

# Putting Payments at the Heart of Global Logistics with Kuehne + Nagel

Over its 125-year history, Kuehne + Nagel has evolved from a traditional international freight forwarder to a leading global provider of innovative and fully integrated supply chain solutions. Founded in Bremen, Germany in 1890, Kuehne + Nagel has now grown into one of the world's leading logistics providers, with more than 1,000 offices and over 64,000 employees in 100-plus countries. The company's world-class capabilities and strong market positions have established it as the number one global seafreight forwarder, number two global air cargo forwarder, number two global contract logistics provider and top three European overland provider. In all these areas, Kuehne + Nagel provides high quality logistics services to virtually all key industry sectors, ranging from aerospace to oil & gas, from automotive to retail, and from high tech to pharmaceuticals & healthcare.

Kuehne + Nagel's strong and proven global logistics network, cutting-edge IT systems, deep in-house expertise and excellent customer service are proof of its dedication to being among the leaders in its market. These attributes have put the company at the forefront of its industry, and support its ongoing drive to expand the scope and responsiveness of its customer solutions and services. As part of its global strategy to keep improving its offerings, the company launched a project in late 2014 to replace its existing ERP with a newly inhouse developed ERP in latest technology.

As well as providing a robust platform for future growth, the ERP implementation also presented Kuehne + Nagel with a great one-off opportunity to transform and centralize its payments processes worldwide.

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Benedikt Zimmermann, Cash Manager at Kuehne + Nagel Management AG in Switzerland, explains: “Before the implementation of the new ERP, all our banking connectivity was handled locally; every country was in charge of its own connections with its own specific banks. With the implementation of the new ERP, we had an opportunity to standardize and centralize our payments connectivity globally. The alternative would have been to rebuild all our banks connections at a local level. We decided that going for global standardization of payments via a payment hub was by far the best option.”

Having reviewed the various payments solutions available on the market, Kuehne + Nagel found that the SWIFT service bureau solution offered by D+H (formerly known as Fundtech) was the most appropriate for its needs. “We wanted to standardize and centralize our bank connections, and the D+H solution was the only one that offered us a true worldwide standard for bank connectivity,” comments Zimmermann. “It was this standardization that was the most important consideration for us.” Also, D+H has a strong and proven global track record – built up over many years – in implementing payments solutions that integrate with SAP ERP systems.



Implementation of the D+H solution is now rolling out on time and on budget alongside the new ERP system. At the time of writing, the ERP platform has gone live in 35 countries – about one-third of Kuehne + Nagel total markets globally. Under its chosen model, Kuehne + Nagel’s country operations remain in charge of the release of their own payments, but gain a standardized and centralized process for actioning these payments with their banks. This approach provides the ideal balance between local control and central standardization and visibility.

Zimmermann adds that the benefits are already starting to flow. “The best thing about our new payments system is that every country worldwide has a standard process and a secure connection to the banks – with all bank statements coming in automatically overnight into our ERP system,” he explains. “This is much more efficient than the bank connectivity processes we had before. But for us the biggest advantage is a quality advantage. We can connect with our major banks globally through one single connection model, and one single security model and policy that we apply worldwide. That’s a huge step forward for our business.”

Switching to D+H has also delivered substantial operational benefits to Kuehne + Nagel. The way the process works is that D+H converts all incoming and outgoing payments into one standard messaging format – an approach that means Kuehne + Nagel now needs to handle only one format, compared to the dozens it was dealing with previously for different banks. This also means that the complexities for Kuehne + Nagel involved in meeting the varying payment messaging requirements of different banks across the world is reduced.

“D+H helps us with the naming, conversion and mapping of the data in the messages,” comments Zimmermann. “We simply send all our information to D+H in one format, and then the solution converts, reformats and restructures it in the right way to suit each specific bank. As a result, it allows us to be agnostic to all the bank- and country-specific requirements in detail. D+H handles all that for us. They also maintain the whole SWIFT connectivity environment, so we don’t need to get involved with that ourselves.”

As the global roll-out of D+H continues, the implementation process is proving to be smooth and seamless, creating no



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disruption for Kuehne + Nagel’s business. Any complications in the connectivity with a particular corporate bank are tackled when the first country is connected up to it, meaning that linking in further countries to that bank is much more straightforward from then on. “Once we connect one country and understand how the bank works, the others are much simpler,” says Zimmermann.

He adds that the D+H implementation team has been very helpful in providing Kuehne + Nagel with guidance, insight and support throughout the whole process. “From working with D+H, we know it’s a very professional and well-organized business – and the same goes for the D+H people who’ve been working with us,” he says. “They have very deep knowledge of bank messaging and file formats, and they’ve helped us a lot. Being a global company, we have our IT function in London and development team in Hong Kong, while I’m in Switzerland running the project. So there have been lots of phone calls, and the D+H employees are always there to help. It all works really well.”

Asked to quantify the benefits realized to date from the bureau solution, Zimmermann says it’s difficult to compare the returns on investment with those it would have realized from a localized approach in each country. But he points once again

to the enhanced quality and security as the main advantages from the bureau. “With the bureau solution in place, we can now connect to the banks through one channel, monitor everything from head office, be confident that the connection is secure, and know for sure that nobody can change anything on a payment message,” he explains. “In summary, we have one process and we have visibility into all our payments globally. It’s so much better than before.”

From the viewpoint of Kuehne + Nagel, these benefits alone have justified the business case for moving to the payments bureau. But on top of these, the company is also realizing cost efficiency and speed advantages that further underline the wisdom of the decision to migrate to the payments bureau solution.

“Looking at the benefits we’ve realized from our approach, I would definitely recommend it to a company facing the same situation as we were,” concludes Zimmermann. “It was the right choice, and it’s delivering everything we were looking for. Nobody should underestimate the work that a payments transformation like this involves – ranging from agreeing new contracts with the banks, to conducting all the testing, to tackling the country-specific and bank-specific issues that arise. So this isn’t something you should expect to be able to carry out in a few weeks, but once it’s up and running, it’s a great way to manage payments in today’s globalized world.”

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D+H

**North America**

140 Broadway, 40th Floor  
New York City, NY 10005  
Tel: +1 212 497 1820

**EMEA**

D+H UK Limited  
6 Bevis Marks  
London EC3A 7BA

**Asia-Pacific**

D+H Asia Pacific Pte Ltd  
3 Church Street  
#22-05 Samsung Hub  
Singapore 049483  
Tel: +65-6372 3123 / 6372 3131

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**About D+H**

D+H's Global Transaction Banking Solutions Group, formerly known as Fundtech, is the leader in treasury services solutions. D+H is a leading financial technology provider the world's financial institutions rely on every day to help them grow and succeed. Our lending, core, payments, channel, optimization and treasury services solutions are trusted by nearly 8,000 banks, specialty lenders, community banks, credit unions, governments and corporations. Headquartered in Toronto, Canada, D+H has more than 5,500 employees worldwide who are passionate about partnering with clients to create forward-thinking solutions that fit their needs. With annual revenues of more than \$1 billion, D+H is recognized as one of the world's top FinTech companies on IDC Financial Insights FinTech Rankings and *American Banker's* FinTech Forward ranking. For more information, visit [www.dh.com](http://www.dh.com).

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