Doc, Can You Prescribe Something to Boost My A/P Efficiency?

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What happens at your check up?

You have symptoms… and questions
Agenda

- Market Landscape and Trends
- Payment Options
- Partnering for Success

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Pressures driving focus on automation

Operational efficiency and cost containment have received highest priority

CFOs favor technology to better control cash flow and mitigate fraud

Key Market Drivers

- Difficulty finding or managing paper-based documents: 36%
- Unable to reconcile accounts/payments in a timely manner: 35%
- Unable to handle exceptions in a timely manner: 35%
- Inability to capture early payments discount: 22%
- Supplier demands to shorten payment times: 19%

Source: Aberdeen Group, September 2013. Percentage of Respondents, n = 104
Strategic refinement

Invest in automation of invoice, receipt and workflow processes

Devote resources to supplier enablement for electronic invoice submission

Conduct internal assessment of financial processes and technological capabilities

Begin or expand usage of cloud/SaaS technologies

Source: Aberdeen Group, September 2013
Invoice processing is evolving

Source: PayStream Advisors, Q3 2012
Shift in payments mix

- Business-to-business payment mix (volume)
  - Continued migration from paper check
  - Increased focus on ACH and card settlement

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<tr>
<th></th>
<th>2006</th>
<th>2010</th>
<th>2012</th>
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<tbody>
<tr>
<td>Check</td>
<td>80%</td>
<td>68%</td>
<td>65%</td>
</tr>
<tr>
<td>ACH</td>
<td>13%</td>
<td>20%</td>
<td>22%</td>
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<tr>
<td>P Card</td>
<td>2%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Wire</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
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</tbody>
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Source: PayStream Advisors, 2013
Payment options
What is my strategy? Which options are best?

- COMMERCIAL CARDS
- WIRE TRANSFERS
- EAP
- EIPP
- ACH
- CHECKS
Checks
Check costs range $2 to $50 per check
Electronic tools and options

1) ACH
2) Wire transfers
3) Cards
4) Electronic A/P
5) Electronic Invoice Presentment and Payment (EIPP)
1) ACH has broad acceptance and uses

Benefits:
- Long established NACHA format
- Ideal for repetitive transactions
- Acceptance through banking system
- Low cost
- “Green” alternative
2) Wire transfers speed processing

Benefits:
- Immediately available funds
- Flexible and secure initiation
- Batch input functionality
- Repetitive and voice initiation options
3) Evolution of card payments

- Control spending limits
- Block purchases

- Travel card
- Purchase card
- One card
- Cardless card
4) Cardless payment account process

No change to current accounts payable process prior to payment

Only change in payment type and/or method

Invoice receipt  ERP process  Coding  Approval  Payment

Virtual card
4) Cardless payment account options

- Ghost accounts
- Dynamic adjustment accounts
- Single use accounts
- Straight-through processing
4) Cardless payment account benefits

**Buyer**
- Reduce payment costs by reducing checks
- Increase cash float
- Decrease acquisition costs with rebates

**Supplier**
- Reduce days sales outstanding
- Improve cash application process
- Strengthen customer relationships
5) Invoice and payment automation

- Invoice received electronically
  - EDI
  - Mail, fax, email scanned

- Invoice routed and approved electronically
  - Approval
  - Coding
  - Visibility and escalation

- Electronic payment initiated
  - ACH
  - Wire
  - Virtual Card

- Invoice and payment details stored
  - Electronic versions
  - Reporting
  - Metrics
5) Savings potential

- Process cost savings
  - $5 - $20 per invoice
- Operational efficiency
- Working capital improvement

End goal: Derive financial benefit for every dollar settled

Source: Aberdeen Group, August 2011
Partnersing for success
Where do I get started?

How do I get started?

Searching for a solution

Progress, but leaving $$ on the table

Optimized
End-to-end process discussion

Order

Payment

Receipt

Terms

Invoice
Does your doctor treat you like a partner?
Your partner should listen to you

- Understanding your business culture and methods is vital
A holistic payables perspective

Partnering to move to highest efficiency
What should you ask for?

- Recommendations specific to your unique payables processes
- Help to improve and maintain your financial health over time
What is the Cost ROI?

- Traditional payment improvement
- Electronic payment improvement
- Process improvement
The end game
Questions
Thank you!

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