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Bolero moves into high gear

By Elton Cane

A shift in distribution channels set to see banks bringing more smaller trade clients into the paperless trade community.

Bolero, an industry group part-owned by international banking group SWIFT, has spent the past five years building and refining a platform that enables anyone engaged in cross-border trade to exchange business data and documents securely over the internet, in a legally certain environment.

Recent months have seen ANZ Banking Group in Australia join up to the platform, and several huge global mining and metal companies - BHP Billiton, Rio Tinto, POSCO and Brazil's CVRD - have also begun using Bolero to lower costs and increase security and efficiency in post-trade document processing and settlement.

With JPMorgan Chase about to formally announce it will be the first to extend its partnership with Bolero to enable it to license and distribute the platform to corporations and financial institutions on a private-label basis, true straight-through processing of international trade documents for all participants is one step closer.

Bolero's commercial director, Peter Scott, spoke to FinanceAsia.

Q - How many banks are currently using the Bolero platform?

There are about 35 financial institutions signed up to bolero.net. We're not really racing to sign up more just for the sake of it. Looking at the banks we have on board now, it is like the 80-20 rule. 80 percent of the business is done by even less than 20 percent of the players in the trade finance area.

Pretty much all the world's major financial institutions have signed up to Bolero already. New financial institutions will simply come on as more and more importers and exporters join up.

Q - You announced SURF, an online document settlement and compliance platform that builds on the core messaging network, in October. Have members begun using it?

No one is using SURF live, and won't be until first quarter. We're carrying out SURF scoping projects and basically what we're doing is working with banks in terms of establishing how boleroSURF can be dovetailed into their existing e-commerce solutions. Remember also that the product set includes what we call a "connect the community" scheme, which allows the enfranchisement of the banks' customer base into the bolero.net community at low cost.

Q - So the solution is sold "white labelled" so banks can include it in their websites and recruit new trade customers to use Bolero?

Yes. The bank actually bills the customer direct. We bill the bank, they then are responsible for their customers and are also responsible for first line



support of the customer. It's a more distributed penetration model in terms of the way bolero is going forward.

Q - What kind of impact do you expect this will have on the number of deals and volume of traffic over the network once this goes live?

We think it will be fairly dramatic impact. Now that the thing has been proven and is well bedded in with large multinationals, it is a much better time for smaller companies to be engaging and for banks to roll it out to them.

Q - Did the bursting of the B2B bubble last year have any implications for Bolero?

Bolero.net was never really in that B2B e-commerce space, although it is essentially B2B. But when most people think about that acronym they're thinking about exchanges. Bolero has never been an exchange. We are a post-trade settlement and fulfilment technology - a communication network with value-added services on top of that. To a certain extent our linkages with trade finance and the more documentary side of the business has kept us fairly clear of the bubble burst of B2B.

Q - Has the trend towards outsourcing trade finance processing at banks, as embodied by Proponix, had any impact on bolero's model?

Basically the thinking behind Proponix is taking the AMS application into an ASP (application service provider) version. It works just the same as it would if a bank was just using the AMS software locally within its own system. They submit documentation to it and it then send messages out. The same thing happens with Proponix, whether using pdf or other formats to relay documentation between the bank and the customer.

As far as we're concerned under the Proponix solution the bank is still responsible for sending and receiving messages directly from its own gateways, it then upstreams that into Proponix for its internal back-office processing. We see Proponix as just another partner, like China Systems and all the others.

Q - What effect has Bolero had in standardising the communications aspect of trade finance?

We're cooperating with Proponix and I'm sure that they're moving towards the adoption of bolero.net standards. Our head of standards, Peter Guldentops, is the ex head of standards at SWIFT. He is sponsored from bolero.net to the UN edifact board. The international chamber of commerce (ICC) sponsors him to that position. We're fairly grounded in terms of standards development, and obviously co-operate a lot with SWIFT on the financial messaging component of bolero XML. I think we're in a good position to develop those standards and evolve them.

Q - Do you consider any of the other trade-finance internet initiatives as competition?

People often ask if Tradecard is a competitor of ours, but frankly we never come across them in the market. It's a big market and they have a solution that is largely insurance backed. They have a compliance engine that triggers



payment made by Tradecard. We don't really do that. We're more a platform of technologies that competing service providers can use to develop solutions.

Theirs is more of a fully-wrapped approach and is therefore somewhat more restricted and narrow in its service offering. Bolero is much more open and flexible and grounded in standards and legal infrastructure.

Q - Bolero has a partner network that includes consultants and software developers. What level of activity and competition among these partners are you seeing?

It's beginning. There's about 55 companies there. Of those about a dozen are offering live operational solutions to the marketplace. We really believe in the competitive open market model for end user solutions. Companies like Mincom and others who are actually selling products into very specific vertical markets. Mincom, for example is very much concerned with the mining and metals sector and there's no way Bolero itself could develop a product to match their positioning. It's much more effective for us to work with them in places like Australia than try to replace them.

Q - Starting with the core messaging network for document transmission, Bolero has moved onto title registry for legal transferring of ownership and now the document settlement and compliance product SURF. What is the next step?

We've delivered a lot of product over the past two years and I think we're now really into the distribution channel and sell mode as well as starting to document and publicise more fully the benefits that these early adopters are getting from using Bolero.net. At the same time we're moving into this leveraged bank assisted distribution model to give us deeper penetration.

You'll start seeing more announcements from banks that aren't just taking Bolero.net to service one or two major clients, but are approaching it far more as a fully wrapped e-commerce solution for their customers.