

GLENBROOK PARTNERS SPECIAL FOCUS WORKSHOP
EB2B PAYMENTS AT THE TIPPING POINT - SPRING 2008

Day One

Overview: U.S. Enterprises

- US businesses profiled by size and industry
- Implications for Payer/Payee relationships
- The physical supply chain vs. the financial supply chain
- The B2B Payment Universe: historical perspective
 - Working capital financing
 - Supply chain management and EDI
 - The dot.com era (e.g. Commerce One et al)
 - Outsourcing and shared service centers

Overview: B2B Payment Trends

- Volume and value of US B2B payments: in comparison to consumer payments; Is this the tipping point?
- International B2B payment volume and value
- B2B ePayment adoption trends: ACH, Cards, Wires
- Bank revenue from B2B payments , the cash management product mix (revenue growth and shift from paper to electronic based products)

Payments Basics

- ACH, Check, Wire, Cards – the basic value chain
- Payments Economics: who pays and how; where the money is made

A/P Basics

- “Procure to Pay”
- Enterprise A/P organization structure; variances by size of company, industry vertical
- The A/P Process Flow
 - Master Vendor Files and their importance
 - Issuing POs (who does this, when; Purchasing vs. AP)
 - Receipt of invoices, shipping docs, etc.
 - PO, invoice and receipt handling (3 way match)
 - Payment method determination
 - In house vs. outsourced check printing, payments file generation
 - Trouble shooting – internal questions; vendor inquiries; policy discrepancies & enforcement
 - Special types of payments: Time and expense reporting and reimbursement; Cross border payments; last minute/urgent payments
 - Important considerations:
 - Fraud management,
 - Payment terms optimization,
 - Sales tax compliance, 1099 reporting
 - DPO and implications for company performance, credit,
- Summary: key considerations for A/P accuracy and efficiency

GLENBROOK PARTNERS SPECIAL FOCUS WORKSHOP
EB2B PAYMENTS AT THE TIPPING POINT - SPRING 2008

Day One, continued

A/R Basics

- “Order to Cash”
- Enterprise A/R organization structure; variances by size of company, key industry vertical differences
- Credit analysis: processing credit apps, obtaining credit reports, credit terms, internal communications, customer notification, etc.
- The A/R Process Flow
 - Customer maintenance: how customers are set up in AR systems.
 - Generating invoices and statements; credit memos ;
 - Delivery of invoices (and statements) and receipt of POs
 - Receipt of funds: Lock boxes, ACH receipt, credit card funds, remittance collection and reconciliation of funds by receipt type.
 - Application of payment to invoice, closure of invoices, cash application of funds to books “posting A/R” to GL.
 - Handling discrepancies: chargebacks and reversals (credit card); ACH exceptions; Lockbox issues (bank errors).
 - Trouble shooting: internal questions; customer inquiries; short-pays, over-pays due to pricing discrepancies, issues with discounts, promotions, etc.
 - Collections of past-due accounts, liaison with collections agencies
 - Write offs and adjustments
- Domestic vs. cross-border payment receipt
- Important considerations
 - AR reporting for collectors and various levels of management
 - Invoice accuracy – dependent on ordering system, master item/product data, pricing, promotion and discount timing
 - DSO impact on company performance
 - ERP or Accounts Receivable systems/billing systems.
- Summary: key considerations for A/R accuracy and efficiency

B2B Challenges and Opportunities with Current Payments Methods

- Checks: “If it ain’t broke, why fix it?”
- Seller (A/R) and Buyer (A/P) at cross purposes
- The remittance challenge
- Proliferation of payments options and resulting confusion
- Back office automation vs. revenue enhancing initiatives
- Case Study: B2B payment challenges faced by ACME Global Manufacturing

GLENBROOK PARTNERS SPECIAL FOCUS WORKSHOP
EB2B PAYMENTS AT THE TIPPING POINT - SPRING 2008

Day Two

Framework for evaluating B2B payment solutions

- Feature set
- Ease of technical/process integration
- Pricing and cost implications
- Working capital impact: float implications, cost
- Savings, revenue enhancements
- Soft benefits
- Strategic fit (scalability, industry, geography, etc.)

Current landscape of B2B solutions

- 1st wave solutions: supplier networks and e-marketplaces (e.g., Ariba)
- RosettaNet
- EIPP
- ACH Based Schemes
- RDC/Check Image Clearing/Check to ACH conversion
- Procurement Cards (basic/advanced)
- Supply Chain Financing (traditional, and new e.g. PrimeRevenue)

Emerging B2B Electronic Payments Options

- Corporate access to SWIFT
- NACHA's B2B strategy
- Card associations – beyond standard procurement cards
- EPN STP820
- UPIC; XML standards
- New solutions for small businesses

Players and providers

- AmEx + Harbor payments
- JPMorgan Chase + Xign
- MasterCard Payments Gateway
- Expansion of US Bank PowerTrack
- Bottomline
- Intuit
- Case Study: potential solutions for ACME Global Manufacturing

Key take-aways

- Summary of key points from perspective of:
 - Corporate A/R and Corporate A/P
 - Bankers
 - Card Associations
 - Payment solution providers
- Opportunities, challenges, areas to watch