

# eInvoicing: Procurement to Payment Solutions

How the Market is Evolving



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# Redefining a Payment – The Industry Path

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- Paper-to-electronic payments migration

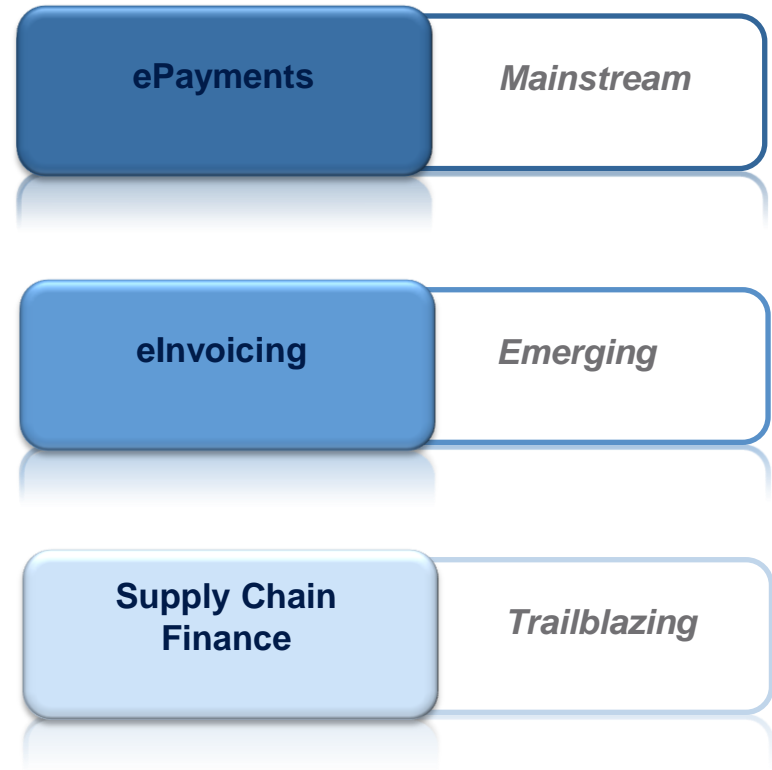
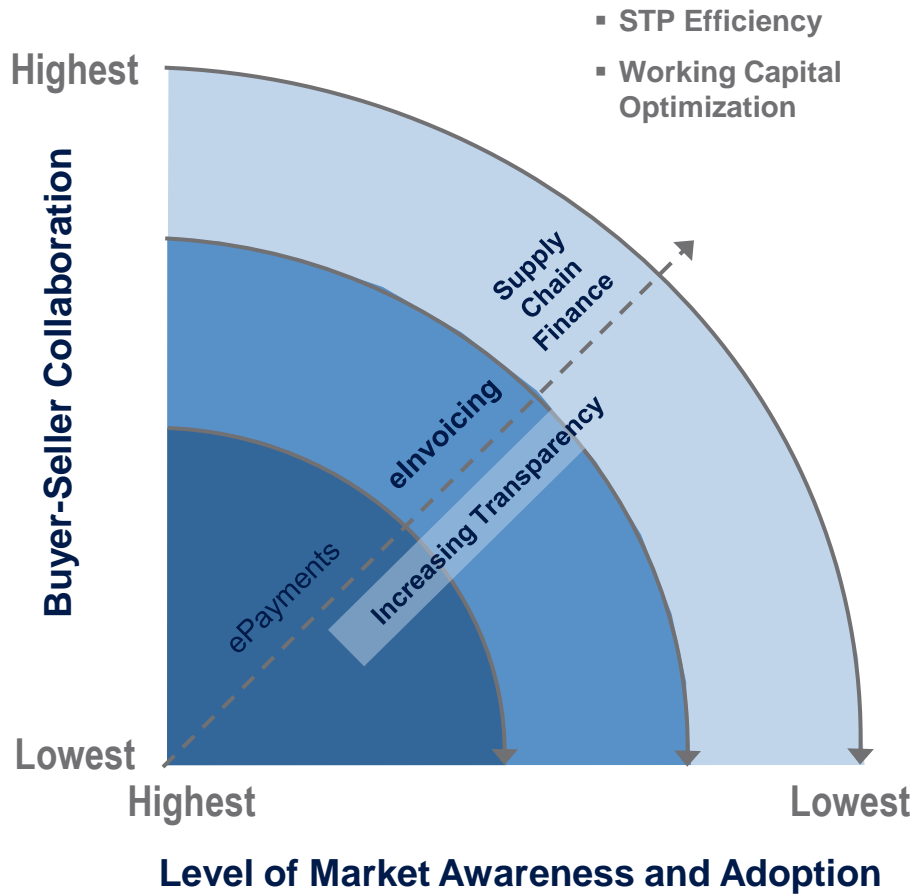
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- Order-to-Pay process transformation

3

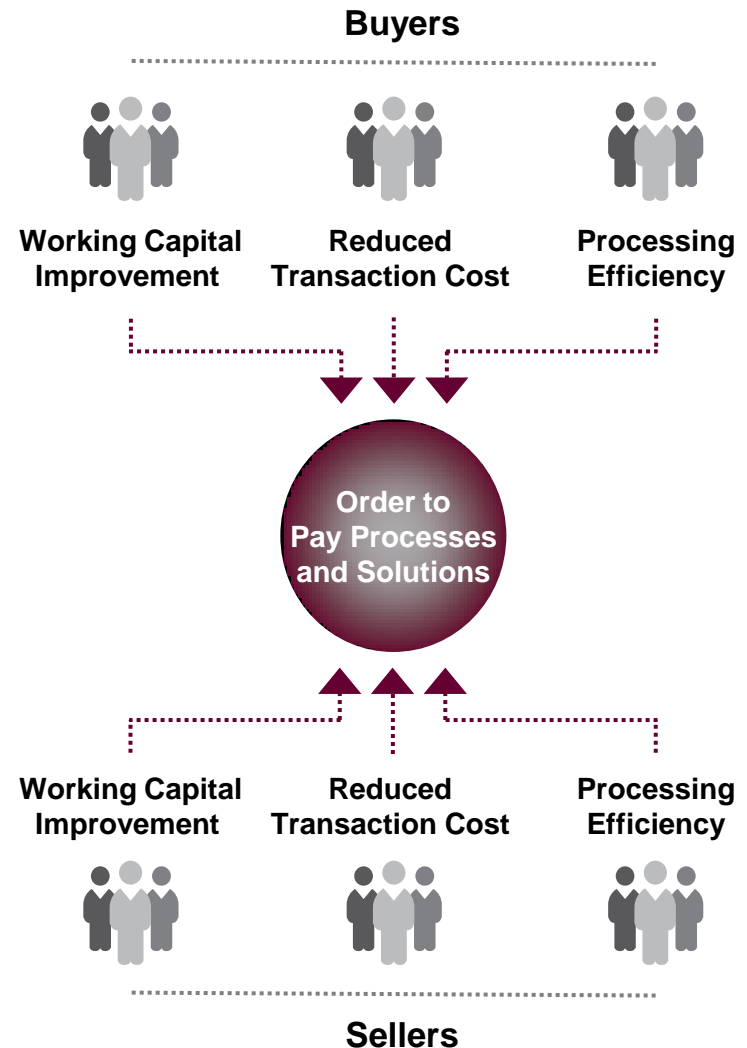
- An expanded value proposition for growth

# Market Momentum: Tools of Transformation



# Market Momentum: Integrated Solutions that Enable Collaboration

- A more integrated approach to the spectrum of payment methods, invoicing and financing needs benefits buyers and sellers
- Increased need for buyer-seller collaboration
- An integrated value proposition addressing duality of needs
- An expand service model and highly consultative approach
  - Vendor segmentation, education, marketing and enrollment



# Market Momentum: Identifying the Benefits of Order to Pay Transformation

Best-in-Class buyers and suppliers have gained competitive advantage and benefits through order to pay transformation

## Buyer Benefits

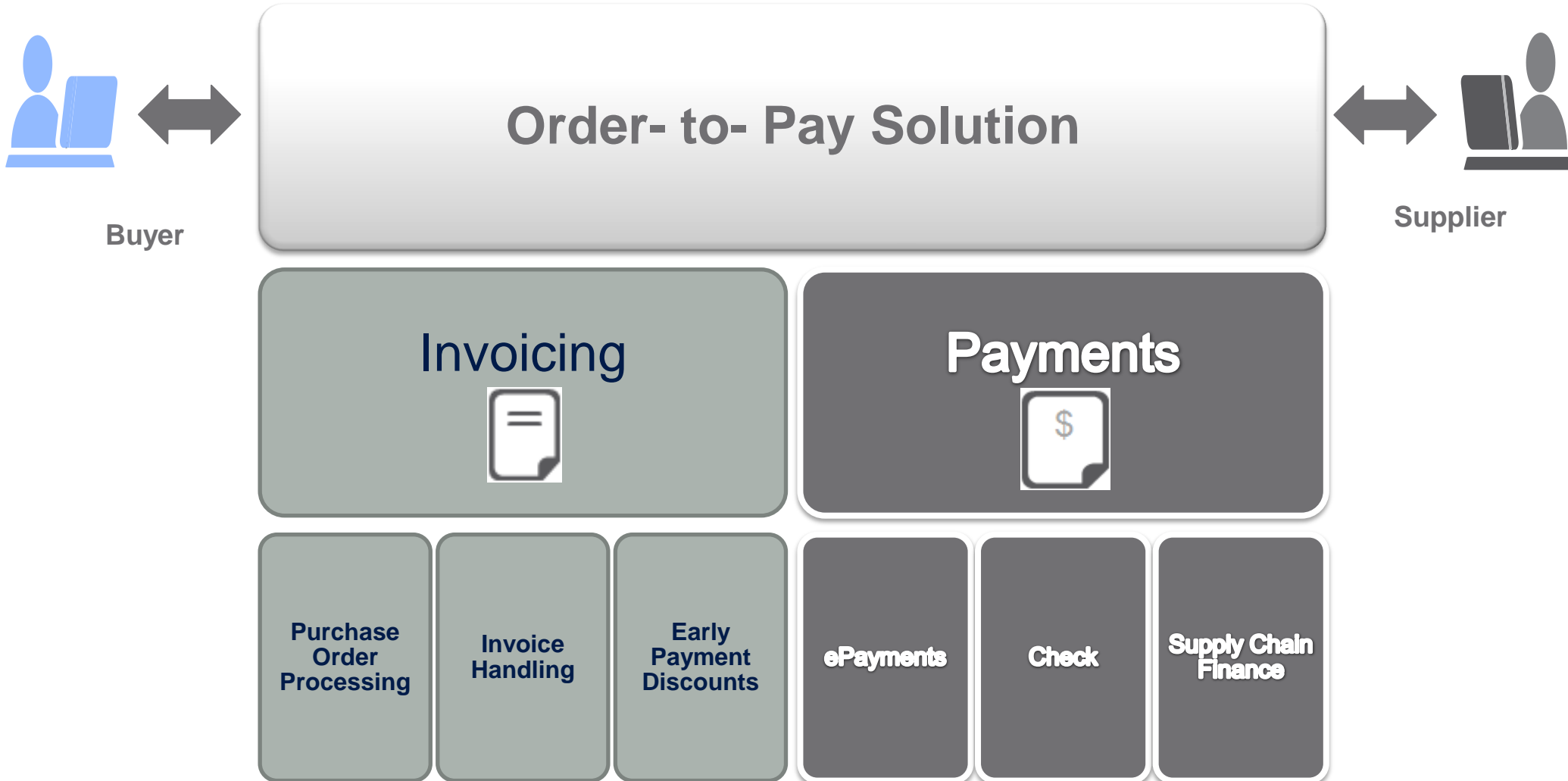
- Extend DPO by 16 days\*
- Implement strategic balance sheet mgt
- Reduce invoice processing costs by as much as \$20\*
- Decrease invoice processing cycle time by as many as 27 days\*
- Optimize working capital through better invoice/payment visibility and control.
- Increase client discount capture by .3 to 1.0 percent. This equates to a working capital improvement of \$3MM to \$10MM per \$1 billion in vendor spend.

## Supplier Benefits

- Potential to reduce Days Sales Outstanding by increasing early payment opportunities
- Reduce DSO; strategic balance sheet mgt.
- Manage counterparty risk
- Can reduce supplier's processing costs for invoices by as much as \$2.50\*\*
- Electronic delivery of P.O. information to facilitate easy invoice entry for suppliers
- Provides greater visibility into payment and invoice status

# Capturing your Order-to-Pay Process Transformation Opportunity

# Defining an Order to Pay Solution



# Best Practice: Driving Order-to-Pay Process Change

## Organizational alignment helps drive successful strategy execution

- Gain executive commitment to change
- Align internal stakeholders and link change to broader corporate goals
- Approach Accounts Payable as strategic to order-to-pay
- Understand current processes and identify opportunities for improvement
- Succinctly define reasons for change
- Build a solid and believable business case
- Keep an eye on external best practices and solutions

# Best Practice: Positioning your Organization Process Transformation

Focus on four key steps to driving process transformation:

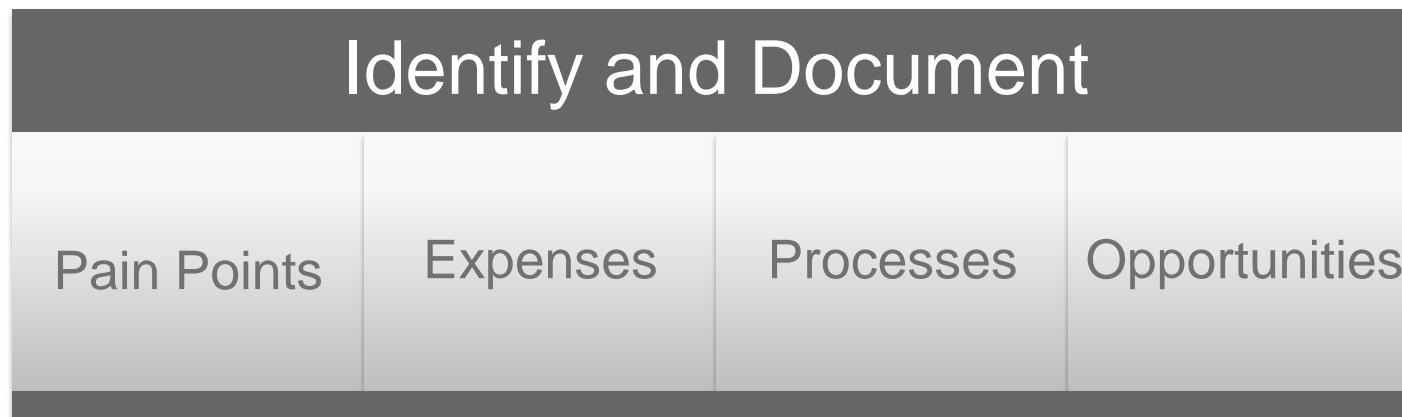
1. Identify opportunities for improvement
2. Gain stakeholder support
3. Build a business case
4. Leverage a best-in class solution

# Best Practice: Conducting a Process Audit

- Define the different payments types and the volume of each

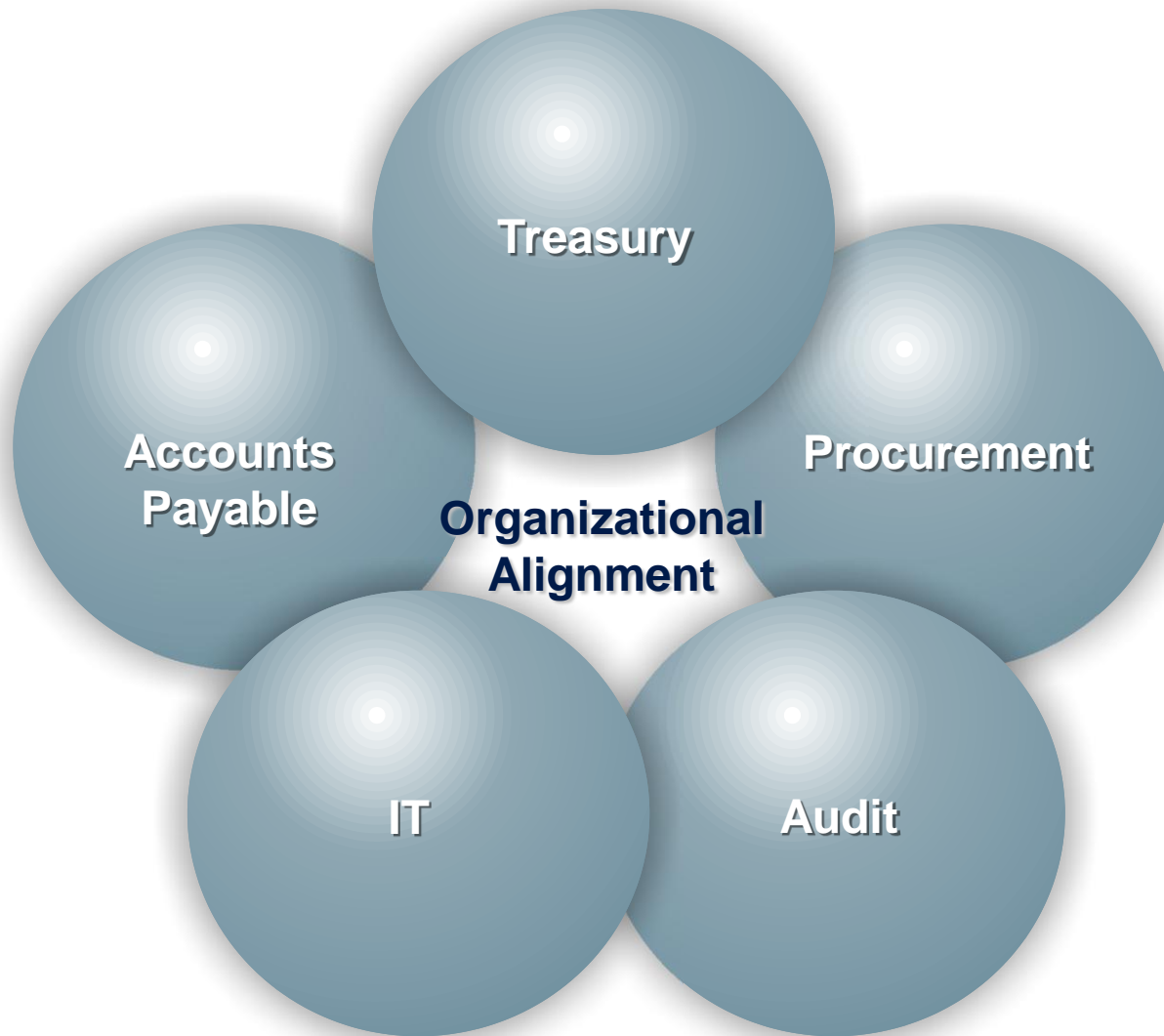
Purchase Order Processing	Invoice Processing	Checks	ePayments
<ul style="list-style-type: none"><li>• Percentage used</li><li>• How are they delivered</li></ul>	<ul style="list-style-type: none"><li>• Centralized or Decentralized Receipt</li><li>• Approval timeline</li></ul>	<ul style="list-style-type: none"><li>• Emergency Requests</li><li>• Courier Requests</li></ul>	<ul style="list-style-type: none"><li>• ACH</li><li>• Wire</li><li>• Pcard</li><li>• Card</li></ul>

- Understand your process – and the key cost drivers



# Best Practice: Gaining Stakeholder Support and Breaking down Silos

Focus on how solutions enable stakeholders to achieve their strategic goals



# Best Practice: Building a Business Case for Change

## Order-to-Pay Financial Benefits Model – Gathering the Data

ePayments	eInvoicing	Supply Chain Finance (SCF)
Supplier Name	Supplier Name	Supplier Name
Annual Spend Amount	Annual Spend Amount	Annual spend amount
Number of Annual Checks	Number of annual invoices	Estimated cost of funds
Average savings per migrated check	Current Discounts Achieved	Existing terms/ New terms

# Best Practice: Building a Business Case for Change

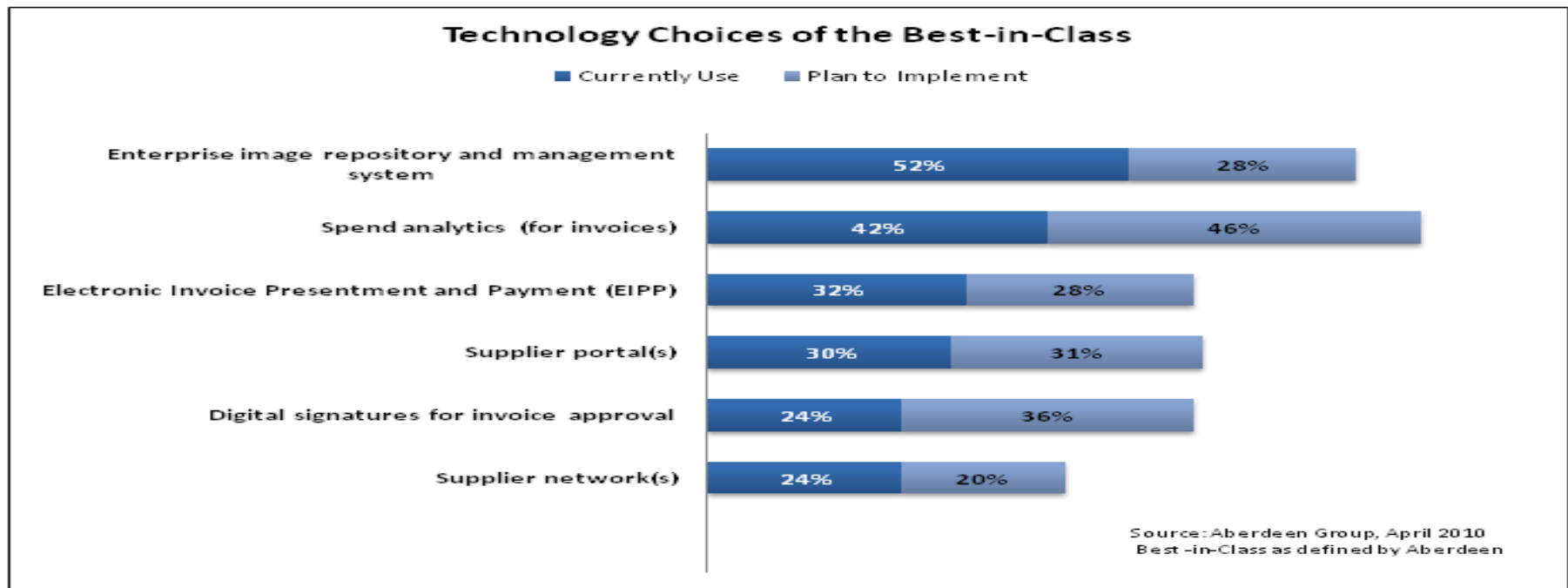
## Order-to-Pay Financial Benefits Model – Doing the Math

ePayments	eInvoicing	Supply Chain Finance (SCF)
Average savings per migrated check	Average savings per invoice processed electronically	Interest Impact on Supplier Using Supply Chain Finance
Total savings for check migration	Total Savings for invoice migration	Dollar Flow Change to buyer with harmonized terms
Value of float and estimated rebate for Card Spend	Value of Increased Discount Capture	Total Annualized Working Capital Impact
Total estimated annual savings annuity	Total estimated savings annuity	

# Best Practice: Identifying Solution

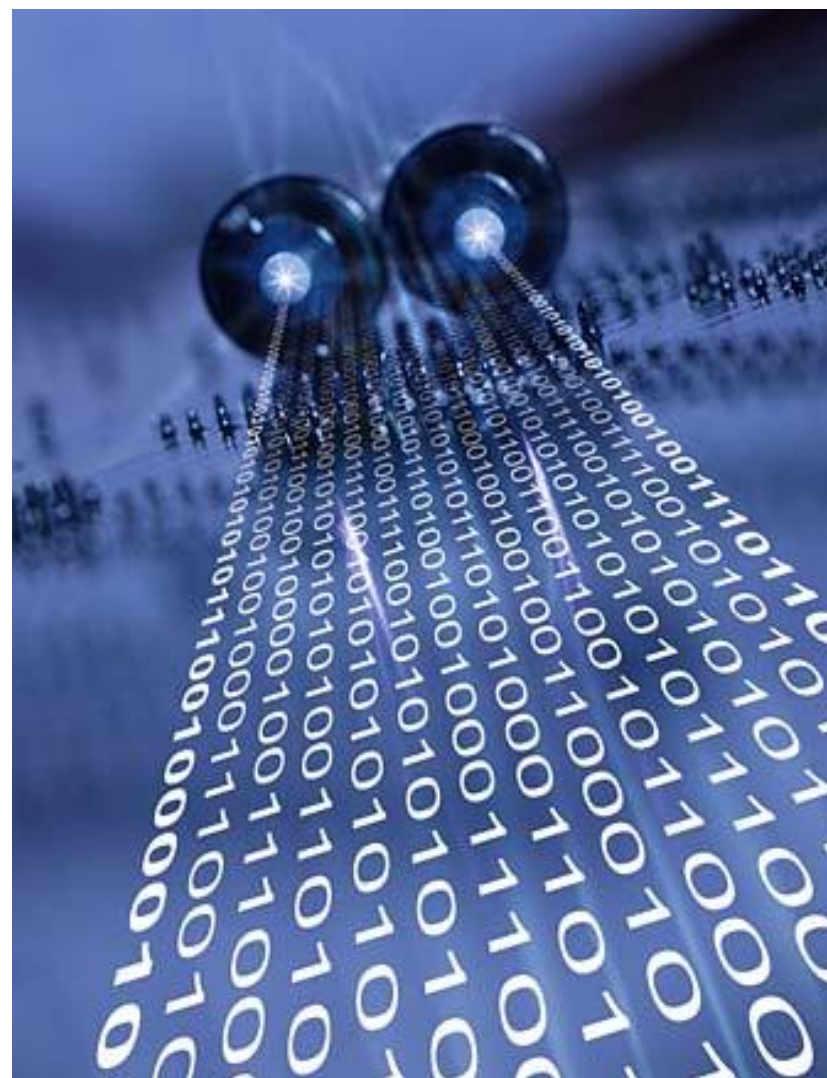
Leverage a solution that will help you achieve your goals more rapidly. Some key characteristics to look for include:

- Modular and Flexible product and integration options
- A fully-collaborative model, that connects buyer and suppliers
- Provides supplier segmentation, engagement and enablement capabilities
- Leverages a many-to-many, trusted, close-end buyer-supplier network
- Provides effective controls, security and strengthens reporting



## Recap: Processing Efficiency and Working Capital Optimization support each other

- **Transformation.** ePayments, eInvoicing, and Supply Chain Financing are steps towards an ideal end state.
- **Integration.** The greatest benefit comes from moving deeper into the value chain.
- **Convergence.** Bank and technology solutions are at the crossroads of efficiency.
  - Process efficiency (STP)
  - Working capital efficiency (payments optimization)



# Recap: Keys to Success for Order-to-Pay Transformation

- Prioritize your focus on biggest pain points in current processes. This is typically invoice handling and visibility
- Secure senior sponsorship through a cross-functional team
- Ensure the correct balance of value to buyer and seller
- Manage transformation as an iterative process
  - Continue to segment vendors and pursue enrollment
  - Leverage transitional technologies
- Build on momentum of early success
- Evaluate using outsourcing solutions to alleviate pressure on IT resources
- Engage with your providers to help formulate a solution and your business case