



A
Winning
HAND:

Beyond Plastics: Supply Chain Solutions

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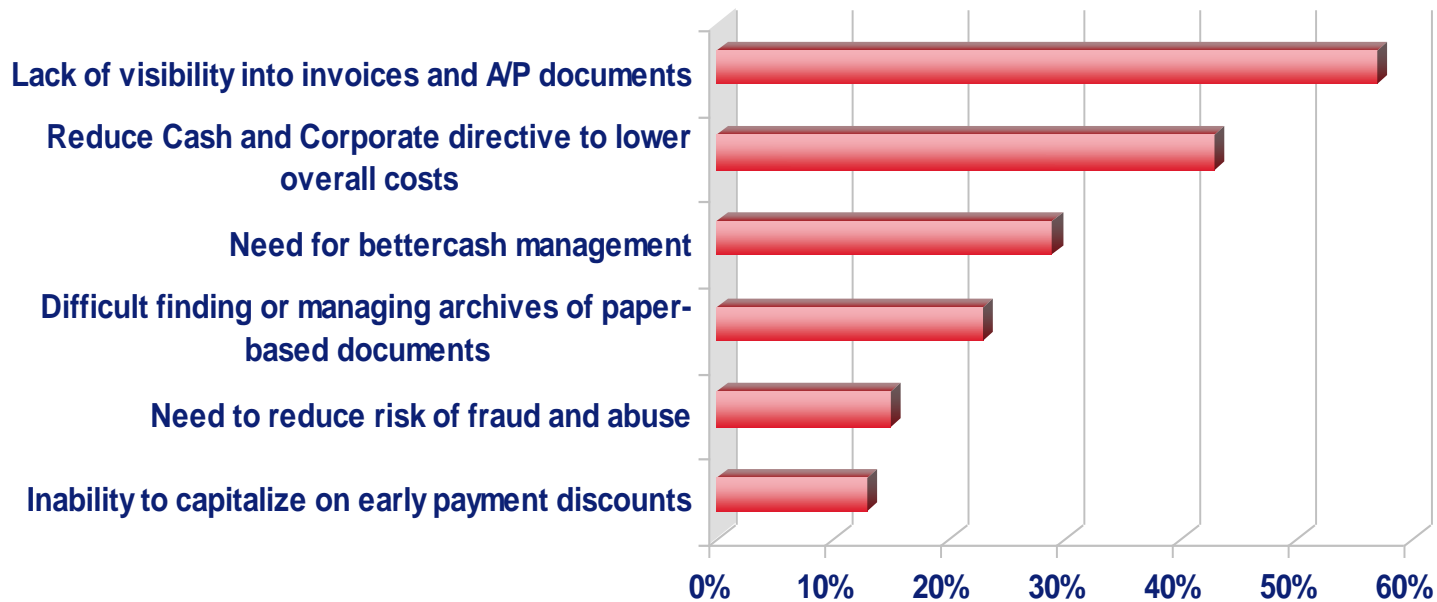
Discussion Topics

- Focus on accounts payable
- Impact on agencies
- Options to drive results



Top Pressures Driving Focus on AP

Figure1: Top Pressures Driving Focus on AP Improvement



Source: Aberdeen Group, "Invoicing & Workflow," April 2010



Research Identifies AP Pain Points and Opportunities

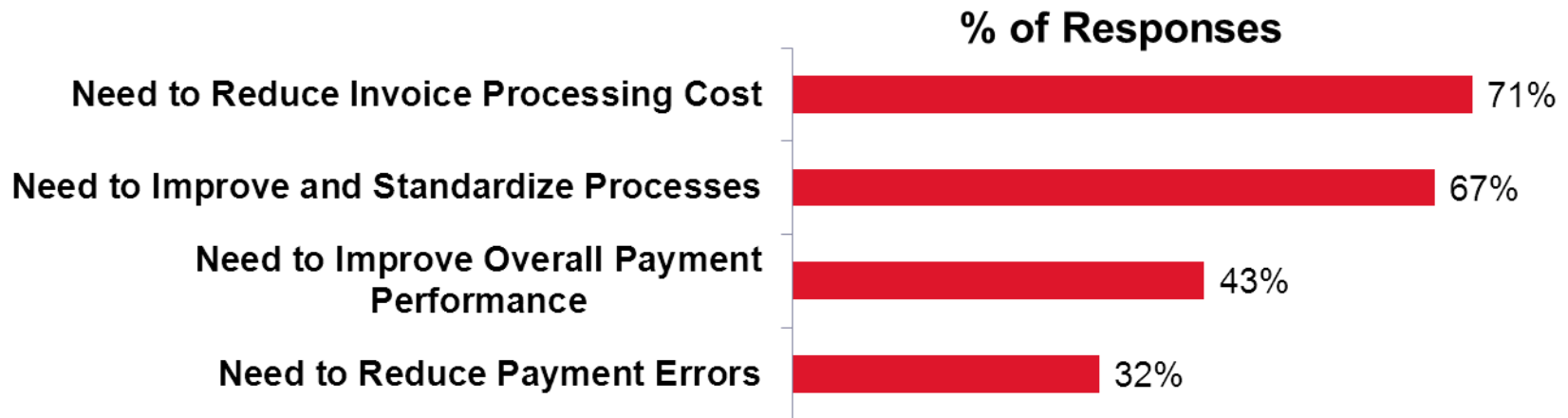
Pain Points in AP Operations

1. Inability to generate accurate financial reports
2. Lost or missing invoices
3. Lack of visibility in invoice-to-pay cycle
4. Routing invoices for approval
5. Resolving errors and exceptions



Research Identifies AP Pain Points and Opportunities

Areas for Improvement



Source: Aberdeen Group; PayStream Advisors— 2009



Agency Accounts Payables Goals



- Increase controls
- Enhance visibility
- Improve regulatory compliance
- Increase expense accuracy and timeliness



- Lower invoice processing costs
- Reduce exception rates
- Reduce cycle times and late payments
- Mitigate risk



A Closer Look

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Supply Chain Solutions to Consider

- Virtual accounts
- U.S. Bank EIPP



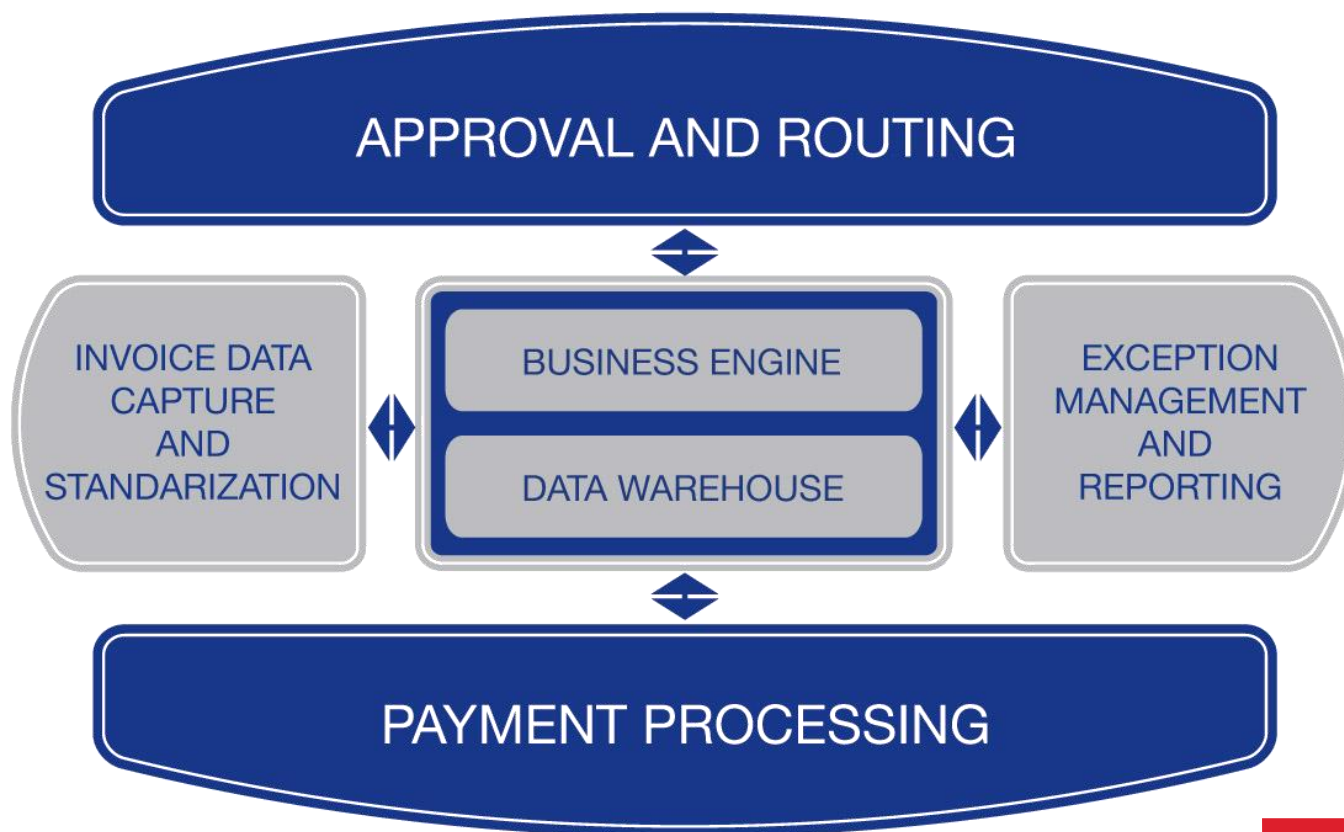
What are Virtual Accounts?

- Cardless accounts for supplier payments
- May include one or all of the following:
 - dynamic credit adjustment accounts
 - single-use accounts
 - straight-through processing
- To learn more, please access presentation for “Virtual Accounts Deliver Real Results” session held on Wednesday, 8/18.

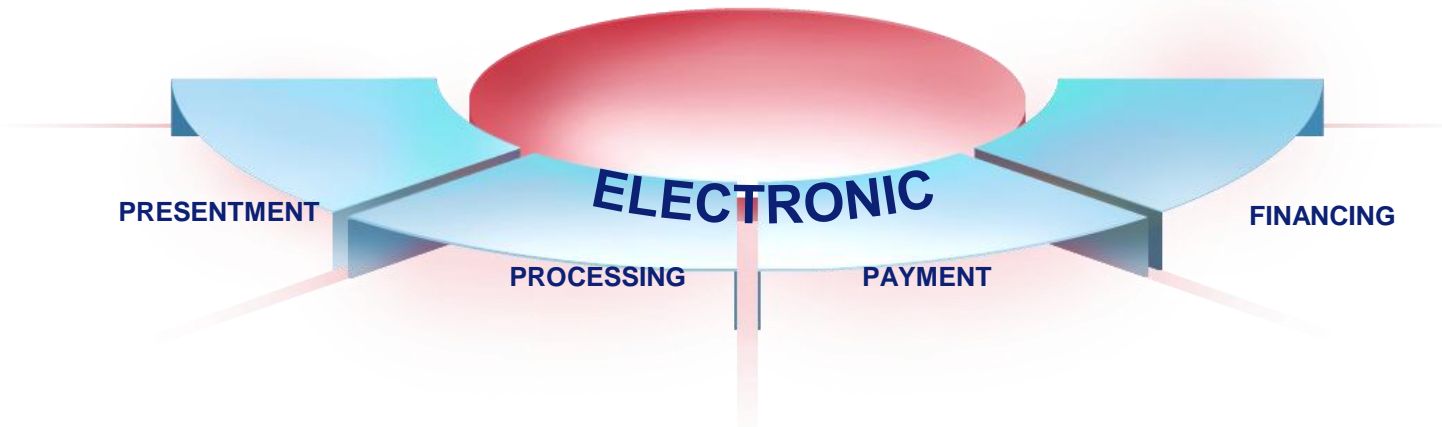


What is EIPP?

Electronic Invoice Presentment and Payment



How EIPP Solutions Work



An inclusive approach to AR and AP through technology, integration and collaboration can help

- Automate invoicing
- Eliminate inefficient payment processes
- Enable organizations to get paid faster



Making Suppliers Equal Partners

- Most organizations consider their suppliers only when it comes time to make a payment or when they receive an inquiry
- An EIPP portal, whether standalone or part of a networked solution, has many benefits for **suppliers**, who can use it to:
 - Receive immediate notification about any exceptions
 - Resolve those exceptions collaboratively with buyers online
 - Check invoice statuses and payment details, in real-time



Convergence between AP and AR

- Two participants
 - Supplier: for Accounts Receivable (AR)
 - Buyer: for Accounts Payable (AP)
- Both parties can review and manage their transactions online
- Both parties can have real-time visibility to invoice and payment status
- Both parties can collaborate online to resolve disputes or exceptions



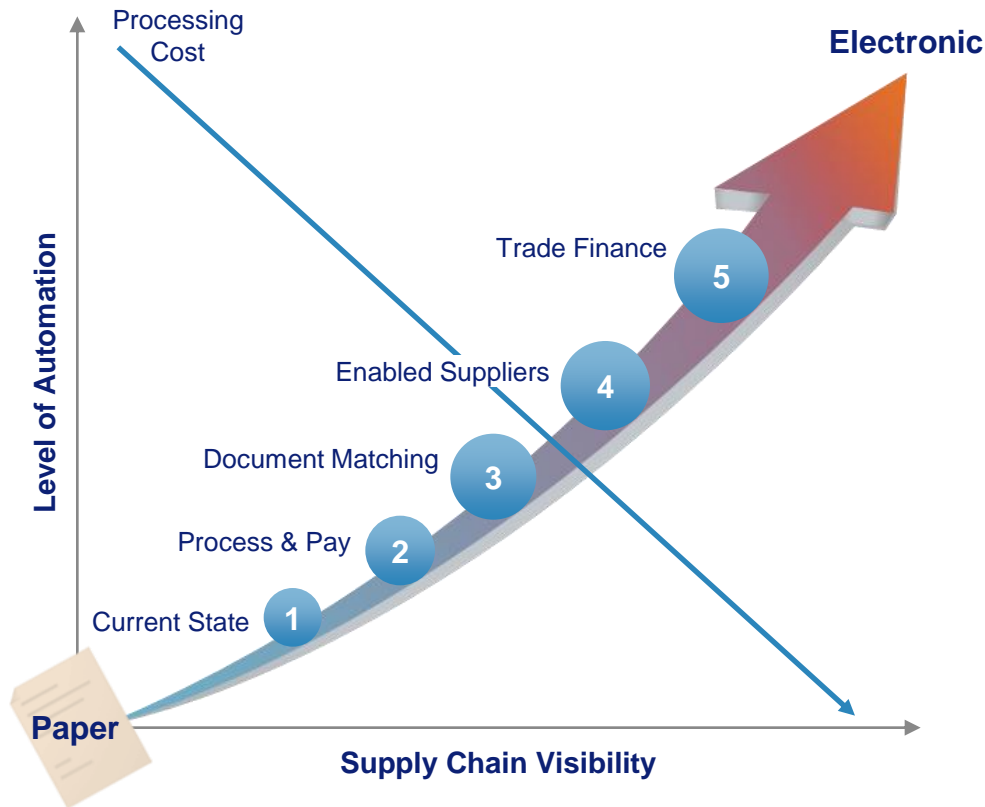
Payables and Receivables Opportunities

- Address challenges inherent to inefficient AP and AR
- Re-engineer operations with the evolution of EIPP

| | Accounts Receivable | Accounts Payable |
|----------------------------------|--------------------------------------|--|
| Labor-intensive Processes | Keeping track of incoming payments | Keeping up with bills and payments due |
| | Entering and verifying data | Writing, verifying, mailing, tracking checks |
| | Taking deposits to a bank | Reconciling payments |
| Liquidity Management | Collecting timely payments | Planning and/or controlling pay dates |
| | Accessing cash | Dealing with overdrafts and late fees |
| | Accurately forecasting cash flow | Accurately forecasting cash flow |
| Information Integration | Reconciling multiple payment systems | Lacking up-to-date, real-time information |



Best-in-Class EIPP



Evolution of Invoice Processing

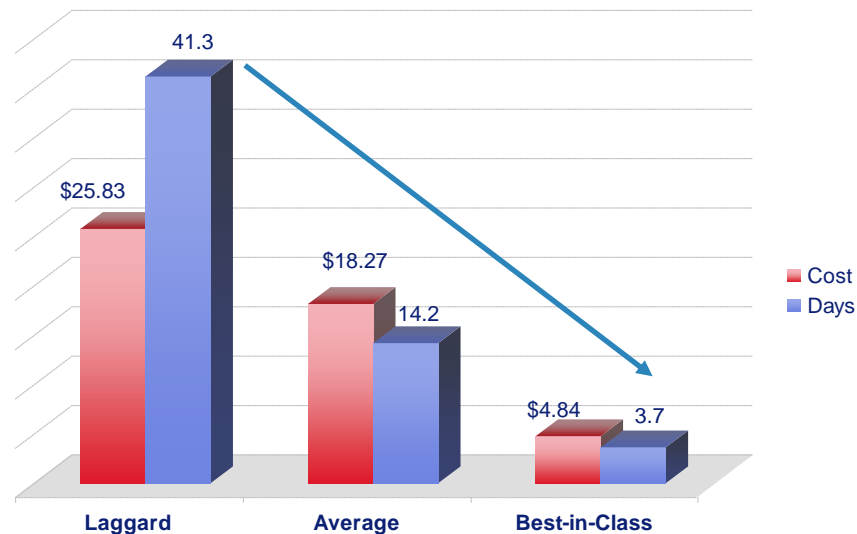
1. Reliance on paper-based manual processes
2. Automation of process-to-pay
3. Matching of invoices to buyer reference documents
4. Submission of electronic invoices by suppliers; visibility into payables and receivables
5. Enablement of complete A/P-A/R view, providing active working capital management and trade finance



What is the Savings Opportunity?

Depending on process, costs are as high as \$25 per invoice and cycle time is as long as 41 days.

| Maturity Class | Cost to Process a Single Invoice | Cycle Time to Process a Single Invoice |
|----------------|----------------------------------|--|
| Best-in-Class | \$4.84 | 3.7 days |
| Average | \$18.27 | 14.2 days |
| Laggard | \$25.83 | 41.3 days |



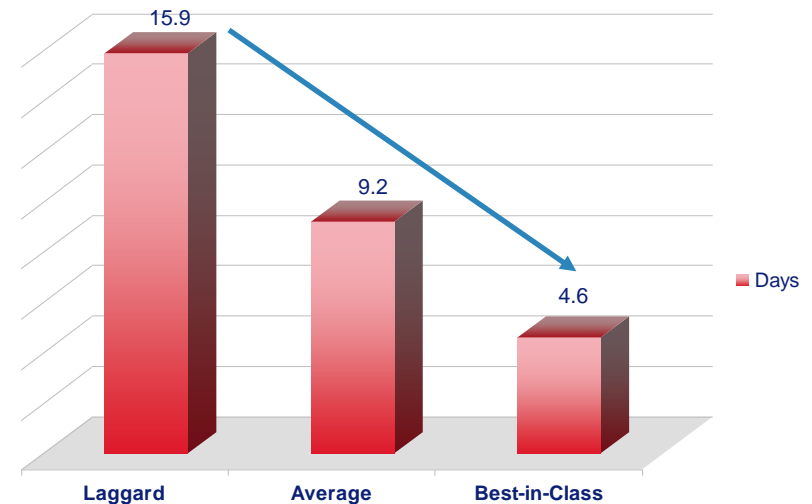
Source: Aberdeen Group, May 2010



Throughout Invoice Processing and Payment?

Both AR and AP can achieve significant savings using best-in-class invoice processing solutions.

| Maturity Class | Days to Process a Single Payment Transaction | Decrease in A/R Processing Cost YOY | Decrease in A/P Processing Cost YOY |
|----------------|--|-------------------------------------|-------------------------------------|
| Best-in-Class | 4.6 days | 15.9% | 14.3% |
| Average | 9.2 days | 1.8% | 3.3% |
| Laggard | 15.9 days | 1.2% | 2.6% |



Source: Aberdeen Group, April 2010



Supplier Benefits: Cost Reduction

- **Increase efficiencies:** reduce manual processes, such as printing and mailing, freeing up AR for more valuable functions, like customer relations and collections
- **Lower costs:** reduce labor, material and postage costs
- **Reduce errors:** Flag errors through built-in validation rules at the time of submission, reducing human error and prompting supplier correction prior to buyer presentment

Sources: PayStream Advisors, 2010
First Annapolis Consulting observations.



Supplier Benefits: Cost Reduction

- **Improve visibility:** benefit from online supplier access to documents and payment status, decreasing the number of calls and emails to AP help desks
- **Eliminate reprint requests:** reduce or eliminate lost and missing invoices, which means that reprint requests from buyers will virtually be zero
- **Resolve disputes quickly:** view disputes and provide supporting documentation at any time, accelerating resolution

Sources: PayStream Advisors, 2010
First Annapolis Consulting observations.



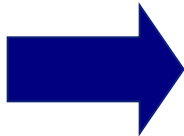
Formulating Your Next Steps

- Do we have the right level of visibility and oversight?
- Do we have appropriate controls?
- How can we benefit from improving our processes?
- How do our policies and procedures compare to best practices?
- Not sure? Consult with your Relationship Manager.



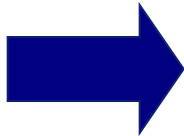
Alignment of Benefits and Goals

Agency Performance



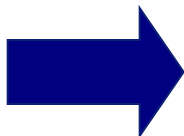
- Increase expense accuracy and timeliness
- Reduce exception rates
- Reduce cycle times and late payments

Control and Compliance



- Increase controls
- Improve regulatory compliance
- Enhance visibility
- Mitigate risk

Savings and ROI



- Fast, easy implementation
- Lower invoice processing costs
- Strategic sourcing





Questions?



Thank You

Presentations will be available on
www.usbank.com/sp2presentations
after the conference

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