



Payment factory for a complex company structure



Lufthansa is the world's largest aviation group by turnover, and the leading airline group in Europe. The group is split across three strategic divisions: Hub Airlines, Point-to-Point Business and Service Companies. To enable central control of the global payment transactions of all Lufthansa's companies, and to reduce complexity, the group relies on a payment factory. This is based on an automated integration solution with Hanse Orga, the system provider, and Deutsche Bank.



"Thanks to the joint efforts of Hanse Orga and Deutsche Bank, the Lufthansa group now has an efficient and future-proof payment factory solution."

Carlos Scheeren, Payment Factory Project Leader, Deutsche Lufthansa AG, Frankfurt am Main

The challenge

With the large number of group companies and approximately 1,500 bank accounts worldwide, cash management at the Lufthansa Group originally involved heterogeneous processes and a wide range of e-banking solutions. SAP is used in most cases. However, smaller subsidiaries, in particular, use various versions of SAP or entirely different Enterprise Resource Planning (ERP) systems.

By introducing electronic receipt of account statements from all its banks, Lufthansa aimed to create transparency around liquidity in bank accounts. In addition, considering the increasingly complex and heightened regulatory requirements for payment transactions, it became necessary to establish a standardised payment factory solution and to centrally manage global payment transactions of all group companies.

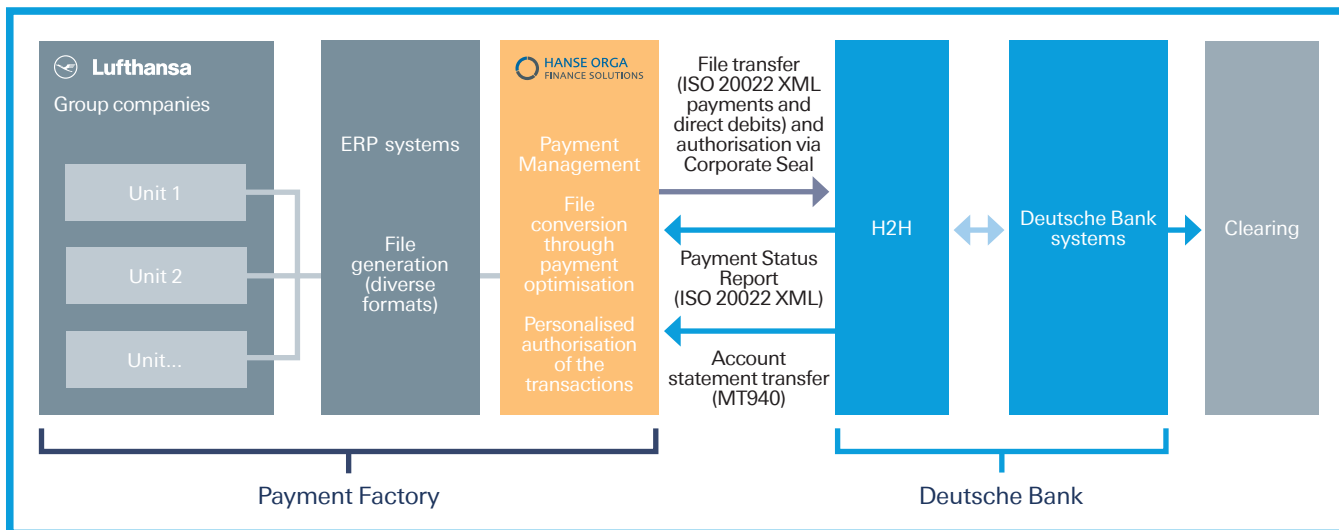
The solution

In collaboration with Deutsche Bank and system provider Hanse Orga, a Host-to-Host connection was established. This connection is used for all integrated accounts of participating group companies. On the one hand, account information is transmitted daily via a central interface and, on the other, payment orders are received in a global format and forwarded for processing.

Wherever possible, with regard to the legal and taxation regulations, "on behalf" payments are made, which enable the processes to be standardised and optimised as far as possible. This ensures central management of the payment flows and, as a result, the liquidity of the group.



Process flow



Deutsche Bank's Global Transaction Banking division cooperates with a range of Enterprise Resource Planning (ERP) and Treasury Management System (TMS) providers to offer standardised integration solutions which can be linked directly into clients' IT systems. The joint solution created by Hanse Orga and Deutsche Bank facilitates the optimisation and automation of client treasury processes.

receipt of the MT940 files. These are channelled to the Hanse Orga system and are then available for further processing and distribution to the ERP systems of the group companies.

Using the payment management module, payment orders are transmitted centrally in the standard ISO 20022 CGI-MP (Common Global Implementation Market Practice) XML format via the Host-to-Host (H2H) interface to Deutsche Bank. The payment orders themselves are created using payment optimisation in the "Finance Suite Payment Management" which is integrated into SAP.

In the case of predefined formats (such as in-house, IDOC or various pain.001 formats) which originate from diverse upstream systems in the Lufthansa Group, these are converted to XML format with the Hanse Orga solution and then transmitted directly to Deutsche Bank.

The payments are approved with a "Corporate Seal". From the bank's perspective, there is no longer a requirement to set up individual authorisation profiles and the payment releases within the Deutsche Bank

systems are also no longer required. Personalised release processes are carried out in advance in the payment factory. Thanks to the seamless integration of systems, companies and their accounts, as well as the centralisation and harmonisation of the payment transaction processes, media disruptions are avoided.

The Lufthansa Group is benefitting from this global cash management solution which provides the ideal conditions for continued development towards an in-house bank.

"The effective implementation of this forward-looking project was attributable to collaboration across all three parties. The joint analysis, consultations and provision of resources made for a successful team effort."

Walter Genter, Product Specialist Cash Management, Deutsche Bank AG

Process

Following a comprehensive study and viability review, the group started the process for selecting the most suitable system provider. It chose Hanse Orga. This provider offered flexible and bank-independent software, with the required format conversions, and excellent potential for integration into the Lufthansa Group's ERP systems and the systems of the participating banks.

The Lufthansa Group obtains a central overview of liquidity across all accounts, including those not integrated into a cash pool, via

Further information is available on our website



This factsheet is for information purposes only and is designed to serve as a general overview regarding the services of Deutsche Bank AG, any of its branches and affiliates. The general description in this factsheet relates to services offered by the Global Transaction Banking of Deutsche Bank AG, any of its branches and affiliates to customers as of April 2016 which may be subject to change in the future. This factsheet and the general description of the services are in their nature only illustrative, do neither explicitly nor implicitly make an offer and therefore do not contain or cannot result in any contractual or non-contractual obligation or liability of Deutsche Bank AG, any of its branches or affiliates.

Deutsche Bank AG is authorised under German Banking Law (competent authorities: European Central Bank and German Federal Financial Supervisory Authority (BaFin)) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and the BaFin, and to limited supervision in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority. Details about the extent of our authorisation and supervision by these authorities are available on request.

This communication has been approved and/or communicated by Deutsche Bank Group. Products or services referenced in this communication are provided by Deutsche Bank AG or by its subsidiaries and/or affiliates in accordance with appropriate local legislation and regulation. For more information <http://www.db.com>

Copyright© April 2016 Deutsche Bank AG. All rights reserved.