

Determining the Value of STP to Corporate Operations

AN INTERVIEW WITH DOUG SPICKLER,
DOMESTIC CASH MANAGER, UNITED PARCEL SERVICE

In the Beginning

The relationship between UPS, a premier international package delivery and logistics company, and SunGard Treasury Systems, the largest provider of treasury solutions, began shortly after SunGard acquired ResourceIQ² in 1998. UPS initially selected ResourceIQ² for cash management and G/L reporting. With more than 350 bank accounts and 30 different polling routines required on a daily basis, 60 wires and 80 ACH requests a day, UPS required a robust treasury workstation that could facilitate their comprehensive treasury needs.

Locking in Great Service

Citibank provides two key services for UPS, serving as their lockbox provider and as one of their international concentration banks. Weekly-invoiced UPS customers remit their payments to one of three U.S. lockbox locations in Los Angeles, Chicago, or Wilmington, Delaware. Citibank processes the checks and stubs, deposits the monies received and applies the specified dollar amount to a trial balance accounts receivable. The Citibank accounts that are used to fund international operations are based in New York and London. UPS is able to view these 15 accounts on a daily basis by accessing a program hosted by Citibank.

Doug Spickler, domestic cash manager, UPS, and his treasury team of six, use a handful of PCs and workstations in his office to dial into Citibank on a daily basis. "If I could get all six people together on the same platform, we could do so much more. We could use the same human resources and have one system to generate both international and domestic wires. This would eliminate the need for manually dialing into the bank's software, which is a duplication of efforts to move cash. This will lead to the consolidation of cash processes through Atlanta at our corporate headquarters," Spickler said.

And Then One Day...

A year ago, Doug Spickler and the treasury team were discussing SunGard's eTreasury, a software deployment and maintenance service using the Internet, and together they realized that their focus needed to shift to a place where they

could best use all of the resources available through the Internet to best manage their cash.

In evaluating messaging systems, UPS first considered SunGard because the relationship was already there – but they selected the treasury solutions provider because SunGard's eTreasury eXchange product complemented their treasury workstation, ResourceIQ². "We realized that to have true efficiency, we needed to have true straight-through processing. STP allows us to handle more volume and enjoy increased efficiencies using the same staff," Spickler said.

Making It All Come Together

As one of UPS' concentration banks, Citibank supported the concept and the value of true STP. Citibank and SunGard forged a partnership to provide mutual clients like UPS and others with straight-through processing when Citibank signed on to interface with the eTX platform initiative.

"We have a long standing relationship with Citibank as our lead credit facility agent, and SunGard provides both our treasury solution and our disaster recovery [through SunGard Data Systems' SunGard Transaction Network], so it is a benefit to us that two organizations that we consider to be core financial service providers, are able to come together to fill one need," Spickler said. "Being able to combine two entities that a corporation maintains strong relationships with is *always* a positive," he said.

Spickler and his staff plan to continue creating efficiencies using eTX beyond what is possible today, "With eTX, my plan is to move our international wire operation to the ResourceIQ² platform and use the versatility that eTX provides to process domestic and international wires in one place," he said. UPS went live with eTX on August 8, 2002 receiving balance report information.

When asked exactly how valuable STP is to corporate operations, Spickler responded, "STP is extremely important. I told our concentration bank that if they wanted to remain in that position, they needed to be able to interface with a platform like eTX so that we could have STP, and the same is true for other financial services providers," he said.