

**Measuring success**



**Fortis Bank SA/NV**  
Montagne du Parc/Warandeborg3  
1000 Brussels  
Belgium  
**Phone:** +32 2 228 45 73 or  
+352 4242 2040  
memberconcentrator@fortis.com  
www.merchantbanking.fortis.com

**Head of Service Providers & Infrastructures**  
Gilbert Kolbach

**Product Manager SWIFT**  
Wim Van Wesemael

**ROI Study Highlights**

**ETHIAS**

- 526% ROI over 5 years
- 160% IRR over 5 years
- 50%+ Operating cost reduction
- Improve productivity and better leverage headcount
- Improve data quality, reporting and reconciliation
- Minimise capital investment
- Reduce operating costs
- Enable Straight Through Processing (STP)

**FORTIS**

- 389% ROI over 1 year
- 164% IRR over 5 years
- Payback within 3 months
- Enable STP—reduce errors and costs
- Increase revenue and products sold through cross-selling

**Study Scope**

- Member/Concentrator
  - Connectivity via AEMS
  - Cash Management
  - Custody and Securities-Lending

**Fortis implements SWIFTNet Member Concentrator solution to deliver multi-bank visibility and extended service offerings for customers—Ethias realises 274% ROI in 1 year**

**Executive Summary**

Fortis is an international provider of banking and insurance services to personal, business and institutional customers. The company delivers a total package of financial products and services through its own high-performance channels, and via intermediaries and other partners.

Combining excellent solvency and a presence in over 50 countries with a dedicated, professional workforce of above 60,000, Fortis combines global strength with local flexibility.

**Growing Business Challenges—In search of a single process**

When Fortis customers, like Ethias—the second largest insurer in Belgium, are multi-banked or their business moves beyond domestic borders, frequently they require a new approach that is standards-based to improve interactions and data exchange between customers and their banking partners. While Fortis strives to meet the needs of its customers, its proprietary systems could only address Fortis’ piece of the equation, leaving customers like Ethias to address the various formats, IT systems and processes for each financial institution. This lack of standards, connectivity and dynamic information exchange oftentimes constrains a customer’s ability to obtain timely information and visibility into their business operations—not to mention the ability to optimise their business performance. The problem was not Fortis’ solutions, but the fact that they were only part of the overall equation—no matter how good Fortis’ solution was, it did not provide a complete solution, with a single process, channel and standard that could enable its customers’ goals of Straight Through Processing (STP).

**High-Value Solution Strengthens Customer Relationships**

To address these shortcomings, Fortis developed a partnership with SWIFT Service Bureau provider, Atos Euronext Market Solutions (AEMS), separating the infrastructure and the operational run from the business service to provide a commercially oriented and independent solution while leveraging the bank’s services, reputation and customer relationships. Fortis, with the SWIFTNet Member Concentrator (M/C) solution, now delivers an integrated, comprehensive solution focused on delivering true business value—all enabled by greater, more accurate and timely information flow. The Fortis M/C solution is designed to:

- Increase information flow and data quality by maximising STP with custodians and banks
- Leverage existing headcount and improve productivity, while increasing trading and cash management activities
- Optimise business processes and increase visibility
- Create a timely, single view of all bank-related activities, enabling customers like Ethias to improve their financial performance

**The SWIFTNet Member/Concentrator solution is enabling Fortis to maximise Straight Through Processing to drive new services and value for both Fortis and its customers—delivering impressive gains in only 1 year—274% ROI for its customer Ethias, and 389% for Fortis. With Member Concentrator, Fortis is helping customers streamline processes, reduce risk and increase the return on capital.**



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***“I am quite optimistic that our SWIFT M/C model will enable us to build more long-lasting relationships with the customer and to deliver superior and sustainable value.”***

—Gilbert Kolbach  
Fortis, Head of Service  
Providers & Infrastructures

### Fortis Challenges

- **Desire to avoid sizeable capital investments in infrastructure**
- **Needed a commercial solution without limitations of bespoke software**
- **Proprietary solution did not meet the needs of multi-banked customers**
- **Existing methods were error-prone and burdensome (double-data entry, integration, reconciliation)**

### **Fortis’ Business Challenge—Increasing value for customers while generating additional revenue**

Like many banking organisations, Fortis had a customized solution for interacting and exchanging data with its customers. Unfortunately, for multi-bank customers like Ethias, multiple proprietary solutions and manual interfaces (fax, telephone calls, etc) become increasingly difficult to manage. When combined in total, these fragmented and disparate approaches require significant human interaction to oversee processes and ensure the successful completion of tasks. For customers, it becomes increasingly difficult to control, maintain and manage multiple bank interfaces, oftentimes resulting in errors or delays and most certainly increasing the resources needed to produce reports or reconcile activities.

Ethias, like many bank and corporate customers, attributes its successful growth to its ability to execute and continually improve its products and services. As Belgium’s second largest insurer, serving over one million customers in banking and insurance, visibility into information is critical to effectively managing risk and maximising returns on its assets, which requires access to timely and accurate information. Having quadrupled in size in less than two years and now garnering a 16% market share in Belgium, Ethias was especially concerned about the timely visibility, action and reporting of its asset management activities. Ethias attributes its successful growth to its philosophy of reinvesting savings into the continual improvement of its products and services.

To keep pace with its rapid and accelerating growth, Ethias saw the need to replace its legacy portfolio management solution with SimCorp Dimension, an integrated portfolio management solution from SimCorp that would help Ethias better integrate its front-, middle-, and back-offices. This project also served as a catalyst for Ethias to examine its financial communications with its banking partners and to migrate to a standards-based approach that could work across all its bank partners, allowing Ethias to streamline and improve its operations.

Ethias turned to Fortis to help it find a single, standards-based solution that could work across all its banking partners. As part of its SimCorp Dimension portfolio management implementation, Ethias desired to enhance its STP capabilities by adopting SWIFT standards so it could more effectively communicate with all its banking partners—both current as well as future—by migrating to a single messaging standard for both outbound and inbound communications.

With its SimCorp Dimension project underway, Ethias wanted to minimise resources needed—both human and capital—but also had an aggressive project timeline. Ethias sought the benefits of SWIFT, but it had neither the in-house SWIFT expertise nor the transaction volume to justify the capital outlay necessary for a direct connection to SWIFT.

To meet the needs of its customer, Fortis put together an innovative solution, whereby it would partner on the infrastructure piece of the equation, providing Ethias with a comprehensive solution meeting all its needs—fast, affordable, and comprehensive.

Fortis partnered with Atos Euronext Market Solutions (AEMS) to become a SWIFT Member Concentrator (M/C), combining the strengths of AEMS commercial SWIFT Service Bureau capabilities, as the leading processor for Euroclear, with Fortis overseeing the SWIFT administration, billing and overall accountability as Ethias’ trusted banking partner.



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***“With SWIFT, we can deliver superior and sustainable value to our customers, both corporate and financial institutions.”***

—Wim Van Wesemael  
Fortis,  
Product Manager for SWIFT

### Ethias Challenges

- Limited capital and resources available for SWIFT implementation
- Aggressive timeline to coincide with the new implementation of other core business systems
- Needed a single, standardised solution to work across all bank partners
- Lacked timely reporting and reconciliation—previous method was manual, error-prone and different for each bank partner

The SWIFT M/C Programme is a connectivity model which allows SWIFT members to provide an easy, low-cost way for smaller institutions to access SWIFTNet. The programme was designed to help large SWIFT members to expand the utilisation of their existing SWIFTNet infrastructure by offering shared use of it to their end customers as a value-added business service, for which the member directly invoices participating customers. Furthermore, the programme foresees the role of M/C as both adviser and administrator for the customer—all SWIFT-related processes are simplified and supported by the larger and more experienced M/C. The M/C is then responsible for assisting the new SWIFT user in every aspect from the ordering of SWIFT products and services through to billing and basic service requests.

Becoming a SWIFT M/C seemed to be a perfect solution for Fortis to meet the needs of its customers, and by partnering with AEMS, Fortis was able to meet the aggressive timeline of its customer Ethias, along with avoiding the lengthy and costly tasks of setting up a commercial organization to support Fortis customers on its own SWIFT infrastructure. For Ethias, this was an ideal solution—world-class infrastructure, from a recognized SWIFT Service Bureau, combined with the strength, confidence and administration of its trusted banking partner, Fortis. Another benefit for Ethias was the separation of infrastructure from financial provider—ensuring ultimate confidentiality on all its transactions.

With the Member Concentrator solution, Fortis can now enable Straight Through Processing for its customers, which in turn generates new revenue growth opportunities. In the example of Ethias, Fortis is able to leverage the increased information flow and streamlined processes to offer faster settlement, greater optimization of asset allocation, and new services like custody and securities lending—all of which produces benefits for both Fortis and Ethias alike.

### Optimisation of SWIFT capabilities through partner AEMS

Fortis explored many options, but quickly determined that the combination of SWIFT M/C with technology partner AEMS created value for all participants, ensuring alignment of goals, service and revenue opportunities:

- As a service bureau and processor for EuroClear, AEMS’ knowledge of SWIFT, the banking industry, and transaction processing were critical to smooth implementation and correct data conversion into SWIFT native formats. This benefited both Fortis and Ethias, ensuring efficient delivery of the solution and the ability to scale
- Customers require SWIFT capabilities independent of their banking providers to ensure service quality, best price and confidentiality. AEMS provided this neutrality and made the connection through Fortis a viable option for Ethias

This partnership provided very specific benefits to Ethias as well:

- Connection via AEMS reduced the up-front capital investment for infrastructure, as it eliminated the need for dedicated hardware and SWIFT know-how onsite
- AEMS’ infrastructure-independent system meant Ethias was not restricted by transaction volume thresholds and was assured confidentiality

### Strategic Benefits—Strengthen relationships with key customers

Fortis’ ability to deliver its customers a new, innovative, turnkey solution enabled by SWIFT connectivity serves as a sales relationship catalyst.



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**“With SWIFT, we now have the opportunity to communicate directly with our banks.”**

—Rudy Malou,  
Ethias,  
IT Business Finance

### Ethias Approach

- Evaluated SWIFT in-house solution, but could not justify initial capital investment for infrastructure nor the SWIFT expertise
- Chose a service bureau approach given Ethias’ SWIFT volume and lack of expertise in-house
- Fortis provided Ethias with a fast, simple and cost-effective solution through a fully managed SWIFT Member/Concentrator Programme (M/C)
- Fortis in partnership with AEMS brought Ethias a Global solution with commercial support within Ethias’ timeframe

With Member Concentrator, Fortis is able to deliver a solution which is cost effective, secure and more transparent, improving STP and transaction visibility for both itself and its customers. Faster information flow, better data quality and lower risk deliver improved business performance for all parties and are the basis for accurate analysis. For Ethias, it was able to leverage the strengths and experiences of its trusted banking partner, Fortis, which was critical to the success of the project. In Fortis, Ethias found extensive knowledge and experience in implementing and integrating SWIFT solutions (invoicing, help desk, trouble tickets, etc), in addition to first-hand experience in integrating SimCorp Dimension solution with SWIFT—all of which were critical to accelerating Ethias’ implementation and helped to minimise surprises during the process.

### Business Benefits—Cost savings, revenue increases, elimination of communication bottlenecks

The SWIFT M/C Programme via AEMS has enabled Fortis to offer superior and sustainable business services easily all without additional capital investment. The result has been a secure, independent and infrastructure neutral solution which addresses customer concerns over unwanted visibility into their portfolio. Simultaneously, both Fortis and its customers receive competent commercial support from AEMS.

The SWIFT M/C delivers immediate value to Fortis, enabling it to leverage its brand strength and intensify customer relationships by delivering holistic, streamlined solutions that bring enhanced value to its customers. For smaller institutions, which might otherwise not be able to justify an in-house SWIFT implementation, or for organisations that want to minimise upfront capital investments and keep operating costs down, the SWIFT M/C Programme allows Fortis to deliver innovative solutions which help pull through other bank offerings.

The SWIFT M/C enables Fortis to offer its customer low-cost, high value services which help further strengthen its customer relationships. The M/C approach has reduced operational costs by more than half for both Fortis and Ethias whilst minimising the administrative burden and risks related to errors or information latency. With SWIFT M/C, Fortis is reducing the effort for reporting and reconciliation, whilst Ethias enjoys accelerated access to more SWIFT services at minimal upfront expense and lower running costs.

Through the M/C Programme, Fortis is able to generate additional revenues that are recurring, sustainable and have ‘built-in’ growth potential. The SWIFT M/C model also enables or accelerates Fortis’ ability to increase its revenues from by selling additional products (e.g. custody and securities lending). With SWIFT M/C, Fortis can provide its customers access to a secure, streamlined, standardised solution for information exchange—from which they both immediately benefit. By eliminating communication bottlenecks and complexities, SWIFT drives value for all parties.

### Technology Benefits—Efficiency, security, transparency

With its newly integrated solution, Ethias is able to get exchange information between SimCorp Dimension and its bank partners via SWIFT, in a more efficient, standards-based approach, with greater security, and confidence in accurate transaction processing as all manual interventions have been eliminated. This helps Ethias improve its resource utilisation—focusing on better reporting and analysis, managing by exception as opposed to touching every transaction as they did previously.

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### Fortis Selection Criteria

Fortis chose implementation partner AEMS based on its ability to offer:

- Fast, effective solution delivery and ability to scale
- Expertise on EuroClear
- Infrastructure-independent and neutral access to SWIFT for Fortis' customers
- Minimised upfront capital investment
- Lower operating costs

### Fortis Goals

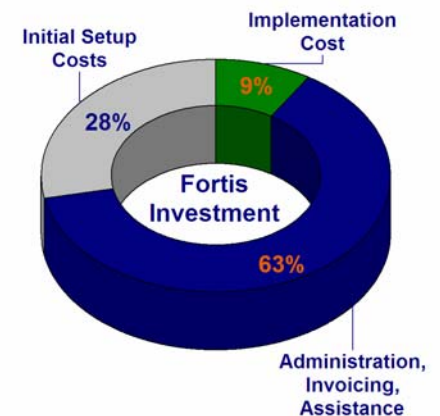
- Fast delivery to meet the needs of customers
- Deliver superior and sustainable value by constantly anticipating and surpassing the needs of customers
- Improve quality of service, increase efficiency and accuracy of communications
- Minimise operational risk and strengthen relationships with existing clients
- Up-sell/Cross-sell additional Bank Products/Solutions
- Minimise capital investment

## Built-in Value of the SWIFT Investment—Saving time and making money

Thoughtware Worldwide's analysis showed that participation in the SWIFT M/C Programme has produced significant economic value for both Fortis and Ethias, stemming from improved information flows and utilisation of resources. Both parties now enjoy a timely, standardised way of sharing information which enables improved visibility, reporting and financial performance for all.

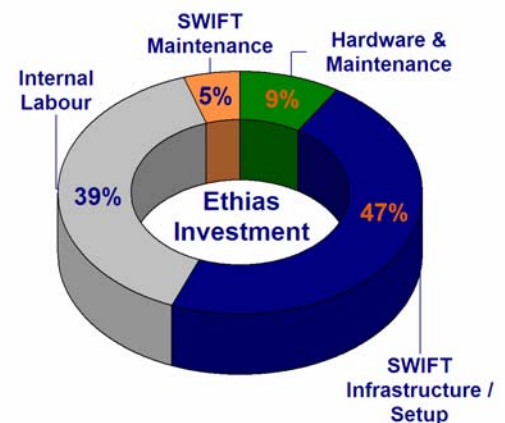
### Quantifying Fortis' SWIFT Investment

- The majority of Fortis' investment (63%)—consists of administration, invoicing and assistance, with queries arising out of Ethias' SWIFT connection
- Another 28% of the investment is the initial set up and project management related to Ethias connection
- Internal labour during the implementation phase for the remaining 9% of Fortis' investment



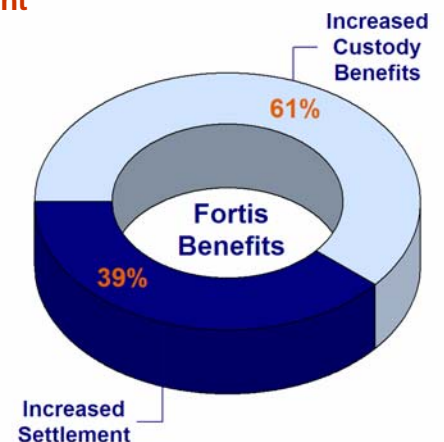
### Quantifying Ethias' SWIFT Investment

- Ethias' nominal investment is comprised mainly of setup costs associated with using SWIFT—namely acquiring 5 BICs, one-time destination, VPN, SWIFTNet base set up and charges
- Internal labour (39%). Project management and implementation, as well as one FTE responsible for the SWIFT setup
- Hardware and maintenance cost (9%). Leased line to service bureau and MQ series software license
- SWIFT maintenance cost (5%)



### Benefits Achieved from Fortis' Investment

- **New revenue sources**—As assets under custody grows, so does revenue and trading activities. Another opportunity is Securities Lending, which is a new product offering to Ethias that did not exist before
- **Competitive wins for assets under custody and settlement fees**—Due to more efficient processes and more incremental bank solutions, Fortis has the opportunity to increase its relationships with its customers



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**“With SWIFT we are able to get rid of proprietary solutions, move to one secure channel”**

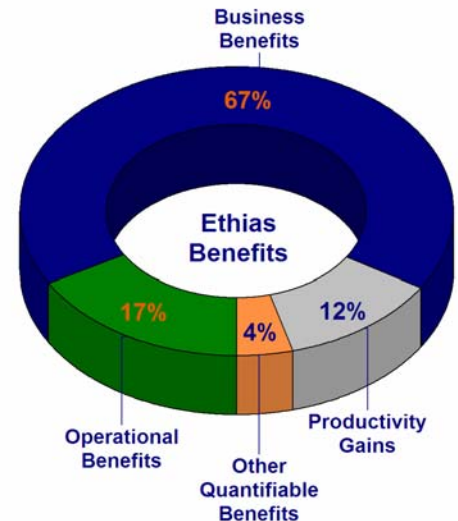
—Gilbert Kolbach  
Fortis, Head of Service  
Providers &  
Infrastructures

### Ethias Goals

- Replace legacy accounting and portfolio management systems
- Increase STP through connectivity to minimise manual or duplicative efforts
- Improve connectivity between front-middle and back office reducing operational risk, more efficient scaling of transactions and improved reporting and reconciliation
- Optimize productivity of existing workforce and reduce operating costs
- Increase portfolio performance through greater visibility and action

### Benefits Achieved from Ethias' Investment

- **Business Benefits**—Due to more efficient processes and more opportunities Ethias will be able to gain from lending its securities to Fortis
- **Operational benefits**—SWIFT solution allows Ethias to cut its operational cost by more than half and freed up some of its valuable human resources
- **Labour savings & avoidance**—Reduced manual effort due to improved reconciliation, reporting and STP has freed up nearly two FTEs for settlement and consolidation. The automated system also accommodates increased volume (i.e. more trade transactions) without requiring more human resources
- **Other quantifiable benefits**—This includes savings that come from not having to reprocess trade orders (since the 10% error rate due to failed fax transmission is now zero) and the reduction of other expenses, such as paper use, telephone calls, printing costs, etc.

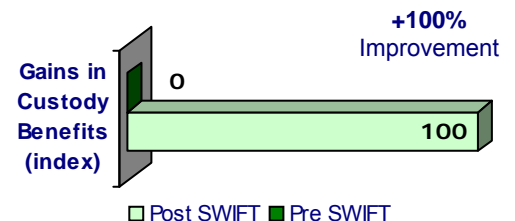


### Operational Benefits

Beyond the financial returns, the Thoughtware Worldwide study uncovered numerous operational benefits that are transforming the way Fortis and Ethias conduct business, including:

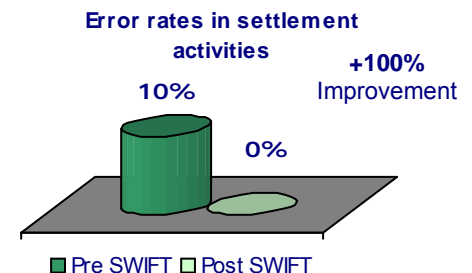
#### New products and services on offer

With the M/C solution, Fortis and Ethias are able to partner and engage in additional activities, such as securities lending and increased custody which yields a respectable return for both parties.



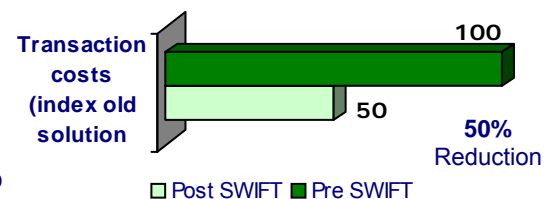
#### Fewer errors

The Fortis-SWIFT M/C solution has improved Ethias' trade processing (settlement, reconciliation and reporting), eliminating errors and failures. Previously, over 10% of outbound facsimiles never arrived, causing disruption of business, delays, extra work and frustration for all parties.



#### Scalable, more efficient processes

With the SWIFTNet enabled solution, Ethias is able to eliminate communication errors while reducing operating costs by more than 50%. Ethias has also increased trading volume without additional resources. The old approach would have constrained Ethias' ability to scale with its growth.





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### Summary of Return on Investment (ROI) in SWIFT

In the SWIFT Member Concentrator Programme, Fortis has found a way to offer its customers an extremely high-value solution enabling Straight Through Processing, producing both risk-containment and revenue-generating efficiency gains in routine business processes. Fortis customer Ethias has streamlined cumbersome business processes at minimal capital outlay, gaining new insight into its portfolio and allowing it to optimise investment of its assets.

In summary, the SWIFT solution has delivered Fortis and Ethias with a substantial ROI. For Ethias, the ROI over five years is 526% with an IRR of 160%. This confirms the quality and value of the investment. As illustrated in the charts below, the benefits of the SWIFT solution well exceeded expenditures, reaching breakeven in just three months.

#### FINANCIAL MEASUREMENT EXPLAINED

##### ROI (Return on Investment)

- Quantifies how much profit or cost savings will be achieved as a result of the investment
- Discount any future costs/benefits by the Weighted Average Cost of Capital (WACC)
- WACC is an average cost of capital using a combination of equity and debt borrowing
- Demonstrates the overall value of an investment; e.g., is breakeven achieved (100%) or is positive value achieved (101%+; investment plus value)

##### WACC (Weighted Average Cost of Capital)

$$WACC = E/V \times Re + D/V \times Rd \times (1 - Tc)$$

- Re = Cost of Equity
- Rd = Cost of Debt
- E = The market value of the firm's equity
- D = The market value of the firm's debt
- V = E + D
- EV = Percentage of financing that is equity
- DV = Percentage of financing that is debt
- Tc = The corporate tax rate

##### IRR (Internal Rate of Return)

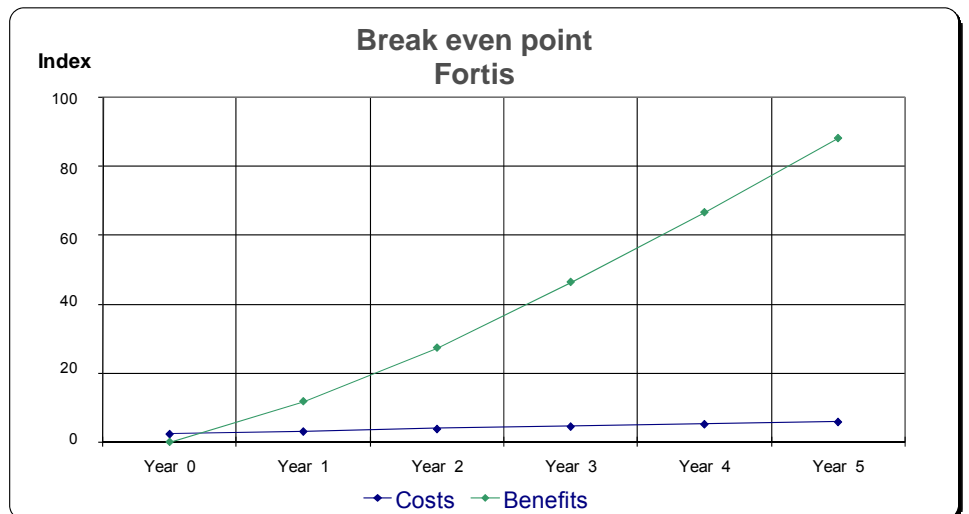
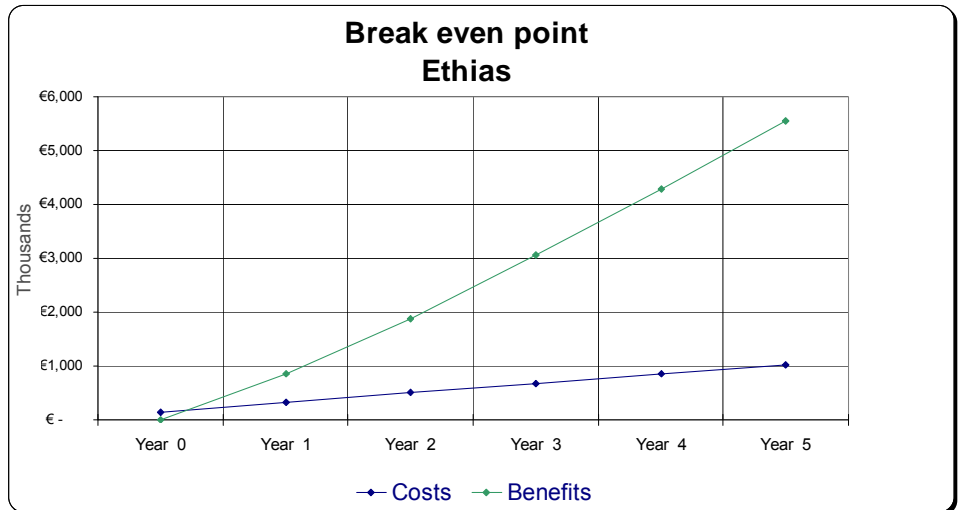
- Discounted cash flow measure of valuation and investing. IRR is the true interest yield of an investment
- Net benefits restated as an interest rate
- IRR demonstrates how quickly an investment generates positive net benefits

#### Ethias Results

- 526% ROI over five years
- 160% IRR over five years
- Payback within 3 months
- € 1.3 M Initial Investment
- € 5.8M Net Savings over five years

#### Fortis Results

- 389% ROI over 1 year
- 164% IRR over 5 years
- Payback within 3 months
- Enable STP—reduce errors and costs
- Increase revenue and products sold through cross-selling



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### About the Value Measurement Series

This study is one of a series of investigations into the business value companies have derived from their investment in SWIFT. It is intended to serve business executives and managers who are evaluating SWIFT solutions to improve the way they operate their business.

This case study was commissioned by SWIFT, and is based on original research and analysis conducted by Thoughtware Worldwide, LLC., an independent research and information services firm. Thoughtware Worldwide's research included on-site interviews with members of Fortis and Ethias' management team and reviews of company financial and planning documents.

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For more information about this study, please visit [www.ThoughtwareWorldwide.com](http://www.ThoughtwareWorldwide.com) or contact your local SWIFT office

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## Future Opportunities for Fortis and Ethias

During the course of the Thoughtware Worldwide study, several additional areas were identified in which the benefits realised from the SWIFT investment could be maximised.

Leveraging its highly successful pilot SWIFTNet M/C programme, Fortis has the opportunity to harvest additional value by:

- Extending the M/C program to additional customers, in order to achieve economies of scale and standardisation
- Strengthening existing customer relationships by providing low-cost solution for financial communications. By participating in this program with Fortis, its customers stand to reduce their operating costs significantly
- Using the M/C relationship as a pull-through for additional Fortis services, such as Securities Lending

Both Fortis and Ethias would reap additional benefits from:

- Increasing STP for operational payments (use of electronic signatures, strong authentication, encryption)
- Expanding the use of SWIFT, FX trading, SWAPS, payments and other SWIFT trading products, including cash pooling for asset management

### Summary

Fortis can further leverage the SWIFT M/C Programme as an easy entry point to strengthen relationships with customers, in turn providing increased opportunities for up-sell and cross-sell of bank services. With SWIFT M/C, Fortis is helping Ethias improve its business by enabling greater information flow, better security and increased visibility, all translating into improved financial performance. All of this is achieved while avoiding significant capital outlays and reducing operating costs by over half.