



Business Payments Coalition

April 18, 2019 meeting

Reminder: BPC in-person meeting
NACHA Payments in Orlando
Sunday, May 5, 2 – 4 p.m.
RSVP by April 20
business.payments.smb@mpls.frb.org



Agenda

Welcome	Guy Berg
Presentation: Sharpen Your Focus on Smarter B2B Receivables	Marguerite Versacci, Tronox Karin Farnsworth, Wells Fargo Bank
BPC Updates: e-Invoicing	Todd Albers
Wrap Up	Guy Berg



Business Payments Coalition

Sharpen Your Focus on Smarter B2B Receivables



Business Payments Coalition

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Current
environment

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Best practices

3

Opportunities

4

Achieving your goals

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Current
environment

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Best practices

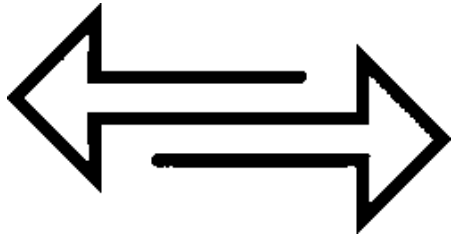
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Opportunities

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Achieving your goals

B2B Accounts Receivable reality



61%

Payers sending information
separately from payment¹



6 days

To manually post and
apply payments²

1. AFP, "2016 Electronic Payments Survey Report."
2. Aberdeen Group, "Improve Cash Flow Projections and Ops Efficiency and Reduce Risk with Automated AR Solutions," January 2016.



Top Receivables Pain Points

- a) Invalid or poorly formatted ACH detail
- b) Logging on to payer portals to retrieve remittance data
- c) Remittance sent separately from the payment and must be manually matched
- d) Short-pays, unauthorized discounts
- e) Lack of IT resources/system limitations to automate

Direct feedback from AR teams

Separate remittance from payment

“With transition to ACH from Lockbox, auto posting has dropped from 75% to 46%.”

Invalid/Bad CTX records and wire remittance

“80% of our CTX transactions come in with invalid data.”

“Wires auto posting would be a game changer.”

Remittance on a “payer portal”

“Managing these is painful.”

“Retrieval, matching, and posting turns what should be a one-step process into three steps.”

Managing short pays and discounts

“We spend too much time managing short-pays and discounts.”



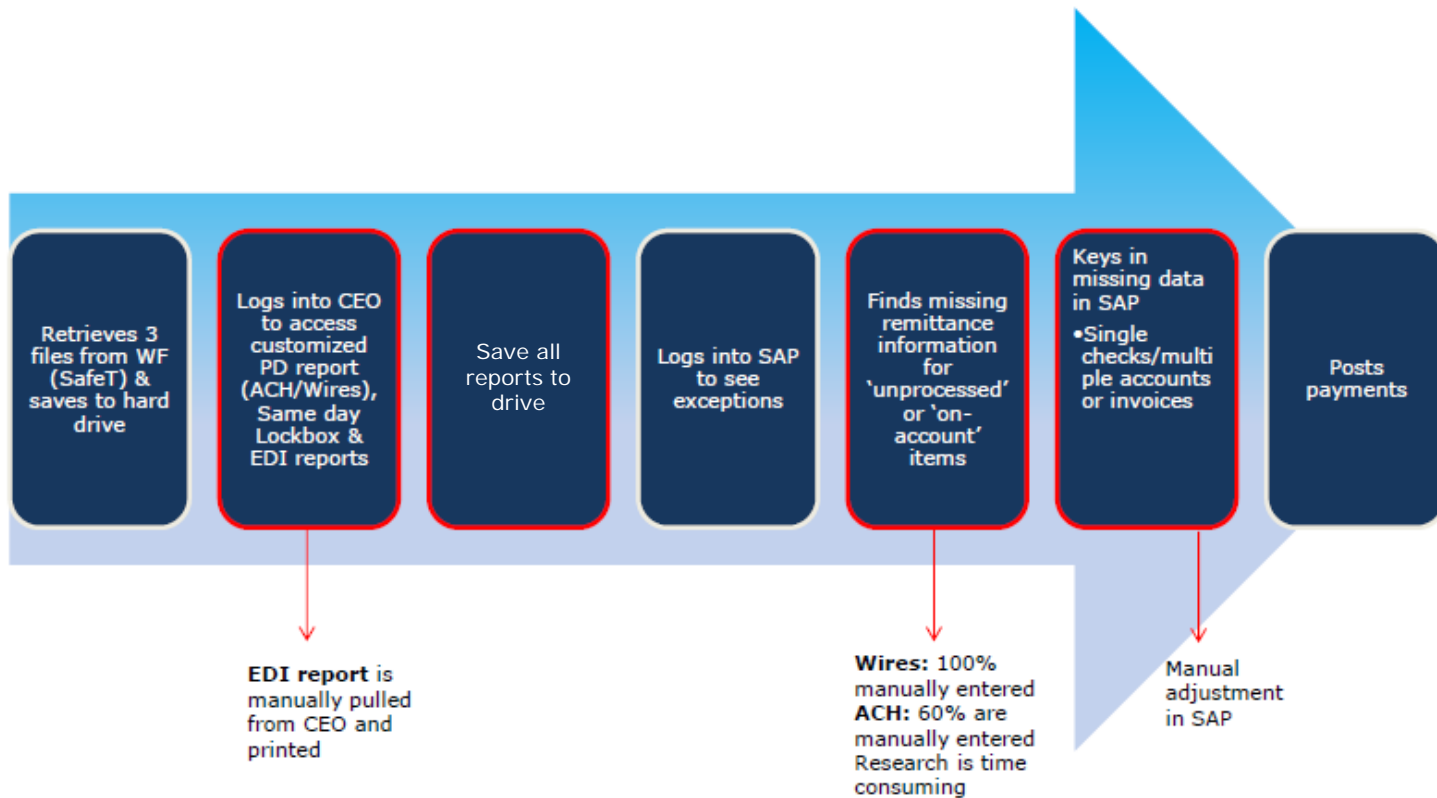
“We prefer making payments electronically to automate AP, but when our customers ask to send us ACH payments, we think: ‘No thanks, please send a check.’”

AR Clerk



Tronox Accounts Receivable organization

Cash Application workflow



- 65% of the total payment receipts are manually posted
- All wires (100%) are manually posted
- The remittance information arrives separately from payment
- Researching the remittance emails and matching can take a long time
- Unapplied payments take additional time to research
- Single check payment can be manually split among multiple accounts or invoices in SAP

Tronox Starting Point ACH Analysis

ACH Transaction Volume (2 months)

SEC	Volume	% of Volume
CTX	138	49.10%
CCD	111	39.50%
PPD	29	10.30%
IAT	3	1.10%
TOTAL	281	100%

Straight Thru Processing

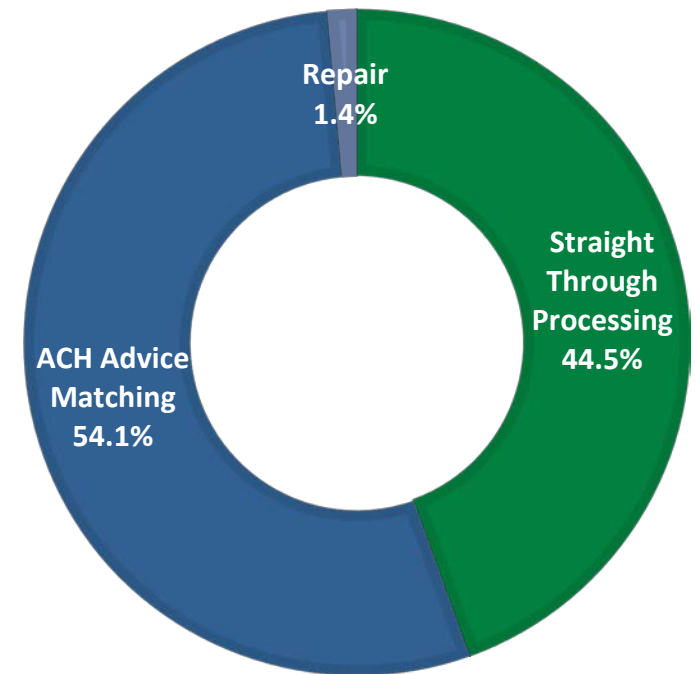
SEC	Volume	% of Volume
CTX	118	42.00%
CCD	7	2.50%
TOTAL	125	44.50%

ACH Advice Matching

SEC	Volume	% of Volume
CTX	16	5.70%
CCD	104	37.00%
PPD	29	10.30%
IAT	3	1.10%
TOTAL	152	54.10%

Repair

SEC	Volume	% of Volume
CTX	4	1.40%
TOTAL	4	1.40%



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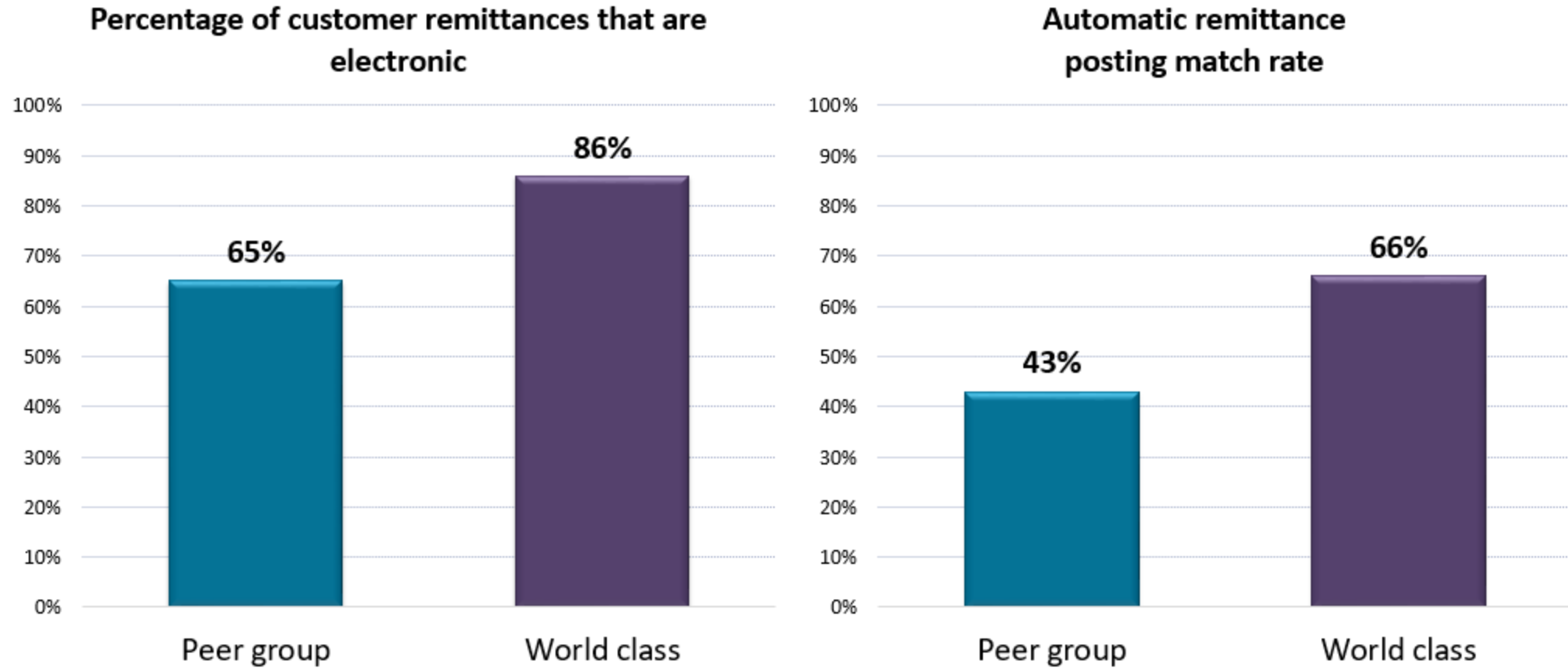
Opportunities

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Achieving your goals

Best practice: Electronic payments – AR

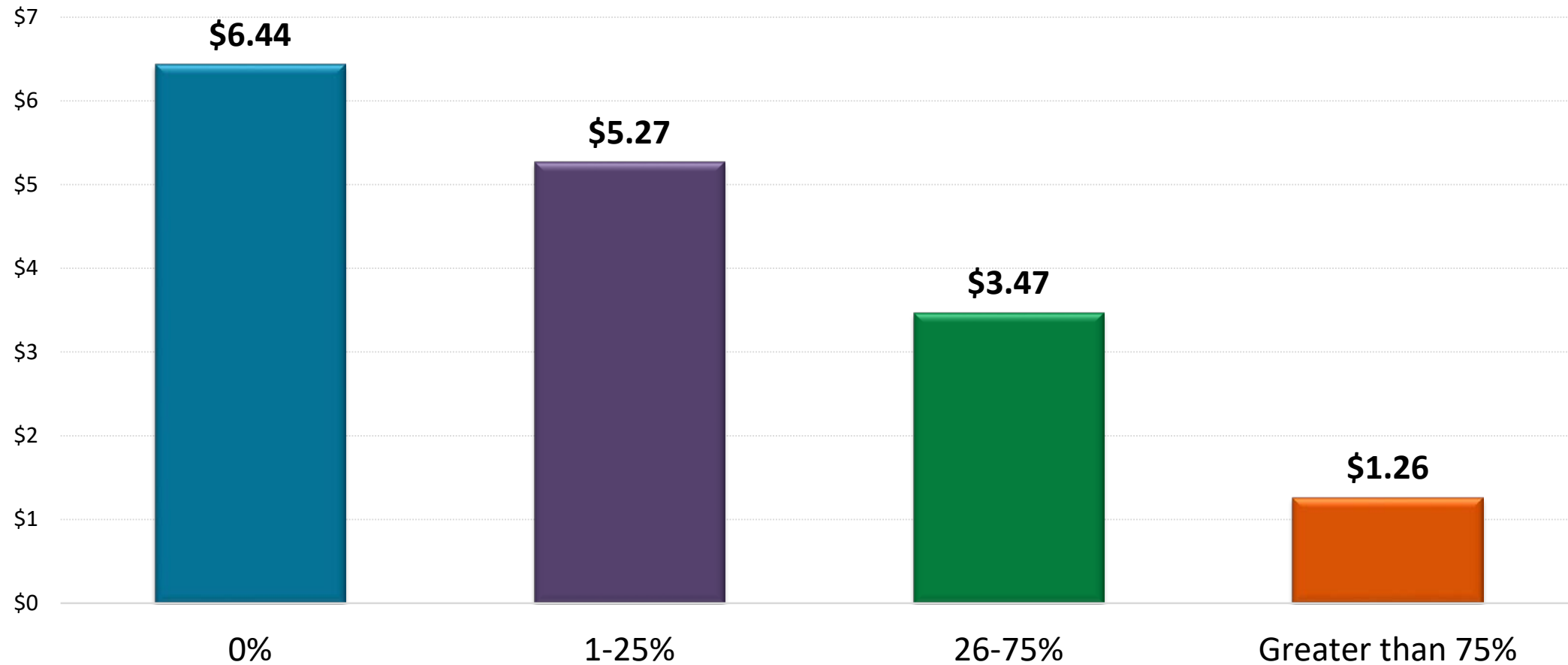
Partnering with suppliers to receive payments electronically



Best practice: Electronic payments – AR

Receiving customer payments electronically drives cost savings

Cash application process cost per remittance



What Tronox hopes to achieve:

1. *Identify ways to streamline and further automate the processes in the Accounts Receivable*
2. *Record cash quicker*
3. *Straight thru processing, auto-application and online matching to be at 90% hit rate.*

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Receivables goals & solutions

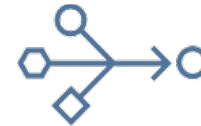
- *Reduce DSO*
- *Scale your business*
- *Automate cash application and posting*



Capture the data



Clean the data



Connect the data

Receivables Goals



Solutions

Solution: CAPTURE



Dollars



Remittance advice
with or without dollars

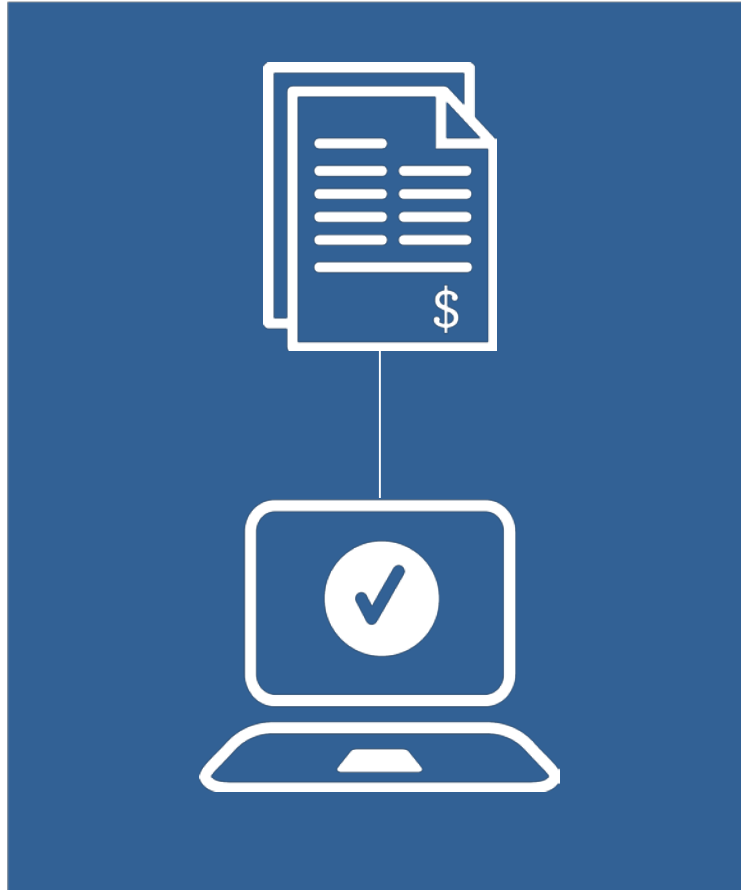


Invoice record

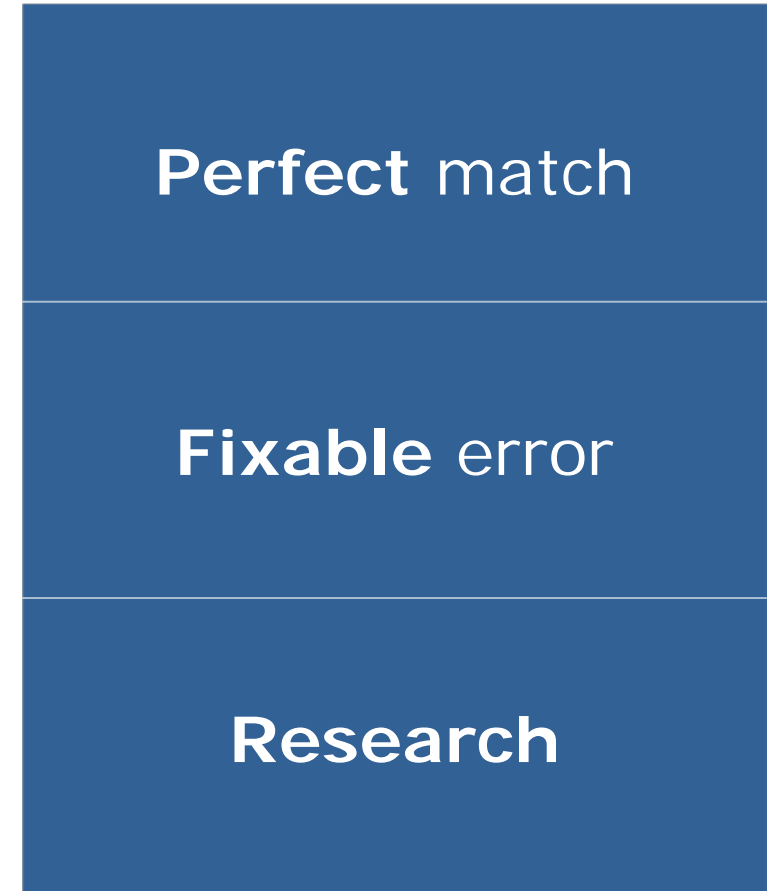
Solution: CLEAN



Re-association/
Reformatting



Matching
invoice record to open AR



Matching outcomes

Solution: **CONNECT**

**Electronic data
file**

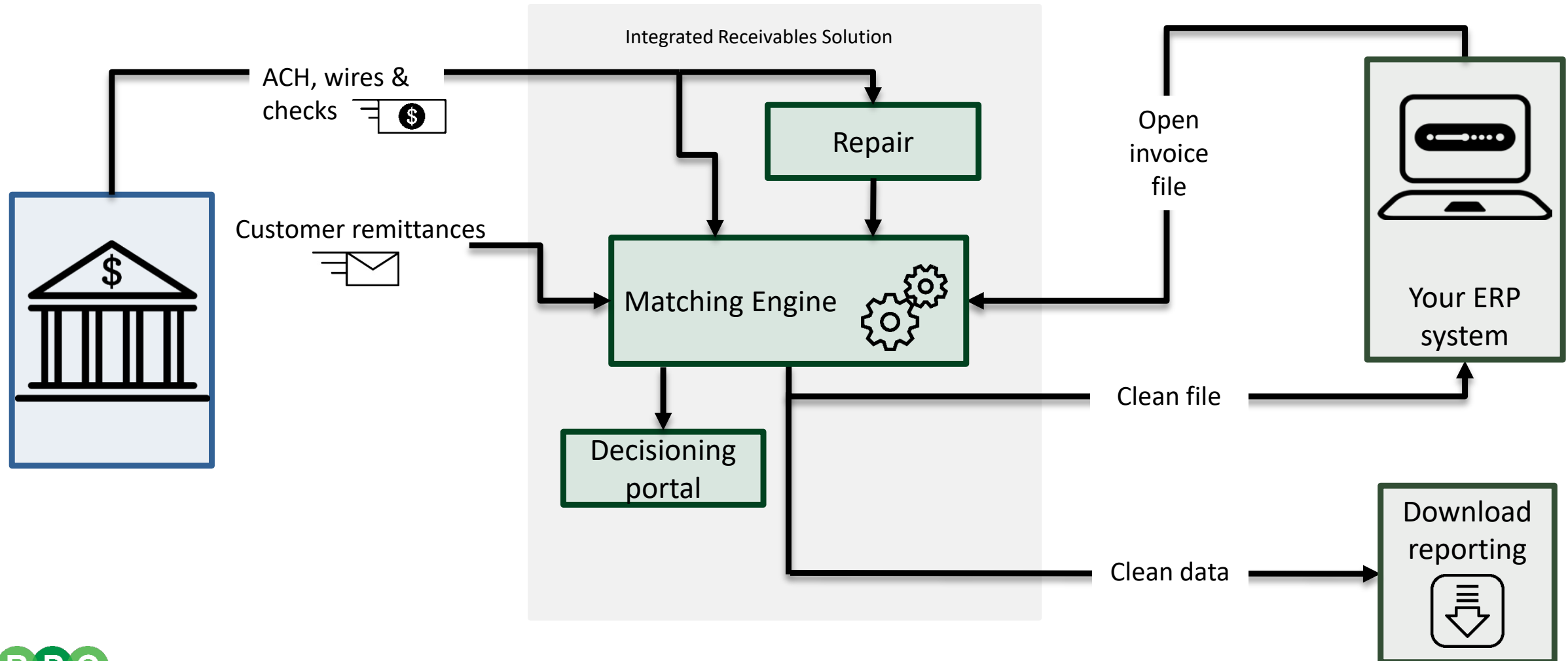


**Information
reporting**

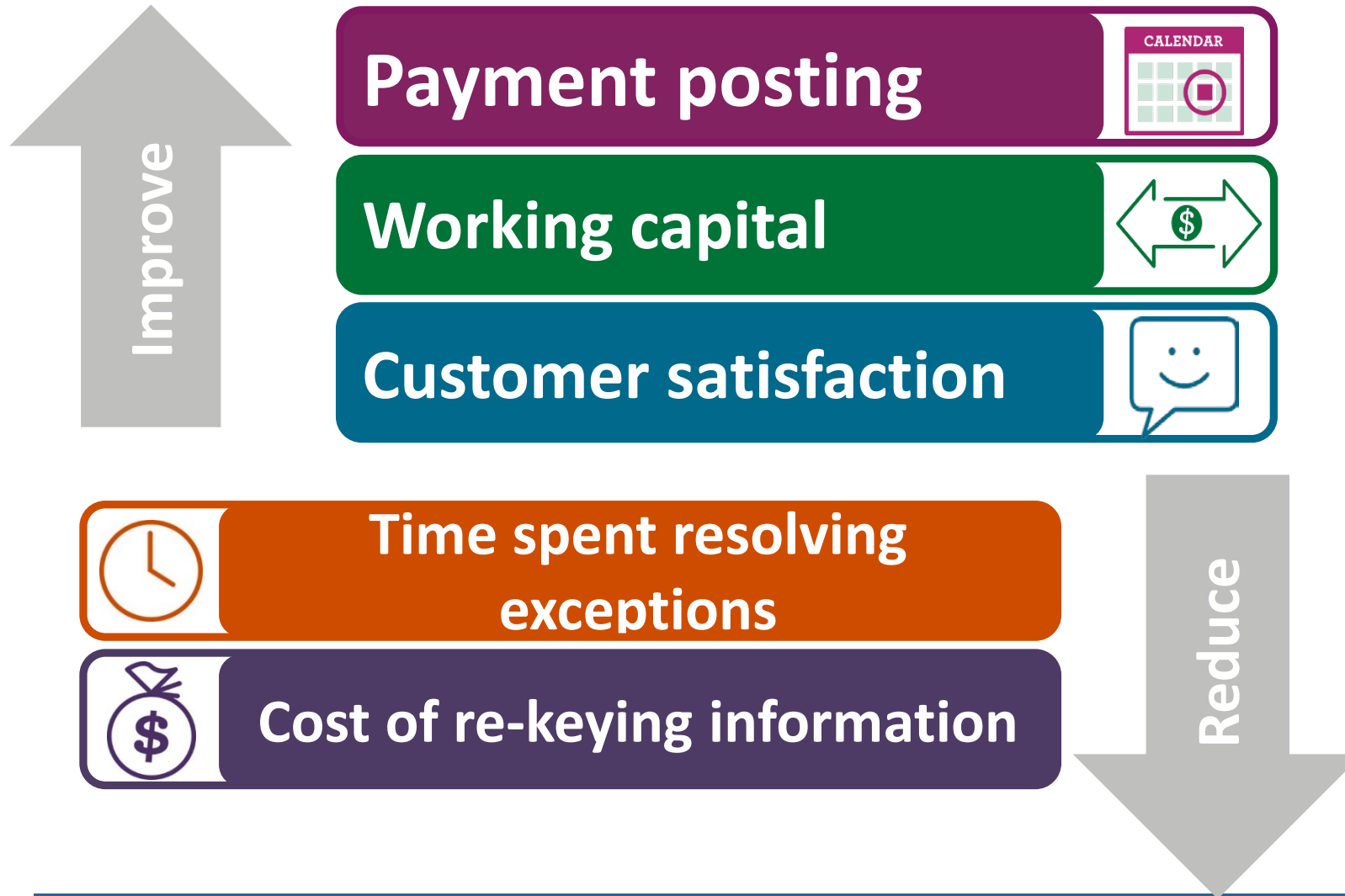


to your **ERP**

How it can come together



Benefits of a comprehensive solution



Process improvements post implementation

ACH Payment breakdown	2017 Volume*	2017 %	2018 Volume*	2018 %
%Auto-applied ACH with addenda	627	46%	649	44%
Auto-applied ACH w/email matching or ACH repair	0	0	281	19%
Matched using online tool	0	0	318	22%
Auto/online matching	627	46%	1,248	85%
Exceptions	739	54%	221	15%
Total ACH payments	1,366	100%	1,469	100%

* Partial year



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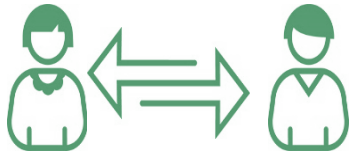
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Achieving your goals

Five steps to optimize B2B receivables



Analyze your current payment mix



Be **proactive** about electronic receivables



Plan for **partial payments**



Strengthen your **data matching**

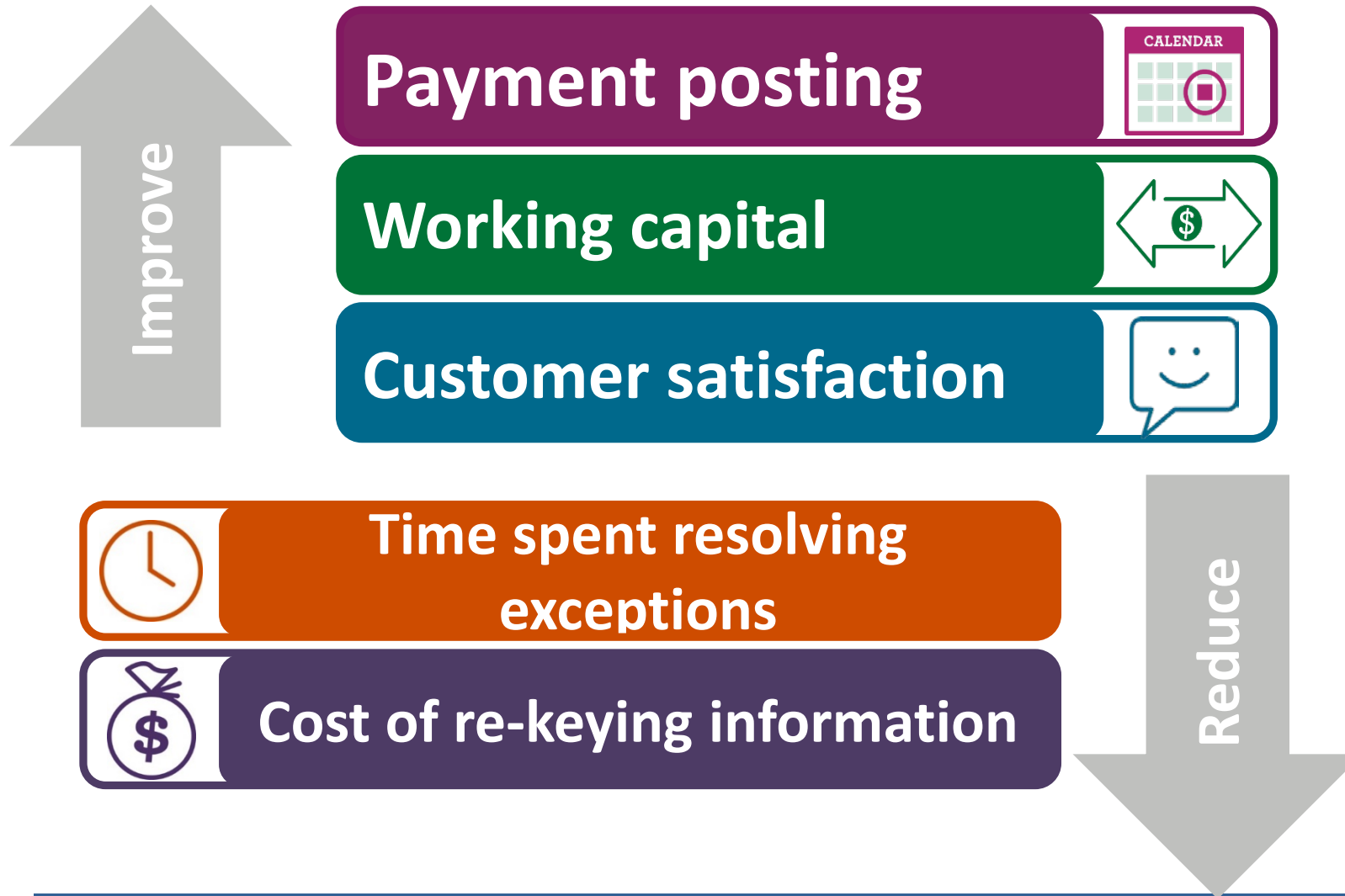


Process **fewer data streams**

Accounts Receivable Goals

- Improve automation rates for ACH, wire and card payments received
- Enable payer movement to electronic payments
- Reduce days sales outstanding
- Grow business without adding AR headcount
- Enable AR staff to focus on exceptions and other value added activities

Benefits of a comprehensive solution



Thank you!

For more information:

AFP Magazine - 5 Steps to Receivables Optimization

<https://www.afponline.org/trends-topics/topics/articles/Details/5-steps-to-receivables-optimization/>

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E-Invoicing Detail Assessment – Preliminary Results

Semantic Model Assessment

The invoicing semantic model defines

- parties and roles
- business functions, processes, and rules
- business terms
- cardinality
- data types

- US requirements align closely to the EU invoice semantic model
- Main differences:
 - Business rules for handling tax (sales and use tax vs. VAT)
 - Need to add cross border currency data requirements
 - Need to support Non-PO / Non-Contract Business Process
 - Need additional reference data elements
 - Need to eliminate VAT-specific data elements
- Next steps:
 - Publish assessment document (Q2/Q3)
 - Kick off requirements work group (Q2/Q3)
 - Conduct market validation of “strawman” semantic model (Q2/Q3)

E-Invoicing Detail Assessment – Preliminary Results

Technical Feasibility Assessment

Technical feasibility assessment of the e-delivery messaging network included

- identifiers
- registries
- messaging transport protocols
- messaging envelopes
- security

- Existing e-delivery networks achieve desired interoperability, security, and scalability requirements for the U.S.
- Next steps:
 - Document a “strawman” set of recommendations for an e-Invoice exchange network (Q2/Q3)
 - Publish feasibility assessment and recommendations document (Q2/Q3)

You are invited to attend the e-invoicing workshop of the BPC on Monday, May 13, 2019 from 1 – 5 pm at the Exchange Summit Americas conference in Miami, FL. The workshop will focus on the assessment and requirements for developing an e-invoicing interoperability framework for the U.S.



Thank you for attending today's call

Not a BPC member?
Join us

[https://businesspaymentscoalition.org/
business.payments.smb@mpls.frb.org](https://businesspaymentscoalition.org/business.payments.smb@mpls.frb.org)

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