

## RUSSIAN POST: REMAINS A PILLAR OF STRENGTH

### BACKGROUND

Russian Post is a unitary enterprise which is the national postal operator of Russia. The company offers all traditional mail services as well as cash payment cards, accept utilities payments, execute cash transfers, receive and pay off consumer loans, and to sell lottery, rail, flight and theatre tickets. It also retails various products including phone cards, envelopes and, of course, postage stamps.

Russian Post decided to change its treasury management policy in order to introduce cash pooling, which would ensure better cash management throughout the branch network and an accumulation of funds at the executive office.

### RESULTS

- ▶ Automated management of financial flows on three main levels: the executive office, the Administration of the federal postal service (branch), post office (a separate structural unit).
- ▶ Saved working time for Treasury personnel up to 3 hours a day.
- ▶ Completed complex of analytical enterprise reporting: from operational reports on cash balances to complex and multi-level plan-fact queries in detailed statements of cash flow budget, responsibility centers, types of calculations, cash flow directions.
- ▶ Secure data, reduced risk of unauthorized access and information loss.

*Russian Post and GMCS continue to be partners.*

9 000  
USERS



**The Best Treasury Automation Project in Financial Director Magazine's 2013 Financial Director National Award**

## THE MOST COMPLEX ENTERPRISE IN RUSSIA

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With its foundations laid in the 18th century during the reforms of Peter the Great, Russian Post has evolved into one of the most complex enterprises in Russia today. Processing more than 1.7 billion letters, 54 million parcels and approximately 80 million money transfers a year, the

public sector organization employs in excess of 390,000 people, has over 42,000 post offices and houses an extensive management infrastructure which is split across 86 branches and headquartered in Moscow.

## FROM HISTORY TO MODERNITY

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Striving to become a more modern and effective business, the organization has begun a comprehensive restructuring program which will see it progress from a subsidized postal operator model into a self-sustaining postal business by 2018. This restructuring involves an extensive overhaul of its infrastructure in order to reduce costs, make it more efficient and provide a better experience for its customers.

Part of this overhaul involved creating a single environment through which it can automate planning, accounting, control and analysis of all core business operations across the enterprise. This unified environment is quite apart from Russian Post's previous technology systems, which held the organization back for a significant number of years.

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*“At central office level we had treasury management processes in place, but they were simply processes; they weren't automated. The processes were passed on unofficially, in verbal form. At the branch level, there were no such processes. They weren't able to manage a significant number of payments and money remained in branches.”*

*Sergey Emelchenkov,  
Russian Post's CEO*

## INVESTING IN TECHNOLOGY

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This required an investment in technology, but choosing the right system proved to be a challenge. After a long and arduous search, Russian Post turned to Microsoft. Russian Post was already using a number of Microsoft technologies, so a move towards Dynamics AX seemed like a perfect fit.

The solution based on Microsoft Dynamics AX meets Russian Post's more specific needs. One of the main requirements was the consolidation of treasury data into a single information space from a large number of previously used systems on a level of structural divisions. Dynamics AX's architecture is ideal for centralized expansion and the connection of territorial divisions to a common database.

Once the solution was chosen, work started on one of the largest deployments of treasury systems in Russia to date. GMCS was chosen as a contractor. In accordance with common procedure for IT projects, specialists first created a prototype of an integrated automation solution for the treasury. The whole process took only six months: from the development of the solution architecture through to the choice of the required hardware and software, development of implementation methodologies and instructions for staff. For the purposes of developing the system requirements, Russian postal and payment legislation was taken into account, as well as the international postal legislation, including the Universal Postal Convention.

## ENABLING AN ENTERPRISE-WIDE DEPLOYMENT

By the time the replication was due to start, Russian Post had a clear action plan. The replication itself was carried out in stages. Deployment had been conducted at the central office and all the branches obtained online access.

A project of this scale required adequate training, which isn't usually straightforward with 9,000 users. The project covered all divisions of Russian Post - from the executive office to each individual post office. This became the first centralized business application to be deployed throughout the entire branch network. At that moment, the system automated unique processes including:

- ▶ Centralized cash flow management;
- ▶ Payment request work flow;
- ▶ Cash pooling;
- ▶ Payment reconciliation with international post administrations;
- ▶ Cash limits management;
- ▶ Third party / agent payments management;

- ▶ Payment budgeting per contract and payment calendar;
- ▶ Integration with banking systems, government collection system;
- ▶ Reporting.

Functionality for automatic mutual settlements between divisions of Russian Post was also implemented. Thanks to all of this, Russian Post could manage to reduce the labour costs associated with manual processing several times over.

Solution based on Microsoft Dynamics AX succeeded in providing a common information space, instantaneous access to up-to-date and reliable information at every level of management, and a significant reduction of the time required for approval and document processing. 9,000 employees at Russian Post now use Microsoft Dynamics AX for treasury processes across all of its units. Some users can work directly with the system, while others access it via the Microsoft SharePoint platform. The solution has also allowed Russian Post to better meet stringent regulatory requirements.

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*“We can now transfer data on the payments received by Russian Post to the Federal Treasury. This is a requirement of Federal Law 210-FZ which states that data on payments should be transferred not as a summary, but for each individual transaction in accordance with the ‘one payment – one document’ principle. Without this solution, we would be unable to meet the requirements of the federal law in the given time frame.”*

*Sergey Emelchenkov,  
Russian Post's CEO*

