



Paper to electronic transformation

What's new and trending in the industry for electronic based settlements

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Meet your presenters

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Why consider payment transformation...

*Drowning in paper? Timely supplier payments?
Fraud? Terms with vendors?*

Many enterprises today know that payment transformation will have a big impact on their future payments success. Electronic payments and workflow automation are now top priorities.



Achieving the full benefits of electronic payments



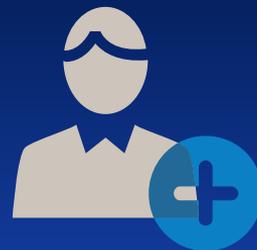
The tide is turning against checks

Today, as much as 60% of supplier payments are now sent electronically, and it may rise past 90% by 2021. There are many reasons to go electronic, including cash-back rebates, lower costs, greater visibility, increased security and stronger supplier relationships.

Four steps to achieving the full benefits

1. Electronic payments can be safer than checks, and the potential rebate earning is significant.
2. Take advantage of early-payment discounts. Nearly 80% of suppliers offer early-payment discounts, but many companies can't take advantage because Accounts Payable is too slow.
3. Optimize payment terms. Suppliers are usually willing to accept card payments in return for getting paid sooner.
4. Strengthen spend management. Paying suppliers in a timely manner can help you avoid supply chain disruptions.

Achieving the full benefits of electronic payments



Delivering value to the enterprise

Becoming a best in class organization means embracing electronic payments.

- 50% - 60% make more than half of B2B payments electronically
- Majority of enterprises view ACH as their preferred B2B payment method
- Payers regularly look to earn cash-back rebates

Perhaps most importantly, the working-capital benefits are significant—which can help elevate the strategic importance of Accounts Payable and enable it to play a more strategic role within the enterprise.

Card drives working capital benefits

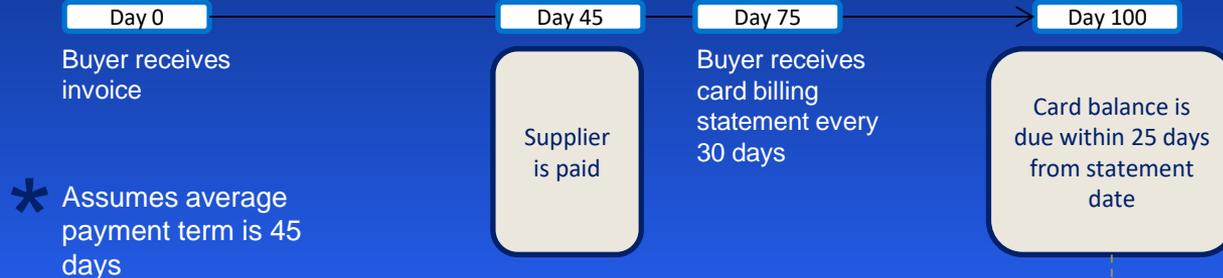
Days payable outstanding discussion – 30/25 billing cycle – supplier terms net 45

Improve daily working capital,
by increasing cash flow...

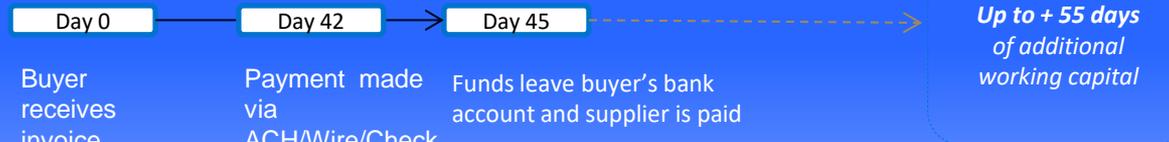


...while lowering cost of funds
expense by holding onto cash longer

Card payment method

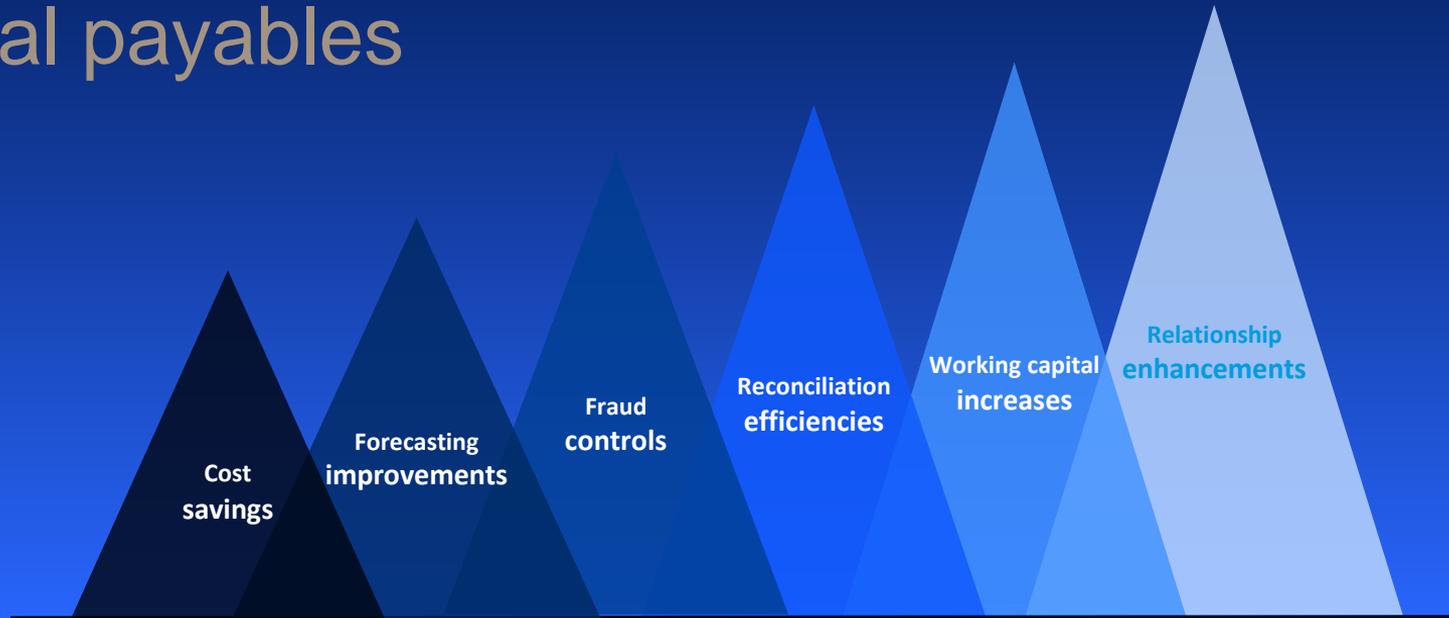


Traditional payment method



Make the move to electronic payments

virtual payables



A simple, electronic payment option to help reduce costs and manage your working capital



The power to pay virtually – propel your payments forward with Virtual Card

The next generation of benefits

Virtual Card enhancements address several key capabilities:

- Ease of integration—Companies benefit from a new user interface that offers the choice to connect manually, by file transfer, and system-to-system.
- Security—Virtual Card transactions can be tokenized, which means every payment gets a randomly-generated account number, expiration date and CVV code. Only a bank issuer can connect the tokenized data back to the underlying primary card account.
- Supplier access to account details—Company send an email remittance to suppliers who are directed to a secure URL to access tokenized account numbers, expiration dates and CVV codes all in one place.
- Reconciliation—Each Virtual Payables transaction ties back to a unique account number, purchase order and payment ID, which greatly simplifies reconciliation.
- Controls—Program administrators maintain tight controls over credit limits, start/stop dates, locations and dates where authorizations can occur.



Payments innovation – drive your business forward

Drivers of card innovation

Changes in consumer behavior are rapidly bleeding into the corporate environment. Smartphone ubiquity has given rise to a global, mobile workforce that finance professionals can reach—quickly and easily— via technology.

Putting the benefits in your hands

- Mobile wallet – Rolling out Apple Pay, Google Pay, Samsung Pay, Masterpass and Visa Checkout in Q2 2018
- Contactless payments
- Cardholder mobile website – Real-time functionality, including PIN management, mobile alerts, account suspension/reactivation
- Virtual Payables – Tokenized, single-use account number for fast, secure vendor payments



Purchasing card – old dog, new tricks



Expand use of an existing program

While most P-card programs have stated policies, almost no one captures 100% of the available spend within these policies. Working with a bank on a spending analysis can help find and target existing vendors who accept card, so you can grow your program without adjusting your policies.

Make small policy tweaks

Examine your policies annually and make sure they still fit your program goals and risk tolerance. A willingness to make minor policy adjustments can create new opportunities to switch check payments to card. For example, adding new Merchant Category Codes (MCCs) to your program is an easy way to expand your roster of vendors who accept card. And raising the limit for single transactions

Payment portals

Where possible, many companies are switching vendor payments to online portals. Utility payments are a prime opportunity. In many cases, clients that operate multiple locations can aggregate all of their locations into a single utility payment

Supplier retention strategies – balancing buyer benefits and vendor value

Some vendors are seeking to move away from card payments due to the cost of acceptance, reconciliation difficulties and other factors—a concern for many buyers. How can companies keep the gains from electronic payments, while sharing more of the benefits with their suppliers?



Don't revert back to checks!

- Consider Supply Chain Finance solutions
- Pay suppliers via ACH (either from your own supplier profiles or via third party systems such as Paymode)

The power to pay virtually – propel your payments forward with Virtual Card

A balanced value proposition

To truly catch on, payments innovations must create value for both buyers and suppliers. Virtual Payables was designed to benefit each side of the transaction, promoting collaboration and deeper commercial relationships.

- Banks can consult with companies to help identify suppliers that may be good candidates to receive Virtual Payables
- Understand that different suppliers have different needs, and educate them on how they can benefit



Speed ahead with your peers – Virtual Payables expansion

How can companies shift more payments to electronic tools?

It starts with executive buy-in and collaboration across Supply Chain/Sourcing, Accounts Payable and Treasury. Then, segmenting suppliers according to strategic importance can help pinpoint opportunities for leverage.



Case study: Sharp Healthcare

Program Overview:

- Integrated, regional health care delivery system
 - System includes several acute care hospitals, specialty hospitals, medical and urgent care centers, and numerous other facilities and groups.
- Using Virtual Card and ACH payments to suppliers
- On track to achieve over \$125 million in rebate earning purchase volume for 2018
- ACH payments significant growth area over past five years, rebate and non-rebate purchase volume
- Finance, Treasury and Accounts Payable were primary collaborators on program

Questions & Open Discussion

