

The Buzz Around Integrated Payables

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GFOA

Prepared by:

Peggy Bronson

Commercial Card Solutions Consultant
Huntington Bank
peggy.bronson@huntington.com

Gail McCreight

Commercial Card Solutions Consultant
Huntington Bank
gail.l.mccreight@huntington.com

Integrated Payables Related Services

ACH – payments through a NACHA file.

Print and Mail – process of printing and mailing checks by a third party (bank or outsourced).

Virtual Card – online cards that are not physically issued by a card processor. These cards are not printed on plastic like distributed cards. Typically used for online and phone purchases or processed directly by vendor.

RTP -Real Time Payment – new 4th rail payment services support by The Clearing House real-time system. Enables you to make an immediate payment at any time. RTP payments may be made 24/7365 with a real-time confirmation of receipt. Also, includes messaging capabilities to allow a dialogue between payer and receiver.

STP – Straight Through Processing of card payments, eliminates the need for vendors to manually process card payments.

Dual Advanced Approval – requirement of second person to approve or submit a payment file such as ACH, Wire, or Integrated Payables payment file.

Front end processing and procurement aka Managed Services – Often referred to as Managed Services, Front End Processing of Accounts Payables can include electronic invoice capture, receipt entry, matching and workflow management. The AP team will only review and manage exceptions in your ERP / Accounting system. Full Managed Services also builds a payment file for final payment to vendors via a financial institution or outsourced to a Fintech.

Check Positive Pay Files – Everyone has those right?! File sent to bank of check data to compare to checks are they clear an account.

Integrated Payables Overview

Make your money work for you.

FRONT END INVOICE PROCESSING

“Ability to log in to the system and create a requisition. The requisition is routed for management approval. Once approved, a PO is created and sent electronically to the vendor.

When an invoice comes in and is entered (scanned) into the front-end portal, it will automatically match to the PO and identify exceptions. Invoices with exceptions can then be electronically routed for approval.

Once approved, the invoice is electronically uploaded into the financial system.”

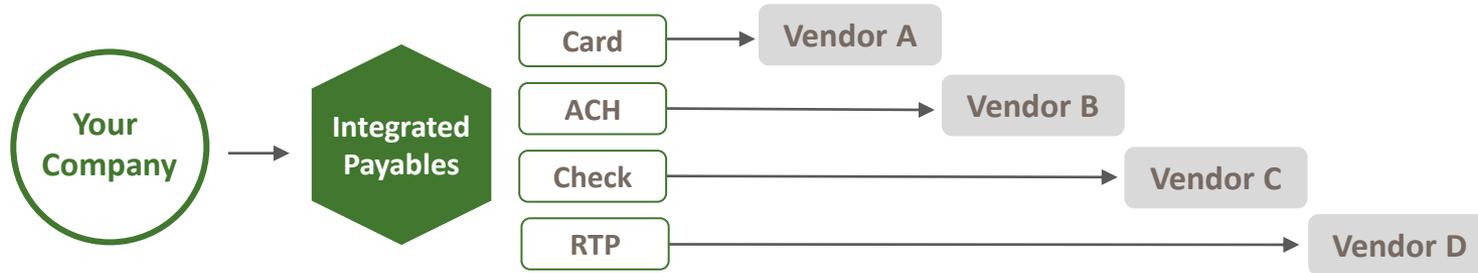
- Per SpendBridge, Indianapolis, Indiana

VENDOR PAYMENT PROCESSING

Allows you to pay vendors using a variety of payment methods, including Virtual Credit Card, ACH, Real-Time Payments (RTP), or Check. Payment files may be just a single file, or some programs require separate payment files based on the method of payment.

Integrated Payables

Our Integrated Payables Platform can help simplify your outgoing payment processes by converting your paper checks to electronic formats (Virtual Card and ACH) and make reconciliation easy.



WHAT WE DO

- Automate the process of preparing AP disbursements, placing controls within an automated workflow.
- Provide check issue file information to protect checks from fraud.
- Provide support to convert vendors from receiving checks to electronic payments where possible.
- Provide reconciliation data by AP system to ease balancing and reconciliation back to the source system.
- Automate your ACH Notification of Change (NOC) process by updating your vendor's account information for you.

HOW WE DO IT

- We map our portal to any data format file you can export from your AP systems to minimize IT work.
- Simply create a file of payments to be made, including Vendor Name, Vendor ID, Check Number, Payment Amount, and Invoice information and upload it in the Portal.
- The payment method is maintained by Huntington so there is no need to maintain payment method or manage separate General Ledgers.

Key Characteristics in an Integrated Payables Provider

INTANGIBLES MAKE A DIFFERENCE

- Flexible Program to meet your needs
- A simplified transition that does not add to your team's workload
- Local relationship and decision making
- Direct access to product management
- Dedicated resources for your card program
- Where will your program fit in the providers portfolio – Don't get lost in a larger pond!



Benefits to You

INCREASE EFFICIENCIES

- The Integrated Payables Web Portal allows for simple management of the entire AP process using a single payment file
- Data tailored to the customer's AP system eases balancing and reconciliation with the source system (charges may apply in some cases)
- Frees up time of AP staff to focus on other revenue-generating/cost reduction activities

COST SAVINGS

- Cost savings of moving away from checks to electronic payments
- Maximizes working capital when payments are converted to Virtual Card
- Maximizes rebate earned when payments are converted to Virtual Card
- Support provided to convert vendors from receiving checks to electronic payments where possible

Steps to Get Started

- Start with a good vendor list
- Provider should run a vendor match and spend / rebate analysis
- Set a goal for your card spend and estimated savings
- Agreement or Contract for services
- Will your provider require you to keep the services for 1 year? 2 years? Or more?
- Do the services require pre-funding and what is the timing for funding?
- Obtain Board or Council approval and provide minutes to your provider
- Develop payment file(s)
- Some Integrated Payables services require separate payment files based on the method of vendor payment

Setting Goals and Getting Results

- Considerations for your goals:
- Track FTE hours and reducing overtime
- Reduce late fees and lost discounts
- Better vendor management for improved pricing
- Fewer errors and supplicate payments due to slow pay of vendors
- Lower administrator costs such as printer expense and postage

NAPCP's August Newsletter states "on average 15 steps are eliminated when paying with a P Card instead of a check." Their website offers a calculator to help quantify those savings.

Benefits, Buyers, and Suppliers

BUYERS BENEFITS

Improve working capital

- Move from daily to monthly funding

Improve reconciliation

- Better payment tracking

Increase control

- Transaction level MCC and velocity controls

Increase efficiency

- Automated processes
- Save \$71 per transaction over traditional check payment

SUPPLIER BENEFITS

Save 37% vs. traditional payment methods

- 10 X faster Order-To-Cash cycle
- Reduced bad debt
- Reduced paperwork and errors

Increase revenue

- **55% of Buyers** would choose a supplier who accepted card over one that does not
- **49% of Buyers** said they would buy more if a supplier accepted card

Supplier Enrollment Campaigns

As part of the Integrated Payables set-up process, your vendor file is used by your banking partner to contact each vendor to convert their check payments to electronic payments: Virtual Credit Card (preferred), ACH, or RTP. If you decide to do Supplier Enrollment in-house, or if your Integrated Payables partner does not offer Supplier Enrollment, you can choose to send letters, add check stuffers and make phone calls.

“My Vendors have expressed their appreciation for the information being supplied.”

- Quote from a Government Client using Integrated Payables in Cincinnati

Vendor Match Template

Vendor Id	Company Name	Street Address	City Name	State	Postal Code	Country Name	Telephone Number	Annual Spend	Payment Type if available	# of Payments if available	# of Invoices - if available	Payment Terms if available	Email Address if available

Actual Results from a Public-School Client:

Reviewed 698 Vendors - \$12,334,100 in potential spending per Supplier Enrollment results

- Original Vendor Analysis estimated 565 Vendors for review and \$11,570,700

Total enrolled vendors: 195 - \$2,485,449 estimated spending; 20.2% of total # vendors

- Original Vendor Analysis estimated 187 vendors and \$2,302,000

Full year spending: \$3,360,000

- Vendor Analysis estimated full year spending: \$2,675,162

Reconciliation and Reporting Options

Will you have access to real-time reconciliation data, including vendor ID, vendor name, invoice number(s), payment amount, check number, current payment status, and more? Are these reports available for viewing and export through your Integrated Payables partner programs?

- Checks clear as presented back to the bank as paid, no loss of check float.
- ACH transactions may appear as a total withdrawal instead of individual payments. The reporting in the payment portal must provide details
- Real Time Payments will clear same business day as they originate. These act much like a wire, or Zelle, payment
- Virtual Cards are usually billed on a monthly statement. These payments should not be pre-funded. Vendors are paid by your provider, and the transactions post against your approved credit card limit. Virtual Card payments should be accounted for separately to accurately record cash and encumbered fund balances. Most new accounting software will do this as part of their electronic payment options.

Measure Progress

DRIVER	GOAL	MEASURE	INITIATIVES	OUTCOMES
Bank Fees	Fee Savings	Reduces bank fees by 15%	<ul style="list-style-type: none"> • Launch P-Card Program • Use virtual cards for top 5 vendors 	Bank fees dropped from \$X to \$X
Internal Business Processes	Fewer Errors	Reduce rework by 20%	<ul style="list-style-type: none"> • Issue cards to travelers • Travel expense allocation and upload 	-
Risk Reduction	Reverse fraud trend	Reduce write offs by 25%	<ul style="list-style-type: none"> • Minimize checks issued • Centralize payments 	-
Supplier Relations	Streamline terms	Decrease DPO by 10%	<ul style="list-style-type: none"> • Renegotiate terms with suppliers 	-
Alignment	Stakeholder participation	Performance Management	<ul style="list-style-type: none"> • Incorporate payables measures into performance plans 	-

What questions do you have?

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