems from Oracle and SAP for a variety of financial processes. As part of the Managed Services solution, GXS will assume full responsibility for the technical infrastructure to directly integrate with corporate client ERP systems. Additionally, GXS will deliver the technical support and program management for the business processes surrounding treasury and cash management. GXS will perform on-boarding of new corporate clients including system migration, user testing and quality assurance. GXS will assign an experienced program manager to oversee client implementations, technology upgrades and day-to-day operations.

E-BUSINESS STANDARDS

- RosettaNet (High Tech Industry)
- AS2 (Retail Industry)
- CIDX (Chemical Industry)
- PIDX (Petroleum Industry)
- ANX (Automotive Industry)
- HIPAA (Health Care Industry)
- Zengin (Japan)
- Tradacoms (UK)
- EDIFACT (Europe and Asia-Pacific)

Integrated Payments Case Study

Accelerating Introduction of New Services for a Regional Banking Institution

CFOs and Finance executives increasingly view traditional corporate banking services such as demand deposit accounts and payment processing as commodities. In response, one of largest banks in the US launched a new line of services to enhance its value proposition to large corporate accounts. Specifically, the bank launched a new suite of treasury management services designed to increase visibility to corporate cash flows.

The bank was seeking to differentiate its services by being “easy to do business with.” Technical integration in the customers’ preferred model was a key requirement. Consequently, the bank’s treasury management services needed to seamlessly integrate with its corporate clients’ ERP and accounting systems. The bank chose to partner with GXS to accelerate time to market for its new service offering. GXS manages the technology infrastructure for the bank to integrate directly with its corporate customers’ SAP, Oracle (including Peoplesoft) and Microsoft accounting systems.

- **Monitor Payments**—GXS offers a business activity monitoring solution to track payments through the posting, approval and clearing processes. The payments monitoring solution can be used to track performance against service level agreements with corporate clients. Proactive alerts are generated if a transaction is in jeopardy of missing a critical deadline. Additionally, fingerprinting technology is used to detect abnormalities in payment processing that might suggest fraud or application failures.

- **Optimize Payments**—The most strategic relationships with corporate clients result from consolidating treasury activities across business units and geographic regions to provide optimized cash management. GXS offers a number of solutions to support consolidation and optimization of corporate treasury and cash management functions. The GXS Treasury Visibility application is designed to centralize payables across multiple ERP systems, business units and geographic regions. The application offers a central portal for releasing, tracking and optimizing payments globally. GXS Treasury Visibility can reduce payment processing costs through automated multi-lateral netting and least cost international routing.
- **Health Care Payments**—Recent health care legislation is creating new opportunities for financial institutions in health care. Health Savings Accounts (HSAs) now provide a flexible mechanism for consumers to manage personal health care finances. The Health Information Portability and Accountability Act (HIPAA) legislation ensures the privacy of electronic patient data and transactions. Leading financial institutions are beginning to introduce health care payment clearing and settlement services for payers and providers. Automation of the health care payments process reduces settlement time frames, increases accounting productivity and decreases error rates. Paper-based check payments are converted to electronic automated clearinghouse transactions. Explanations of benefits documents previously sent through postal mail are sent as HIPAA-compliant electronic documents. GXS can accelerate time to market for new health care payments services by automating the exchange of benefits and payment information between payers, providers and their financial institutions.

Global Trade Services—The increased use of new international trade financing structures, such as open account, is driving many financial institutions to innovate their global trade products. GXS has extensive experience facilitating global transactions between business partners in North America, Europe and Asia. GXS has helped its retail and industrial clients manage trade between developed markets such as the US, Europe and Japan and emerging, low-cost manufacturing centers such as China, India and Eastern Europe. Thousands of businesses use GXS services to exchange manufacturing forecasts, shipment manifests, trade declarations and receipt confirmations electronically. GXS can enable you to offer integrated physical and financial supply chain solutions thereby extending the value proposition of your global trade services.

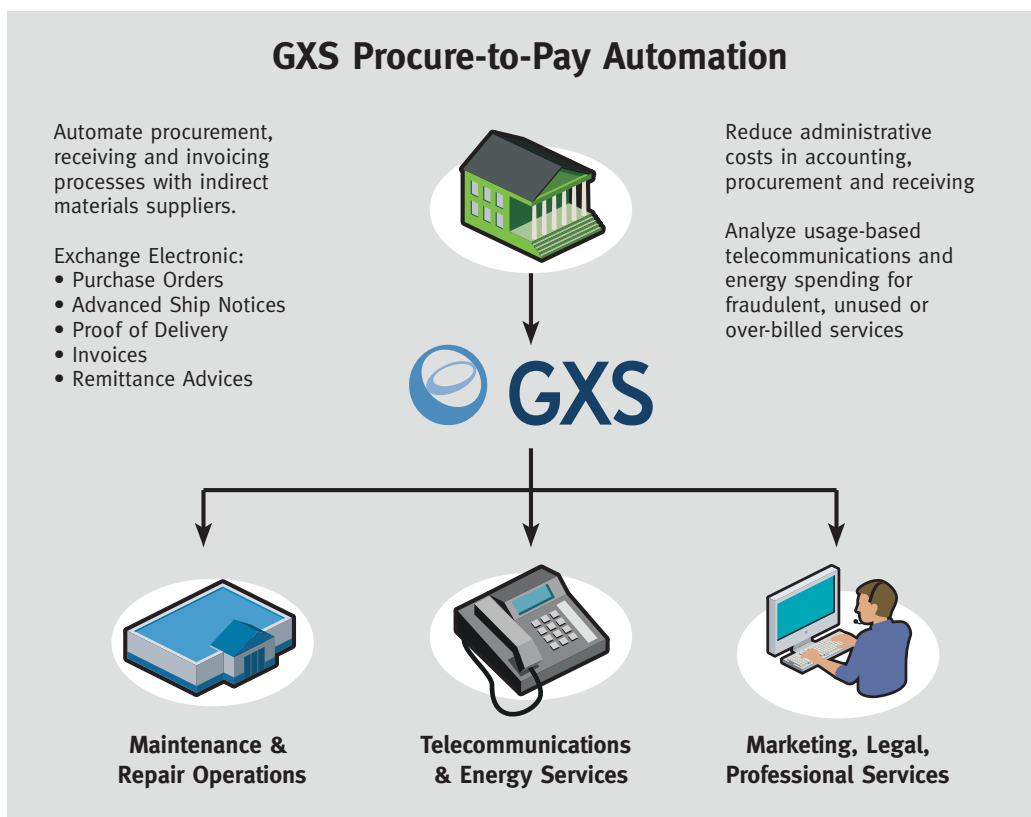


Procurement—GXS can help you automate and streamline the procure-to-pay processes with suppliers of indirect materials such as Maintenance and Repair Operations (MRO). Indirect suppliers typically include office products suppliers, maintenance and repair vendors, marketing and legal consultants or energy and telecommunications providers. Enterprises which automate routine procurement and accounts payable tasks often yield cost reductions of up to 30 percent.

- **Automate Order Processing**—Most businesses communicate purchase orders to their suppliers through fax, phone or email. Manual processes for purchasing are costly, inefficient and error prone. GXS can enable you to send purchase orders electronically to suppliers directly from your procurement system. Automation eliminates the potential for misplaced orders and improves staff productivity.
- **Electronic Invoicing**—Most businesses receive invoices from their suppliers through fax, postal mail and e-mail today. As a result, accounting departments are staffed with clerks who re-key data into payables systems. Other accounting personnel then reconcile any disparities between invoices, orders and receipts. GXS offers a number of electronic invoicing solutions to reduce the costs and complexity of accounts payable activities. Electronic invoices can be sent directly into back-office systems eliminating manual entry activities and accelerating processing.

EXAMPLES OF INDIRECT MATERIALS SUPPLIERS

- Business Process Outsourcing
- Telecommunications
- Utilities
- IT Services
- Maintenance & Repair
- Advertising & Marketing
- Legal & Advisory
- Auditing & Accounting



Procurement Case Study

Telecommunications e-Invoicing for a Global Investment Banking Firm

GXS enabled a global investment-banking firm to establish a process for managing their telecommunications expenses. Telecommunications expenses represent a significant expense for many IT organizations, ranging from 20-40 percent of an annual budget. Telecommunications spend is poorly managed by many large organizations. A recent third-party analyst report stated that 7 to 12 percent of all telecommunications service charges are in error. 85 percent of a typical enterprise's telecommunications bills are not audited. Instead the bills are simply paid in full. For a typical large enterprise such unnecessary costs can add up to over \$8 million in lost profits annually.

GXS established an electronic invoicing process with the investment banking firm's top carriers. Now the firm receives detailed call records for local, long distance, wireless, and data services around the world. GXS integrated its electronic invoicing system directly with back-office accounting and expense management systems.

Consumer Lending—GXS can streamline communications between corporations and financial institutions in the mortgage, educational and automotive lending sectors. We can help you automate business processes between the lending organization and associated parties for both origination of new loans and servicing of existing loans.

Lending Case Study

Dealer Floor Plan Financing for North American Banking Institution

A North American banking institution was seeking to automate its dealer floor plan financing business processes with automotive retailers and manufacturers. The bank's goal was to differentiate its services in order to better compete with the automotive manufacturers' captive financing divisions. New loan products such as leasing and zero percent financing had combined to decrease the market share of third-party financial institutions in the consumer auto loan market. GXS developed a system which automated the exchange of information between the manufacturer, the retailer and the financial institution. Financing terms, dealer invoices, loan payoffs, vehicle registrations and inventory reports are now exchanged electronically in real-time. As a result, the bank has increased customer satisfaction and grown its market share with dealer franchises.

GXS Leadership

GXS is a leading provider of B2B e-commerce services to the financial community. GXS services 100 percent of the Fortune 500 banking and savings and loans institutions. GXS services financial institutions from its offices in major financial centers around the world including the UK, France, Germany, Switzerland, Spain, Brazil, Hong Kong, Singapore, Australia, Japan and China.

GXS has strategic partnerships with IVANS® in North America and Brokernet in Europe to service the property & casualty and health insurance sectors. GXS is a key technology provider operating the B2B e-commerce network and service infrastructure. The services facilitate electronic communications between agents and insurance carriers to simplify business processes such as underwriting, policy issuance, claims processing and billing inquiries.

GXS is active in financial services industry standards organizations around the world including the US National Automated Clearinghouse Association (NACHA). GXS is also active in many other vertical industry standards groups such as RosettaNet in High Tech, GS1 in Retail and the Automotive Industry Action Group (AIAG) in Automotive. The multi-industry focus enables us to provide simplified communications even within the most diverse groups of business partners.

Operations, Security and Business Continuity

GXS has over 30 years of experience providing services for sensitive, business-critical financial applications. Many of our operational processes are based upon Six Sigma quality principles. Additionally, our operations are regularly audited by an independent firm for adherence to the American Institute of Certified Public Accountants (AICPA) Statement of Auditing Standards No. 70 Level 2 (SAS 70 Level 2) review.

GXS's technical architecture is resilient by design. Multiple tiers of redundancy have been integrated into the data center, network, servers and application design to minimize the impact of outage to any one component. In the event of a catastrophe, applications failover automatically from our GXS US data center to an equivalent center in Western Europe.

GXS data centers feature multi-tiered physical security measures including hand geometry authentication and closed-circuit television monitoring. All employees undergo background screening and substance abuse testing prior to hiring. Network and host security is managed through firewalls, intrusion monitoring and aggressive patching.

GXS FAST FACTS

- 40,000 Customers Worldwide
- Operations in 30 Countries Worldwide
- GXS Customers include 100 percent of Fortune 500 Banking and Savings & Loans Institutions

About GXS

GXS is a leading provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration. Organizations worldwide, including 75 percent of the Fortune 500, leverage GXS' GS1 certified global interoperability and supply chain execution solutions. Active in the global standards arena, GXS offers solutions, powered by the Trading GridSM, that enable customers both large and small, to connect with global partners, synchronize product information and optimize the execution of supply chains.

Headquartered in Gaithersburg, MD., GXS provides sales and support to businesses and their partners worldwide. For more information about GXS visit www.gxs.com.



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