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Twist moves to centre stage

Sarah Jones,
HP



'Closing the gap' between physical and financial supply chains moved a step closer as a result of a meeting of 200 or so representatives from large corporates and banks in London at the end of February. A number of action points were agreed, including forming a delegation to seek EU and other government involvement, and initial or planned pilot projects were bolstered by a clutch of new recruits. The meeting was arranged by corporate-to-bank standards body, Twist, and represented a further step in this organisation's move to the centre of current

standards initiatives.

From narrow beginnings, focused on corporate treasury, Twist has broadened. Its progress has taken longer than hoped, largely due to the need to harmonise its efforts with other standards initiatives, but at the end of last year it gained 'Liaison-A' status within TC68, which manages the ISO20022 standards (IBS, February 2006) and it is now moving forward on several fronts. While driven by the corporates, many banks have become involved and there was strong representation at the meeting from most of the largest players.

Pilots in progress or planned include ones for bank account opening and closing, e-invoicing, remittance advice reconciliation and bank billing. For the account opening and closing pilot, Oracle, Nokia, Citibank, ICI and ABK have committed to join. Those already involved were Shell and General Electric, plus the treasury

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When Transactions Go
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operations of Hewlett-Packard and Microsoft. This seems to be a key area for corporates partly because of the number of accounts (GE has 17,000, for instance) and the problems of managing these. Oracle cited issues caused by its acquisitions, with each one bringing additional accounts. The pilot is centred around working out common data elements.

The bank billing pilot is under way. GE has been the main driver, with Citibank and a number of other banks involved. Some of the pilot partners have adapted their systems and one bank is due to go live shortly with the standards. There has been no particular need to harmonise in this area because there are no other initiatives, although the likelihood is that the Twist work will be brought into ISO.

For e-invoicing, Twist chairman and CEO, Shell Treasury's Tom Buschman, said Twist was close to harmonising its standards with those of Bank of Finland and other Nordic countries. It is in this region that e-invoicing is most advanced, by a considerable distance, but there has also been progress in the US and Asia Pacific, while some continental European countries such as Italy and Poland are now looking to address this area as well.

In addition, Twist is talking to trade services utility, Bolero, about working together. And the same is true of Indentrust (Identrus, as was), with the chairman of the identity authentication outfit, John Sculley, addressing the meeting. There is a move to combine Twist standards with an identity standard. As Buschman said, Twist's role is not just to do with technical standards but also 'brokering arrangements between those who would like to move forward'.

For all of the pilots, there was a call by Sarah Jones, director, EMEA treasury at HP, for other suppliers to involve their own treasury operations. The representatives of IBM, Oracle and Reuters all rallied to the call and committed to do so. She felt that banks and corporates had similar issues, centred on 'how to do more with less'. She felt that offshoring has 'masked the inefficiencies in business processes' and

that 'banks and corporates are now waking up to the fact that they need to address the underlying causes of process inefficiencies'. Another driver is regulatory. Vito Vavalli from Italian conglomerate, ENI, suggested that Sarbanes-Oxley had particularly opened the eyes of corporates to the difficulty of achieving visibility within the financial supply chain. He also felt that 'SEPA is a good chance for corporates



Steve Weiland,
WFG

and banks to define a new path for cooperation'. However, hurdles are the lack of understanding between banks and corporates, the siloed nature of each, the danger of trying to do too many things at once, and the need to engage small to medium-sized players as well as the biggest - as Chris Furness, head of cash and

securities services, Standard Chartered, put it, 'all of the motherships are here - in terms of the big banks and corporates - but we need the satellites as well'.

The consensus of opinion seemed to be that the best way forward was to identify the particular pieces of the many supply chains that would benefit most from the application of standards and then address these through pilots with interested parties that have the clout to attract or force others to join. Steve Weiland, chairman of WFG, which is one of the instigators with GE Capital in the e-billing arena, cited the original US billing standard 822 in the 1990s, with this only gaining traction when GE took the lead (it is the desire to come up with a global standard that led GE and WFG to Twist).

Twist started as an idea, said Buschman, then became a movement, and is now a 'grown-up standards organisation'. While it is driven by the buy-side, there has been collaboration with the banks since the outset, he said. While the potential benefits for corporates are easier to identify than for banks, the proactive involvement from the latter was reflected in the fact that the banking panel at the meeting featured Citibank, JPMorgan Chase, Banco MPS, Standard Chartered, HSBC and RBS. 'The consensus of opinion,' said the latter's director, international development, corporate banking services, Gary Wright, 'is that the prize is out there'. That prize is to finally bring together the physical and financial supply chains.

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