Taking Payments to the Next Level in Liquidity Management: Reducing Costs and Generating Revenue

Marcel Santiz, Director, Treasury
Masco Corporation

Rob Jacobson
SVP Payments Services
SunGard’s AvantGard
Agenda

• Trends in B2B Payments
• Masco’s Challenges / Goals
• Why Virtual Cards
• Vendor Enrollment
• Project & Results
What We See in B2B Payments

• 81% of organizations have increased use of electronic payments for B2B transactions to mitigate payments fraud risks.
  
  (Source: 2011 AFP Payments Fraud and Control Survey)

• 33% of organizations do not want to provide bank account information to payers transactions
  
  (Source: Electronic Payments 2012: It Pays to Pay Electronically – Ardent Partners)

• 53% of organizations plan to increase use of cards for B2B transactions
  
  (Source: Electronic Payments 2012: It Pays to Pay Electronically – Ardent Partners)

• 55% of buyers indicate that they are more likely to select a supplier that accepts cards
  
  (Source: Acceptance Matters – And Your Customers Agree – MC & Kaiser Associates)

• “70% of B2B payments are still checks”
About Masco
Challenges

LEAN

Moved DPO from 45 to 85 days and some vendors now going to 120 days

Staffing reductions/layoffs and resource constraints
Goals

- Reduce costs
- Reduce fraud
- Reduce FTE’s (redirecting duties, not layoffs)
- Improve service to customers
- Offer advantages to customers in exchange for DPO
- Support the supply chain finance initiative
Selection Process

Researched bank solutions

Researched 3rd party solutions

Settled on the need for a bank-agnostic solution
Payment Types

Accounts Payable
Supply Chain Finance
T&E
Purchasing Disbursements

Checks

Electronic
Why a Virtual Card Program?

- Rebates
- Full-Service Vendor Enrollment Program
- Security
Card Types

- T&E Card
- PCard
- One Card
- Ghost Card

» Fraud
» Reconciliation
» Low-Volume
» Designed as procurement solutions
» Security attributes
Single Use Virtual Cards

» Additional Settlement Option
» Designed for Invoice transactions
» Unique single-use number is generated for each payment
» Exact dollar amount
» Supplier processes just like any other CNP transaction
» Additional data elements ease reconciliation
» Generate rebates on larger volumes of AP spend
Vendor Enrollment Ongoing Campaigns

- Campaign Design
- Vendor Segmentation
- Reporting/Analytics
- Campaign Execution
- Effective Vendor Campaign Management
- Vendor Response Tracking
## Vendor Enrollment Campaigns

**Calls**
- Successful Contacts with Vendors
- Bad Contact Information
- # of enrollments/registrations
- # of vendors declined service and why
- Incomplete registrations (ACH only)

**Emails**
- Delivered emails
- Bounced emails
- # of emails read by vendors
- # of emails not read by vendors
- # of enrollments/registrations
- Bad email address

**Letters**
- Mailed letters
- # of enrollments/registrations
- Bad mailing address
Message with Check

WestDale Wireless now offers Credit Card payments instead of paper checks! Enroll in our new Virtual Credit Card Program today and avoid waiting for your check to arrive in the mail. If you are already setup with credit cards, visit https://signup.paynetexchange.com and use registration code J16BXEM7 to enroll today. Call 1-877-330-4950 for more information about our program.
Project

- Cost, FTE, Service and SCF Goals
- Awareness campaign
- Three concerns
- 8 Weeks, <20 hours
- Launched in Q1 2013
- Results far exceeded expectations
- Happy customers
Results

Total Card Registrations

- January: 39
- February: 51
- March: 63
- April: 84
- May: 154
- June: 189
- July: 194

AFP® Annual Conference
Results

Monthly Payment Volume

- March: $33,214
- April: $126,202
- May: $428,300
- June: $495,288
- July: $554,133
Questions?

For more information:
Rob Jacobson
www.sungard.com/avantgard
avantgardinfo@sungard.com

Marcel Santiz
marcel_santiz@mascohq.com