

Trends in Electronic Payment Systems

Eric Newton, CPA, SVP Construction



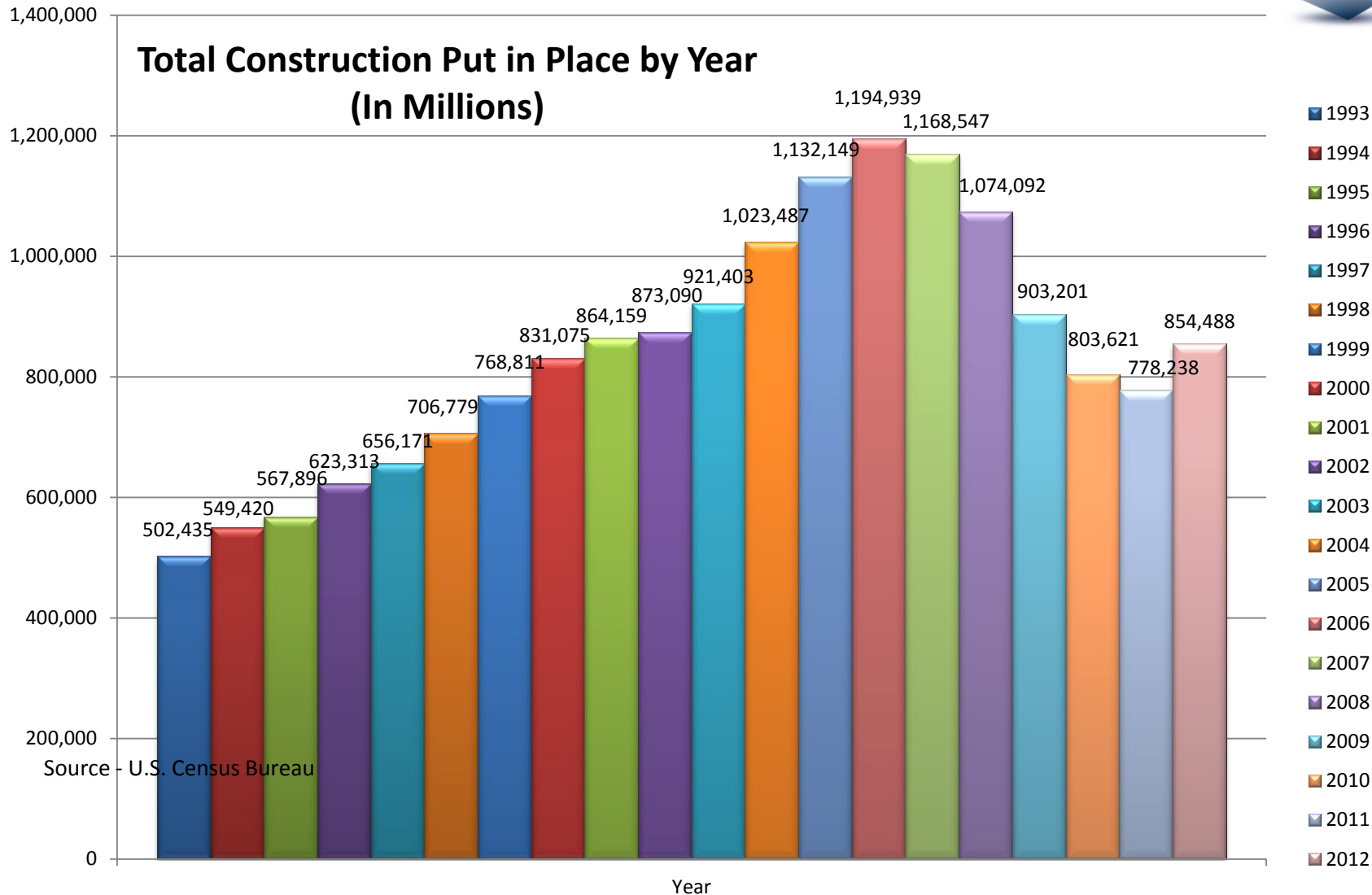
Comdata Affinity Program With CFMA



- Comdata Contributes 3 bpts to CFMA for every dollar of spend by Comdata Customers that are CFMA members
- 2 bpts goes to CFMA National for marketing the program
- 1 bpt goes to local CFMA chapters as unrestricted funds
- Comdata contributed over \$78k in 2012 to CFMA
- \$26k went to local chapters in 2012
- CFMA members got over \$3M in rebates from Comdata in 2012
- We are projecting to break \$100k in 2013 for contributions with 1/3 of that going to support the local chapters



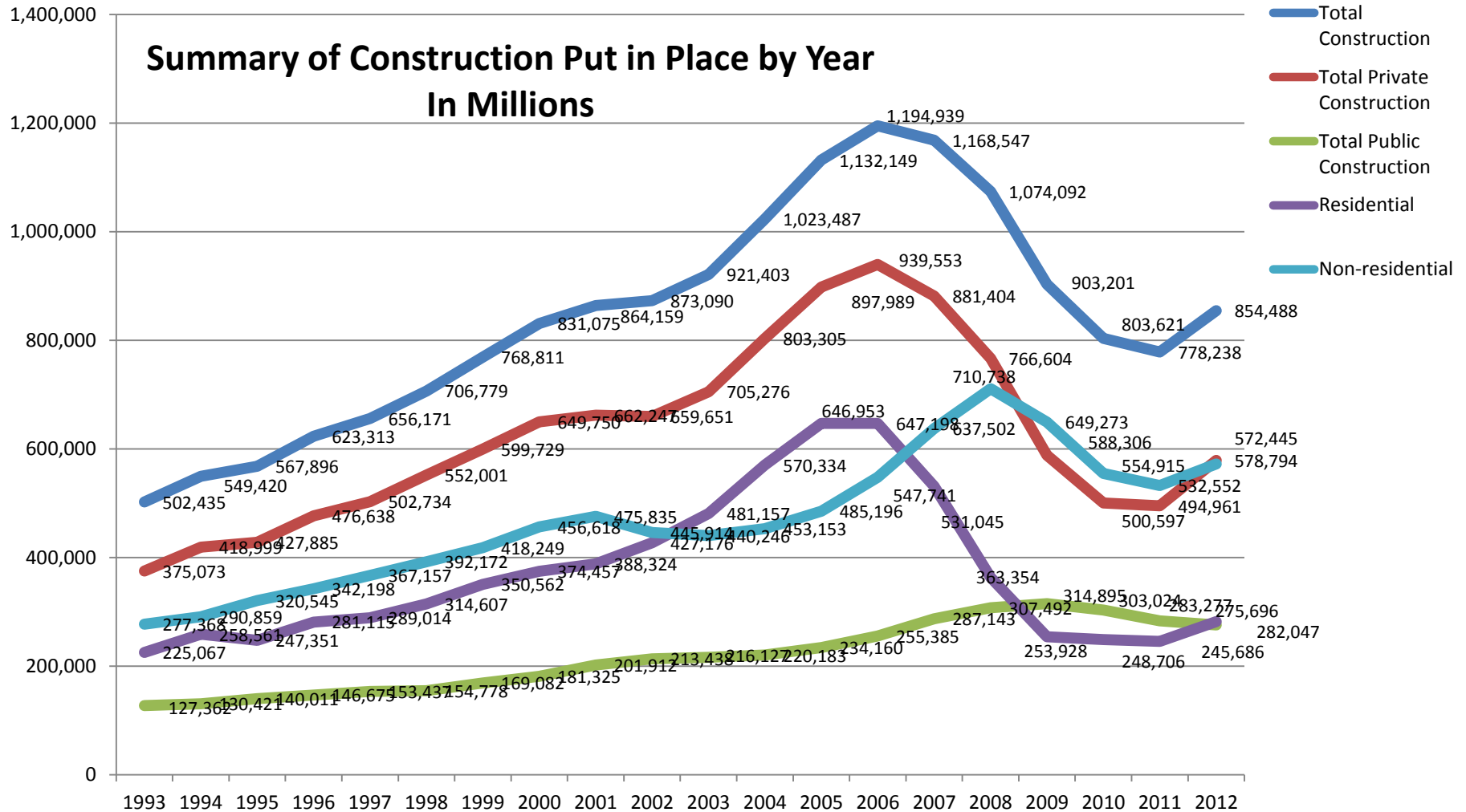
State of the Construction Industry



State of the Construction Industry



**Summary of Construction Put in Place by Year
In Millions**

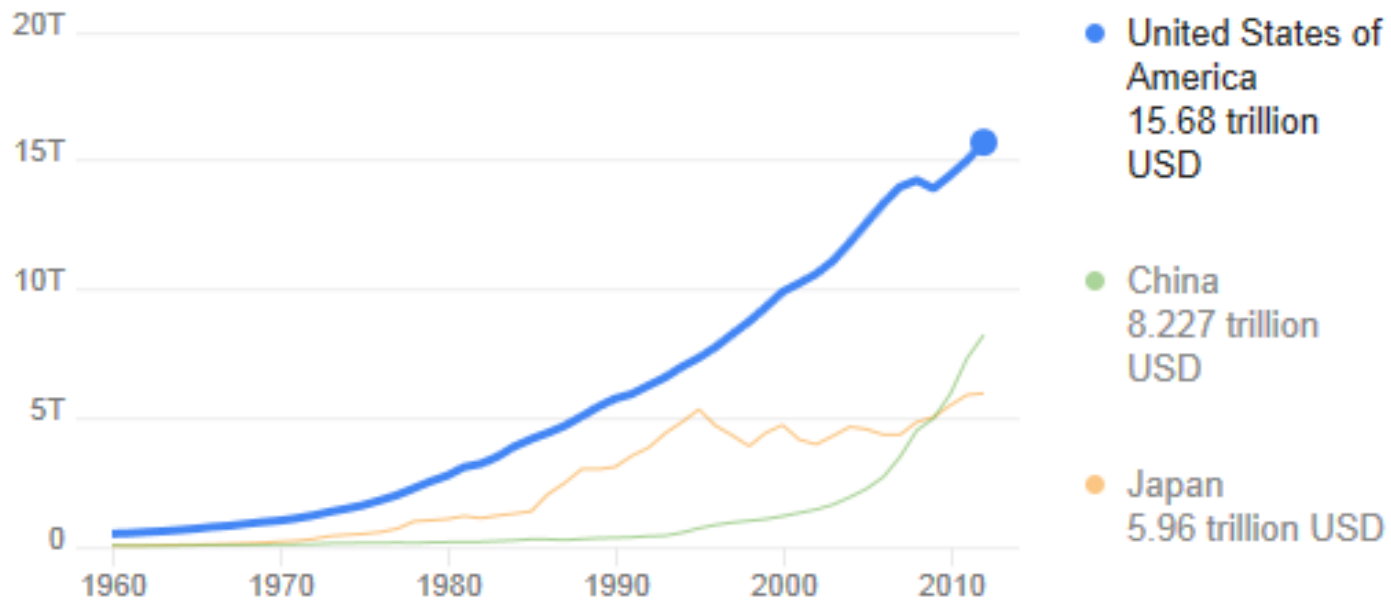


How Big is U.S. GDP?



15.68 trillion USD (2012)

United States of America, Gross domestic product



These Are Tough Economic Times



Everyone is Looking for Ways to:

1. Increase Revenue
2. Decrease Expenses
3. Minimize Risk

Survey Questions

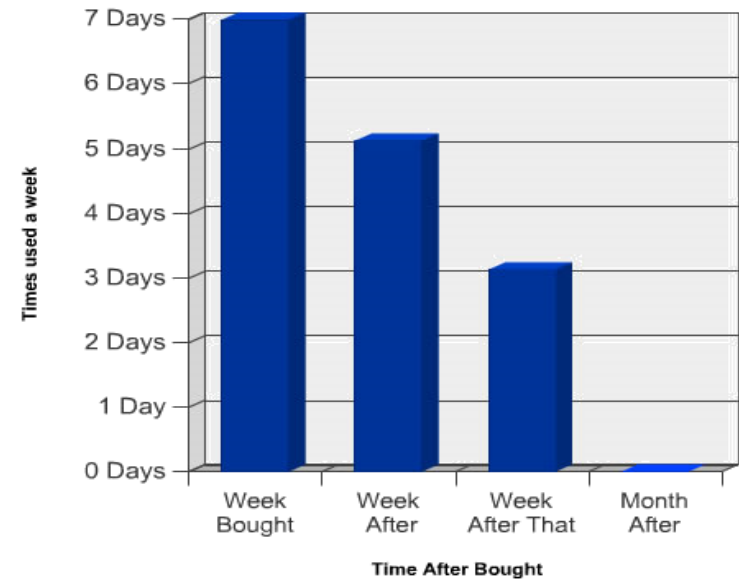


- How many of you process AP invoices pretty much the same way you did 5 years ago?
- How many of you are seeing AP discounts go down or disappear?
- How many of you use an imaging system?
- How many of you receive electronic invoices?
- How many of you pay bills electronically?
- How many of you use dashboards to manage AP and Cash?

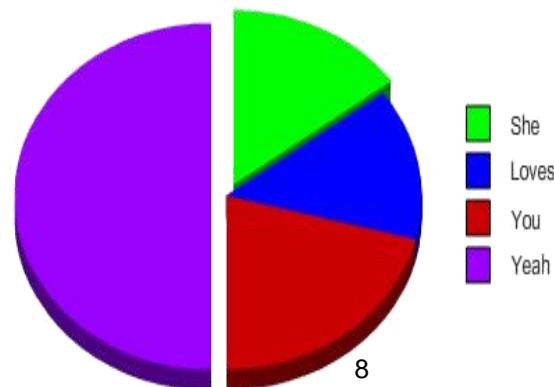
Dashboards Show Data in Unique Ways



Usage of a Home Gym



Content of A Beatles Song



What AP Dashboards Do You Use?





“The real winners in life are the people who look at every situation with an expectation that they can make it work or make it better.”

Barbara Fletcher

“Nothing endures but change”

Greek Philosopher Heraclitus

Current State of Accounts Payable



- Only 40% of companies have automated some Accounts Payable processes.
- 28% of companies state complete lack of automation within Accounts Payable.
- 58% have automated check printing.
- 46% are leveraging P-Cards.
- Only 35% can accept electronic invoices (EDI, XML, Spreadsheets, Web).

Source: Aberdeen Group

Why Automate AP Processes?



- Improve Spending Controls
- Accelerate and Improve Job Costing for Materials
- Reduce Invoice Processing Times
- Enhance Discount Options
- Maximize Cash Management
- Reduce Cost
- Generate Revenue

What If?

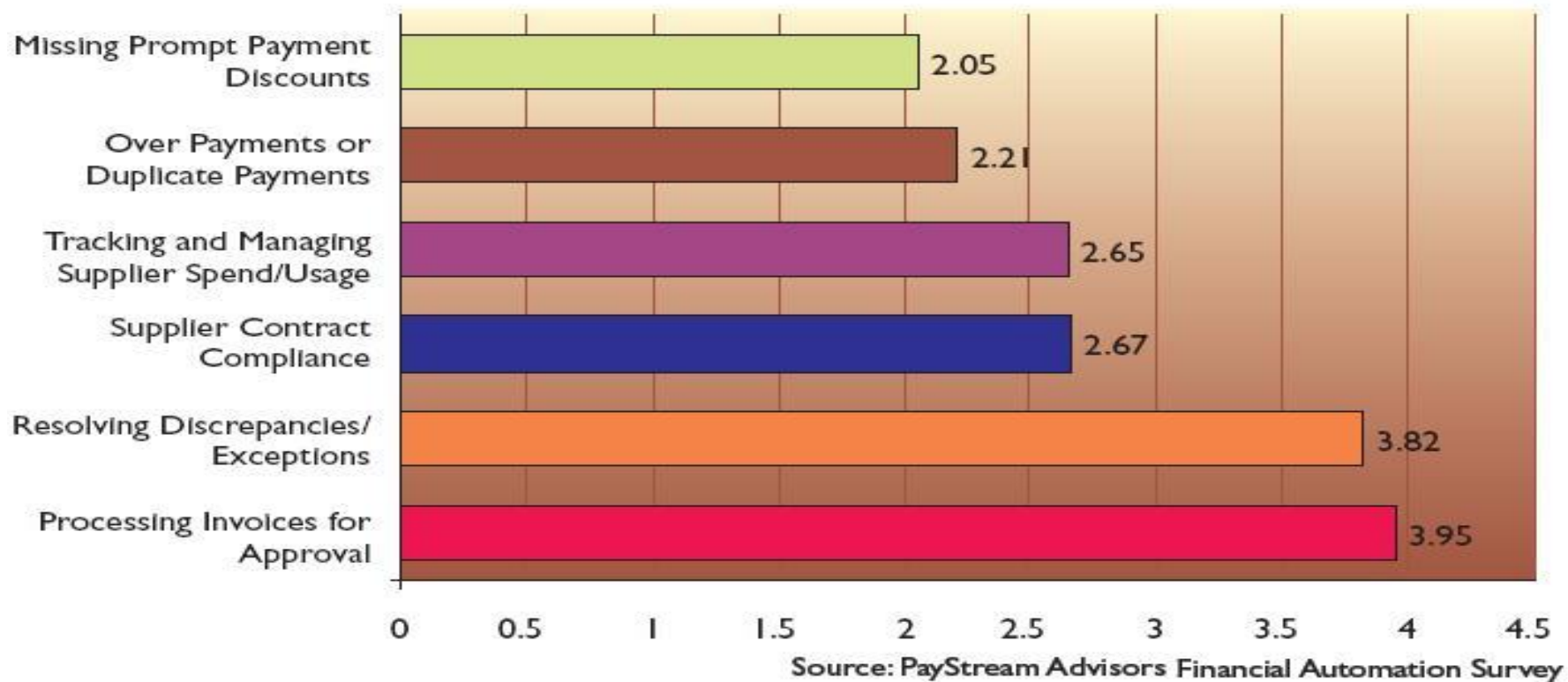


- Shipping Notifications, Receiving and Invoicing Routing Rules Were Built into the Initial PO
- Quantities Received on Jobs Could Be Entered Directly Against a PO From the Field
- Superintendents Could View Their Invoices Waiting for Approval From the Field
- Invoices Came Back From Suppliers the Way You Ordered Them
- All of This Data Was Electronic and Could Be Easily Combined for T&M Billing Support
- Your Accounting Department Spent More Time Analyzing Cost Rather Than Entering It In
- Your Company Always Got the Best Discount Option
- You Could Cut-off AP in 2 Days at the End of the Month

Pain Points in AP Organizations



On a scale of 1 to 5, where 1 is low and 5 is high, rate how much pain each of the following processes causes your AP department?





Trends in Accounts Payable Processes

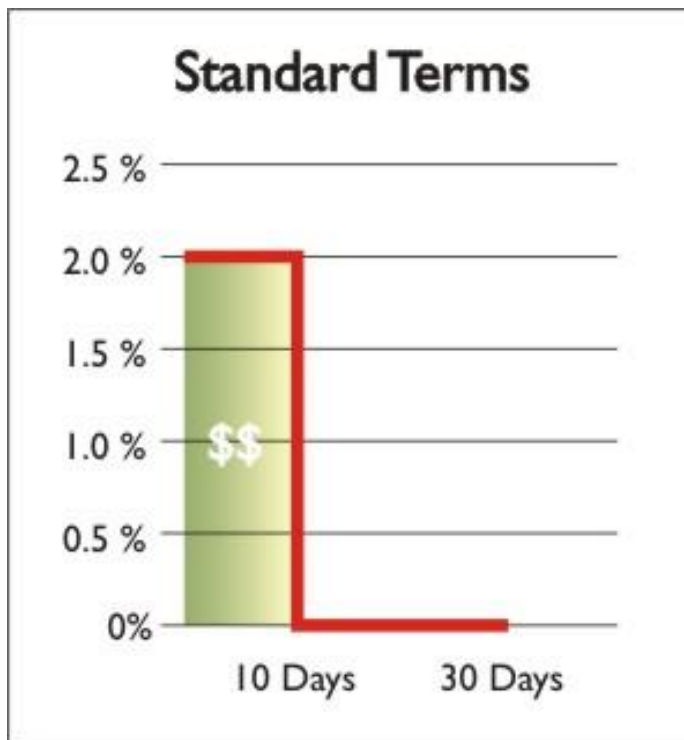
The Procure to Pay Life Cycle





What is the annual rate of return on a 2% 10 day early payment discount?

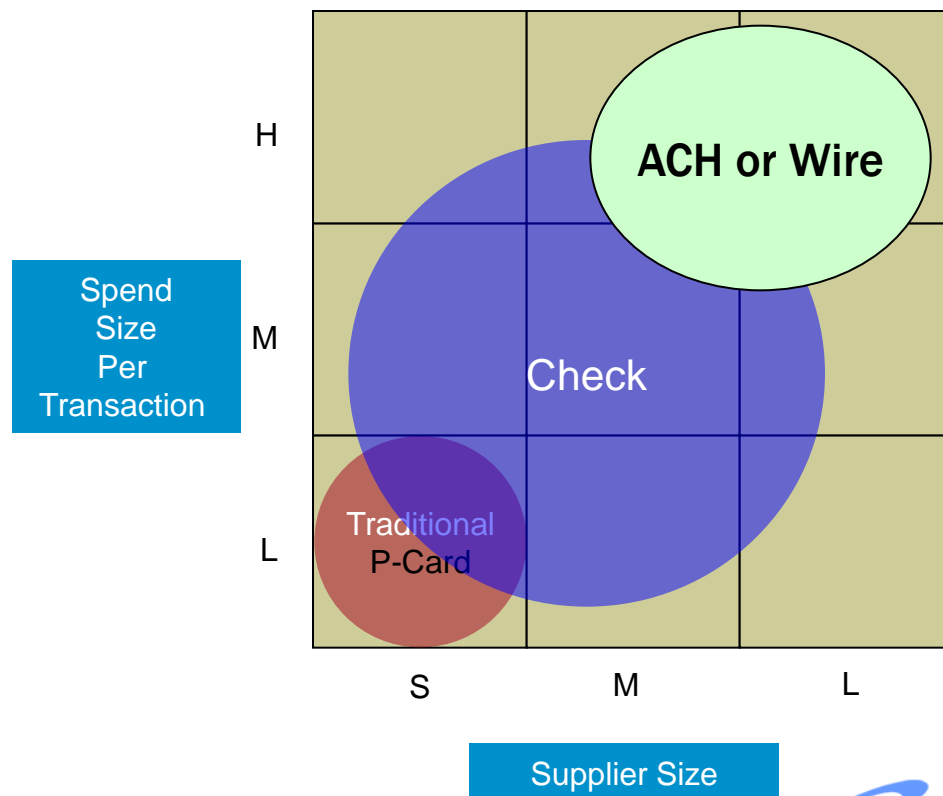
Dynamic payables discounting is an emerging solution, which is still in the early stages of adoption.





Check payments will decrease substantially over the next five years

Typical Payment Mechanisms



Electronic Payments Are Increasing



THE WALL STREET JOURNAL.

U.S. EDITION ▼ Tuesday, April 23, 2013 As of 10:01 AM EDT

SUBSCRIBE NOW and get
3 MONTHS for the PRICE OF 1

SUBSCRIBE NOW

[Subscribe](#) | [Log In](#)

The Wall Street Journal news department was not involved in the creation of this content.

PRESS RELEASE | April 23, 2013, 10:01 a.m. ET

Tipping the Scales Toward Electronic Payments - Finally

New technologies are increasing the demand from vendors, as well as payers, for corporate e-payments

PROVIDENCE, R.I., April 23, 2013 /PRNewswire/ -- "People have been talking about the 'demise of checks' for years in the payments space, but paper-based payments have been holding on for dear life despite all predictions to the contrary," says James Gifas, head of RBS Citizens Treasury Solutions. "Finally, however, the ground is shifting."

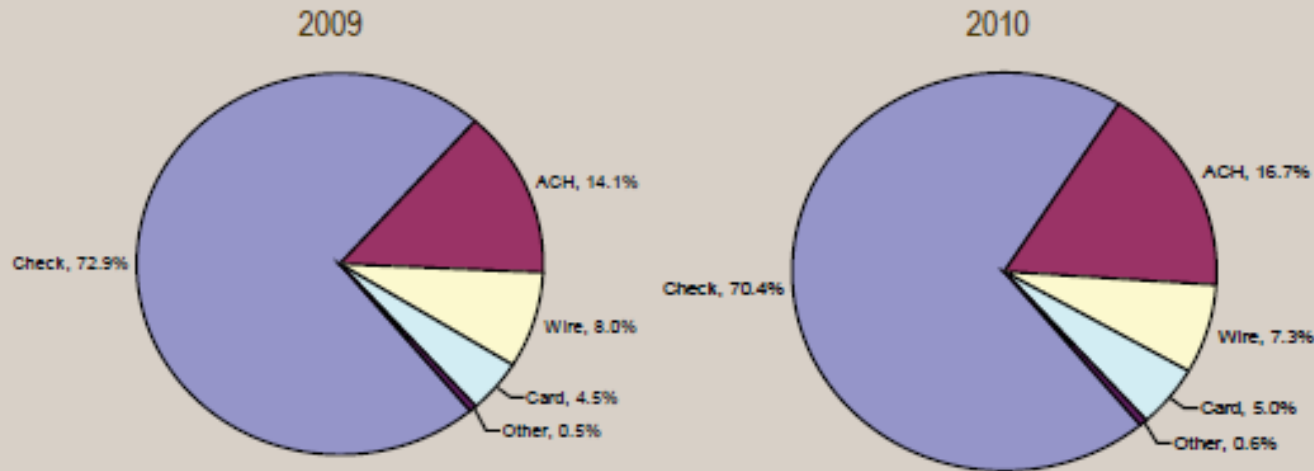
"The pain points that have kept companies using checks -- long past what many predicted -- are now disappearing," says Mr. Gifas. "There is a fundamental change underway in the way banks and technology providers are approaching the corporate payments equation."

Percent of Payments Made by Companies



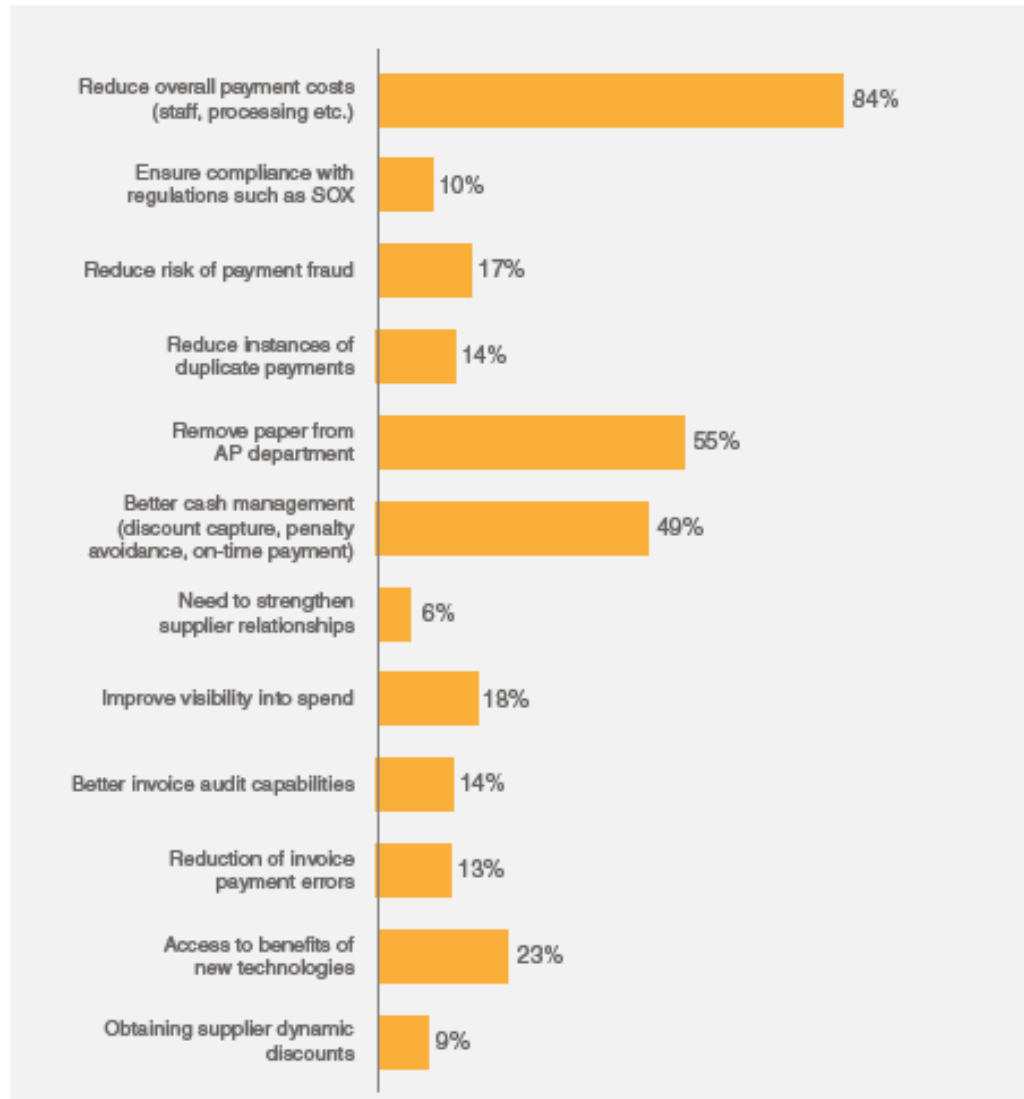
Percent of Payment Transactions Made By Corporations

Companies above \$40 million



	2009		2010	
	Middle Market	Large Corporate	Middle Market	Large Corporate
Check	74.1%	61.8%	71.6%	58.2%
ACH	13.1%	23.2%	15.7%	26.7%
Wire Transfer	7.7%	10.7%	7.1%	9.6%
Credit/Debit Card	4.6%	3.9%	5.0%	5.0%
Cash	n/a	n/a	n/a	n/a
Other	0.5%	0.4%	0.6%	0.5%

Factors Driving Electronic Payments



Problems With Check Payments



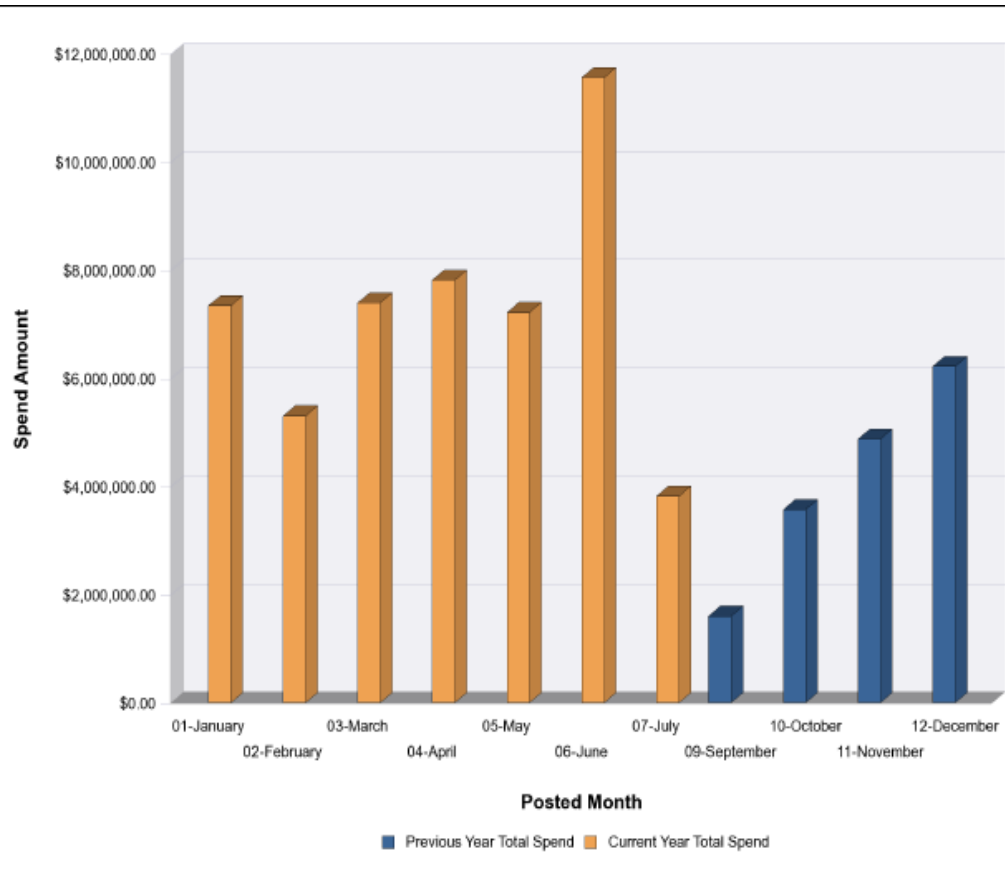
- Checks have hard costs
(Check stock, MICR toner, Printers, Software, Postage, Labor, Bank Fees)
- Checks have additional hidden costs
(Bad address process, reconciliation-uncashed, escheatment)
- Checks are highly susceptible to fraud as compared to ePayments
- Check payments don't qualify for rebates
- Check float is unpredictable for cash planning

Why Move to Electronic Payments



- Lower cost per payment
- Rebate on transactions
- Lower risk of fraud
- Predictable cash flow
- Green Initiative

Case Study



Posted Month	Previous Year	Current Year	Variance
01-January		\$7,346,376.82	\$7,346,376.82
02-February		\$5,308,187.50	\$5,308,187.50
03-March		\$7,401,902.74	\$7,401,902.74
04-April		\$7,822,584.22	\$7,822,584.22
05-May		\$7,218,797.59	\$7,218,797.59
06-June		\$11,568,756.00	\$11,568,756.00
07-July		\$3,823,084.70	\$3,823,084.70
08-August			
09-September	\$1,603,166.72		\$0.00
10-October	\$3,576,318.45		\$0.00
11-November	\$4,882,418.84		\$0.00
12-December	\$6,220,842.41		\$0.00

\$62,947,351.29

Vulcan
Materials Company



Average cost per check	\$2.00
Actual virtual cards issued-11 months	13,352
Check elimination savings	\$26,704
Transaction volume / 11 months	\$62,947,351
*Rebate (1.50%)	\$944,210
Average transaction size	\$4,714
Total 11 Month Return	\$970,914

“Our rebate from Comdata pays for our entire accounts payable department and has turned our AP department into a revenue generator”

Future Trends In Procure to Pay Processes



1. Electronic PO's Will Become More Common and Be "Flipped" Into Electronic Invoices
2. Advanced OCR Will Improve Imaging Automation
3. Imaging & Workflow Solutions Will Cross Pollinate with Web Invoicing
4. EIPP (Electronic Invoice Presentment and Payment) Will Be Used with Major Suppliers
5. Organizations Will Seek Straight-Through Processing for Invoices
6. AP Invoice Automation and Payment Will Improve the Financial Supply Chain and Working Capital
7. Multiple Solutions Will Co-Exist

Challenges That Will Drive this Automation?



- New Era of Employees That Won't Push Paper All Day
- Invoices Being Double Paid or Lost
- Lack of Timely Cost Information on Jobs
- Too Much Time Spent Documenting T&M Jobs
- Inability to Forecast Cash Flow Accurately
- Work on Hand Decreasing
- Less Profitable Work



Questions?

Thank You

Eric Newton, CPA
SVP, Construction & Partner Programs
Comdata
5301 Maryland Way
Brentwood, TN 37027
615.370.7108
enewton@comdata.com

