

CIRCOLARE INFORMATIVA 18/17

Milano, 16 maggio 2017

OGGETTO: OCTET - Proposta per gli Associati Assifact per piattaforma supply chain finance

Si trasmette agli Associati la proposta a loro dedicata da OCTET in merito alla fornitura di servizi tecnologici nell'ambito di una piattaforma di supply chain finance. L'offerta prevede costi di maggior favore per gli Associati Assifact. Gli Associati che desiderassero ulteriori informazioni possono contattare Diego Tavecchia (02 76020127 - diego.tavecchia@assifact.it).

Cordiali saluti

Il Segretario Generale
 Prof. Alessandro Carretta

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*Special proposal for **ASSIFACT's** members
to gain competitive edge in Financing the whole Supply Chain*

May 2017



The Background

The lack of suitable B2B supply chain management & finance solutions pushes SMEs to rely predominantly on **direct payments** for their (import) purchases and on a lesser scale on **documentary credits** which opens up a number of risks for both the importer and exporter.

This represents a significant **opportunity for ASSIFACT members** to access a revolutionary solution to serve SME financing needs to trade safer on domestic and international markets

– both in **buyer-centric** (Payables finance) and **seller-centric** (Receivables finance) –



Market Challenges – Open Account Trade Finance / Commercial Finance

General



Sellers face high credit risk



Majority of trade is funded by seller (open account terms)



Documentation flow is manual and requires bank intervention



Existing bank alternatives are complex for SME/SMBs



Lack of visibility into use of funds



Settlement delays inhibit trade



Bank trade finance alternatives are costly



Bank sourced trade finance usage is declining

Emerging Markets



Underdeveloped financing markets



Limited cross-border B2B card acceptance



Substantial language barriers



Government controls on currency



The Opportunity

Existing communities enabling B2B trade:

SWIFT --> TSU/ BPO, too complex messaging system restricted between banks under UCC rules – rumors that it is a major failure

FCI --> edifactoring.com, simple messaging system restricted between members under GRIF and main focus on Receivables (no Payables solution yet).

Italian Factoring Companies members of **ASSIFACT** are highly regarded within EU and doing businesses with wider scope in commercial finance and asset based lending.

Octet proven and efficient supply chain management and financing solution that enables transparency across the value chain (suppliers and buyers connected) with multi-Financial Institution network capability which can service both procurement (Payables) and sales (Receivables) types of supply chain solutions – including links to card payments (debit or credit)



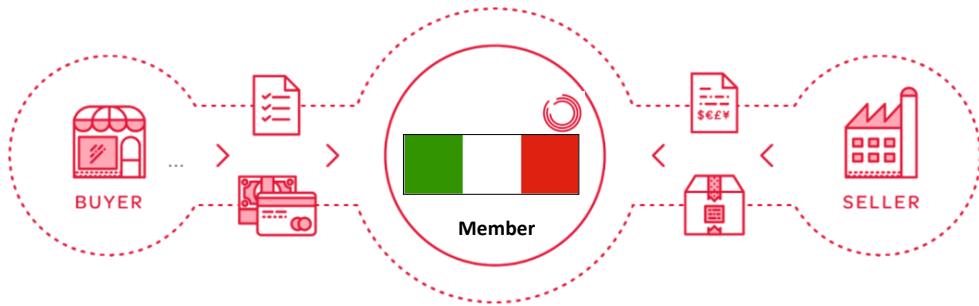
Octet offer to **ASSIFACT members** an own branded solution

– NO CAPITAL investment –

Italian members can selectively offer their clients effective working capital financing to trade both domestic and international in a closed community of buyers and sellers while tracking the whole supply chain, providing competitive FX feeds and also enable use of commercial credit cards to pay any supplier around the world.



High level overview on how it works ? *

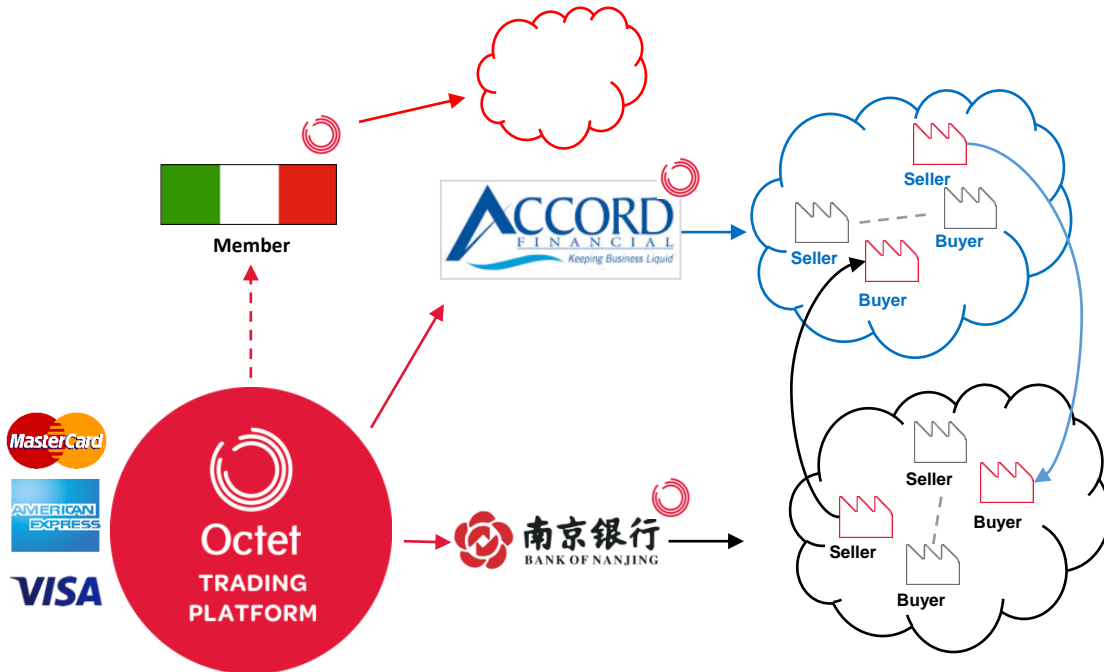


Italian member receive own branded access on the platform upon satisfactory review of requirements

Italian member in full control of buyer/ seller activation and applicable standards and rules

Once activated, **Italian member** can onboard Buyers and Suppliers (domestic or foreign) in line with standard Platform set AML/CTF/KYC rules and enable them to trade one with another

Italian members in full control of their own business portfolios Buyers and Sellers (domestic or foreign) with full transparency

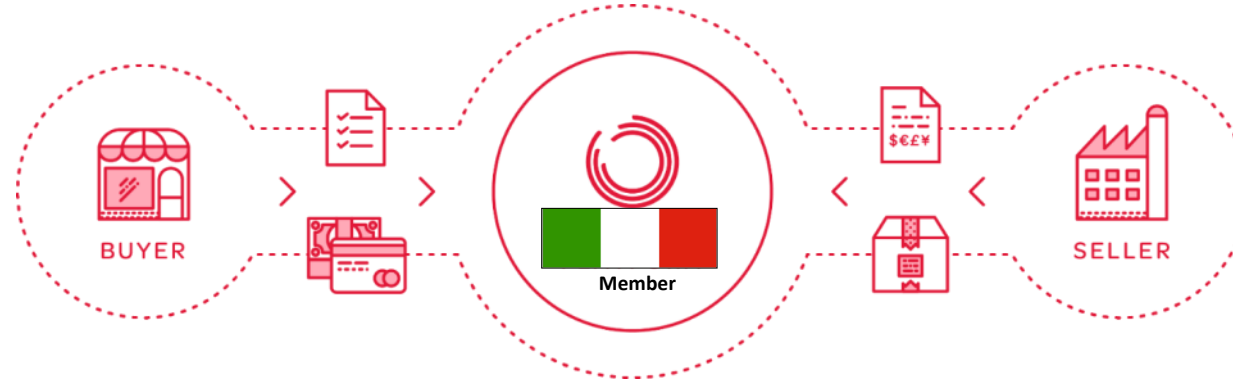


Italian member can link-up with other members via the platform to enable both domestic and cross border the trade between their active Buyers and Sellers with the full comfort and transparency on the underlying transaction details.

Italian member can benefit network and synergies effects among **Italian members** (and beyond via Octet worldwide network) for both domestic and international trade

* More details about the actual workflow and on-boarding can be provided upon request

Value Proposition for Italian member's clients (Buyer and Seller)



Buyer Benefits

- ✓ Pay any domestic or cross border supplier in their preferred currency ALSO with a credit card
- ✓ Accelerate the cash flow cycle (up to 55 days)
- ✓ Live foreign exchange rate presented at transaction time
- ✓ Card transaction is authorized and settled in local currency.
 - No additional Currency conversion fees
- ✓ Access to a proven and simple multilingual supply chain management tool
- ✓ Storage and visibility of all original trade source documentation

Seller Benefits

- ✓ Enhances relationship with their Buyer as the Seller no longer needs to be the credit provider and debt collector
- ✓ Receive funds T+0
 - Same day buyer authorises the payment
- ✓ Accept card payments without incurring international interchange costs
- ✓ Receive payment in preferred currency
- ✓ Multilingual interface configurable in any language
- ✓ Storage and visibility of all original trade source documentation



Value Proposition for Italian members

B2B ecosystem	New dimension for Italian members ' business model – enable SMEs (Buyers and Suppliers) link-up in any market via a single B2B ecosystem
Supplier On-Boarding	Cross-marketing effect that Suppliers can become new clients for Italian members – set own standards in Supplier on-boarding.
Buyer Retention	Creates 'business stickiness' for Italian members as Buyers invite Suppliers and conduct all communications and payments via the platform 100% acceptance of B2B Cards for any Suppliers (not linked into any of the card schemes)
Effective Operations	High level of process automation with low operational burden
Visibility	Italian members have full visibility of all supporting source documentation at each critical stage from purchase orders to payment
Global Solution	Ability to reach globally Buyers and Suppliers connected to Italian members ' clients through existing Octet Community
Leading Technology	A proven & simple, cloud base, private block chain, multilingual supply chain management tool – the Octet platform is able to integrate with advancements in payments technology (i.e. Virtual Cards, Blockchain, ERP Systems) as an integral system to Business Cash Flow Management)
Mobile App enabled	Italian members can offer their clients the liberty to securely manage their working capital while on the GO (Apple, Android and Windows)
ZERO capital investment	Italian members will have access to own branded version without any investment costs (except highly specific integrations)



Italian member and Octet Opportunity

Octet wishes to offer **Italian** members access to a multi lingual platform that manages, processes and tracks the whole supply chain between their buyers and domestic or international sellers.

This visibility and control will provide **Italian’s** members the confidence to offer finance to their **SME** clients to trade both domestic and international in a closed community of buyers and sellers while tracking the whole supply chain, providing competitive FX feeds and also enable use of commercial/ purchase cards to pay any supplier around the world. And at the same time introducing keeping under controls the AML and KYC requirements.

Octet solution has a **proven** and **efficient** multi financial institution supply chain management platform that is able to also integrate directly with the major card schemes to enable domestic and cross boarder payments via a B2B credit cards (e.g. AMEX, MasterCard, VISA).

Octet do believe there are mutual synergies that afford us the opportunity of revolutionizing the ways that businesses of all sizes finance their domestic and cross border B2B trade.

White Label Proposition	Joint Venture
<ul style="list-style-type: none">• Octet white labels the platform to interested Italian member• Italian member decides on the exact configuration (incl. FX clients) for its exclusive use or be opened to wider audiences• Octet can offer its various support services to Italian member (including seller on-boarding and more)• Leverage Octet’s Asian operation for on-boarding efficiency• NO CAPITAL costs, just OpEx linked to the realized volumes / profits	<ul style="list-style-type: none">○ Establish National/ Regional Joint Ventures (driven by strategy) together with one or several Italian members.○ Target and convert B2B open account transactions (domestic and international) into volumes via the Joint Venture○ Explore particular opportunity for SMEs/SMBs with American Express Italy (roll-out of similar model developed in Australia and Canada).○ Capture additional trade transactional volumes that are currently off network○ Leverage Octet’s Asian operation for on-boarding efficiency



Solution Highlights



International

Enabling customers to transact domestically or internationally with their supply chain



Secure

Strong controls that ensure data integrity, access and security



Network

Access “network effect” as customers transact bi-directionally across three and four corner models



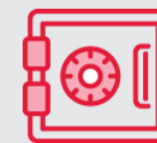
Visibility

Complete visibility and transparency for Buyer, Seller and Financial Institution across orders



Multilingual

Users are able to select a language of their choice, enhancing their user experience



Risk

Workflows, reviews, credit assessment, multi-stage approvals available to reduce risk



Foreign Exchange

Allow customers to authorise transactions in their local currency in real-time without taking any FX risk



Underwriting

Includes comprehensive underwriting program, or allows Financial Institution to use their existing processes



AML / KYC / ETS

Standardised programs for AML / KYC and ETS ensuring that compliance is baselined



Funding Sources

Enables Financial Institutions to offer broad range of funding sources: loan, card, bank and more



Acceptance

Ensures that Sellers are able to receive payment regardless of the funding source used by the Buyer



Integration

Allows Buyers, Sellers and Financial Institutions to access information from the platform through variety of methods



KYC / AML automatic regular checks

- Buyer and Seller lists compared daily against the Thomson Reuters World Check data base
- AML / CTF compliance reports can be submitted to the regulator
- Seller details are compared against local government databases prior to transacting
- Chinese sellers are compared to National Companies Credit Information Database/Quanguo Qiye Xinyong Xinxi Gongshi Xitong - <http://gsxt.saic.gov.cn/>



THOMSON REUTERS



Octet Platform is able to incorporate additional processes and procedures in order to satisfy partners AML and KYC requirements



About OCTET

Octet is a financial technology company with offices in Sydney, Melbourne, Perth, Istanbul and Shanghai. Our team is made up of over 28 strategic, financial, creative, legal, credit risk and technical specialists that work in unison to deliver our platform of the highest quality to financial institutions.

Financing the supply chain has been and continues to be our passion and our purpose for the past 34 years.

Our ability to deliver a world class Supply Chain Financing platform is backed by our proven track record in lending, creating global Financial Institution solutions, ongoing member retention and a fast growing team.

This is reflected in our most recent success implementing our platform for the four banks within the Westpac Banking Corporation, Australia's largest business bank with an AU\$95bn market capitalisation and over AU\$25bn revenue (2015).

Some of our Partners/Members

