

Payables Strategy Series: Part 1

ADDING CARD TO YOUR PAYABLES STRATEGY



CRAIG JEFFERY

Managing Partner, Strategic Treasurer

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Director of Product Management, Comdata



WHAT.

Foundational elements to adding card to improve your payables strategy.



WHEN.

Wednesday, July 29, 2020
11:00 AM – 12:00 PM EDT



WHERE.

Live Online Presentation
Replays at StrategicTreasurer.com



Presented by Comdata and Strategic Treasurer.

ABOUT THE SPEAKERS

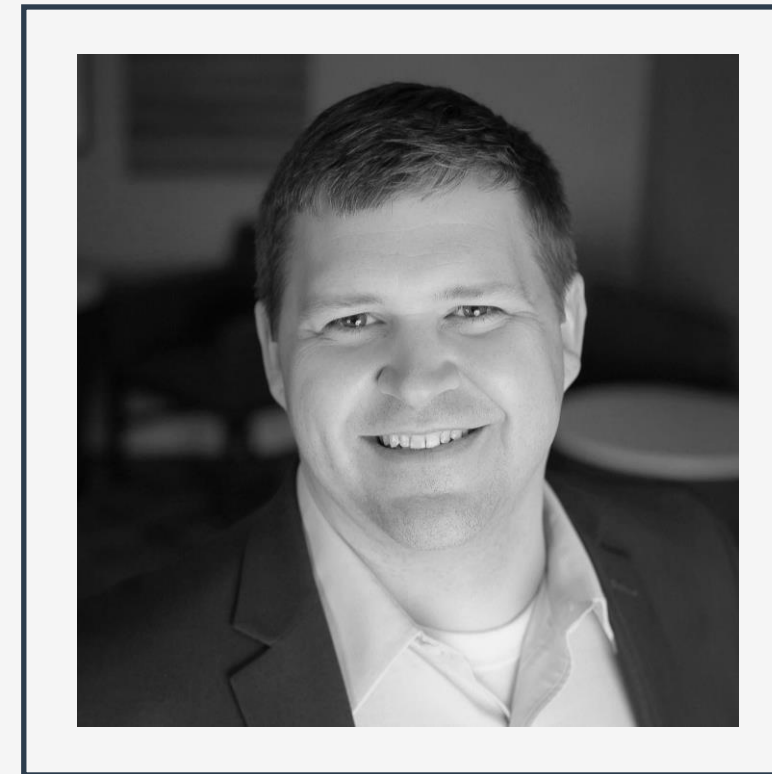
GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



JACK SEVIER

Jack Sevier is a Director of Product Management for Comdata. He is responsible for product strategy and development for the company's corporate payments products and supplier solutions. Prior to joining Comdata, Jack led corporate strategy in logistics, partnerships, pricing and inventory for transportation and logistics organizations.

Jack holds a bachelor's degree from the University of Mississippi, a master's degree from Middle Tennessee State University, and an MBA from Rutgers Business School.

TOPICS OF DISCUSSION

TODAY'S KEY AREAS OF FOCUS

Complexity in payables continues to escalate as new payment rails and formats roll out rapidly. The demands of increased efficiency, control, cashflow and flexibility put a stress on processes and require a refresh of your payables strategy.



IN CONTEXT



OPTIONS & VALUE



ANALYSIS



CASE STUDIES



STRATEGY



NEXT STEPS

PAYABLES

IN CONTEXT



CASH CONVERSION CYCLE

- Order-to-pay
- Order-to-collect
- How quickly can you convert goods/ services back into cash?
- Inside vs. outside look



WORKING CAPITAL MANAGEMENT

- Measure of Capital
 - Order-to-Pay
 - Accounts Payable
 - Inventory
 - Order-to-Collect
 - Accounts Receivable
 - Use of Cash
- Measure of Efficiency



ACCOUNTS PAYABLE

- End-to-end view
- Complexity of business
 - # of systems
 - New payment channels
 - Vendor management activities
- Fraud management

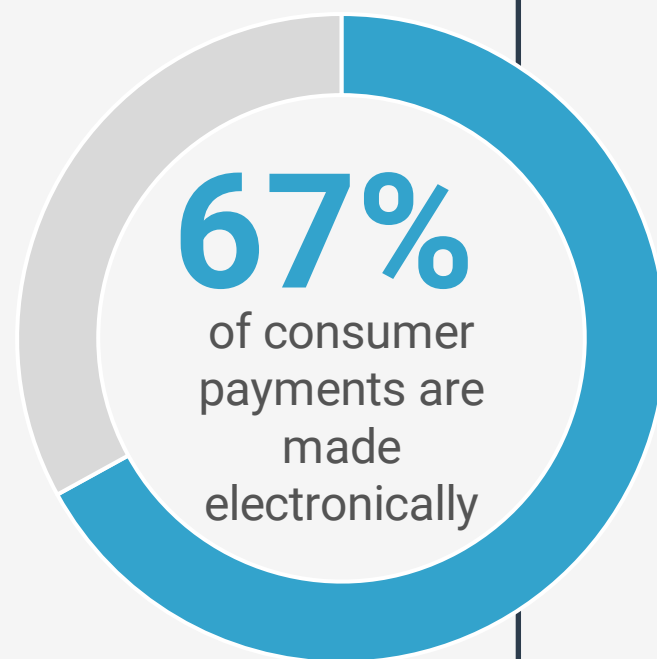
MAKING PAYMENTS

PERSONAL vs. BUSINESS



AT HOME

- One Provider
- Online Bill Pay
- Almost Zero Checks
- E-Bills
- Banking Apps
- Remote Check Deposit
- Instant Fraud Notification



AT WORK

- Numerous Providers
- Paper Invoices
- Paper Checks
- Manual Data Entry
- Filing Cabinets
- Searching for Lost Payments
- Tracking Down Approvals
- Answering Calls from Suppliers



BUSINESS PAYMENTS ARE 30 YEARS BEHIND.

COMPLEXITY

SCALE OF VARIABLES

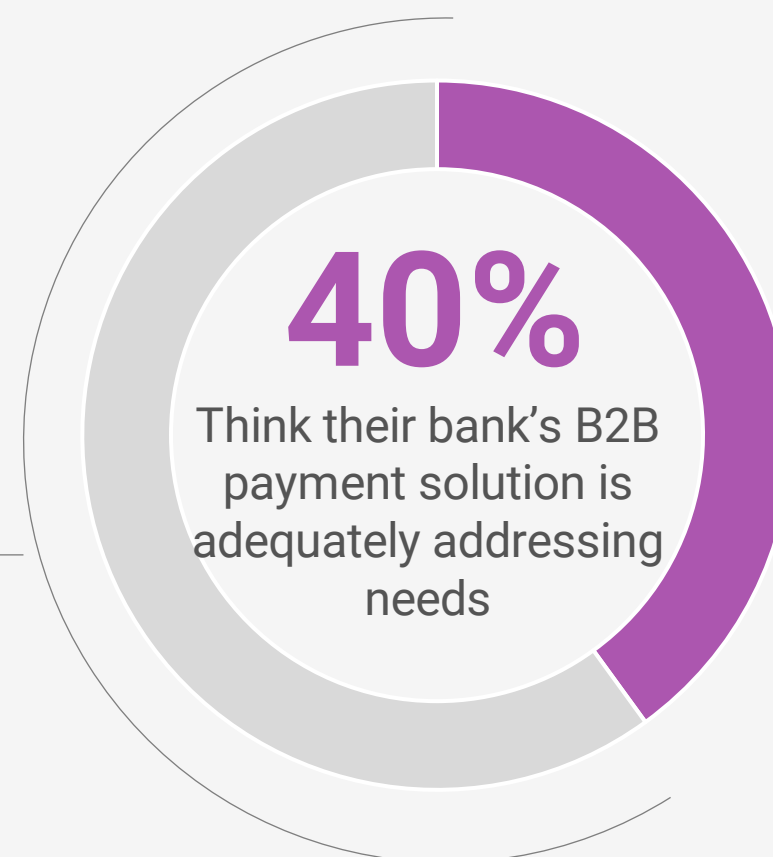
Vendors may reside anywhere on the globe and may require payment in various currencies and via different payment platforms.

Your organization has complicating factors for managing payments. These factors might include:

- Various systems for payments,
- Different banks for settlement,
- Multiple currencies, and
- Numerous payment rails/methods



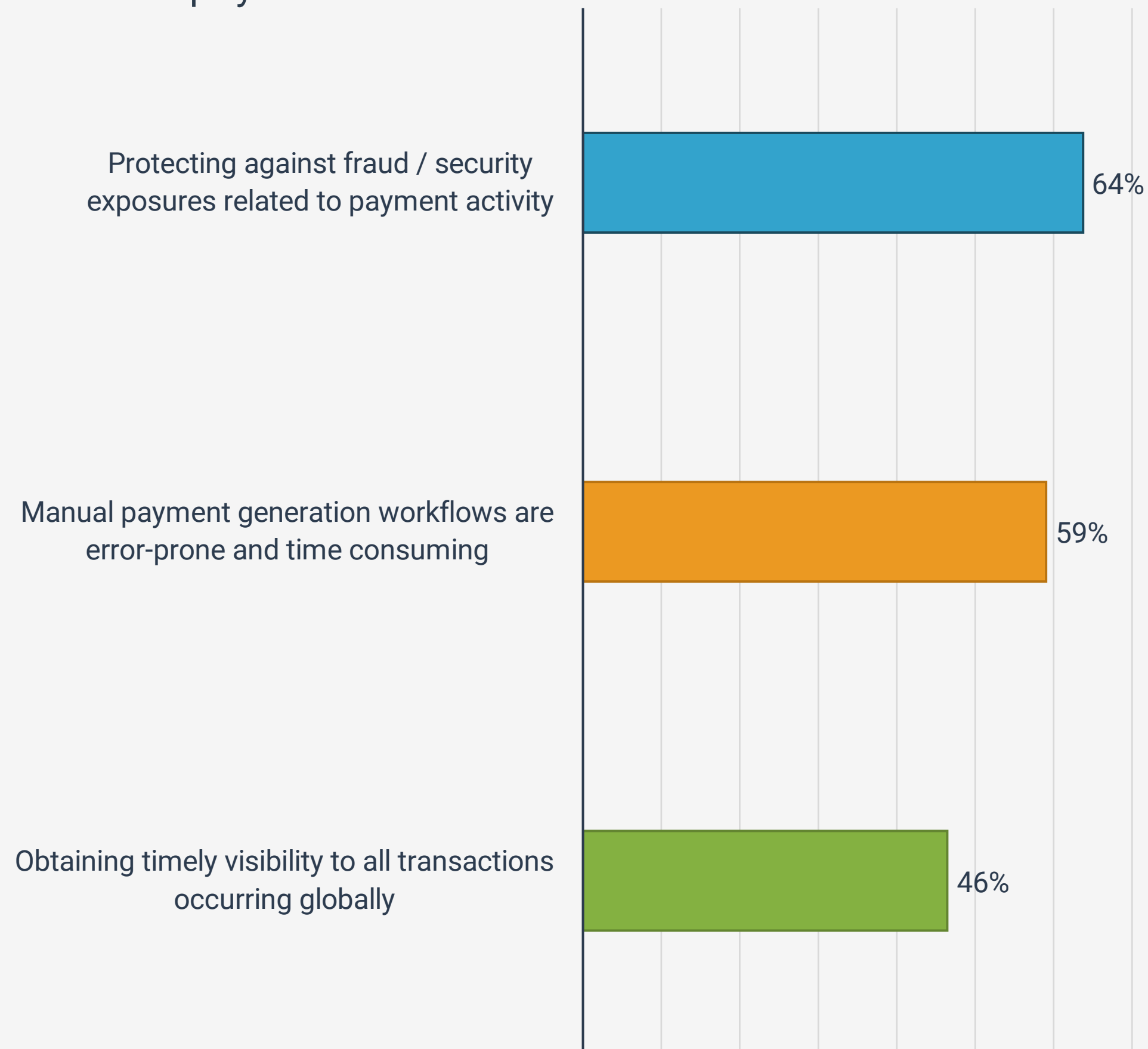
There are options available for the other 60%



PAYMENT CHALLENGES

WITH THE CURRENT PROCESS

» Top three challenges treasury experiences regarding their B2B payments



DOES ONE SIZE FIT ALL?

How does each payment type impact processes and address concerns and challenges around:

- Fraud
- Reducing errors/defects by eliminating steps
- Efficiency with onboarding and for the seller
- Visibility and forecasting efficiency
- Feedback-loop with follow-up activities (AR contacting AP for updates)

PAYMENT OPTIONS

DON'T BE A VICTIM OF OUTDATED AP TECHNOLOGY



CHECKS

- Fees
- Fraud
- Auditing
- Tracing & Research
- Sorting
- Storage & Destruction
- Delivery
- Reissuing



ACH

- Transfer directly
- Additional expenses not applicable
- Recurring vendor payments are easily set up/maintained



WIRE

- Costs of transaction
- Effort to initiate and execute (# of touch points)
- Separate systems in some cases
- Finality of settlement

MODERN PAYMENT STRATEGY CAN RELIEVE PAIN POINTS



ADDING CARD TO YOUR PAYABLES STRATEGY

SELECTING THE RIGHT CARD



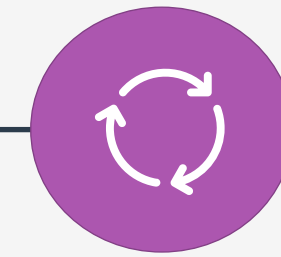
PLASTIC CARDS

- Allow authorized employees to make business purchases
- Charged to the company/department who registers the card rather than the individual
- Each employee's card has its own unique number
- Can be used for in-person purchases or supplying number to vendor
- Relinquishes purchasing control from company to employee



GHOST CARDS

- Plastic card without the plastic
- Unique number used to make payments when a vendor needs to keep a credit card on file
- Vendors can charge the same card as many times as needed
- Like plastic cards, the company/department that registered the card is charged
- Relinquishes security since vendors are keeping the card number on file
- Can be complicated if a card is compromised and vendors must be informed of a change

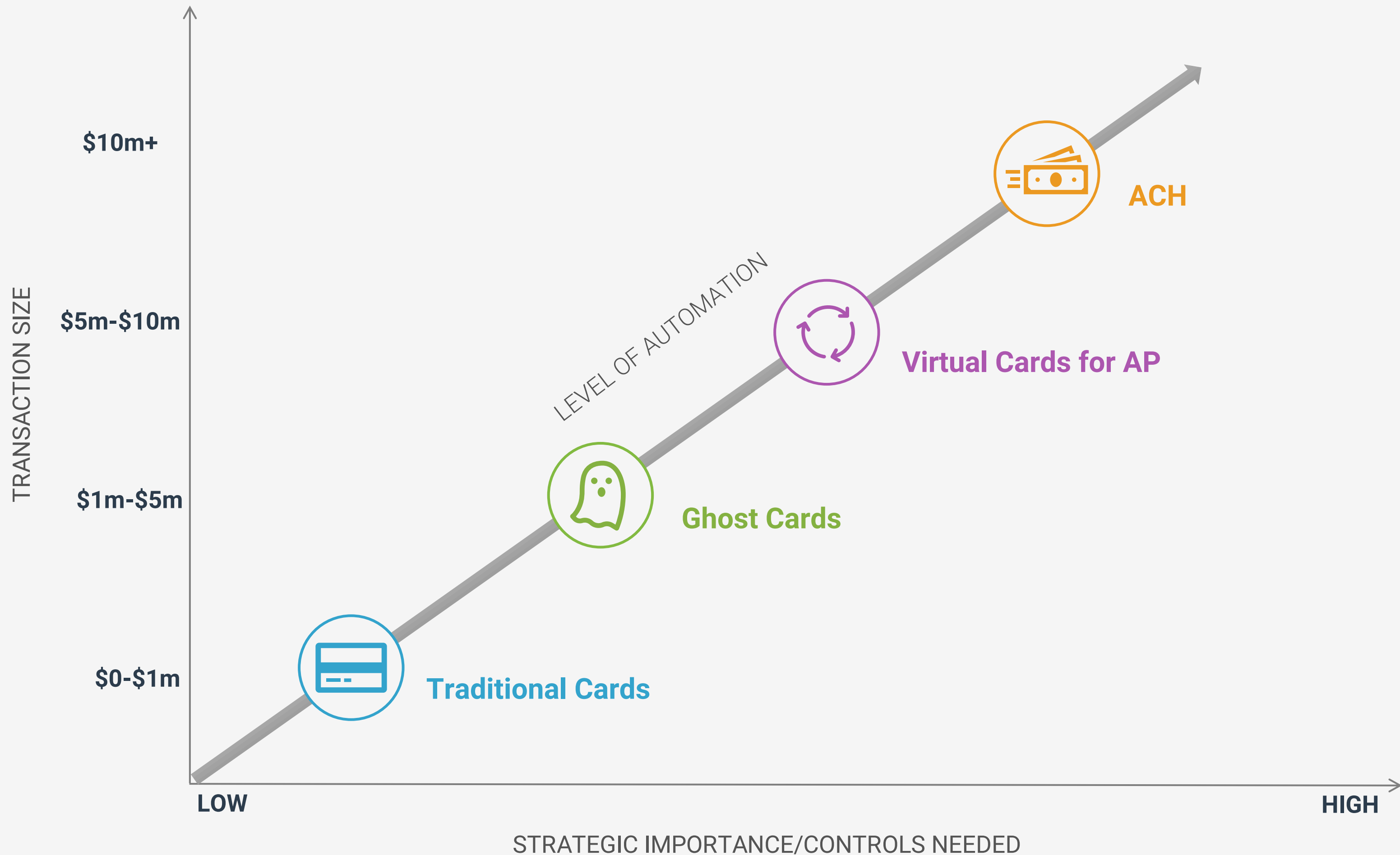


VIRTUAL CARDS

- 16-digit credit card account number that is issued for a specific vendor, for a specific dollar amount
- Issued to allow only one "swipe," or transaction
- Can integrate directly into your accounting or ERP system
- Increased security because you aren't using the same card number continually

OPERATIONAL & FINANCIAL BENEFITS

FROM A COMPREHENSIVE & COHESIVE SYSTEM



PAYMENT ANALYSIS

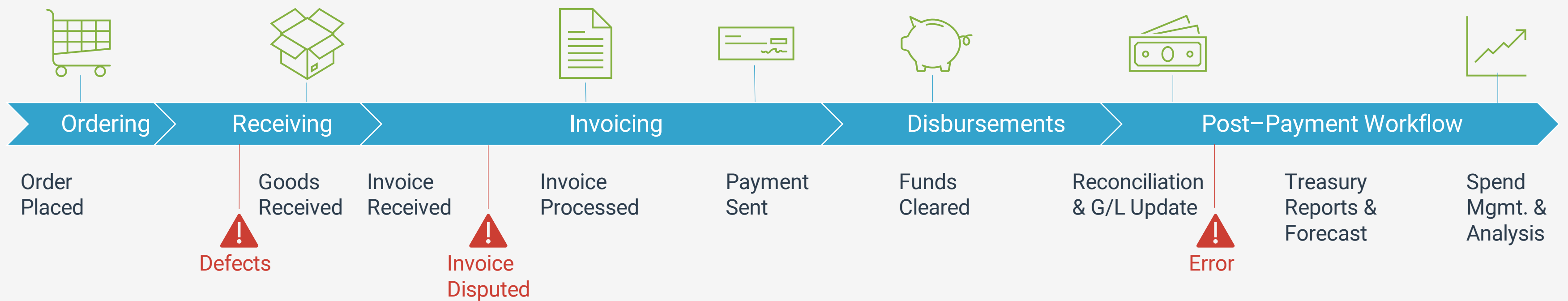
HOW THEY COMPARE

	Earns a Rebate	Single-Use	ERP Integration	Easy Reconciliation
 Plastic Card	✓			✓
 Ghost Card	✓			✓
 Virtual Card	✓	✓	✓	✓
 ACH		✓		

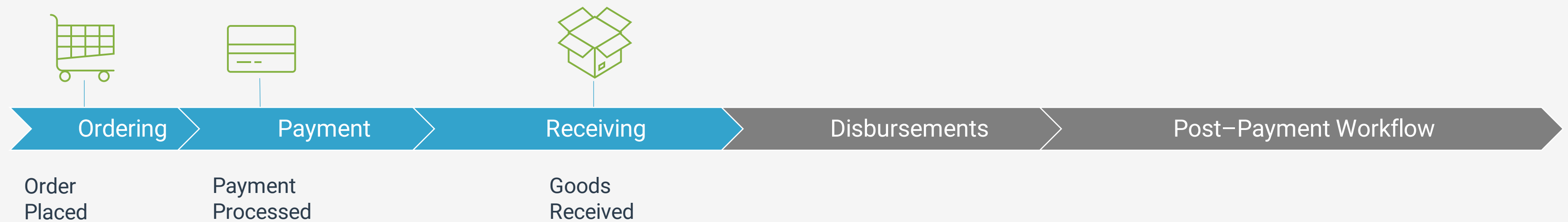
END-TO-END VIEW

BUYER

ORDER-TO-PAY



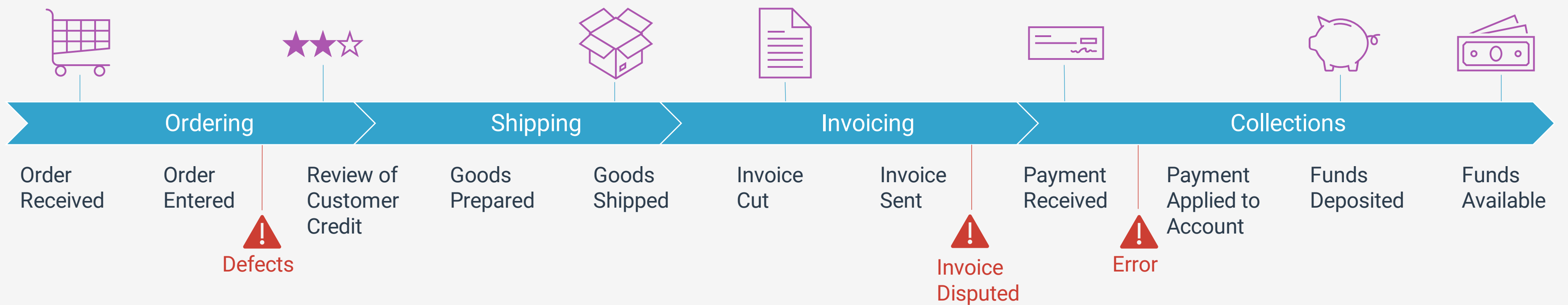
CARD



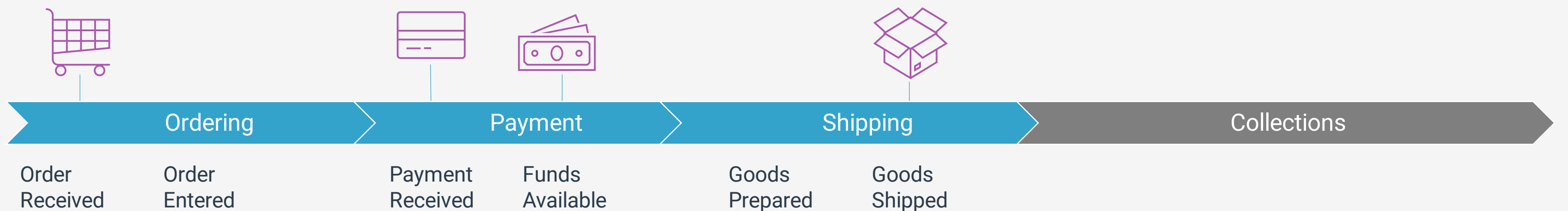
END-TO-END VIEW

SUPPLIER

ORDER-TO-COLLECT



CARD





CASE STUDY

CONSTRUCTION

PAYMENT METHODS:

- Virtual Cards
- Purchasing Cards
- T&E Cards
- Incentive Cards

RESULTS:

- Eliminate ~2,000 checks annually with virtual cards
- More than 200 vendors accepting virtual card, totaling more than \$400,000 in rebate in 2018
- Purchasing card reduced POs by more than 40,000 in 2018



CASE STUDY

BUSINESS SERVICES

PAYMENT METHODS:

- Virtual Cards
- Purchasing Cards
- ACH

RESULTS:

- Eliminate ~5,000 checks annually with virtual cards, which did away with 100% of open checks
- Rebate revenue pays for the entire accounting team
- Completely eliminated PO process
- Greater insight into payment program through advanced reporting

PAYMENT STRATEGY

IMPLEMENTING THE RIGHT COMBINATION



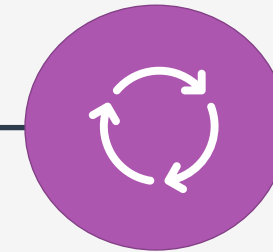
PLASTIC CARDS

- ~20% of company's payment volume
- Small, non-strategic payments (employee travel, entertainment expenses)
- Include spending limits and management controls



GHOST CARDS

- ~15% of company's payment volume
- Recurring payments to suppliers on monthly basis for ongoing services
- Selective and not used on largest payments because of the security risk associated with distributing card number



VIRTUAL CARDS

- ~40-50% of company's payment volume
- Most versatile and usable method
- Single use offers security that is necessary for larger payments
- Most common for an automated AP program



ACH PAYMENTS

- Low-volume, high-value payments
- No interchange fee
- Added security of payments must be predetermined and approved before transaction can be completed
- Once approved, the transfer occurs quickly

TAKE-AWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



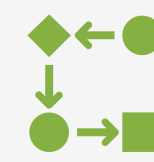
STRATEGY

- Defining your payables strategy
- Unitary view vs. stratified approach
- Goals: working capital, efficiency, scalability



PROCESS VIEW

- Optimizing part of the process sub-optimizes the whole
- End-to-end look from vendor onboarding to ordering to payments to reconciliation



END TO END X2

- One person's payables process is another's receivable
- If you optimize your steps and break your vendor's process...
- Defects or errors impact everyone



ECONOMIC

- What is the total cost and effort of a transaction?
- Where would card fit into your strategy from a cost-effectiveness view?

LET'S CONNECT.

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS.

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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PAYABLES STRATEGY WEBINAR SERIES:

Reducing Fraud in Your Payables: A Virtual Approach

AUGUST 27
@ 2:00 PM EDT

JACKIE SHARPNACK
Comdata

+ CRAIG JEFFERY
Strategic Treasurer

Certified Treasury Professional®
Attendees receive 1.2 re-certification credits.

PART 2: Reducing Fraud in Your Payables

Payment fraud is a significant concern, with increases in both frequency and average loss. Criminals are leveraging their playbook for fraud and are continuing to expand their attack methods. What can companies do to reduce the surface areas that are most susceptible to attack? How can they accomplish this without breaking their systems or their communication with business counterparts? This session covers the current fraud situation, what payment platforms are doing to secure the various endpoints, and options for companies to reduce the surface area of attack on their own.



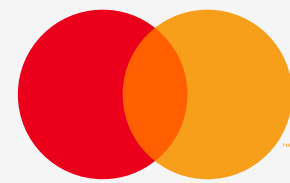
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