



FTNI

Payment Processing. Accelerated.

eBOOK

The Growing Need for Integrated Receivables

A Checklist for Identifying and Selecting True Integrated Receivables Solutions



SILOED SYSTEMS AND OVERWHELMING DEMAND THE CHALLENGES WE ALL FACE

It's just a fact. The world is moving toward electronic payments. In the U.S. alone, this year's B2B ecommerce sales are expected to top \$780 billion, with B2C sales coming in at roughly half that at \$390 billion.¹ With all that opportunity comes a substantial challenge: *the lack of integration between electronic payments and back-office accounting systems.*



Across the U.S. and Canada, companies are struggling to change over to a truly integrated receivables platform. About 70 percent of U.S. organizations are struggling to convert to electronic payments, while 70 percent also lack a standardized format for their remittance information.² These challenges combine to hinder companies' efforts to implement a complete solution leading to increased operational inefficiencies and expense.

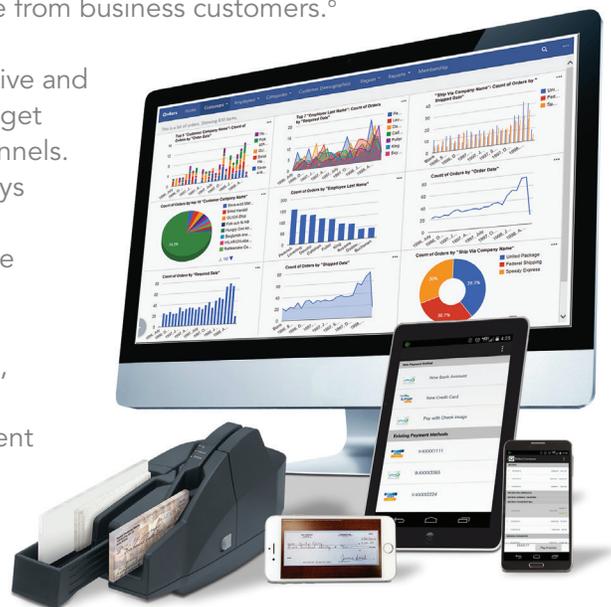
It's no wonder there is a struggle. To stay competitive, companies have had to add the ability to accept multiple payment types (check, ACH, credit card, debit card, cash, etc.) to meet to customer payment preferences, while using multiple

technologies from different third-party vendors (check scanning, ACH, web, mobile, etc.) in an attempt to conjure a workable mix of disparate solutions. The resulting mash-up of different systems and legacy software results in increased complexity, inefficiencies with separate file integrations, limited reporting, too many reconciliation points, and escalating costs for maintenance, training and support. What was intended to be streamlined has ultimately become siloed with complex, limited or no integration between the silos.

In a rush to meet the electronic payment needs of customers, many companies have overlooked a large part of their comprehensive remittance strategy — the management and processing of checks. Efficiently and cost effectively managing check payments is the foundation for building an integrated receivables solution. In fact, 93 percent of checks deposited as images in 2014 came from business customers.⁶

Clearly, checks are still widely used. They have also been expensive and historically manual in processing and posting. Businesses must get checks right in order to integrate other payment types and channels. Checks will be with us for the foreseeable future, and may always be around despite what some critics claim. Streamlining check acceptance, processing and posting is a key component for true integrated receivables solutions.

True integrated receivables solutions are no longer just a vision, they're a reality. Right now you can accept any payment type (check, ACH, credit card, debit card, cash, etc.) from any payment channel (mailed-in, called-in, in-person, web, mobile, etc.) on a single platform that can accept, process and post payments in a single pass (what we call *straight through processing*). Information is automatically posted into a company's back-office system to eliminate redundancy and error while reducing labor costs. There's no reason to wait. It's time to tear down the silos!



1 THE COST OF INACTION IS HIGH

SILOED SYSTEMS WON'T GET BETTER ON THEIR OWN

A lot of companies don't know how big the problem is, or how to handle it. As the digital age has spawned one new payment type and channel after another, many of the problems caused by siloed systems have stayed in the back office. What looks like inefficiency and human error might actually be the systematic failure of an AR system. What looks like staff burnout might be fatigue from staffers trying to manage a many-headed hydra when it could be tamed with automation and integration.

Companies are hesitant to uproot their systems and place their faith in yet another "solution" that could turn out to add yet another layer of complexity and another system to manage within what can quickly become a labyrinth of receivables platforms and processes. Some believe it's too costly to move to a single platform; some don't want to switch banks; others think that in order to move to a single platform they have to replace everything all at once (resorting to the status quo as the easiest way to preserve control). At the end of the day, once you've invested in a system, you want to make it work. We've all been there. But duct tape and Band-Aids can only hold together disparate systems for so long.

The problem isn't going to get better on its own — and it's only growing. The cost to the U.S. economy of using siloed receivables and payment processing systems is almost \$1.2B each year.³ Here's how that breaks down.

- ▶ Fragmented online payment options cost companies **\$630M** in decreased adoption
- ▶ Lost productivity from isolated payment systems costs companies **\$380M** each year
- ▶ Call centers that use disparate payment acceptance systems incur **\$180M** in expenses because of longer call times

The costs of siloed systems are considerable and will only continue to increase if not addressed. As organizations learn, maintain and support disparate systems, additional dollars are sacrificed. Every time an employee has to review a payment, it costs the company money. Automating the vast majority of your remittances with unique business processes and workflows will allow you to re-purpose your resources to higher-value functions such as exception handling and data analysis instead of the tactical tasks of reviewing and manually posting payments.

2 STRATEGICALLY TYING IT ALL TOGETHER

AGNOSTIC BACK-OFFICE INTEGRATION

Manually posting remittance payment information into back-office accounting or AR systems is historically a time-consuming, error-prone process that is ripe for streamlining. Unfortunately 66 percent of organizations acknowledge a lack of integration between electronic payments and back-office accounting systems.² These same organizations likely suffer from siloed remittance processes causing the problem.

With 80 percent of companies working to transition B2B payments from paper checks to electronic payments, the value of a single, unified receivables platform that has agnostic back office integration is evident.⁷ An integrated payments platform that can handle any payment type from any payment channel and is easily configurable — essentially a 'plug-n-play' platform — allows for an efficient interface with, and enhancement to, back-office accounting systems.

In fact, businesses have seen notable returns from deploying a truly integrated receivables solution. A fully automated, easily-configured integrated receivables platform can reduce payment processing times by up to 80 percent in some cases.⁸ Needless to say, this is streamlining at its best. What's more, having all payment information on a single, integrated platform makes servicing customers more efficient. When a customer has a question, whether it's about a check, a mobile payment or anything in between, no longer will staff have to look at two, three, or even four disparate systems for information to serve the customer — it's all available at their fingertips in one location. Easy and efficient for customer service staff and an extraordinary service experience for customers.

3 THE ROAD TO TRUE INTEGRATED RECEIVABLES SOLUTIONS

THIRD-PARTY TECHNOLOGY PARTNERS, BANKS AND CREDIT UNIONS

Whether taking the road of third-party technology partner, bank or credit union, the destination is still a truly integrated receivables solution that is easily configurable and automates back-office posting processes.

There are a number of third-party technology partners in the marketplace that offer solutions with varying degrees of integration and the ability to support all payment types and channels on a single platform. It is important to carefully compare

of data security and compliance, as well as offering the chance for their customers to integrate new online and mobile payment capabilities easily and affordably, without changing business processes. They're also selling agnostic solutions. In other words, by not requiring a certain merchant processor, scanner brand or back-office software system, they're making it as easy as possible for their customers to adopt their value-added Integrated Receivables solutions.

As a result, bank and credit union corporate customer satisfaction and retention rates are rising. Those providing significant value to their customers and reaping the rewards like the stickiness gained through being a trusted and essential part of their customers' businesses.

Unfortunately, they're in the minority. Only 1 percent of banks have implemented integrated receivables solutions,⁹ even though 92 percent of large banks rate integrated receivables management as most important to their future growth.⁴

That's a pretty big opportunity to let pass you by. And word has spread: recent studies indicate that almost half of banks in the U.S. plan to implement an integrated receivables solution in 2016.⁵ The time to strike is now.

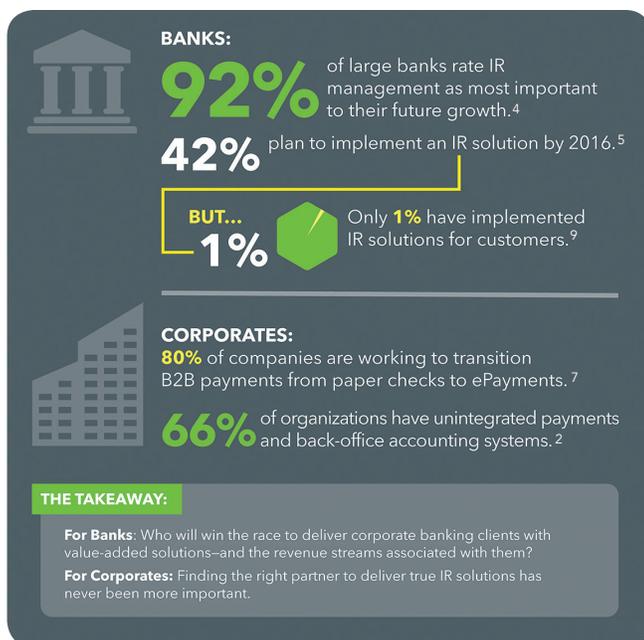
Banks and credit unions offering corporate customers a truly integrated receivables solution benefits everyone: the financial institution gains stickiness with customers (and incremental revenue), customer staff free themselves from the problems of siloed systems, and additional value is delivered to existing customers, while also looking darn attractive to new ones.

When it's done right, integrated receivables solutions enable a bank's corporate clients to add new payment channels quickly and cost-effectively, without extensive training or IT work. Lockboxes can run on the same platform too — so customers aren't tempted to keep a little bit of their siloed solutions going.

and contrast each company's product offerings so that you get the most efficient, effective, profitable and integrated solution based on your unique business needs.

Perhaps the biggest shift has come in the form of banks and credit unions jumping into the fray, implementing integrated receivables solutions with their corporate clients. They are driving an increase in incremental revenue from their existing customers, not to mention making themselves indispensable by adding value to their relationships and helping customers manage increasingly complex receivables processes.

The banks and credit unions that are most successful are those providing solutions with the highest levels



4 THE BENEFITS OF A TRULY INTEGRATED PLATFORM RECEIVABLES HAVE NEVER BEEN EASIER

Realizing the many benefits of a truly integrated AR solution can transform your business, maximizing operational efficiency and security. Through AR integration, your company will gain a competitive advantage through a variety of system enhancements.

- ▶ Streamlining receivables processes on a single platform
- ▶ Reducing AR costs through automation of business processes and posting to back office systems
- ▶ Enabling you to accept, process, and post payments in a single pass, from a single platform (i.e. straight through processing)
- ▶ Unlocking enterprise-side AR oversight to better mine data or trends, gaining improved business insights and real-time visibility into your entire receivables stream via a single, unified interface
- ▶ Supporting high levels of configurability throughout the platform, all the way down to the user-level
- ▶ Taking advantage of the convenience and cost savings of cloud computing — no more on-site hardware and software to physically manage, freeing up resources and time for activities that are the core of your business
- ▶ Leveraging multiple layers of security and compliance built into a single platform. The cloud is perhaps the most secure method of deploying an integrated receivables solution. The world's best security experts now live in the cloud, working diligently to ensure the safety of your information and meeting industry-specific compliance requirements and guidelines.

5 RISKS IN NOT IMPLEMENTING INTEGRATED RECEIVABLES TRULY INTEGRATED RECEIVABLES IS A REALITY

While you're considering going down the road via third-party technology partner, bank or credit union, realize there are a number of risks associated with settling for the status quo, and not heading toward integrated receivables.

- ▶ **Compliance** — PCI is a big issue (and a big undertaking) for companies looking to accept credit card transactions. Meanwhile it's no longer just about PCI. When companies look to consolidate all payment types on a single platform, it's critical that the platform they choose maintain PCI, HIPAA, SSAE 16 and a growing list of other compliance requirements. Without this, businesses will have to independently continue to manage siloed receivables processing platforms' compliance requirements.
- ▶ **Security** — How many companies are lucky enough to say they have a team of data security experts on staff? How many are lucky enough to say they have even one? Today's leading Integrated Receivables solutions run in the cloud and are backed by entire teams of data security experts providing 24-7-365 proactive security and surveillance over their sensitive data. They've got your back, so you — and your customers — can sleep better at night.
- ▶ **Inefficiencies** — Because companies have acclimated to managing disparate payment processing and receivables platforms, they are racking up vastly increased costs. These costs take the form of excess or unfocused human capital and hours associated with each of those siloed platforms. There is a better way.
- ▶ **Revenue** — Banks and credit unions are losing incremental revenue streams from corporate banking customers seeking integrated receivables solutions. Missing the opportunity to be 'stickier' with their current customer base puts them at risk of losing customers.
- ▶ **Customer Loyalty** — If your receivables processes and systems are not truly integrated, then you're not making it easy for your customers. Customers love the convenience of paying bills online, buying with their mobile devices and being able to quickly and accurately track their payment records. Buyers can be fickle. True integrated receivables solutions can accept, process and post to your back-office AR systems leaving you with more time available to service customers, not struggling to reconcile siloed information.
- ▶ **Oversight** — Having to manage multiple payment types, from multiple platforms increases complexity and reduces visibility into customer activity. A truly integrated receivables platform should be able to provide real-time visibility into each transaction and allow banks and/or corporations to take action on items if they fall outside of pre-established thresholds or guidelines.

A CHECKLIST FOR A TRUE INTEGRATED RECEIVABLES PLATFORM TO HELP YOU FIND THE RIGHT RECEIVABLES SOLUTION

The key is to find the right Integrated Receivables solution: the one that's actually *integrated*. When you're shopping around for an integrated receivables solution (either via a solution provider or your bank) ensure the platform has these 8 characteristics.

(1) Easily deployed and supported – SaaS solutions minimize costs and maximize flexibility

SaaS solutions minimize costs and maximize flexibility — Software as a Service (SaaS), if you don't already know, is a software distribution method with which applications are hosted by a service provider and made available to customers over a network, typically the Internet (cloud). The SaaS model offers powerful benefits for corporations, banks and credit unions, minimizing costs and maximizing flexibility.

For corporations, using SaaS solutions means eliminating all costs related to having hardware and software on site, and the dedicated staff needed to manage those on-site assets. With a SaaS solution, you simply have a small applet on your computer or mobile device that lets you securely connect to the application. This method also ensures you always have the newest software version in real time without doing a thing! SaaS offers extremely quick and easy deployment of your integrated receivables solution throughout your enterprise with little to no expense and no infrastructure investments.

For financial institutions, leveraging a SaaS solution eliminates the need to install and/or manage complex hardware and software for each customer, enhancing their customers' experiences. It allows easy, quick and remote deployment and support of an integrated receivables solution to their customers via the small applet that lets customers securely connect to the application. Additionally, financial institutions can rest assured that SaaS gives them and their customers the appropriate levels of security and compliance, particularly PCI (see #5 for more on this).



(2) Accept any payment type (Check, ACH, CC, Cash)

Look for a solution that integrates all payment types and all payment channels on a single platform. Not just a "dashboard feed" of your remittance transactions, but the actual initiation, acceptance, processing and posting of the transaction — soup-to-nuts integration; straight through processing. It's more than just consolidating your lockbox files and your ACH posting files from your bank(s) and feeds, then putting it all into a dashboard. That's just masking siloes to make them look integrated. That's just a Band-Aid. True integration also posts to your back-office system, and reduces both labor costs and human error. Truly integrated solutions will require mapping of data files and/or real-time integration.

(3) Support any payment channel (mailed-in, called-in, in-person, web, mobile)

A true integrated receivables solution offers modular abilities to meet your specific needs. If you only want to manage check scanning – building the foundation of your integrated system — then the platform should be able to offer that capability without being tied down by other payment channel modules. You get to choose which methods you want to pair with your systems. Other payment channels can then be added as you need them, all available on the same platform with the same common operating engine — integrated.

This true level of integration means you have seamless oversight of all receivables activities across your entire enterprise. You can implement consistent processes and business rules to all payment channels across your enterprise, simplifying and streamlining AR operations while increasing your ability to monitor, control and report on enterprise-wide AR activities.

(4) Enable straight through processing (accept, process, and post from a single platform)

Any good integrated receivables solution should include straight through processing so you can accept, process, and post payments in a single pass. Straight through processing helps you create consistency in process rules and workflows, regardless of what payment method was used. Once they're on a single system, it won't matter whether the payment was in cash, check, ACH, credit card, or if it came from your lockbox, online payment portal or even via your mobile app. You'll have a unified interface and repository of all those receivables items.

(5) Deliver multiple layers of proactive security and compliance

One of the biggest, most important benefits of cloud-based, true integrated receivables is robust security and compliance. While running in the cloud, businesses benefit from full-time security and compliance experts whose entire focus is protecting your and your customers' data. You will no longer need the overhead of dedicated security staff maintaining your various, disparate systems' security requirements. The compliance and security components are all up-to-date and actively managed by both the system provider and the hosting provider. By choosing the right integrated receivables solution, you can rest assured the appropriate levels of compliance, especially PCI, are in place.

(6) Streamline exception handling via automated AR processes and workflows

Streamlining and automation go hand-in-hand. Automating business processes will help drastically increase AR efficiencies and accelerate exception handling of items that need further attention. Have multiple lines of business or locations that maintain their own unique processes? No sweat. Leading Integrated Receivables solutions will give you the ability to configure processes and workflows across multiple locations or lines of business. This will increase efficiency and allow you to re-purpose your most valuable resources — your employees — to higher value functions such as data analysis or new product development. Be sure your chosen platform can support both batch and real-time (API) integrations.



(7) Be agnostic in nature

Being agnostic maximizes flexibility and scalability, ensuring your chosen integrated receivables solution is compatible with existing banking, merchant processor, back-office and even check scanner relationships. For corporations this is vital because business needs and relationships change, sometimes quite often. An agnostic system means you don't have to change platforms or rebuild existing processes as your business evolves both internally and externally. For banks, once again, being agnostic increases "stickiness" ...if corporate customers have to (or choose to) add/change banking relationships, this can help retain revenue that they would've otherwise lost if they did not have strong value-added solutions such as an integrated receivables platform.

(8) Grow and adapt as your business changes (i.e. configurability vs. customization)

Your integrated receivables solutions needs to have robust configurability. Configurability means the capabilities and functionality **already** exists within the platform and can easily be turned on and off based on your unique needs and business processes. This allows the solution to be tailored to your specific circumstances — the software should not dictate your processes and workflows, it should easily accommodate and streamline them for you. It also means you have a broad and deep ability to do consolidated reporting and detailed reconciliation.

Beware integrated platforms that are described as customizable. You will often come across "customizable" solutions, but that typically means it "can" be tailored to your needs — only with custom development that can cost you much more than anticipated and substantially delay implementation. Not to mention the potential ongoing costs of moving that customization forward to new versions of the application (ouch).



SUMMARY & CLOSING THOUGHTS

Many companies are riddled with siloed systems and pressed by an overwhelming customer demand for more flexibility and ease of use. The challenges facing implementation of efficient AR processes are complex. It might be appealing to simply put a Band-Aid on your 'pain points' and consider a challenge solved. However, the cost of inaction is high — remember the cost to the U.S. economy of using siloed receivables and payment processing systems is almost \$1.2B each year.³

A truly integrated receivables solution will help you tear down traditional AR and payments silos and arrive at a single, seamlessly scalable, back-office agnostic platform to leverage across your enterprise. Whether the road to an integrated solution is via third-party technology partner, bank, or credit union, that road is already paved — it's a reality — and it's ready to be put to use.



It's important to remember that a major benefit of today's leading integrated receivables solutions is the platforms' modular nature. You're not forced into an 'all-or-nothing' decision. Nobody wants to bear that decision's weight when streamlining their AR operations. Find a solution that allows you to simply implement the one or two capabilities you need right away, and then enables you to quickly and easily add modules as the needs arise for new payment methods, channels, locations and users.

With today's Software-as-a-Service, cloud-based processing, it has never been easier to accept any payment type (credit/debit card, check, ACH, cash) from any payment channel (mailed-in, called-in, in-person, mobile, online) on a single, highly-secure receivables platform. What's more, the ability to tailor the solution to your unique business needs and automating AR processes and workflows will unlock new levels of efficiencies and cost savings you may not have even considered.

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Be thoughtful and prudent when choosing your integrated receivables solution. Ensure the platform accepts any payment type from any payment channel, enables straight through processing and has a high level of automation capabilities. It should be agnostic in nature and have built-in configurability so the platform can be quickly and easily personalized to your needs, and then evolve with you as your business grows.



CITATIONS AND SOURCES

- ¹ — Forrester Research
- ² — 2013 AFP Electronics Payments Survey
- ³ — ACI Worldwide & Wiese Research Associates study, “Identify & Eliminate Hidden Expenses,” 2014
- ⁴ — Celent survey of US Banks, 2014
- ⁵ — Aite Group, 2014 Impact Note on Integrated Receivables
- ⁶ — Remotedepositcapture.com 2014 Special Report: “Remote Deposit Capture: A Decade in the Making”
- ⁷ — 2015 AFP “Payments Cost Benchmarking Survey”
- ⁸ — 2015 FTNI Success Story – “Parks and Sons”
- ⁹ — Treasury Strategies, Inc.

ABOUT FINANCIAL TRANSMISSION NETWORK, INC.

Financial Transmission Network, Inc. (FTNI) accelerates the way businesses accept, process, post and manage payments. Processing millions of transactions monthly, FTNI’s integrated receivables hub, ETran, accepts any payment method, via any payment channel — on a single, secure, cloud-based platform.

Easily and affordably implemented, ETran minimizes setup, support and maintenance costs associated with receivables management and payment processing. ETran’s modular design helps you efficiently and effectively address current AR needs while delivering a seamlessly scalable solution for future growth.

Offering a real-time, enterprise view of all payments activity, ETran increases receivables oversight and delivers significant cost savings by streamlining operations and automating time-consuming manual processes. Founded in 2007, FTNI serves more than

16,000 corporate users in a variety of industries including the American Red Cross, DirectBuy, Farm Bureau, Five Star Senior Living, Golden Living, Mutual of Omaha, Penn Mutual, Physicians Mutual Insurance, Proxibid, RealPage, Shamrock Foods, The McClatchy Company and many more.

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