

ORIGINAL

ESSENTIAL

UNBIASED

INFORMATION

# Singing the Praises of Restructured Treasury Solutions

## *How BMI Streamlined its Receivable Processes*

Shawn G. DeMers, CPA  
Director, Financial Planning &  
Analysis and Treasury  
BMI  
(Broadcast Music Inc.)

Scott Mills  
Vice President/Manager  
TM Solutions Consultants  
Fifth Third Bank

# Your Presenters

**Shawn G. DeMers**

**Director, Financial Planning  
& Analysis and Treasury**

**BMI**

- Assists in managing cash flow, liquidity and investments
- Budget project lead for Financial Planning & Analysis team
- Performs due diligence on new and ongoing banking and investment relationships

**Scott Mills**

**Vice President/Manager  
TM Solutions Consultants**

**Fifth Third Bank**

- Responsible for providing vertical expertise in the delivery of tailored treasury management solutions
- Coordinates consultative services for customers with specialized needs

# Today's Agenda

- Overview of BMI
- Receivables Collections the Old Fashioned way
- Deciding to RFP – Setting Parameters
- Choosing the Best Provider
- Building the Best Process One Step at a Time
- Where we are Today
- Bank's Perspective on the Importance of Partnership
- Maximizing Existing AR Tools
- Trends in AR
- Lessons Learned



# Overview of BMI



- BMI is a performing rights organization which issues licenses to various users of music, including TV, radio, Internet, mobile technologies and others
- We then track public performances of our members' music, and collect and distribute licensing revenues as royalties to more than 300,000 songwriters, composers and music publishers
- We represent some 6.5 million compositions

# BMI's Clients



Lil' Wayne



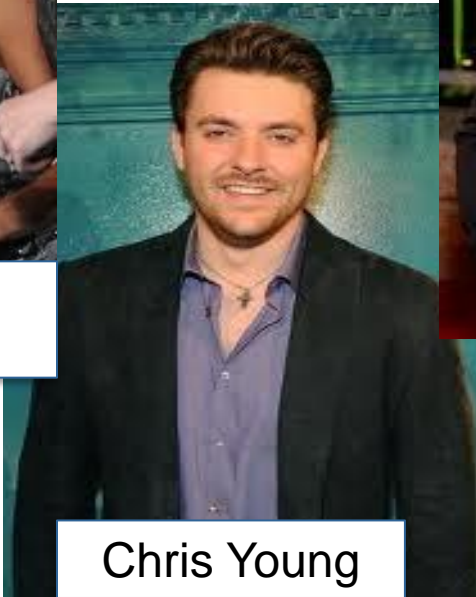
Carole King



Carrie Underwood



Hunter Hayes



Chris Young



Will.I.Am

# BMI Receivables Collected the Traditional Way



# Received Payments by Basic Lockbox



# BMI's Original Receivables Structure

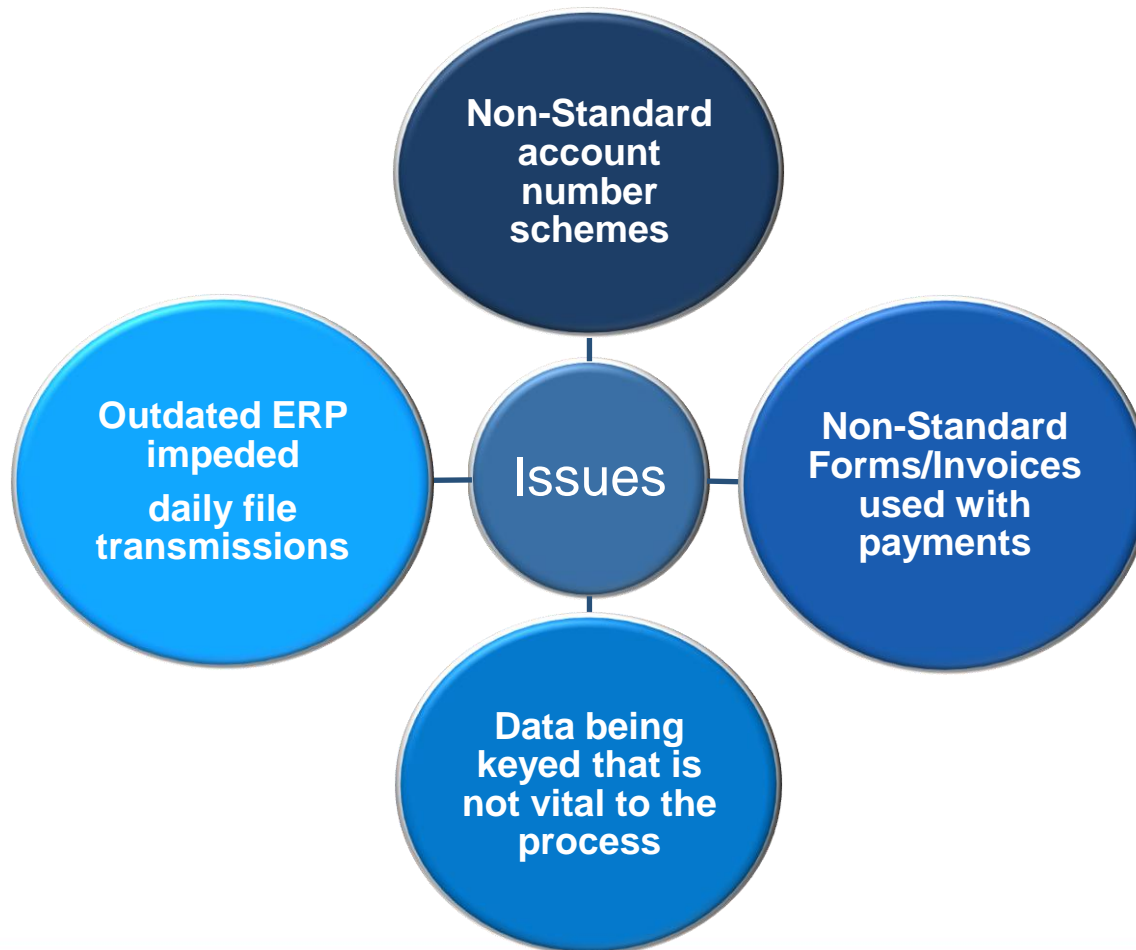
- 4 Basic Wholesale Lockboxes
- Remote Check Capture
- Data Transmission



# Various Criteria Needed to Post Receivables

- Account Numbers – 7 digits
- Billing Numbers – 8 digits
- Transaction Numbers – 7 digits
- Multiple Non-Standard Forms

# Challenges with Current Structure/Process



# Receivables Process was Music to No One's Ears

- Multiple Errors
- Frustrated Employees
- Hindered efficiency

# Outdated Process was Like a Train Wreck That Couldn't be Stopped



# Setting Our Sights on Change



# First Step: RFP Process

- BMI wasn't looking to reinvent the RFP wheel
- We used proven, existing resources
- This saved Treasury the trouble of having to develop its own RFP

Standardized Request  
for Proposal (RFP) for  
Wholesale Lockbox  
Services



# Parameters for Choosing Which Banks to Invite

- We chose banks we had relationships with
- We searched the Internet to determine who was the best at this service



# Typical RFP Process

- Chose vendors to invite to submit proposals
- Review proposals
- Chose short list of vendors
- Decide on next steps



# This is Where Typical Stopped



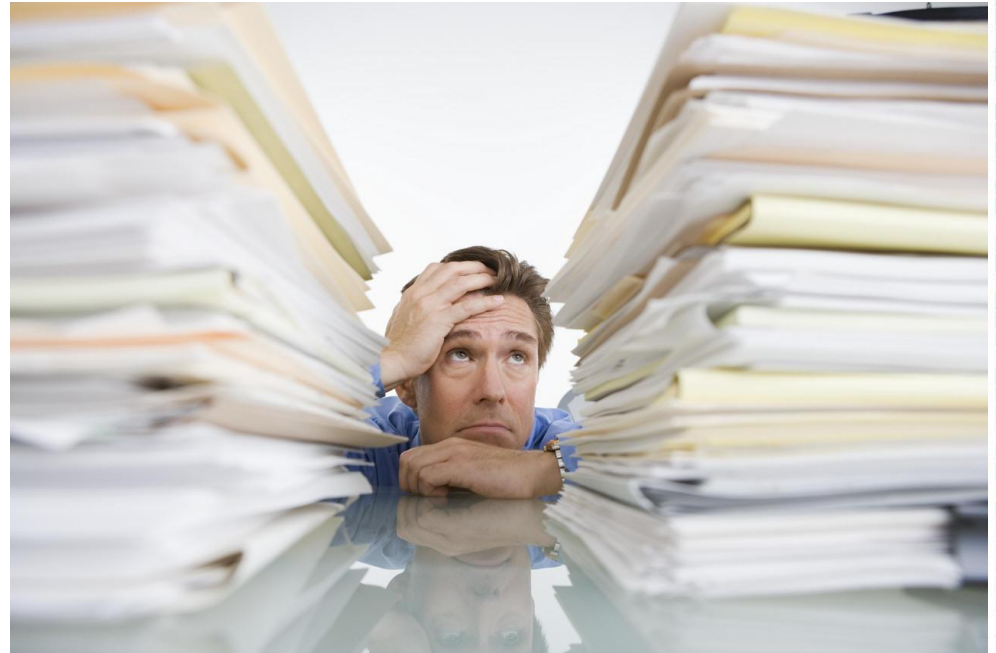
# Next Steps: New Idea

Instead of having banks come into our shop, sit around a conference table and “present” their solutions to us....



# Next Steps: New Ideas

- Invited banks to see our current system
- Told us what they would change
- Made suggestions for enhancing our processes



# Next Steps: Tour Operations

- Then we traveled to each bank's operations center to see how their solutions worked
- We wanted a firsthand view of how each bank would accomplish their proposal

# Targeting the Final Choice

- We chose two finalists but went with the one that we felt understood our objectives
- They clearly understood the issues we were facing
- They had suggestions and recommendations that were specific to our business



# The Deep Dive: Complete Understanding of Current Processes to Improve the Future



# Open and Honest Discussion

- Bank met with BMI's AR processors for an entire day
- Their mission was to be curious and ask questions to provide solutions for today and tomorrow



# Deep Dive Results

- Bank provided BMI with three operational options:
  1. 3 Lockboxes – All Wholesale
  2. 3 Lockboxes – 2 Wholesale and 1 Retail
  3. 2 Lockboxes – 1 Wholesale and 1 Retail
- Bank convinced us to change our AR system's rules and add filters to ensure optimal posting



# Barriers to Success



# Obstacles to be Addressed

- Currently, very few of the forms had an OCR scan-line
- The ones that do will not work with the future provider
- IT resources will be needed to add scan-lines
- IT resources needed for filtering logic

# Getting Everyone On Track



# Partners for Implementation

- Teams from both BMI and Fifth Third created a strong partnership implementation:

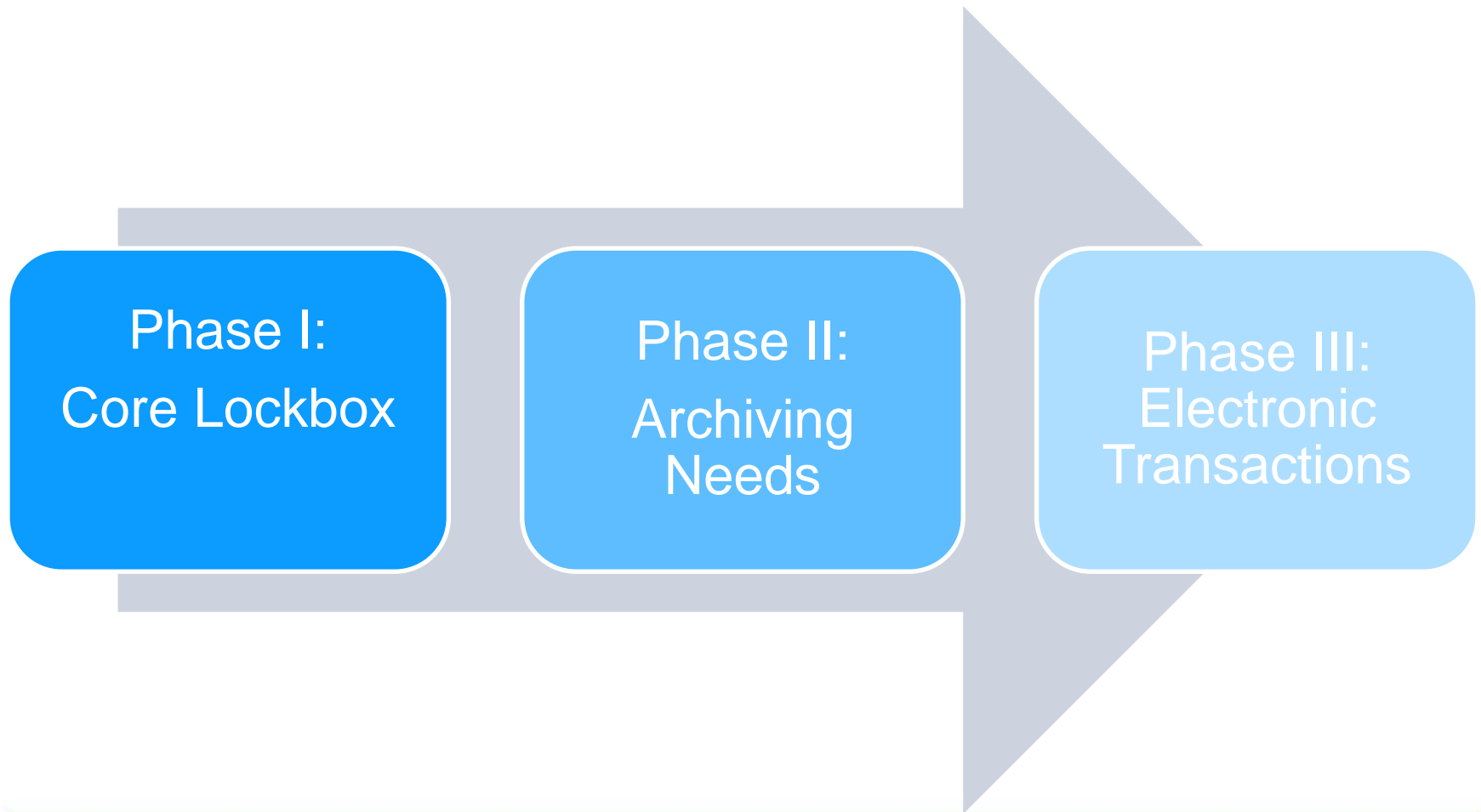
## BMI

- Treasury/Finance
- IT
- Legal
- Senior Management Sponsor
- Operations

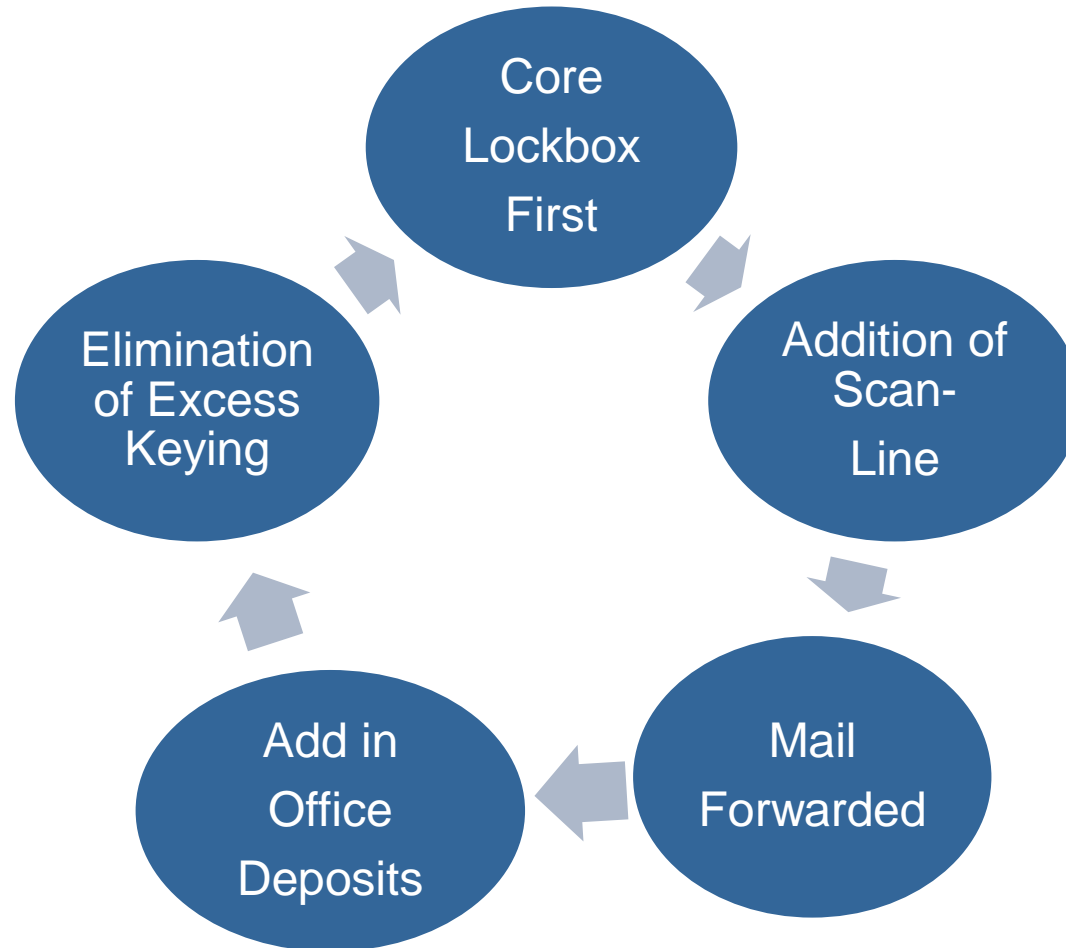
## Fifth Third Bank

- Treasury Management Officer
- Treasury Implementation Support
- Treasury Solutions Consultant
- Product Management
- Legal

# Getting Started – Implementation Strategy: Phased in Approach



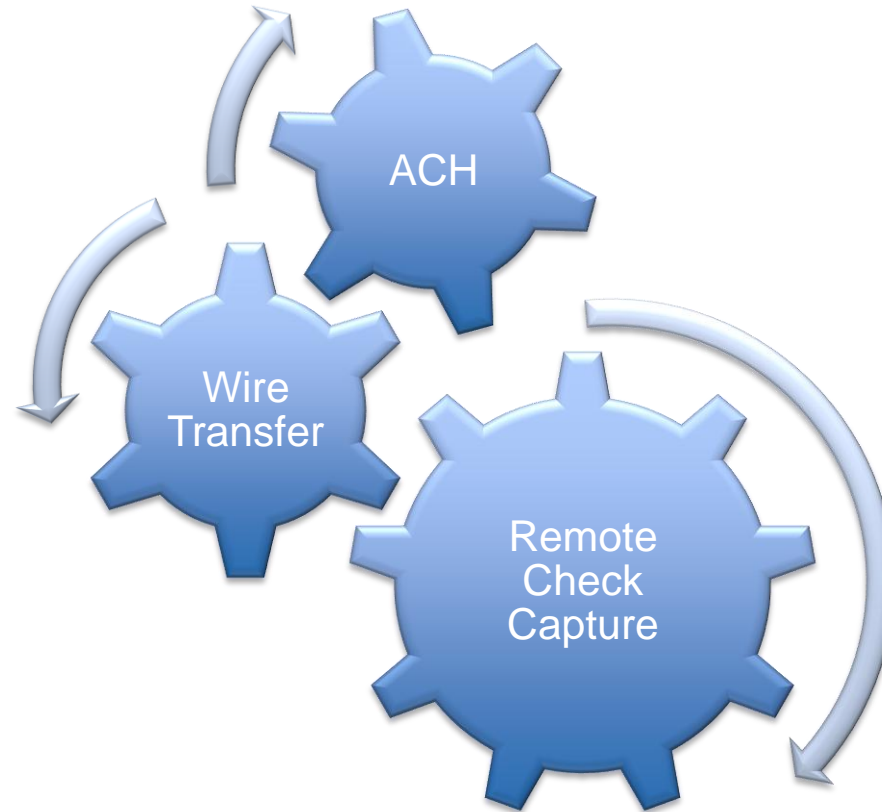
# Implementation Strategy – Phase 1



# Implementation Strategy – Phase 2

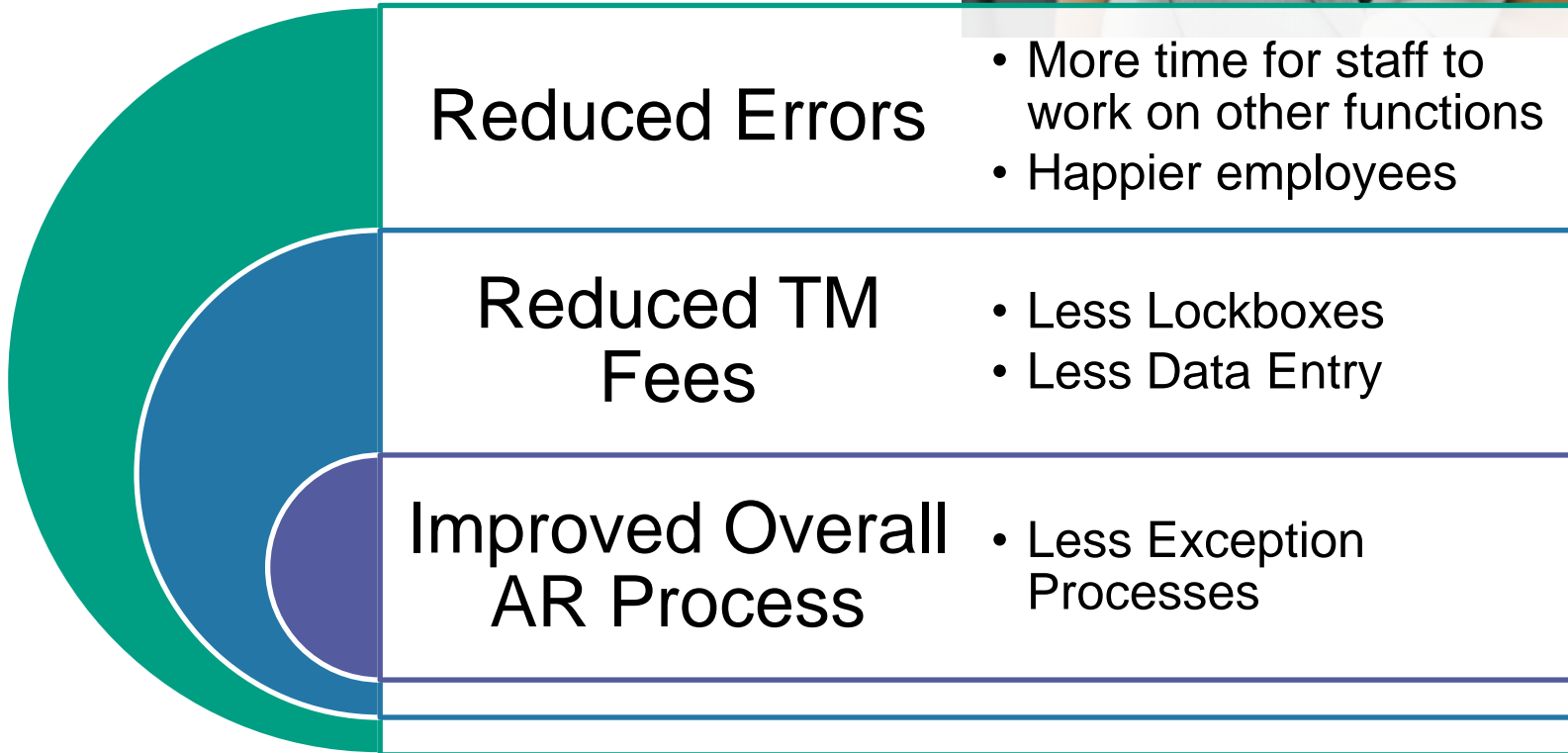


# Implementation Strategy – Phase 3





# Benefits Gained



# The Importance of Partnership: A Bank Perspective



# About Fifth Third Bank

- 153-year-old financial services company
- \$110 billion in assets
- Headquartered in Cincinnati, OH
- Operates 15 affiliates with 1,312 full service banking centers
- Creatively focused on delivering treasury solutions that help meet the needs of our clients

# Best Practices: What to Expect from Your Bank

- Your banking team should be more concerned about what you need than what they have to sell you
- You need a banking team that is curious about your goals of the moment, as well as your goals for the future
- Collaboration and greater access to your operations will give you the best possible outcome
- Your banking team should be committed to your successful outcomes



# Best Practices in AR

- Establish a paper to electronic strategy
- Use technology to your advantage
- Review your billing process
- Review your collection mechanisms
- Analyze exceptions to improve efficiency

# How to Maximize Existing AR Tools

- Use technology as a component of the process rather than a replacement for it – make it work for you
- Take advantage of your ERP system's current auto post capabilities
- Add posting rules to increase straight-through processing

# For Further Investigation

- Leverage data capture to improve auto post rates
- Repair exceptions online in “real-time”
- Consolidate third-party bill payment checks electronically

# For Further Investigation

- Analyze exceptions to improve efficiency
- Perform root cause analysis to determine exception origin
  - Internal vs. external
  - Process flow vs. legitimate error
- Automate upstream processes to remove the human element



# Lessons Learned & Tips to Share

- Establish senior level project champion
- Get IT's involvement established early
- Communicate with your banking team so they know your Operations thoroughly

# Lessons Learned & Tips to Share

- Rely on the experts, engage your staff early and often
- Have regular meetings with project plan updates
- Set an implementation plan and **STICK TO IT**

# An Evolution of Change



# Questions and Comments Welcomed

**Thank you for your participation  
today!**

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