Payments Can Change Everything

An eBook on "How Payments Impact Your Business"

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A Letter from
Neal Anderson
President and CEO of OnPay Solutions

Dear Accounting and/or Accounts Payable Leaders:

Thank you for downloading our eBook. It's great to know that you are actively considering how you make your payments and the impact it can have on your business.

Business-to-business automation technology has opened doors to opportunities for companies in many different ways; in Payments with Accounts Payable automation, system integration, vendor enrollment, and payment remittance delivery. Fewer and few companies issue paper checks ensuring that more businesses are seeing the benefits of payment automation, but more than 50% of businesses are still relying solely on check payments.

Are you using the best payment platform to issue payments to maximize return to your company?

E-Payments provide many advantages that are not available when using paper checks. With time-savings, controlled expenses, a more user-friendly platform, a more vendor-friendly platform and a reduced risk of payment fraud, electronic payments add flexibility and maintain security while optimizing your working capital. The significant efficiency boost that e-Payments provide over paper checks also allows for fewer steps and fewer opportunities for mistakes by the Accounts Payable staff. Unlike the lengthy check-printing process, an electronic payment only takes seconds to complete, improving efficiencies and reducing your security risk. Worries of paper check loss and theft will become a thing of the past.

Transitioning from paper checks to convenient e-Payments also frees your Accounts Payable staff of **valuable** time that would be spent monitoring, folding, and mailing checks. Adopting e-Payments will allow your managers to focus on all aspects of Accounts Payable, which will improve not only your company's efficiency but also its profitability.

As an example of how your business can be impacted, consider our trusted OnPayConnect e-Payment platform: payment authorizations occur in just seconds and your vendor will always be informed of your payment processing activities. This enhanced form of communication will enhance those relationships. With our user-friendly centralized payment hub interface, you are able to use virtually any accounting or ERP system without changing your processes all the way up to the issue payment step to securely automate all of your payments and you can earn a rebate back on all of your accounts payable spend that moves to a virtual card payment…through our provider or your own bank.

With more than 28 years of experience with payments for accounts payable and vendor relations under my belt, I make it this company's mission to change the way buyers and suppliers pay and account for their goods and services. Making an impact on payment processes and promoting automation is important to us because positive supplier relationships can lead to better pricing, better

payment terms, and higher quality service. In addition payments can impact your Accounts Payable department's productivity, and even your company's monthly revenue.

We all know that payment automation has been solved in the consumer world, from online payments using paperless billing transactions to mobile payment processes. Further, technologies have fundamentally changed industries like travel, retail, and ride sharing. Here at OnPay, we think it's time technology solved this, too.

I hope you will find this eBook useful as you consider your next steps as well as reach out to us for assistance. Our customers rely on OnPay Solutions for electronic payments because payment technology is all we do. We are passionate about payments. And we want to enable payments for you.

Sincerely,

Neal G. Anderson

Part I. Vendor Relations

From an improved level of productivity to lower costs, there are many positive outcomes of maintaining good vendor/supplier relationships. It may come as a surprise that the efficiency of your accounts payable processes can play a part in strengthening supplier relationships. These professional relationships can positively or negatively affect the quality of your company's product, which play roles in your customer satisfaction, giving you a "leg-up" against competition.

Better payment terms and higher quality payables services can help. Streamlining the processing of electronic invoices for approval and then scheduling payments will reduce the number of phone calls into Accounts Payable regarding payment status. With a plethora of opportunities that can impact the bottom line and with service levels at stake, it is crucial to nurture these professional relationships.

Speedy and reliable tools for automating payments don't overly burden your team or your IT staff. Once the plans for migration to ePayments is in place, during procurement, advise suppliers that only electronic payments will be issued with two primary options; Virtual Credit Cards (v-cards) and ACH (electronic funds transfer). Instruct your suppliers to use an online vendor portal for on-boarding and for delivering online remittance. In doing so, communications is easier for both, you and your supplier.

Utilize technology by setting up systems that allow the suppliers to see their invoice location within your accounts payable approval process or simply notifying them when the invoice is approved to be paid. By making electronic payments, your vendor will always know when a payment has been processed and you will become a preferred customer with an excellent payment processing history. Whether you are settling the payment today with a Virtual Card, or 5 days from now via ACH, the supplier can always count on your team to notify them in advance.

Part II. Employee Relations

Payments can significantly impact employee relations and keeping employee morale high is one of the best things you can do to instill loyalty and maintain a productive workplace. Have you ever stopped to think about how payments can impact employee relations in the Accounts Payable department of an organization?

Streamlining your payments to electronic payments changes the traditional payment process allowing employees to spend less time on the physical act of printing, folding and mailing -- all administrative tasks -- and more time on their actual financial roles in the company. The result may allow them to feel more productive and empowered.

Accounts Payable Managers play the role of an experienced supervisor, which makes them responsible for quickly and adequately processing payments for all invoices that are received, as well as ensuring each member of the team accurately performs their duties. In the best scenario, your team is cooperatively working within the system or standard operating procedures that they feel maximizes their impact while minimizing redundancy and room for error.

We will begin our analysis of the check-making process at the point when the invoices have been approved for payment. Check stock is loaded into a laser printer to be printed. Printing begins. Checks are removed from the printer. High dollar checks that require hand signatures may need to be pulled and then those checks must be hand signed. Next, they are folded and inserted into envelopes. Postage is then applied, the checks are mailed, and finally, the Accounts Payable check register report is printed. Automated payment technology reduces the time spent issuing checks from 6 man hours of two staffers, to only 20 minutes.

When considering check processing from the financial reporting side to the actual printing and mailing, there are as many as ten steps that are required to issue checks. When issuing 500 checks on average, roughly three hours per person is dedicated to issuing checks at a typical company every week, and typically, a minimum of two personnel but more likely four staffers are involved in this process. Payments can more easily be distributed electronically, with the same separation of duties; one enters, another approves and another releases and so on.

By migrating to electronic payments, each of the parties can reduce their time to about 10 minutes. Some companies add additional steps of reprinting checks and attaching to invoices for validation and so forth. Imagine how many more steps that can be.

The change from checks to ePayments frees employees from the administrative paper-pushing side of check printing and gives them the ability to focus on the actual financial roles of their job descriptions. If less time is spent in the manual-process role, employee morale will elevate with a higher feeling of contribution, better use of accounting skills and more time for analysis and reporting.

If a concern for validation of payments is required, electronic copies of email remittance receipts that are sent to the vendors can be sent back to a member of the team. All reports provide detailed documentation of all payees, invoice numbers, dollar amounts, and complete transparency of all settlement of the invoices would be available as your audit trail.

Aside from the time spent issuing paper checks and labor hours spent issuing paper checks, there are other physical resources that must be inventoried and safe-guarded to ensure security and protect against check fraud. Typically check stock (even when blank) is kept under lock and key in the accounting department. And inventory of specialty envelopes, postage, and MICR toner ink cartridges, is required.

Freeing the staff from printing as many checks can allow them to refocus on the business of accounting and not tracking and managing physical inventory. Employees that are more productive feel as if they are meaningfully impacting a company, have a high job satisfaction rating and become more loyal to the company. The migration away from paper checks may likely lead to higher employee morale, which, then results in better overall performance, service orientation, a higher degree of accuracy, and finer attention to detail. Fewer errors will be made, meaning less back-tracking and rechecking, keeping employees productively moving along with their business.

Part III. Reduce Your Risk

There are various forms of risks when making business-to-business payments. There is check fraud, unauthorized ACH debits, employee fraud, credit card fraud, and email scams, all of which create different financial and operational implications for companies to overcome. While smaller companies must be the most concerned about online bank fraud caused by unsecured computers or servers being accessed by cyber-criminals, we have found that the Accounts Payable departments in mid-sized and large businesses today, have the greatest risk of check fraud in making payments.

Why are companies still issuing checks? Well, simply stated checks are the easiest way to make a payment. A company simply needs a vendor name and mailing address to pay a vendor by check. That makes them more convenient. Concerns about security may also hinder some companies from issuing electronic payments. Worrying about unauthorized debits out of bank accounts, though much less common, are still factors to be mitigated. Moreover, with the news of company employees being tricked by email scams into wiring funds to fraudsters at the request or demand of a C-Suite executive, electronic payments may not seem like a great option either. Physical credit cards are also at risk of fraud when the physical credit card number, 3-digit CVC, and expiration date of the card are provided to vendors for payments.

In Accounts Payable processing, there are safety features on bank accounts or internal processes that companies must use to issue financial transactions and to help prevent fraud. Safety measures like issuing virtual card payments — made with a unique number to a specific payee for a specific dollar amount — and internal controls such as separation of duties for keying when making payments along with an ironclad audit trail all play a part.

Virtual Cards (V-Cards) — single-issue credit card numbers are the safest payment methods for businesses to use to pay vendors. These V-Cards are tied to a specific vendor and invoice or set of invoices and dollar amounts. V-Card numbers are generated and once processed, they cannot be used again. The card number immediately becomes invalid; providing your business account an extra level of security protection.

Automated Clearing House (ACH payment processing) requires the collection of a vendor's bank account number and routing number, adding an extra layer of protection. No replications that can be made from using checks in these bank to bank transactions and there is a 48 hour time gap to cancel the payment. A full electronic audit trail gives a step by step documented history of the transaction. Moreover, with ACH Debit Block, you specify which companies are authorized to post debits to your accounts white automatically blocking those that are not. This system protects your business from unauthorized transactions.

Payment security begins with Accounts Payable Department following standardized processes that require separation of duties for issuing payments. At the minimum, we recommend that the person who keys in a payment (paper or ePayment) not issue the payment. Another employee should issue. We expect that any system or tool used to issue ACH payments maintain all vendor bank account data in an encrypted file, neither accessible nor editable by anyone internally without the highest level of security clearance; although high-end ERP systems issue electronic payments, many do not specialize in payment processing and their applications do not contain this added protection against an internal fraud.

Prevent email hoaxes that cause Wire Fraud by requiring that your team uses a two-step or two-factor authentication for emails. Establish other communication channels — such as telephone calls — to verify significant transactions to help mitigate the possibility of losses. With the right precautions in place such as using trusted payment automation technology, you will prevent unauthorized ACH debit transactions, and avoid both employee and paper check fraud. The audit trail in your payment technology can and should be able to provide insight if any suspicious activity occurs.

Part IV. Impact Your Bottom Line

Payments and the way they are made can have a big impact on the business environment. By moving your business from paper check printing to electronic payments, you will experience many benefits including freed employee time, much lower costs per transaction, and there's even an opportunity for monthly cash rebates — creating a new revenue stream for your company.

Electronic forms of payment are fortunately gaining ground. Typically, a company can conservatively estimate that 25 - 30% of their A/P spend can migrate to virtual cards if they have never issued another form of electronic payment. Optimizing the vendor on-boarding program, using a strategic vendor enrollment program, will ensure that a company's results meet or exceed this conservative estimate.

Eliminate paper checks. Checks, on average, cost four dollars to generate (postage, check stock, envelopes, printing, and storage costs). This number is then multiplied if the company uses different check stock and supplies, which results in compounding the costs by the number of bank accounts a company uses. In comparison, an ACH payment transaction costs roughly fifty cents per transaction with no need to have payments physically monitored for hours during issuance.

Reductions in labor hours of issuing payments create reductions in the supplies, materials, and cash flow increments, causing electronic payments to substantially impact your bottom line. By eliminating manual processes of outdated payment processing methods, which put a strain on the efficiency of an organization, you can create a significant improvement to your bottom line.

Virtual cards have been available for use for several years and what they offer companies in benefits far outweigh the perks of issuing paper checks. Single-issue V-Card numbers are unique in each transaction and tied to a specific vendor for a specific dollar amount. Every dollar a company spends on Virtual Card vendor payments earns them monthly cash rebates that can create a new revenue stream of approximately 1% of a company's Accounts Payable that was spent on virtual cards. This impacts the bottom line, especially when a virtual card partner pays the rebates each month and doesn't hold off for quarterly or annual disbursement. With less paper being used, automatic savings, and monthly cash rebate program, a virtual card rebates system is a win-win situation.

Aside from the time spent to enter invoices and approve them within your accounting system, often, companies require two people to oversee the check printing process to further ensure security. This creates hefty labor expenses and does not guarantee that checks will not be lost in transit. Checks have the likelihood to be lost or stolen. By having staff monitor and handle the check printing process, their time is inefficiently being used. Employees are more productive when their tasks are tied closely to their job descriptions.

Instead, companies create a separation of duties and authority of each user within the payment module which accomplishes the internal controls on security required when issuing payments. Some companies send and receive payments in many different formats — credit cards, electronic payments and paper checks. With credit payments, there is usually no cost per transaction. With a comprehensive payment system and more time-efficient electronic payment tools (credit, debit, automatic and/or recurring payments), more seamless payment options will be created, significantly reducing expenses.

Contact Us

When it comes to impacting businesses via Accounts Payables processes, we here at OnPay Solutions are personally invested. As such, we are blessed with a deep and loyal customer base that utilize business systems ranging from homegrown mainframe systems to the world's most advanced ERPs and everything in between. They rely on OnPay Solutions for Accounts Payable Payment Automation because Payment Technology is all we do.

You can now understand the many benefits of payment automation software and web services such as earning rebates when your company pays bills with V-Card payments, reducing risks when you issue ePayments, and enhancing your employee and your vendor relationships. Learn more about why hundreds of Corporations, Institutions, Real Estate Firms, Hospitality Management Companies, Colleges, Universities, Utilities, Hospitals and Local Governments have navigated away from costly paper checks to time-efficient payment automation and saved money in the process. It's your turn to enable Perfect Payments using OnPay Solutions, your partner Payment Automation.

For more information about how we can help your company or if you are exploring partnership opportunities, please contact us at (904) 786-6369 or reach out to our business development team at moreinfo@onpaysolutions.com.