Collections on the Go: Best Practices in Mobile Image Deposit

Christopher Cheniae  
Project Manager  
US Foods

Marilyn Jones  
Director of Process Improvement  
Ben E Keith Company

Carl Shishmanian  
Executive Director, Product Executive  
J.P. Morgan
# Your Presenters

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<th>Christopher Cheniae</th>
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**Christopher Cheniae**
- MBA, PMP, CISA
- Specializes in financial and support office systems
- Responsibilities include architecting, planning, and delivering value-added technology and process solutions

**Marilyn Jones**
- Instrumental in re-structuring the company’s cash flow receivables process to streamline for better efficiency and deposit timing, expand security, automate the reconciliation process and enhance customer satisfaction

**Carl Shishmanian**
- Responsibilities include product marketing, growth in all Treasury Services segments
- Extensive experience in operations, sales, and product management in: ACH, Wire, Check, Receivables, Payables, Coin & Currency and related products
The Challenge of Collecting Payments in the Field

- Collecting checks in the field can be inconvenient, risky and inefficient
- They require manual processes for reconciliation and concentration of deposits
US Foods Story

US Foods, is a $20 billion food distribution company based in Rosemont, IL.

More than 100,000 paper checks are written on the spot each month at retail locations and handed to US Foods sales reps for deliveries.

Payment processing occurs at the National Service Center in Tempe, AZ.

While the overall percentage of checks US Foods collects in this manner is relatively low, it represented a real pain point because the salespeople, called Territory Managers, have to take the checks to bank branches to deposit them.

This was inconvenient, costly and inefficient…
Analysis

- What was the fully loaded cost of making a bank branch deposit?
- Were these deposits significant?
- What risks were associated with local deposits?
Planning

Brainstorming
- Scope
- Internal Process Review
- System

Requirements
- Easy
- Cost Effective
- Scalable
- Integration

Assessment
- Current State
- Build vs. Buy
- Time to Market

Act
- Select a Partner
- Pilot
Pilot

“…Less than 90 days from when US Foods and J.P. Morgan were introduced mobile deposits were in production pilot mode…”

- 4 US Foods Divisions (Distribution Centers)
- 750 Potential Pilot Users
- No visibility into who had a smart phone; iPhone or otherwise

Identify Locations

Identify User Base

Challenges
Challenges

Skepticism
- Lockbox Cannibalization
- Cash Application Accuracy
- Cash on Account

Technical Hurdles
- Integration Points
- Intra-day Processing
- Android not Initially supported
Current State

- 57 Business Units
- 2000 Active Users
  - 85% iPhone
  - 15% Android
- >500K Deposits to Date
  - 45K Deposits Per Month
- Cash Application 3x/Day
Usage

Mobile Deposit Volume

- Total

July, August, October, November, December, January, February, March, April, May, June, July, August

2012, 2013

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Usage

Deposit Volume by Device

- Android
- iPhone

May
June
July
August
Value

93% Cost Reduction

Savings to Date: ~$4M*
Ben E. Keith Company
Drivers Beware: Check Collection Ahead

- Collecting and processing checks in the field presented significant challenges for personnel
Why Mobile Deposits?

- Streamline bank reconciliation
  - Over 30 deposit banks
  - Over 100 deposit accounts
  - Remote locations without available banks - required using mail services or returning checks by delivery trucks to a branch location
  - Standard scanners were expensive, required IT support, not portable
Why Mobile Deposits?

• Existing Sales Posting System required sales personnel to logon to the network to record payments

• IT resources dedicated to upgrades at that time
The Importance of Meshing With Your Partner
Best Practices: The Keys to Mobile Deposit Success

• Mobile Deposit Partner Selection is Critical
  – Require only one contact for structure changes/modifications
  – Must allow us to add and delete users without bank intervention
  – Phone help support
  – Allow verification step to release funds
  – Allow user to leave check with customer after submission (marked it has been scanned)
  – Same day deposit cutoff time no earlier than 9:00 p.m. CST
Best Practices: The Keys to Mobile Deposit Success

- Make at least one small deposit in production before actual Go-Live
Best Practices: The Keys to Mobile Deposit Success

• Plan to capture remittance data
• One to one posting for deposits
• Phone requirements
• Selection of pilot group
Mission Accomplished: Tangible Results

• Resulted in consolidation from 30+ banks to one primary and two secondary deposit banks

• Reduced deposit bank accounts from 100+ to approximately 30

• Decreased bank fees
Mission Accomplished: Tangible Results

- Increased cash flow
- Decreased labor required for cash posting
- Reduced labor to scan and link remittance images
- Reduced bank reconciliation processing time
- Almost no IT involvement
Mission Accomplished: Tangible Results

• Very little AR training needed since it leveraged existing remote capture and imaging solutions

• Increased security controls

• Reduced supply costs

• Allows 24/7 access to make deposits

• Excellent user acceptance
Your Thoughts Welcomed

Q & A

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Contact Information

Christopher Cheniae
US Foods
(480) 766-5420
christopher.cheniae@usfoods.com

Marilyn Jones
Ben E Keith Company
(817) 877-5700
mljones@benekeith.com

Carl Shishmanian
J.P. Morgan Treasury Services
(502) 566-8010
carl.shishmanian@jpmchase.com