

Air New Zealand streamlines supplier payments globally

New integrated solution reduces costs and increases efficiencies in offshore payments

Case Study

The Challenge

With a business that spans the globe, Air New Zealand makes thousands of payments annually to its international suppliers. These can vary in size from less than \$10 to as much as \$10 million.

The airline was interested in new solutions to help reduce costs and increase efficiencies in its offshore payment processes. In particular, it was keen to integrate its ERP system, PeopleSoft, with a global payments supplier to provide a straight-through payment capacity to its many suppliers around the world.

The Solution

With Citi's low-cost solution, a single file format was used to deliver payments into local clearing systems in almost every country of operation. The single file format made a one-time interface possible with Air New Zealand's PeopleSoft platform.

A range of technologies were brought together and customized to Air New Zealand's needs in just three months. These include Citi File Xchange (CFX), GXS Enrichment, CitiDirect® Online Banking, various WorldLink applications and, for Asia, PayLinkSM.

High-volume payments in USD, AUD, CAD, GBP, EUR and HKD can now be handled at low cost through an automated clearing house (ACH). For countries that do not support ACH infrastructure, payments can still be made via other means included in the same payment file.

The solution allows easy progress monitoring and access to individual payment details. Citi also provided a gateway that enables same day payments when necessary, along with comprehensive reporting and reconciliation functions at head office and country levels.

The Result

Air New Zealand has achieved savings in reconciliation and processing costs. "The whole process has been a huge success," said its Treasurer, Paul Kelway. "We have gotten to the point now where virtually all payments, i.e. 99.9% by value, are paid electronically. We know precisely what our cash flows are from the payables side. [Reconciliation is] done almost in a flash. The benefits are significant."

The airline has now implemented the same solution for its Engineering Division, a separate organization that uses an ERP system from another provider.