



Benchmarking a Successful Accounts Payable Program

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46 agreements



Priorities

Providing Quality Educations

Satisfying State
and federal
legislative and
regulatory
requirements

Budget
Management



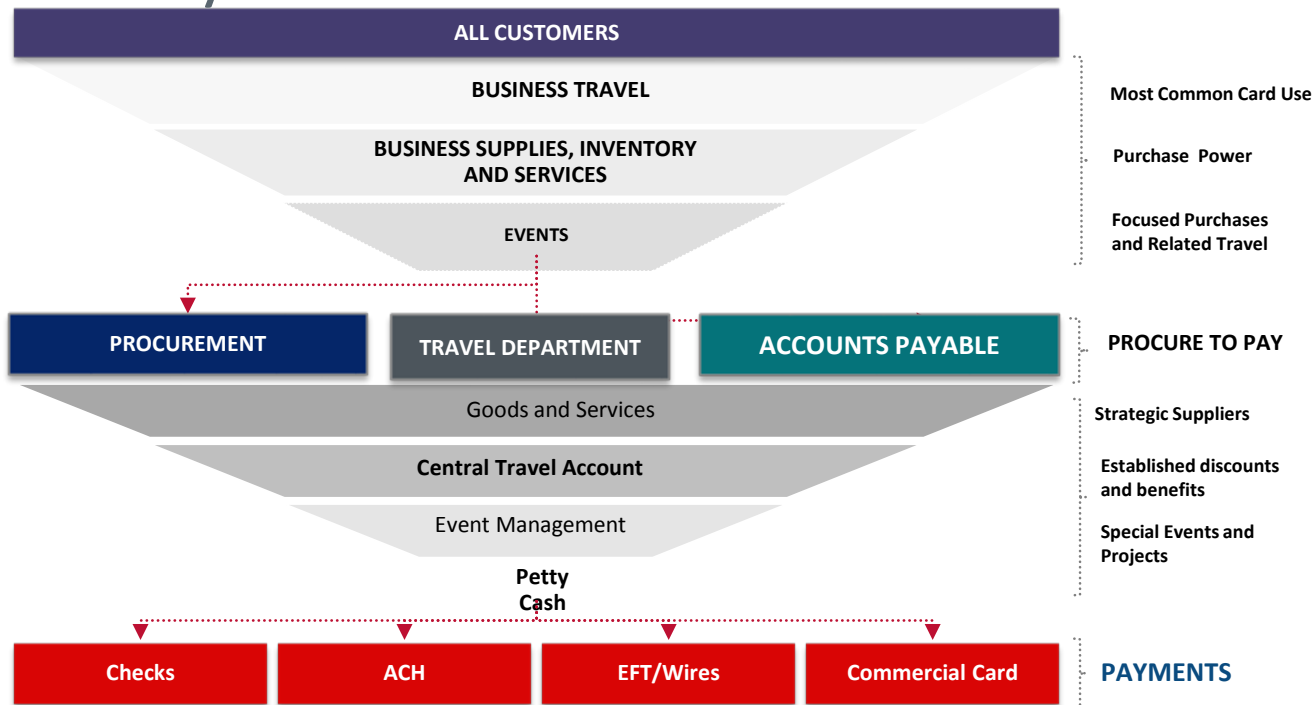
Enabling Students
to secure
successful careers
and live product
lives

Processing
Efficiency

Compliance

Transparency

Commercial Payments



Accounts Payable Solutions

Procure to Pay Process



Accounts Payables – Card vs Check Benefits

- Reduces processing costs – Converts a paper based payment and process to an electronic payment
- Increases control over working capital
- Eases reconciliation
 - Payment receipt can be tracked
 - Transmit remittance information
 - Reduces reject/exception processing
- Most solutions offer account level controls and/or single use options which provide increased security over card numbers
- Payment reporting systems provide greater insight into vendor payments
- Increased financial incentives

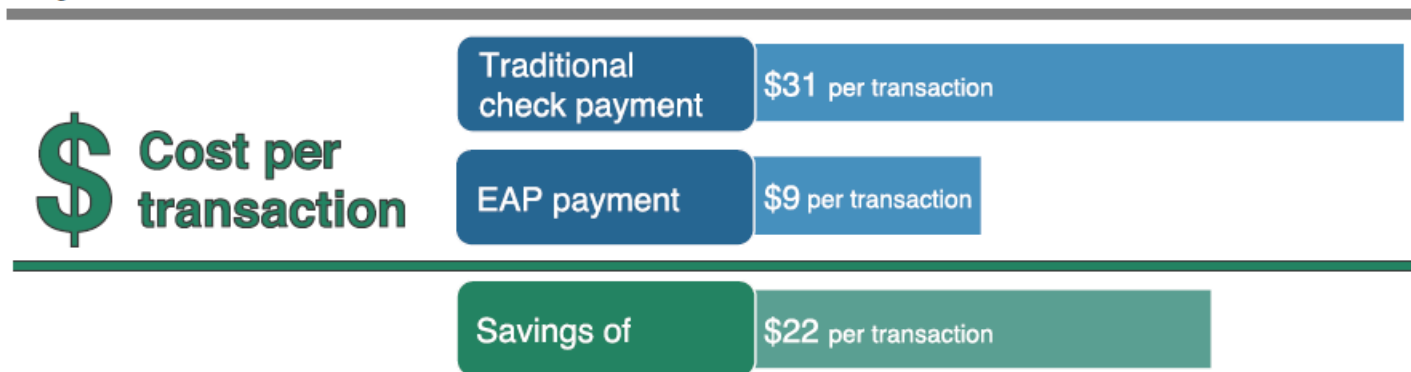
Note: Industry solutions vary. Features and program design will differ amongst providers.

Card Solutions for Accounts Payables

- Programs typically fall into 3 options:
 - AP Cards
 - Supplier Initiated Program
 - Buyer Initiated Program (BIP) also referred to as Straight Through Processing (STP)
- Program features
 - Single Request Option
 - Batch Process
 - Workflow Approval Process
 - Supplier Portals
- Programs leverage virtual cards or single use card strategies to offer improved security

Note: Industry solutions vary. Features and program design will differ amongst providers.

EAP Solutions



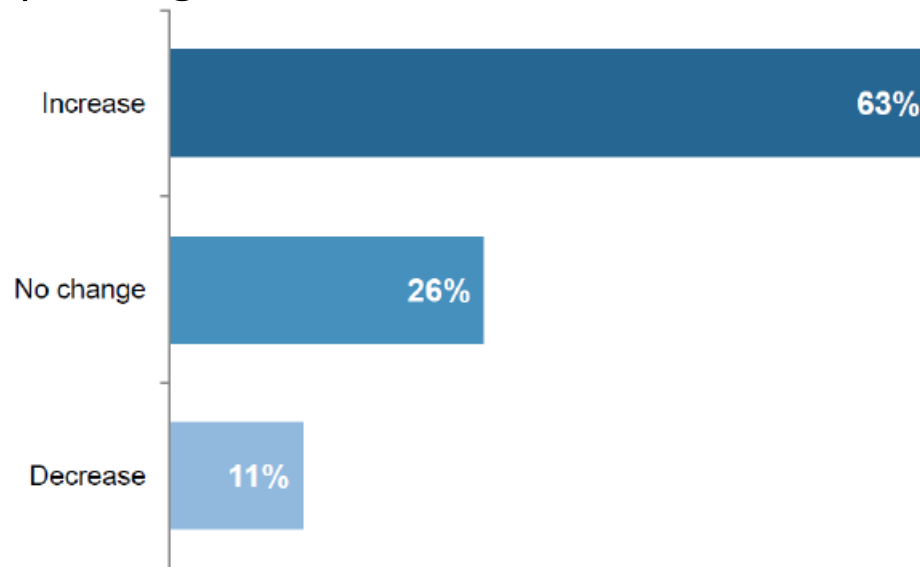
Data Source – RPMG Research Corporation

RPMG Research Corporation specializes in market research that provides insight into the understanding of evolving procurement practices, in particular as they relate to and are supported by bank commercial card technology. Since inception in 2000, projects include numerous major market studies in the use and acceptance of bank purchasing cards, corporate travel cards, and electronic accounts payable primarily in North America. A key objective of the benchmark survey series is to provide card issuers and card-using organizations with information that will help them maximize the value of using or accepting commercial cards.

EAP Solutions: Colleges and Universities

Change expected in EAP spending 2015 to 2019

- Increase will come from targeting vendors (94%) and high dollar transaction (47%)
- Average increase of 64% expected over 2014 base year spending (an average annual rate of 12.7%)



Source: RPMG 2015 Electronic Accounts Payable Benchmark Survey Results

EAP Solutions: Colleges and Universities

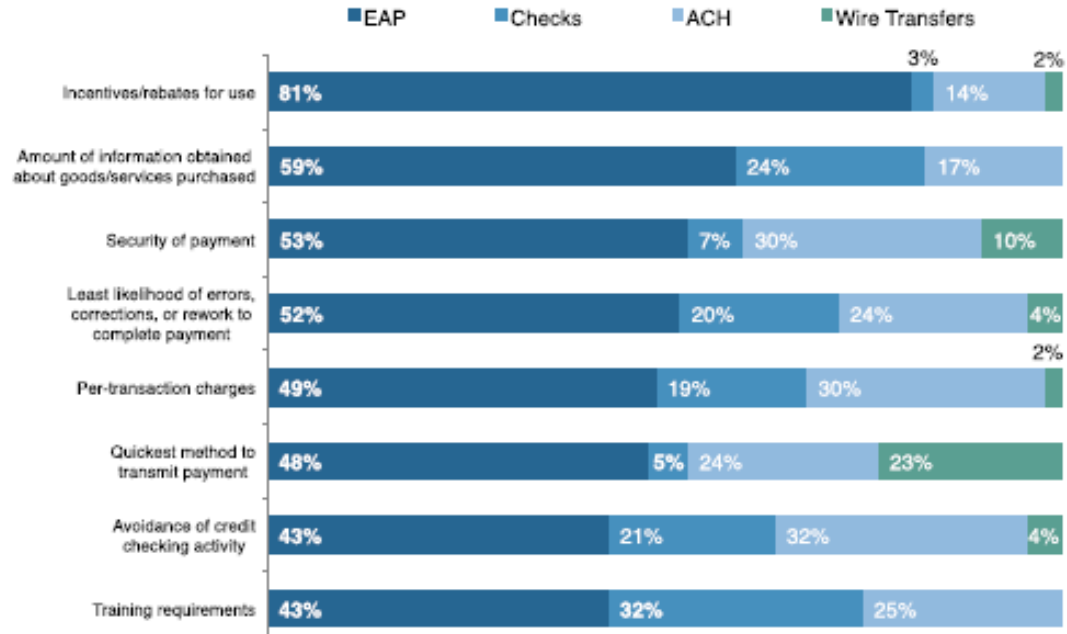
- EAP growth is coming from new adopters as well as expansion of existing programs
- RPMG estimates new entrants will influence EAP spend by 18% in 2015.

	Growth in EAP by Current Users	Overall Growth Rate (with New Entrants to EAP Use)*
Cumulative Rate <i>Change expected from the end of 2014 to the end of...</i>		
2015	10%	12%
2017	31%	35%
2019	60%	64%

Source: RPMG 2015 Electronic Accounts Payable Benchmark Survey Results

Primary Reasons for EAP Adoption

- Incentives reported as #1
- Process efficiency is recognized
- Security is becoming increasingly important



Source: RPMG 2015 Electronic Accounts Payable Benchmark Survey Results

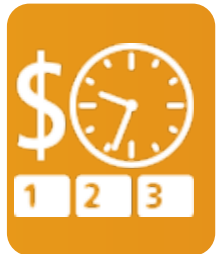
Solutions - Accounts Payable Card

Purchasing Card Solution:

AP professional uses assigned purchasing card to pay suppliers. Suppliers process card at point of interaction (POI) terminal.



Invoice approved internally based on payment parameters



AP selects assigned purchasing card with controls to pay



AP provides card number to supplier for invoices



Payments are processed by supplier using their POI system



Card Payments are processed routinely by all participants

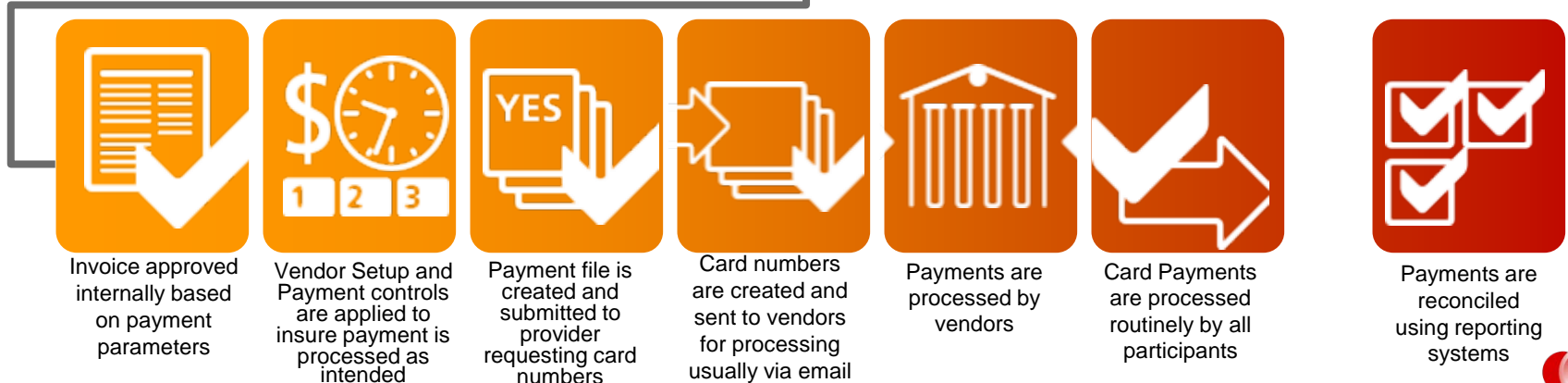


Payments are reconciled using reporting systems

Solutions – Electronic Accounts Payables

Supplier Initiated Solution:

Supplier receives card number and controls submitting the card through their point of interaction (POI) terminal



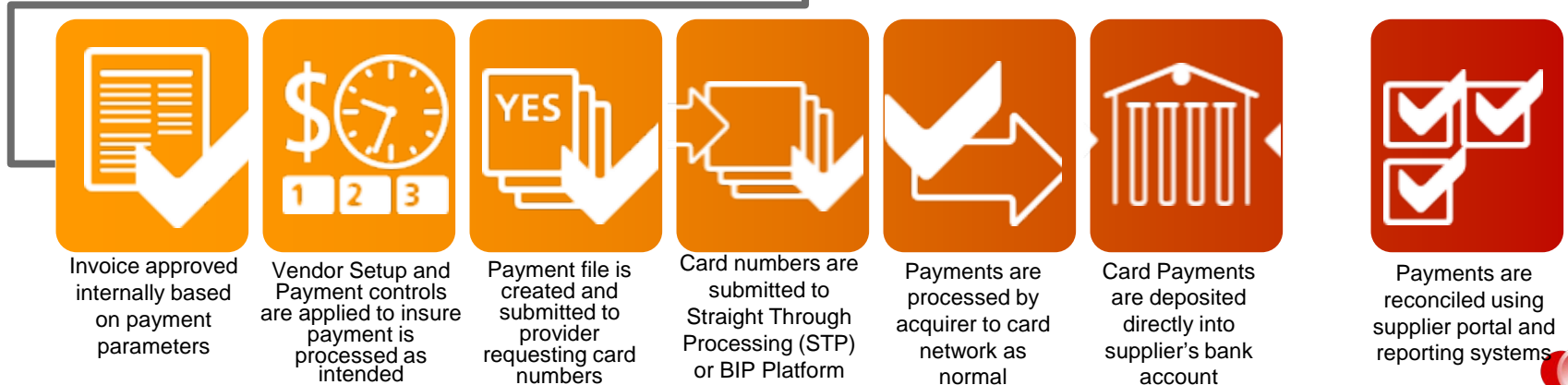
Solutions – Electronic Accounts Payables

Buyer Initiated Solution (BIP):

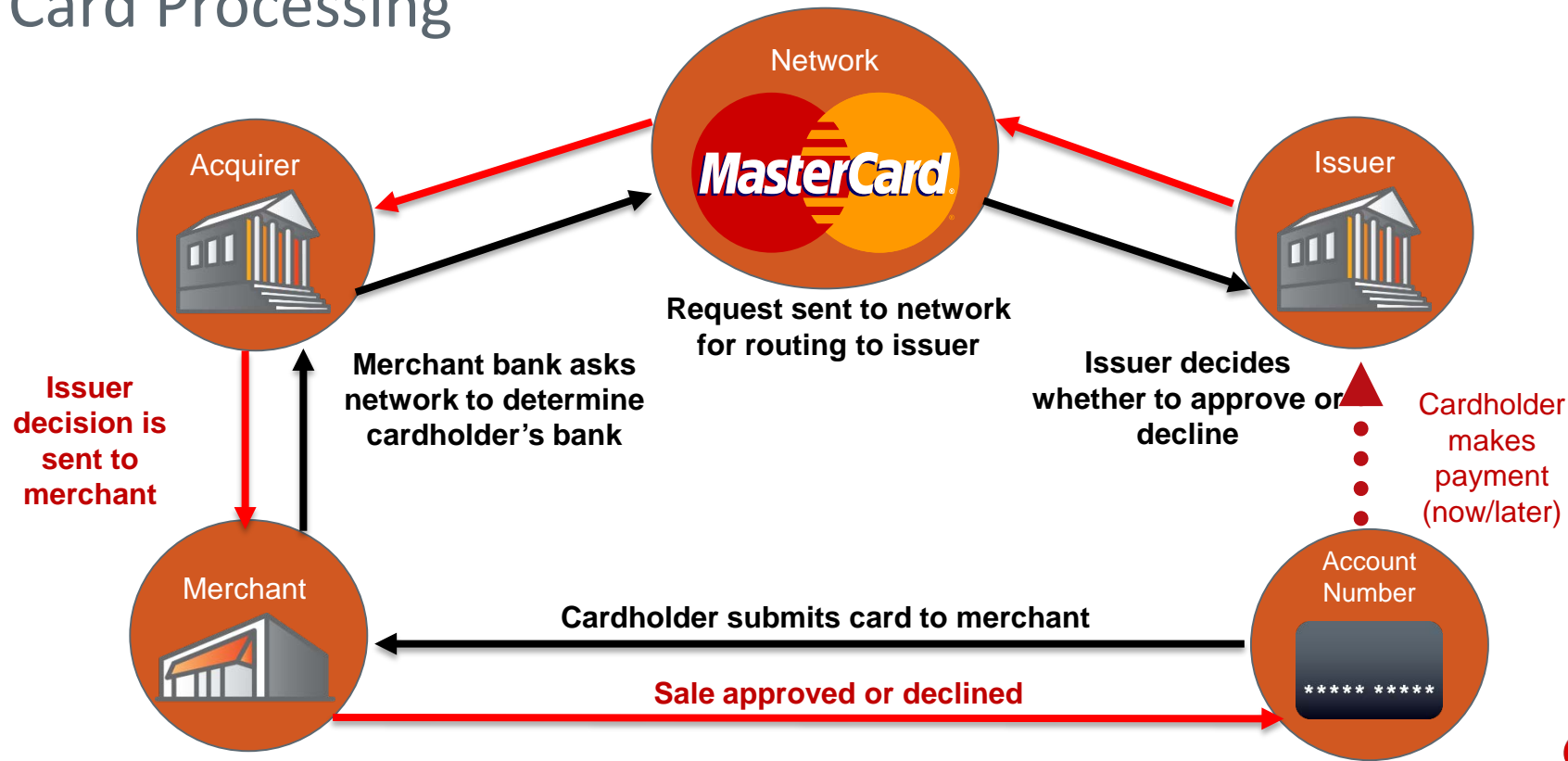
Buyer controls payment submission through BIP platform instead of supplier. Supplier receives settled activity directly into bank account. Also referred to as Straight Through Processing.



43% of RPMG respondents use a BIP solution



Card Processing





Keys to Success

Complimentary Programs

- Leverage existing card program providers to evaluate offerings
- Determine the value of reporting across programs
 - Total expense view
 - Supplier consolidation
- User familiarity/training considerations

	2015
Organizational Statistics	
Percent that use plastic purchasing cards	97%
Percent that have a payment strategy which calls for different payment methods under different conditions	62%
Spending Expansion	
Goods purchased with EAP*	55%
Services purchased with EAP^	41%
Time to full implementation (in years)	1.27

Source: RPMG 2015 Electronic Accounts Payable Benchmark Survey Results

Supplier/Vendor Analysis

- Be prepared to provide a file from the Accounts Payable platform that includes key information about your vendor payments
- Example:

Vendor Id	Site ID	Company Name	Street Address	City	State	Postal Code	Alpha 3 Country Code	Supplier Contact Name	Telephone Number	Email Address	Spend for the last 12 months	Payment Type	# of Payments	# of Invoices	Payment Terms	Notation of special agreements in place	Customer Account Number
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- Exclude Employees (expense reimbursements)
- Supplier contact information will improve results – consider merging files with Procurement data base

Prepping the Platform

All Program Types

- Understand resource commitments from the provider and the College/University
- Training – Introduction to program procedures, user interfaces, vendor setup requirements and/or reporting may be required

Automated Interfaces

- System Interfaces - Program providers typically handle file mapping. Understanding current systems is required
- Testing - Some involvement may be required for an initial test to certify connectivity and data transmission

Supplier Enablement

- An effective Supplier Campaign is critical for success – stay engaged in the process
- A robust accounts payable file that includes current supplier contact information increases the success of a campaign
- Identify strategy with provider for communicating to vendors.
- Most providers offer supplier enablement services

Supplier Acceptance	
Number of suppliers currently paid with EAP	199
Percent of supplier base paid with EAP	16%
Percent that are “satisfied” or “very satisfied” with the level of supplier acceptance for EAP payment	31%
Supplier Recruitment	
Percent that engaged in an effort to enlist suppliers for EAP acceptance	82%
Percent that changed payment terms to promote EAP acceptance (e.g., has your organization pushed check payment back from 30 to 60 days or has payment by EAP been expedited in some way).	38%

Supplier Enablement

- 100% conversion of supplier file is unrealistic
- Some renegotiation of terms may be warranted to insure a reasonable balance between the College/University and your suppliers
- Supplier education is key to reduce supplier remorse
 - Discount Fees to be anticipated
 - Large ticket discounted fees, if applicable
 - Reduced DSO increases cash flow
 - Guaranteed payment within 24/48 hours
 - Processing efficiencies
 - Elimination of lost/rejected checks
 - Efficient and timely deposit of payments

Supplier Enablement - Ongoing

- Include acceptance of card as preferred payment option as a requirement in RFPs
- Insure new suppliers are educated about card payment preference
- Evaluate alternative vendors that are acceptors
- Leverage reporting tools to consider consolidation of spend to negotiate discounts and or influence card acceptance
- Consider multiple Supplier Enablement campaigns to continue to reinforce card acceptance to suppliers
- The broader the supplier participation the increased value back to the College/University

What's next

1. If you are not currently using cards as a method of payment in Accounts Payables, consider a strategy to automate the process
 - Easy Startup Approach – Secure an AP Card (Purchasing Card) to make payments
 - Fully Automated Solution – Develop a plan for adopting a fully automated solution
2. Work with a card provider to determine your potential for card payments by evaluating your current accounts payable file.
3. If you currently have a card program in accounts payable, determine if it is meeting your current goals. If not, re-evaluate your options.
 - Process efficiencies
 - Rebate goals

Questions?



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