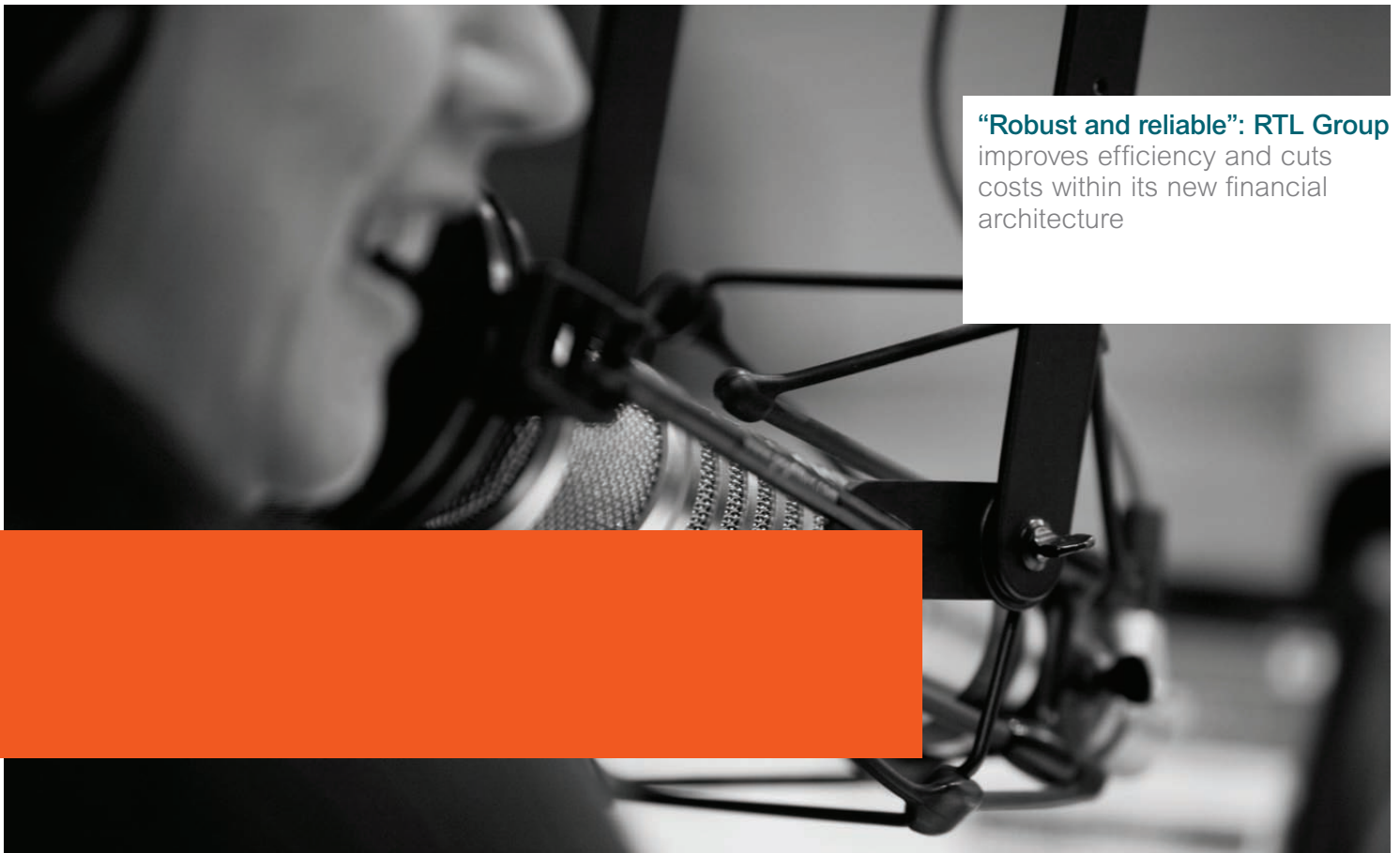


Misys Confirmation Matching Service

RTL Group



“Robust and reliable”: RTL Group improves efficiency and cuts costs within its new financial architecture

RTL Group

RTL needed an easily implemented STP solution that could automate their confirmation matching processes and to quickly redefine their confirmation and settlement model to achieve true STP efficiencies.

With thirty-one television and thirty radio stations in ten countries, RTL Group, one of the world's leading broadcasting companies, was created in 2000 following the merger of CLT-UFA with the British production company Pearson TV. The Group has now grown to become Europe's largest TV, radio and production company, and one of the largest television producers outside of Hollywood. The Luxembourg-based media group operates TV and radio channels in Germany, France, Belgium, Spain, the UK, Portugal, the Netherlands, Luxembourg, Hungary and Croatia.

In 2002 the Group began a process of re-engineering their corporate treasury functions with a view to realising the "Holy Grail" of true straight-through processing (STP). Faced with increasing competition and industry regulatory initiatives such as Basel II and CLS, the Group was seeking to solve several business challenges, greater efficiency, reduced risk and lower operational cost within its corporate treasury activities.

A business process challenge

A review of RTL's corporate treasury processes revealed that internal transactions were being conducted on a largely manual basis, with important information being passed around the Group by fax and telephone, often through insecure proprietary networks and in a broadly non-standardised manner. Furthermore, the overall business process did not take into account any true separation between the role of front-office and back-office functions.

With this challenge in mind, RTL identified the need for an easily implemented STP solution that could automate their confirmation matching processes. Most importantly, they needed to be able to quickly redefine their confirmation and settlement model to achieve true STP efficiencies. As a result, the Group settled on a new treasury architecture that would rely on the powerful confirmation services and benefits offered by the Misys Confirmation Matching Service ASP, known at the time as Misys Treasury.

The selection of Misys CMS

"Selecting Misys CMS as the transaction matching system for our corporate treasury was an obvious choice," comments Francois Masquelier, Head of Corporate Finance & Treasury at RTL Group.

"The solution supports most treasury transactions, such as Forex, money market and derivatives products, and offers a crucial advantage in that all major banks are members of the system.

For RTL, having all our counterparties' banks both on the system and covering the treasury department financial transactions were the critical success factors that we identified as key to the implementation."

Implementing Misys Confirmation Matching Service has provided our corporate treasury department with a number of substantial advantages, most importantly, we have already begun to realise savings through the elimination of the operational risk generated by unconfirmed transactions. By accelerating our error tracking, the solution has allowed our traders to offset error deals without delay, consequently avoiding the costs in value date or market conditions.

Francois Masquelier, Head of Corporate Finance & Treasury, RTL Group

"The typical lifecycle of our existing FX operations", adds Francois Masquelier "was similar to most other companies in our position; manual procedures and communication of critical information through sometimes insecure proprietary networks. This meant two-to-three-day processing times, and even more importantly meant that we were unable to effectively identify and resolve errors in a timely manner.

Implementing the Misys Confirmation Matching Service solution to automate the confirmation matching part of this lifecycle would help to redefine our confirmation and settlement model, eliminating much of our manual processing and allowing our treasurers to catch potentially costly errors much quicker."

Neil Macro, Product Solutions Manager at Misys, also comments: "With a company of the size and scope of the RTL Group, it was imperative that we could offer a flexible and cost-effective solution to allow them to assess and use different methods of communication and transaction processing. Misys Confirmation Matching Service is platform independent, effectively offering multiple alternate paths of receiving and sending information. As an ASP model, the solution could be quickly and easily integrated into RTL Group's new technical architecture. And, last but by no means least; we were able to offer RTL a method of payment on a per-transaction basis, with a small monthly subscription fee, that meant it would be cost-effective for them."

The solution

The key to the successful implementation of Misys Confirmation Matching Service was to have all counterparties' banks present on the system. It was therefore critical that the initial implementation work set the parameters for counterparty identification on both sides - i.e. counterparty reference of the bank based on SWIFT BIC codes, and corporate counterparty reference based on the pseudo-BIC codes provided by Misys CMS.

The Misys Confirmation Matching Service solution works on standard SWIFT 'MT' messages, making integration with the Group's technical FX processing architecture easy and straight forward. After placing a number of local banks onto the system, RTL Group have been able to achieve one hundred percent of transactions matched by the system.

So how does the solution work? After dealing, the treasury system produces the SWIFT MT message, which is securely sent over the Internet and processed by the Misys CMS matching server. The counterpart bank then sends its SWIFT MT message to the same matching server using the SWIFT network; the whole process being completely automated. Using an internet web browser, RTL Group can then consult and manage the matching status of their deals. This allows them to efficiently re-allocate their resources and save significant processing time.

The flexibility of the Misys Confirmation Matching Service solution, and in particular its user interface, allows RTL to instantly view which transactions have been matched automatically by the server, as well as any cancelled transactions and messages for which the corresponding counterparties' messages have not been received. It also provides the flexibility offered by its customisation and export facilities to allow RTL to refine their treasury activities.

The competitive advantage

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"We have also been able to reduce processing costs associated with the complicated duplication of tasks across the front and back-office operations; effective segregation here has made all the difference and allowed us to streamline our operations", comments Francois Masquelier.

"Confirmation automation", he adds, "has also eliminated much of our operational paperwork and increased the company's middle-office efficiency", he continues. "Historical data is now available electronically, allowing us to track and archive all confirmation matching activity as it proceeds, and we have thus been able to eliminate any danger of confirmations being lost or unsent. Most importantly, it allows our middle-office to concentrate wholly on exception handling, rather than time-consuming manual processing." "We are delighted", says Francois Masquelier, "to now be in a position where we use a robust and reliable best-practice solution, and look forward to using the Misys Confirmation Matching Service solution as a catalyst to improve the rest of our FX trading processes."



To find out how Misys
Confirmation Matching
Service can help you,
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