

## OUTSOURCING

# BB&T GETS HELP IN TAPPING NEW MARKETS

Corporate transactions are getting more technologically and geographically complex by the day, so jobbing out some of the work presented a simpler path to that market for BB&T

BY JOHN ADAMS

WHEN A MULTINATIONAL CORPORATION'S looking for a financial institution to handle payments or wire transfers for a newly launched Asian subsidiary, the last thing the company wants to hear is that its bank can't work on the same electronic format as that new Asian outpost or its customers.

That means institutions wishing to grab or maintain a large chunk of the treasury management market need to make sure technical potholes that can crop up because of different core systems, file formats or even currencies, get paved over. For BB&T, part of the answer is coming from outsourcing. "BB&T's got a lot of people who are sharp in bank technology, but may not necessarily know how a company that makes chemicals or computers utilizes technology. Our company does, so we can make it transparent," says Steve Keifer, a vp at GXS, the firm BB&T hired to manage treasury management IT. GXS offers an array of software and services

that makes it easier for the financial institution to converse and interact with corporate customers, regardless of which applications are operating behind the corporation's firewall.

The bank is among a growing number of institutions hoping to gain more business from corporate clients by offering added services that extend core competencies, including payments, ACH, wire transfers and accounts receivable. The problem is that treasury management is getting more complicated as corporations acquire new companies, grow their lines of business horizontally or expand geographically. And as Web-enabled technology grows, middleware that aims to integrate legacy systems of existing and new companies—sometimes operating in different nations and with different currencies—is inadequate in addressing long-term IT needs. "There are different standards now, such as SWIFT, EDI, XML, and different fla-

vors around the world. Five years ago, it was just EDI. Now, network protocols are getting more complicated," Keifer says. "For banks to interact with their corporate clients, it's getting harder."

Mark Schuch, a vp in BB&T's treasury management operation, says the institution plans to develop an integrated payments and receivables operation under which its corporate clients can transmit payments files in multiple payment formats. "We want a solution that would allow some of our clients, with very little cost, to give us a file in a number of formats," Schuch says. "Instead of going in-house and doing the development work ourselves, along with all the training and finding the resources, it made sense to job this piece of it out." Schuch says the outsourcing arrangement has opened up more channels in which the bank can do business with its corporate clients, and is providing an added op-



portunity to expand services into areas such as bill presentment.

Schuch says that as businesses expand internationally, that creates even more complexity, and that's where GXS's international reach—40 percent of the company's revenue is from outside the U.S.—comes in handy. "Businesses now have suppliers

and vendors from all across the world, so there's a need for solutions that can integrate all of those formats and all of that data. It can become complex when you see the various formats and currencies that are out there," he says.

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Jacob Jegher, a senior analyst at Celent, says that while there's not necessarily a rush to outsource treasury management among banks, the rapid

evolution of services has added a dose of complexity. "We see more complex features that are coming down, such as advanced forms of payments, cross border payments and wire transfers," he says. "And you'll also have things such as remote capture, which is becoming hot buzzword."

He says the range of how much institutions are outsourcing is wide, with banks keeping anywhere from 20 per-

cent to 80 percent of corporate treasury management technology in house. Outsourcing is often piecemeal, and Jegher mentioned one bank that managed almost all of its corporate treasury management in-house, but found a vendor that had a great wire transfer module and jobbed out only that portion of its operation. "Outsourcing is often a question of best-of-breed," he says.

Jegher also says that when small business is added to the mix, the need for diverse technology can be even greater: "You need to have some sort of offering for small businesses, which have [fallen] through the cracks. Many of these businesses are too large for retail products, but too small for corporate. So they need their own set of tools." ■