

eINVOICE Survey

eInvoicing Adoption Benchmarking Report

Based on the Results of PayStream's eInvoicing Survey

Featuring Insights on...

AP Department Nature and
Usage of Shared Service
Centers

Adoption of Various AP
Automation Technologies

Challenges in Supplier
Recruitment and Enablement

Awareness and Usage of
Advanced Financing Tools

Impact of Company Size on
Technology Adoption

Impact of Technology on
Processing Costs

Best Practices Followed by
Innovator Companies

Underwritten in part by:

Ariba, Basware, Citi, Direct Insite,
J.P. Morgan and TradeCard

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Introduction

A significant shift is beginning to shake the traditional corporate invoicing paradigm and typical 30 day terms. Enabled by electronic invoicing solutions, automated workflow applications and electronic payment tools, invoicing and payments are starting to become virtually instantaneous, at a few innovative companies. While the adoption of electronic invoicing and payments is still largely limited to Fortune 1000 companies, we are evidencing this trend trickling downward to small and medium sized businesses. According to research from PayStream Advisors, the number of electronic invoices traded within the US will overtake paper invoice volume by 2011.

In this report, the analysts at PayStream Advisors have attempted to profile the use of electronic invoicing, payments and emerging working capital solutions at US based enterprises. The analysis in this report is based on survey results and more than seven years of research findings.

PayStream Invoice Management Adoption Survey

PayStream Advisors conducted its “eInvoicing Adoption Survey” in the last quarter of 2009 and developed this report to highlight the overall trends that are shaping the rapidly evolving AP automation space. The “eInvoicing Adoption Benchmarking Report” is designed to:

- Help accounting and financial practitioners familiarize themselves with the e-invoicing and working capital management landscape,
- Enable them to better understand the extent of adoption of the various forms of accounts payable automation, and
- Allow companies to benchmark their operations against similar businesses.

Survey Methodology

The findings in this report are based on the results of PayStream’s “2009 eInvoicing Adoption Survey.” Participants to the survey included more than 275 AP and procurement professionals at U.S. based enterprises. Industries covered by the survey include retail, healthcare, insurance, financial services, automotive, telecommunications, defense, manufacturing, consumer products, utilities, and automotive sectors. Based on the number of respondents, we believe that the survey has a confidence level of +/- 5 percent.

PayStream Research Library

For more information on accounts payable automation, go to our corporate research library at www.paystreamadvisors.com, where you will find a number of reports, including:

- Electronic Payments and P-Card Survey : Bottomline Savings from Procurement to Finance
- Imaging & Workflow Automation - The Emerging Invoice Management Revolution
- Electronic Invoice Management: Your Passport to Paperfree Accounts Payable

Survey Highlights

Key issues addressed in this survey are:

AP department structure and the use of Shared Service Centers;

Adoption levels of AP technologies including e-invoicing, automated workflow and p-cards;

Challenges associated with migrating invoice volume from paper to electronic;

Usage of innovative financing tools such as Dynamic Payables Discounting (DPD) and Supply Chain Finance (SCF);

Impact of company size on the adoption of various technologies; and

Impact of technology on processing costs and productivity enhancements.

Nature of AP Department

Key Insights

- Our analysts are noticing that organizations are increasingly placing an emphasis on centralizing AP department operations, specifically around invoice receipt and payment.
- Centralization delivers a number of benefits, including immediate visibility into invoices for all parties concerned, fewer lost and missing invoices and the ability to accelerate the invoice receipt to approval cycle.
- Shared service centers (SSC) becoming popular with large companies (those with annual revenues in excess of \$1billion), with such companies leveraging the economies of scale and process efficiencies of SSCs.

Growing Emphasis on Centralization

There is no doubt that paper invoices are the enemy of efficiency in the accounts payable department. This challenge is further compounded by the fact that invoices are rarely sent directly to the AP department. Decentralization of invoice receipt results in a number of problems:

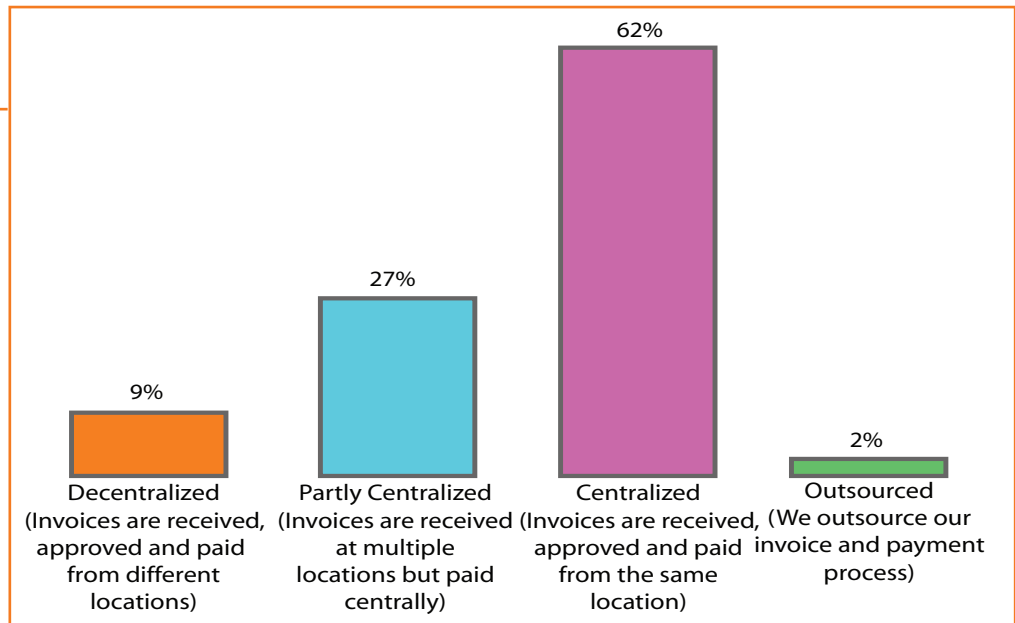
- Senior management does not have visibility to all the company's outstanding liabilities when making investment and borrowing decisions.
- Invoices are beyond the discount period by the time they are entered into the accounting system and ready for processing.
- Suppliers could stop sending inventory or put your company on credit hold because invoices are not paid on time.
- This also increases the potential for duplicate invoices if the supplier sends a second invoice.

To overcome the hassles inherent to decentralized AP operations, organizations are making concerted efforts to receive and pay all invoices from a single, central location. This was validated by the fact that 62 percent of companies that participated in the survey have a centralized AP department.

Figure 1

NATURE OF AP DEPARTMENT

A majority of organizations that participated in the survey have centralized their AP operations



The importance of centralization was also validated by the recent International Accounts Payable Professionals (IAPP) Member Benchmarking Survey. When IAPP members were asked to rank the importance of centralization, on a scale of 1 to 5, where 1 is low and 5 is high, more than two-thirds of the companies (67 percent) stated that centralization was of utmost importance to their AP operations, giving it a 5 on the scale.

The Future of Outsourcing

According to the survey results, outsourcing was not a popular choice, as it was used by a mere two percent of the respondents. This is not particularly surprising. Our experience shows that managers often oppose outsourcing, since it can result in a potential loss of jobs, requires specialized skills to manage and is perceived to carry risks to financial operations.

While outsourcing of the entire AP process is not seen as an appealing option, we are noticing a renewed interest in partial outsourcing. The practice of outsourcing non-value adding activities, such as invoice receipt, scanning and data capture especially to go hand-in-hand with electronic invoicing initiatives is on the rise as it enables companies to become a 100 percent electronic from the start. We are also seeing an increased interest in leveraging the expertise and best practices of third party providers when it comes to supplier recruitment and enablement activities that are part of an for e-invoicing solution implementation.

Large Companies Opt for Shared Service Centers

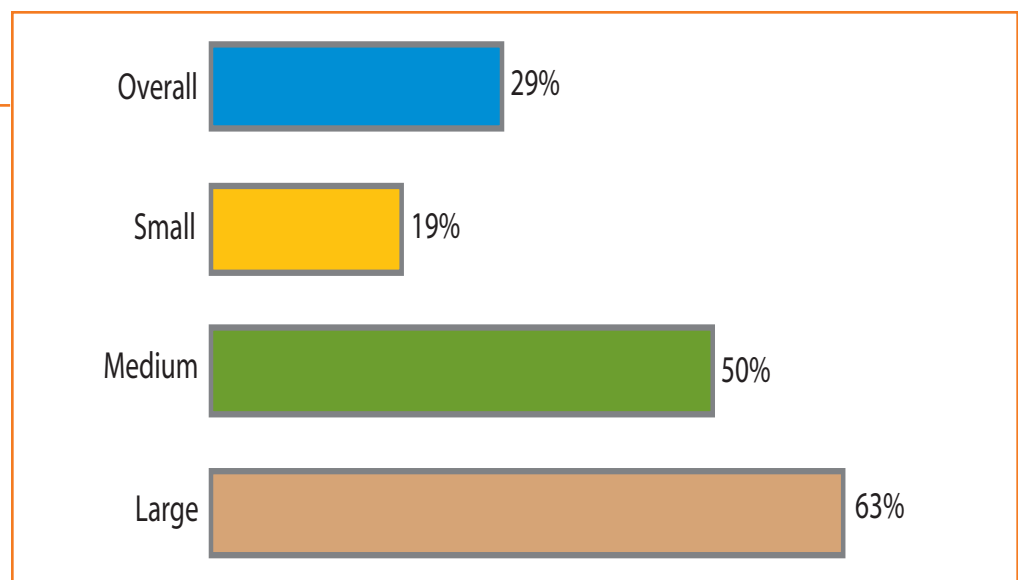
Shared service center usage was limited to only 29 percent of overall companies that participated in the survey. However, it was interesting to note that the adoption of shared service centers varied significantly with the size of the company. Large companies, those that had annual revenues of \$1 billion or more were typical users of shared service centers, with 63 percent adoption. On the other hand, adoption at smaller companies was dramatically lower at only 19 percent.

Shared service centers enable organizations to leverage economies of scale, improve quality and increase processing efficiencies, through the implementation of best practices and elimination of redundant processes and infrastructure.

Figure 2

**ADOPTION
OF SHARED
SERVICE
CENTERS**

Large companies were typical users of shared service centers, with more than 63 percent adoption



Technology Adoption

Key Insights

- AP automation is increasing with e-payments and p-cards already becoming mature technologies and front-end imaging and automated workflow on the growth curve.
- Even though automated data capture technologies like optical character recognition (OCR) have been available for a number of years now, their adoption has been limited.

Automation in the AP Department is Increasing

The survey demonstrated that automation in the accounts payable departments is increasing. PayStream's analysts have been studying this market for several years and are noticing a number of factors that are driving up adoption of automation technologies. Until recently automation was limited to large companies that had the financial and IT resources to implement and manage large-scale automation initiatives. More recently, the increase in the variety of advanced tools, which leverage Software-as-a-Service (SaaS) delivery models has helped many smaller and medium sized companies jump on the automation bandwagon; companies that otherwise could not afford to do so.

SaaS allows companies to leverage technology that is hosted by the service provider, without the need to purchase any hardware or software. Instead, organizations essentially "rent" the services they need and pay as they go, often on a per-transaction basis. The benefits of SaaS are typically low upfront and reduced operating costs, ease of implementation, and scalability. The software vendor maintains the application and is responsible for upgrades, maintenance, and troubleshooting.

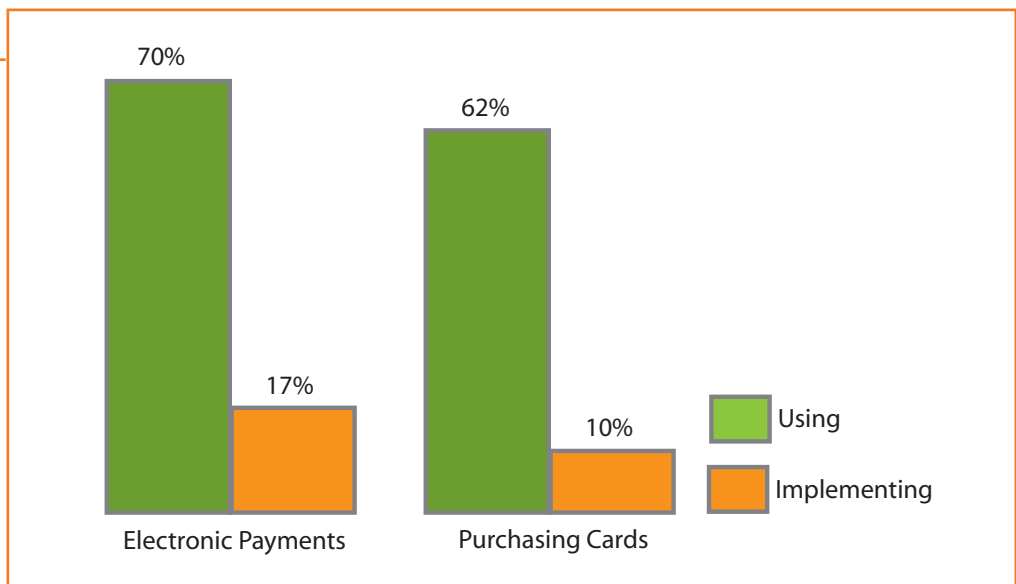
E-Payment and P-Card are Mature Technologies

Electronic payments is the most widely used technology with 70 percent adoption. Realizing the numerous benefits of automating the payment process - fewer lost checks, reduction in late payments and associated penalties and elimination of check

Figure 3

USAGE OF P-CARDS AND E-PAYMENTS ACROSS DIFFERENT COMPANIES

P-cards and e-payments have matured with more than a third of companies using these tools



preparation and mailing costs - organizations are starting the automation of the AP process from the back-end, namely payments.

Purchasing cards followed next with 62 percent of organizations using them to eliminate paperwork and reduce operating costs. The survey revealed that p-cards are a mature technology with strong adoption levels, especially with Fortune 1000 companies. However, the usage of p-cards has been restricted to small dollar purchases, with the average transaction value stagnant at approximately \$250. One reason for this is the resistance to accept p-cards from suppliers. Another reason is the reluctance of companies to increase the limits on p-cards, fearing fraud and abuse. We believe that the companies that are not using p-cards to their full potential have a tremendous opportunity to improve their invoicing and payment processes through the diligent use of p-cards.

Potential for Automation High on the Front-End

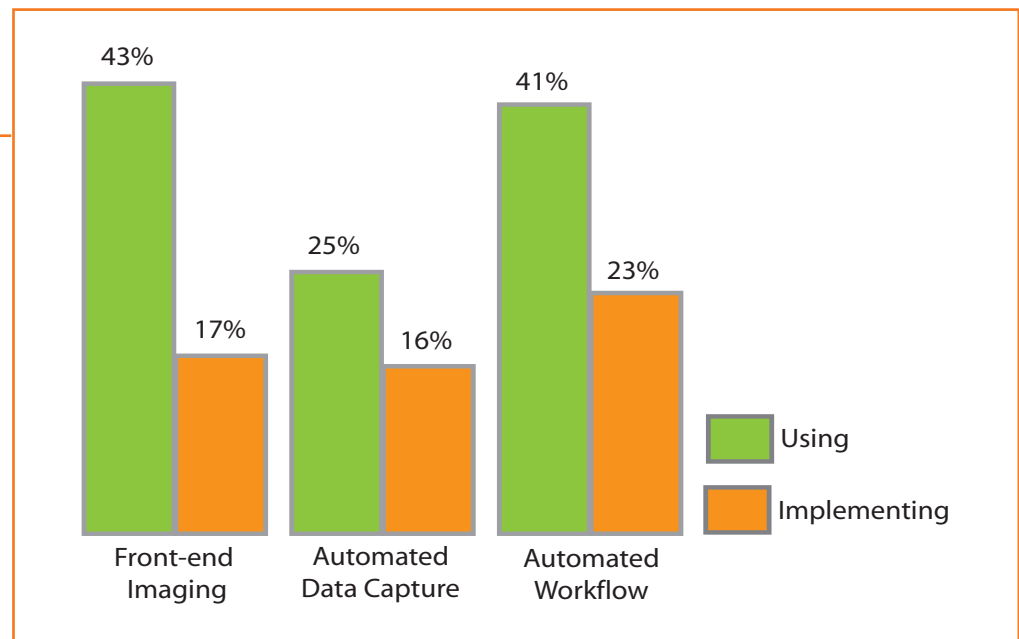
While **front-end imaging** and **automated workflow** technologies are maturing with 43 percent and 41 percent adoption, respectively, there still exists significant potential to streamline the front-end of the invoice receipt-to-pay cycle through the implementation of these advanced tools. We found it very encouraging that almost a quarter of companies (23 percent) are implementing an automated workflow technology over the next six months.

The survey revealed that even though automated data capture tools like **optical character recognition (OCR)** have been around for a long time, they have the least traction with only a quarter of companies surveyed (25 percent) currently using them. Even though automated data capture solutions designed specifically for invoices have changed dramatically since first-generation OCR solutions, they are still poorly understood and viewed as incomplete. PayStream Advisors is developing a new research concept called PayStream Labs to fill this market need and educate the market. In this report, PayStream will focus on providing buyers with context-rich educational material about intelligent document recognition (IDR), including case studies and quantitatively-driven solution rankings.

Figure 4

USAGE OF FRONT-END AP AUTOMATION TECHNOLOGIES

The survey showed that there is a lot of potential to streamline the front-end of the process with automation



Electronic POs and Invoices

Key Insights

- Organizations are increasing the percentage of PO-based invoices in an effort to move approval to the front-end of the process. Electronic submission of POs is also emerging as a best practice.
- Electronic invoicing is increasing, slowly but steadily, with the biggest barriers to adoption being lack of budget and the belief that current processes do work.
- The tangible benefits achieved by eInvoicing adopters should make the skeptics take another look at the automation options available today.

Usage of Purchase Orders as a Control Mechanism

When asked about the usage of purchase orders (POs), more than 41 percent of respondents stated that **over half of their invoices are related to a PO**. We are noticing a number of organizations moving towards increasing PO-based invoices in an effort to move purchase approval to the front-end of the process. They view this as a better control mechanism and also hope to overcome the challenges associated with the routing and approval of non-PO invoices. Only 12 percent of the companies surveyed **do not use POs at all**.

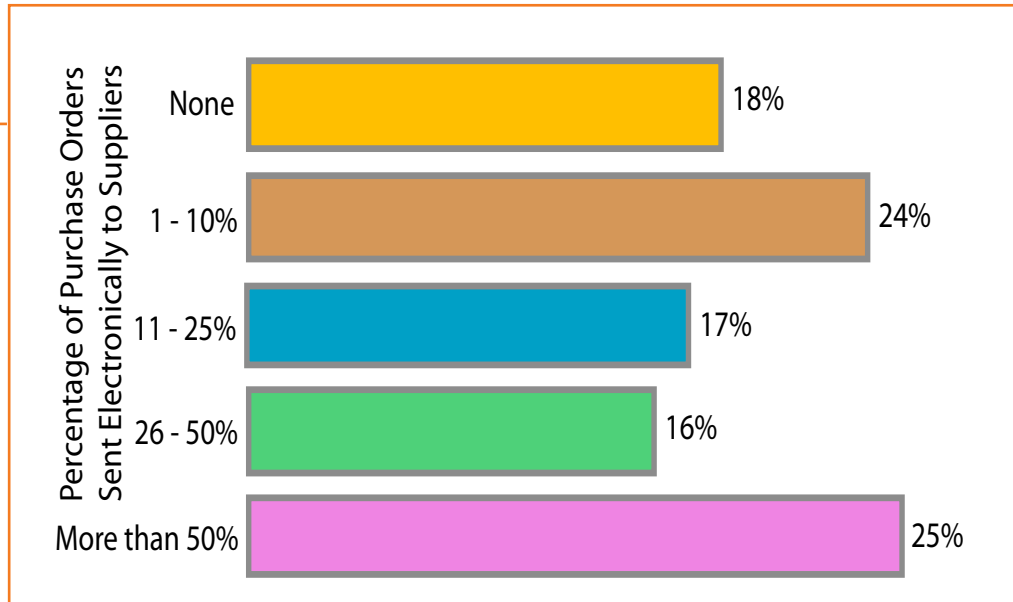
With automation rapidly moving to the front-end of the AP process and technology becoming an enabler for the integration between AP and purchasing, we are seeing a growing interest in electronic transmission of purchase orders to suppliers. The benefits of this are numerous - validation of PO information upfront to ensure complete and accurate information is sent to suppliers, confirmation of PO delivery and the ability for suppliers to accept POs and submit changes against them, to name a few.

According to survey results, a quarter of companies send more than 50 percent of their **POs electronically to suppliers**. Approximately 18 percent of companies are **not using this technology at all**.

Figure 5

ELECTRONIC PURCHASE ORDER SUBMISSION

A quarter of companies send more than half of their POs electronically to suppliers



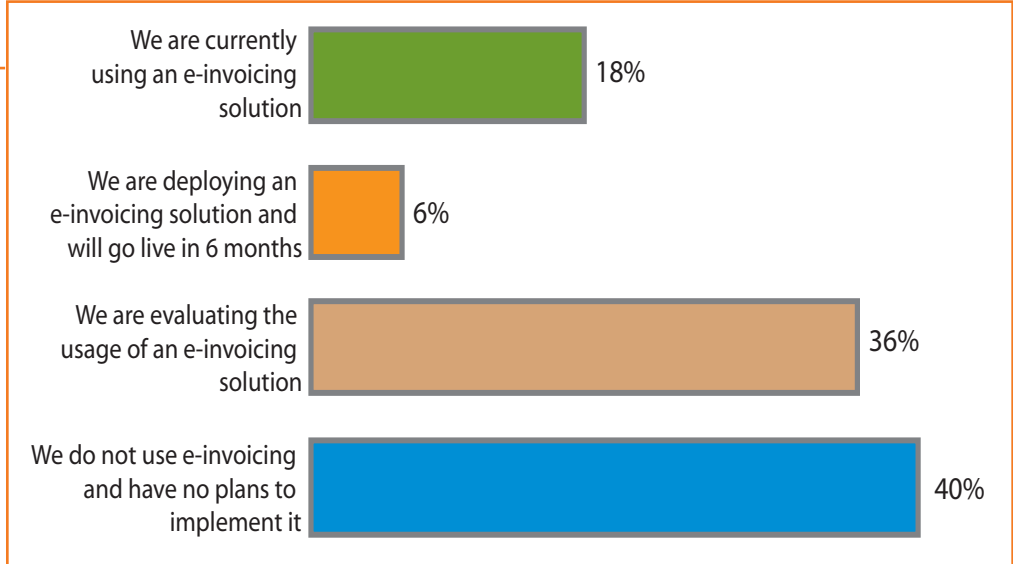
Electronic Invoice Adoption Still Slow

When asked about the usage of an electronic invoicing solution (whether a stand-alone portal or a network), 40 percent of respondents stated that they were **currently not using an e-invoicing solution and had no plans of implementing it**. Only 18 percent of companies that participated in the survey were **currently using an e-invoicing solution**. However, it was encouraging to note that more than a third of companies (36 percent) were **evaluating the usage of such a solution** and six percent were in the **deployment stage with the solution going live within six months**.

Figure 6

ADOPTION OF E-INVOCING SOLUTIONS

Less than a quarter (only 18 percent) of companies are currently using an e-invoicing solution

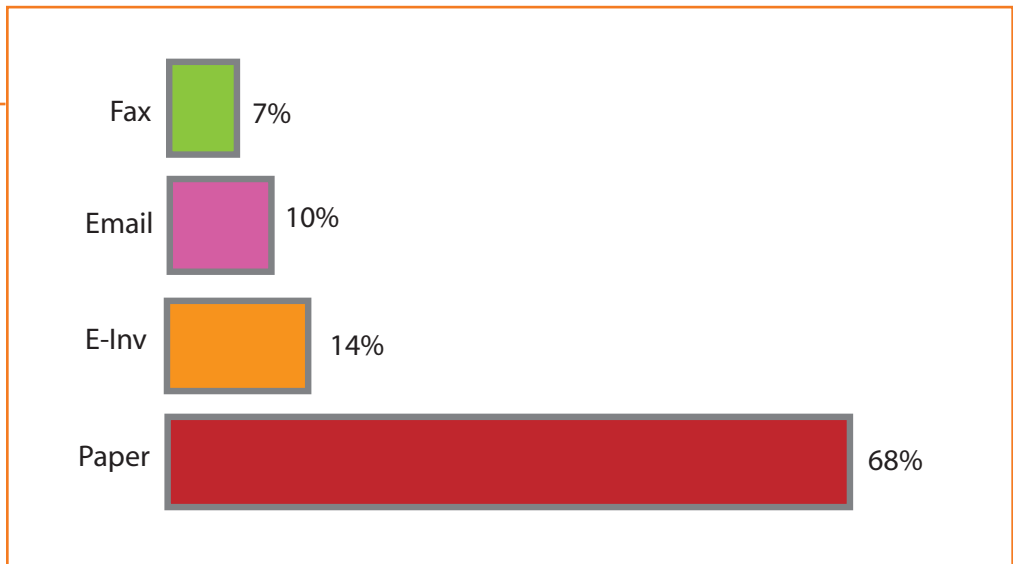


Paper still appears to be the most favored mechanism for exchanging business-to-business invoices, with the survey showing that 68 percent of all invoices are traded via paper. Electronic invoicing, whether it is via EDI, a stand-alone Web portal or an e-invoicing network, was a distant second with only 14 percent of the invoice volume traded via this method.

Figure 7

METHODS USED TO TRADE B2B INVOICES

Paper is still the most used mechanism to exchange invoices between buyers and suppliers

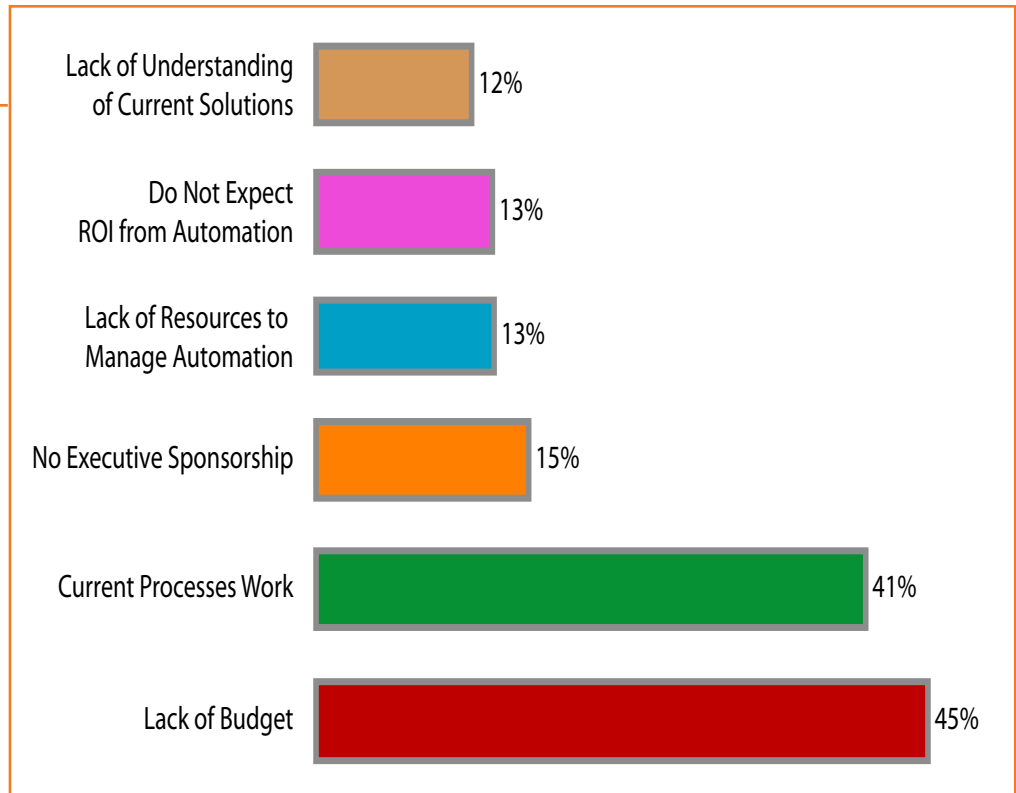


The biggest hindrance for automation at 45 percent of companies was **lack of budget** in today's recessionary economic climate. Another significant barrier at 41 percent of companies was the fact that senior management believed that **current processes did work**, even though they were not the most efficient. E-invoicing providers that are targeting these companies have to develop a solid value proposition and communicate it effectively in order to convert these skeptics.

Figure 8

BARRIERS TO THE ADOPTION OF E-INVOICING SOLUTIONS

The biggest barrier to automation is the lack of budget



Benefits of Electronic Invoicing are Tangible

Though the non-adopters of e-invoicing believe that the incremental benefits of automation are not significant, the companies that actually use e-invoicing tell a completely different story. The biggest benefit of automating the invoice receipt process is **fewer lost or missing invoices**, according to an overwhelming 58 percent of companies. When invoices are submitted electronically, via a portal or network, they are immediately visible and actionable to all relevant parties, irrespective of where they are located geographically.

Another significant benefit of e-invoicing, experienced by 55 percent of respondents, was **quicker approval cycles**. Our research shows that electronic invoice receipt, combined with automated matching and approval workflow, can shrink approval cycle times from 23 days or more to as little as five days, through the elimination of mail float and manual data entry and by ensuring that the invoice is reviewed and approved in a timely manner.

The ability to accelerate approval times has allowed 53 percent of companies to **increase their on-time payments** as well. Elimination of manual data entry and paper-based routing of invoices along with the reduction in discrepancies and

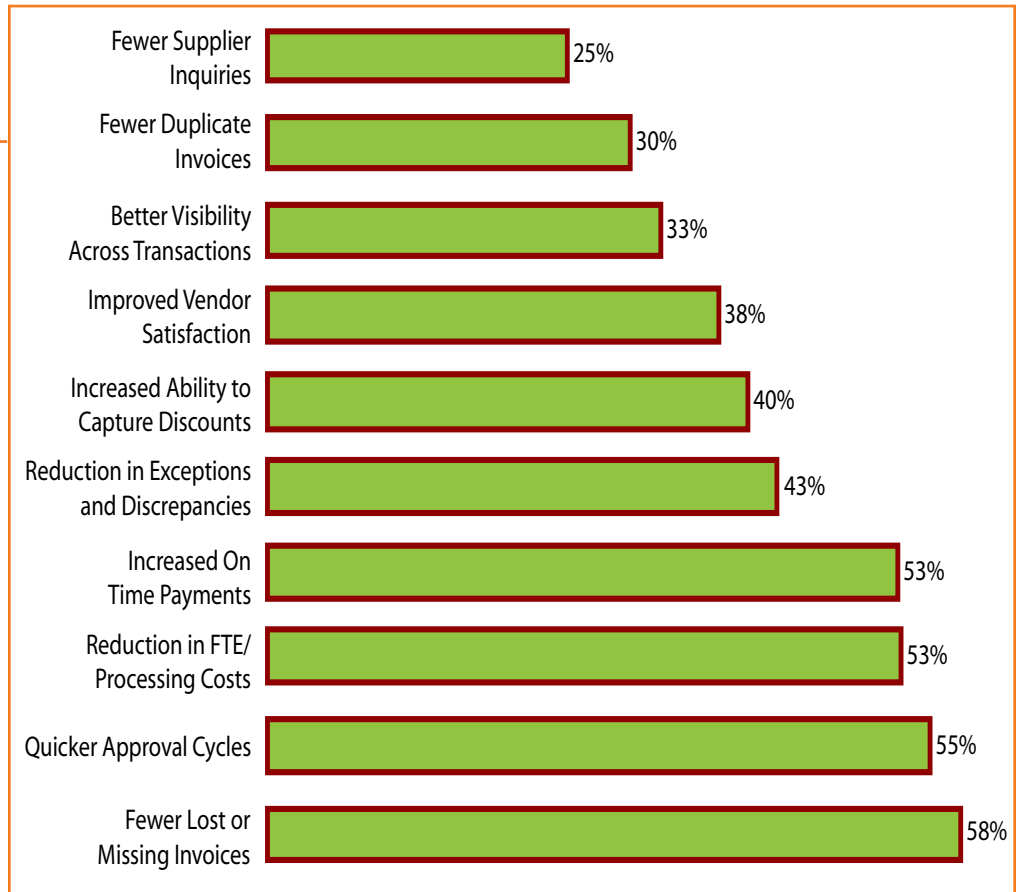
exceptions brings another benefit to the equation. More than half the participant organizations (53 percent) stated that they have been able to significantly **reduce staff and processing costs**. The ability to redeploy staff from low value-adding activities to more strategic tasks like vendor relations, spend management and incremental discount capture is an added bonus of e-invoicing.

This relation between lower processing costs and automation also bodes well for companies that are shying away from automation because they believe that current processes work or that there is no ROI to be achieved from automation. This should make these skeptics take a second look at the range of options available in the AP automation space today.

Figure 9

BENEFITS OF ELECTRONIC INVOICING

The benefits of e-invoicing are numerous including fewer lost invoices, quicker approval cycles and increased on-time payments



Supplier Recruitment & Enablement

Key Insights

- The survey revealed that only a handful of companies have been able to migrate a significant percentage of invoices and suppliers from paper to electronic methods.
- The two biggest hurdles to electronic invoicing are internal change management and the inability to gain supplier adoption for automation technologies being used.
- Though supplier adoption is a significant challenge, a number of best practices are being followed by the innovators to connect with suppliers and to convince them about the benefits of e-invoicing.

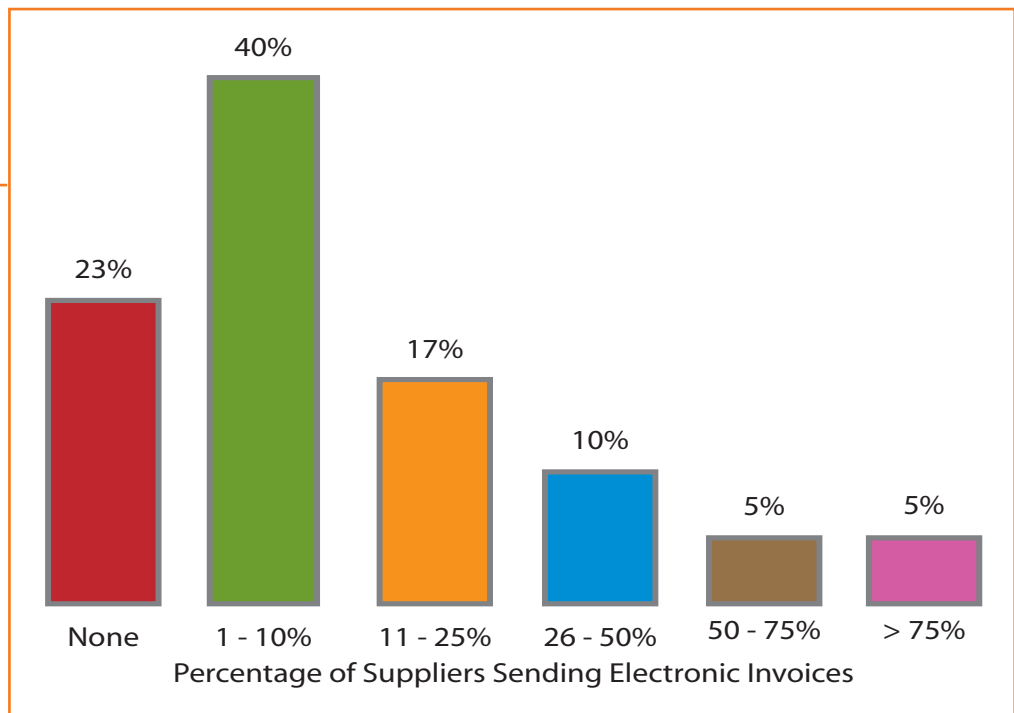
Changing Supplier Behavior is Challenging

We asked survey participants about the percentage of suppliers that send them invoices electronically. Almost a quarter of the respondents said that none of their suppliers are sending them electronic invoices. Almost 40 percent of the respondents has only been able to convert 10 percent of their suppliers from paper to electronic means of invoice submission. And only a small minority, approximately 10 percent, have been successful in migrating more than half of their supplier base to an e-invoicing solution.

When asked about electronic transaction volume, almost a third of respondents (31 percent) mentioned that they were not receiving any electronic invoices at all. A small portion of the companies, less than 11 percent, stated that they were able to convert more than half their invoice volume from paper to electronic. It was disappointing to note that in spite of solid electronic invoicing functionality being available in the market for many years now, adoption levels are still very low.

Figure 10
PERCENTAGE
OF SUPPLIERS
CONVERTED TO
E-INVOICING

Only 10 percent of companies have been successful in migrating more than half their suppliers to electronic invoicing

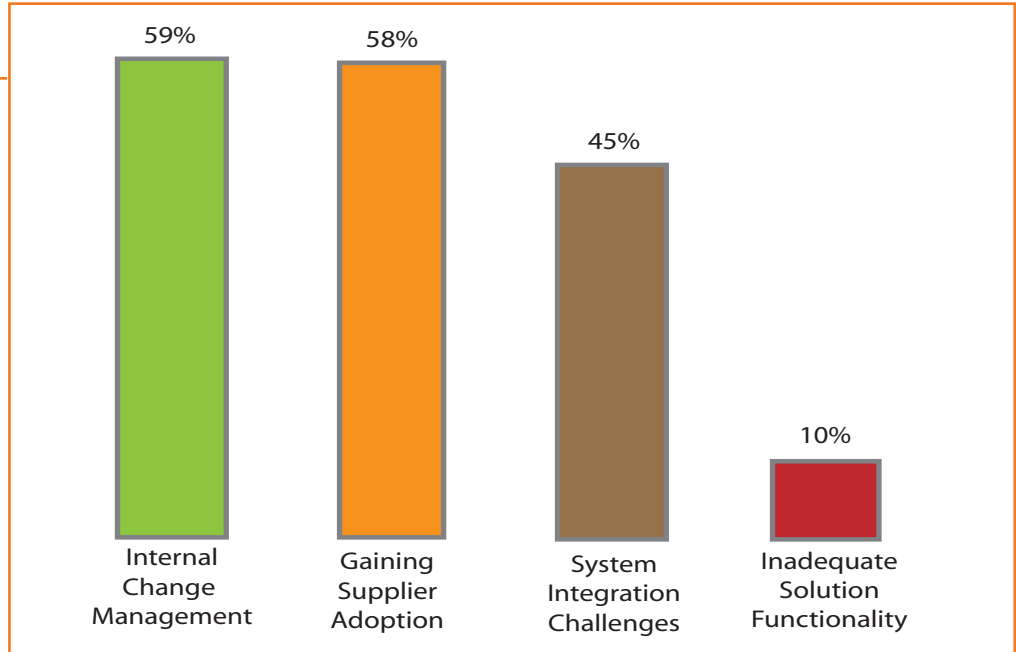


We then tried to identify the biggest challenges organizations are facing around migrating invoices from paper to electronic format. More than half the companies (59 percent) stated that **internal change management** was the biggest hurdle that was hindering the paper to electronic conversion. This was followed very closely by the 58 percent of respondents that were bogged down by the **lack of supplier adoption**.

Figure 11

BARRIERS TO CONVERTING INVOICES TO ELECTRONIC FORMAT

Internal change management followed by the inability to gain supplier adoption emerged as the biggest challenges



Best Practices to Increase Supplier Adoption

Changing supplier behavior and gaining supplier adoption are definitely major hurdles to the success of any electronic invoicing solution, but there are some steps that innovative companies are taking to increase their chances of bringing suppliers onboard the automation bandwagon.

First and foremost, keep in mind that suppliers are a key component of your initiative and your efforts can be best realized by keeping them in the loop from the beginning, instead of considering supplier adoption as an after thought to the technology implementation. Even as you are evaluating e-invoicing solutions, contact your strategic suppliers to gauge their interest in e-invoicing and their ability to come onboard any solution you might choose.

One critical aspect of your e-invoicing strategy should be to leverage the expertise and best practices provided by the technology vendor around vendor segmentation and activation campaigns. Companies that do not have the resources or expertise to handle the supplier recruitment process in-house can largely benefit from the value-added services provided by the solution provider.

Another way to increase electronic invoicing is to start the process with an electronic purchase order. Based on our research, companies that submit POs electronically have a better chance of receiving the invoice also in electronic format, a fact that was also validated by the results of our survey. While less than 11 percent of overall companies receive more than half their invoices electronically, twice that many (more than 22 percent) companies that send electronic POs have achieved this feat.

Increasing Discount Capture

Key Insights

- Most of the companies that participated in the survey are very interested in increasing discounts offered by their suppliers in exchange for early payments.
- However, most companies stated that they are unable to capture all the discounts available to them, while some can never capture any of their discounts.
- The biggest factor that contributed to late payments and missed discounts at organizations surveyed is inefficiencies associated with the manual routing of invoices.

Discount Capture is a Priority for Most Companies

Capturing discounts offered by suppliers in exchange for early payments is considered to be important by almost half the companies (49 percent) that we surveyed, while another third of the companies (31 percent) stated that it was a huge priority.

In today's economic climate where interest rates are extremely low, capturing even a traditional discount like 2%10net30 (which translates to a 36 percent APR) is a no-brainer. Given this scenario, it is not surprising that almost 80 percent of the organizations are interested in increasing their discount capture.

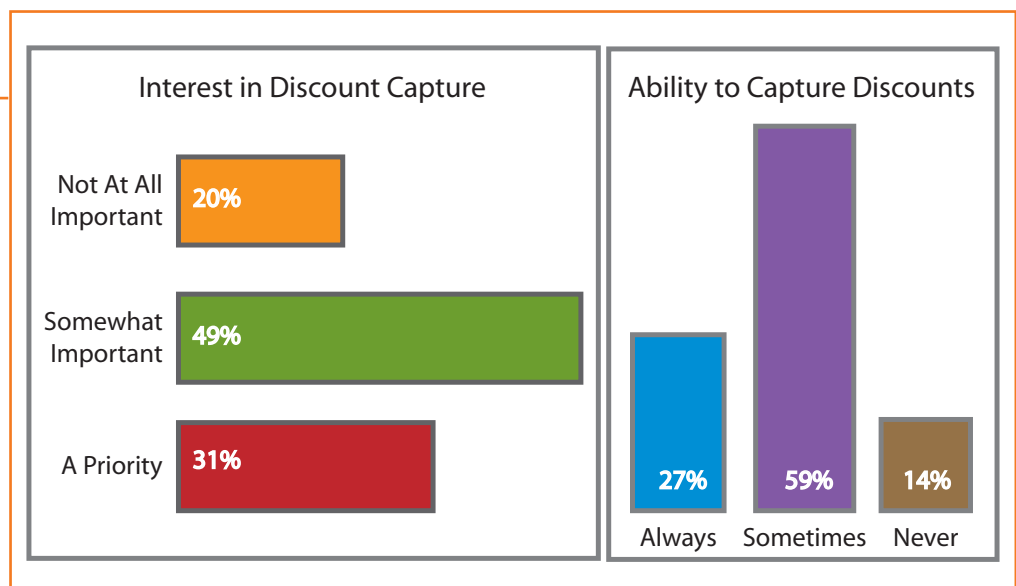
What was more interesting to note was that though capturing discounts is such a priority, there is a huge difference between an organization wanting to capture discounts and its ability to actually do so.

Almost 60 percent of the companies that participated in the survey stated that they are **only able to take some of the discounts** offered by their suppliers, while 14 percent of organizations are **never able to take early payment discounts**. We are impressed by the 27 percent that is actually **able to capture all discounts** offered to them.

Figure 12

INTEREST IN DISCOUNT CAPTURE AND ABILITY TO MAKE THIS HAPPEN

A number of companies are unable to capture discounts offered by suppliers

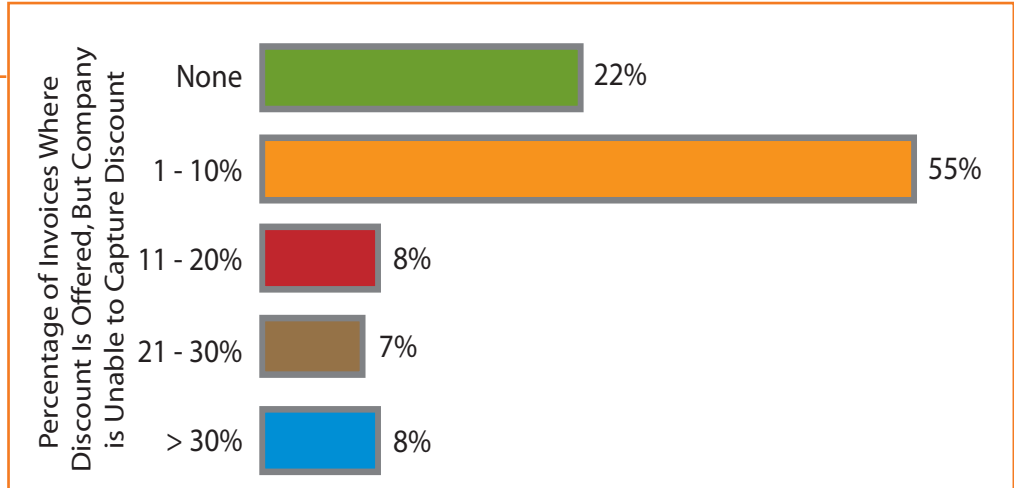


We then asked about the percentage of invoices where an early payment discount was offered, but the company was unable to take the discount due to slow approval or other reasons. Almost 15 percent of the companies stated that this occurred with more than 20 percent of their invoices.

Figure 13

**MISSING EARLY
PAYMENT
DISCOUNTS**

Almost 8 percent said that they were missing discounts on more than 30 percent of invoices available for discounting



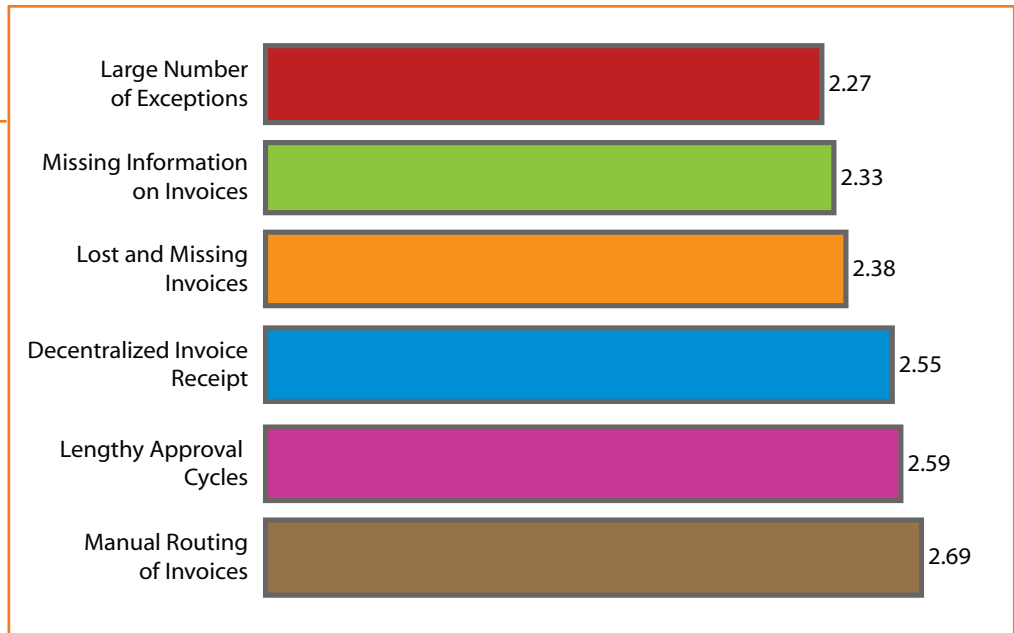
On a scale of 1 to 5, where 1 was the lowest and 5 the highest, we asked participants to rate the prevalence of problems that led to late payments and missed discounts. **Manual routing of invoices** emerged as the biggest headache with a score of 2.69 on our scale. This was followed by **lengthy approval cycles**, at a score of 2.59 and **decentralized invoice receipt**, which gained a score of 2.55.

These results show that there exists a tremendous potential to improve the invoice management process through electronic invoicing and automated workflow in order to effectively capture all discounts offered.

Figure 14

**REASONS FOR
LATE PAYMENTS
AND MISSED
DISCOUNTS**

Manual routing of invoices was the biggest problem that resulted in missed discounts



Usage of Financing Tools

Key Insights

- While familiarity with the concept of dynamic payables discounting is still low, we are encouraged to note that awareness has increased significantly over the last year.
- Usage of dynamic discounting, however, is still limited to large organizations with only 4 percent of companies overall using this tool currently and less than a third considering its potential.
- Respondents were more familiar with supply chain finance, with a little less than half (41 percent) understanding how this technology works. Usage was also slightly higher at seven percent.

Dynamic Payables Discounting

Dynamic payables discounting (DPD), which can enable companies to enhance discount capture, is a relatively new tool, and less than a third (31 percent) of companies overall had any familiarity with the concept.

However, it was encouraging to note that the familiarity with dynamic discounting has increased over the last few months. According to the results of PayStream's "2008 Electronic Invoicing Adoption Survey," only a quarter of the companies understood the functioning of dynamic discounting tools.

However, the survey also revealed that while awareness is increasing, adoption is still limited. Only four percent of the companies are currently using a dynamic discounting solution and a little less than a third (33 percent) is planning to implement one within the next few months. We believe that companies that want to capture discounts but are unable to do so will benefit significantly through the implementation of a dynamic payables discounting application.

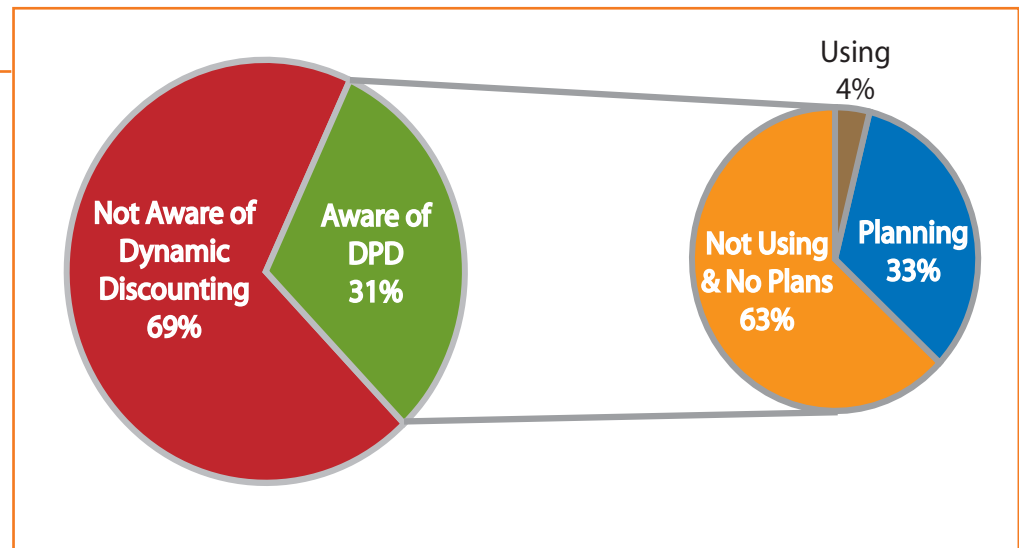
Supply Chain Finance

Supply chain finance, another alternative available to cash-strapped suppliers is a more familiar concept to our respondents. According to respondents, more than

Figure 15

USAGE OF DYNAMIC PAYABLES DISCOUNTING (DPD)

DPD is still an emerging tool with only 4 percent adoption yet

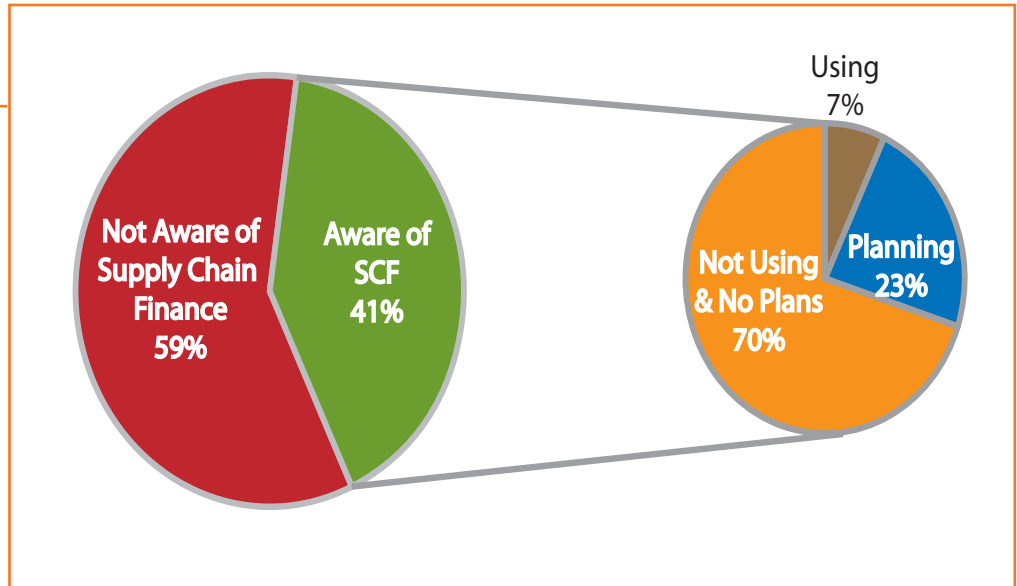


little less than half the companies (41 percent) understood the concept, which is significantly higher than the mere 19 percent that was even familiar with supply chain finance during our previous survey conducted in 2008.

However, even with supply chain finance, as is the case with dynamic payables discounting, adoption is still quite low with only seven percent of companies using this tool and less than a quarter of companies (23 percent) planning to implement one soon.

Figure 16
AWARENESS
AND USAGE OF
SUPPLY CHAIN
FINANCE

Only 7 percent of companies are currently using a supply chain finance solution



Impact of Company Size

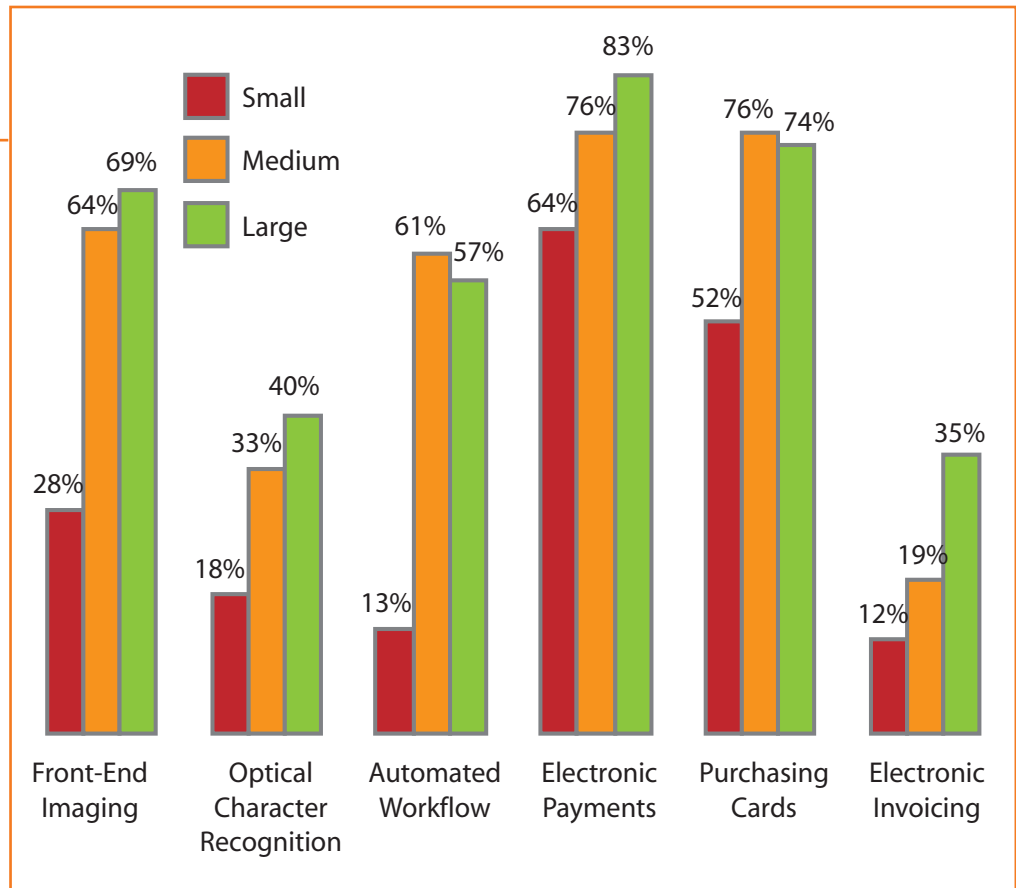
We classified companies that participated in the survey based on annual revenues to identify whether this parameter had any effect on the functioning of the AP department as well as an organization's adoption of technology. For further analysis, organizations that had less than \$500 million in revenues were classified as Small, those with revenues between \$500 million and \$2.5 billion were Medium and finally, companies with revenues over \$2.5 billion were categorized as Large. Almost two-thirds of survey participants (60 percent) were from Small companies, Medium companies comprised of 20 percent of the population, with Large companies forming the remaining 20 percent.

Technology Adoption Increases with Company Size

One common theme that emerged from the survey is that, owing to the financial and human resources available at their disposal, Large companies on average have made more movements in their adoption of technology. Across the broad spectrum of invoice receipt-to-pay technologies, we notice that Large companies have higher adoption levels than their smaller counterparts. While technology adoption has been limited larger companies until now, we are evidencing this trend trickling downward to small and medium sized businesses with the evolution of hosted and Software-as-a-Service (SaaS) models, which have lowered the upfront cost of implementing AP automation solutions and reduced the hassle of maintaining them significantly.

Figure 17
ADOPTION OF VARIOUS TECHNOLOGIES BY COMPANY SIZE

Larger companies have higher adoption levels across the range of technologies surveyed

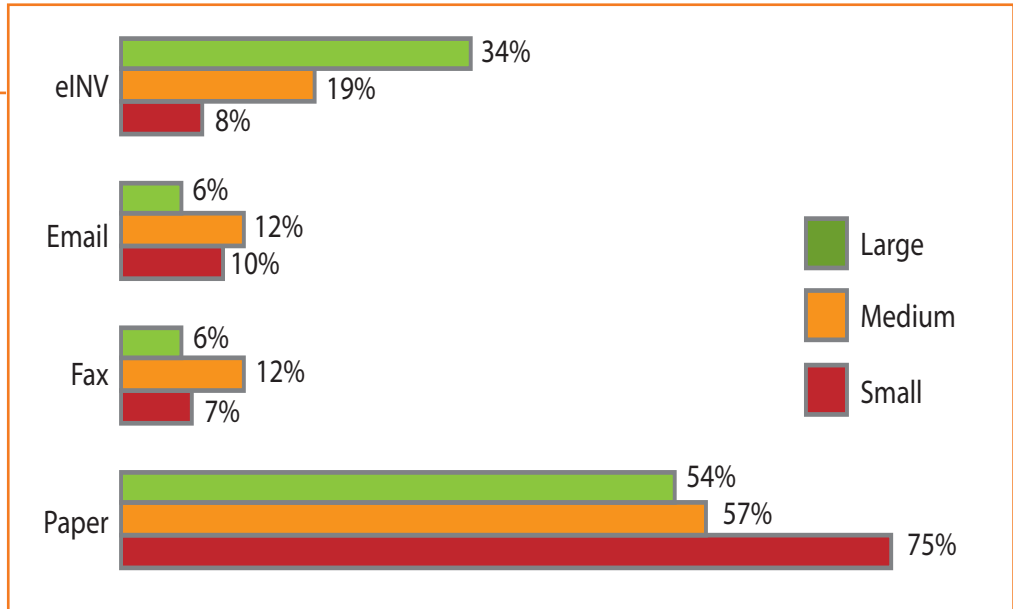


Medium and Large organizations have been able to significantly streamline their AP processes through the diligent use of technology. This is validated by the fact that these companies have reduced the volume of error-prone and expensive paper invoices significantly.

Figure 18

INVOICE RECEIPT METHODS BY COMPANY SIZE

Medium and Large companies have been able to reduce their paper invoices through the diligent use of e-invoicing

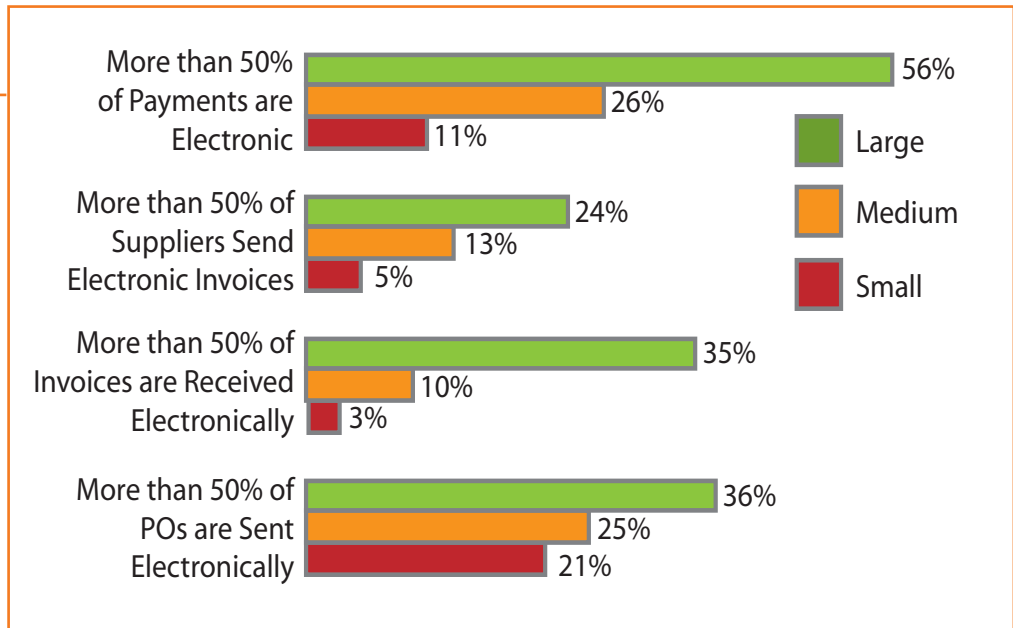


Across the range of documents traded with suppliers, POs, invoices, payments etc., Large companies have had more success in migrating their transactions from paper to electronic means, as evidenced by the survey results. One reason for this could be that their size enables them to dictate terms to their smaller suppliers.

Figure 19

ADOPTION OF ELECTRONIC MEANS FOR TRANSFER OF INFORMATION

Large companies are more likely to trade electronic documents with suppliers than their smaller counterparts



What are the Innovators Doing?

We asked organizations to rate their perceived level of sophistication in the use of financial automation technology relative to their peers to gauge their appetite for innovation.

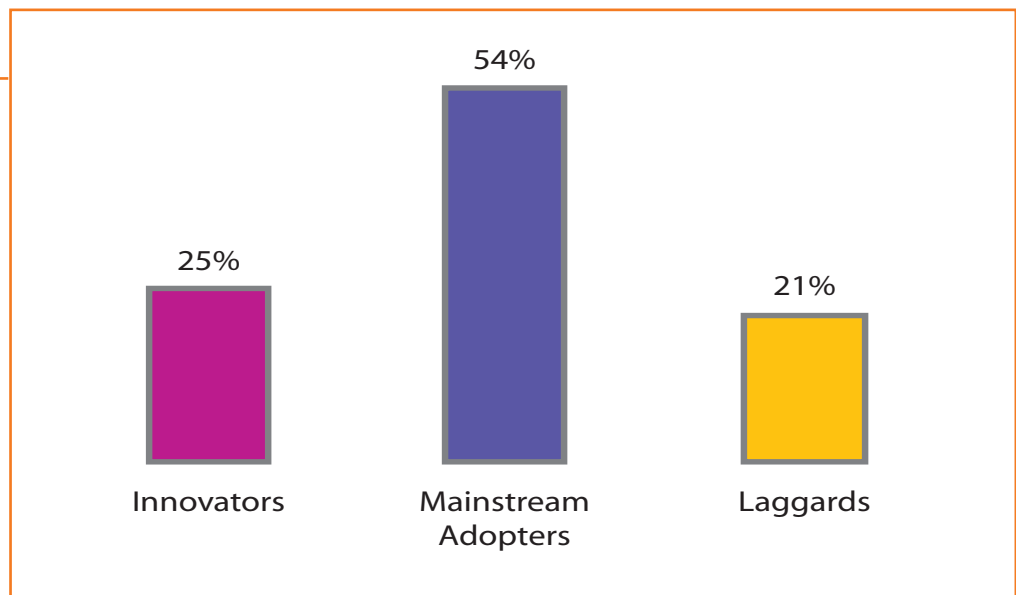
The resulting segmentation allowed us to create the three general company categories described below. This breakdown paints an interesting picture of how technology is being used across domestic organizations and is intended to give you a framework to evaluate where your organization stands in comparison to similar companies.

- **Innovators:** One in four companies (25 percent) believed they are ahead of their peers in the use of automation technology. These companies stated that they have made significant strides when it comes to AP automation and have implemented a number of technologies available.
- **Mainstream Adopters:** The majority of companies (54 percent), however, believe they are on par with their peers in the adoption of automation. The companies that put themselves in this bracket have either implemented some technology but are using it only in a limited manner or they are currently evaluating automation options.
- **Laggards:** A little over one in five companies (21 percent) believed that they are lagging behind their peers in the usage of automation technology. The companies in this category have not implemented any technologies and are also not considering implementing anything in the near future.

Our earlier research showed that, in general, companies have a good perception of their own levels of innovation. We then looked at the adoption of various technologies by companies against their stated innovation levels to determine whether innovators were really ahead of the mainstream companies and laggards in the usage of advanced accounts payable technologies.

Figure 20
BREAKDOWN
OF COMPANIES
BY INNOVATION
LEVEL

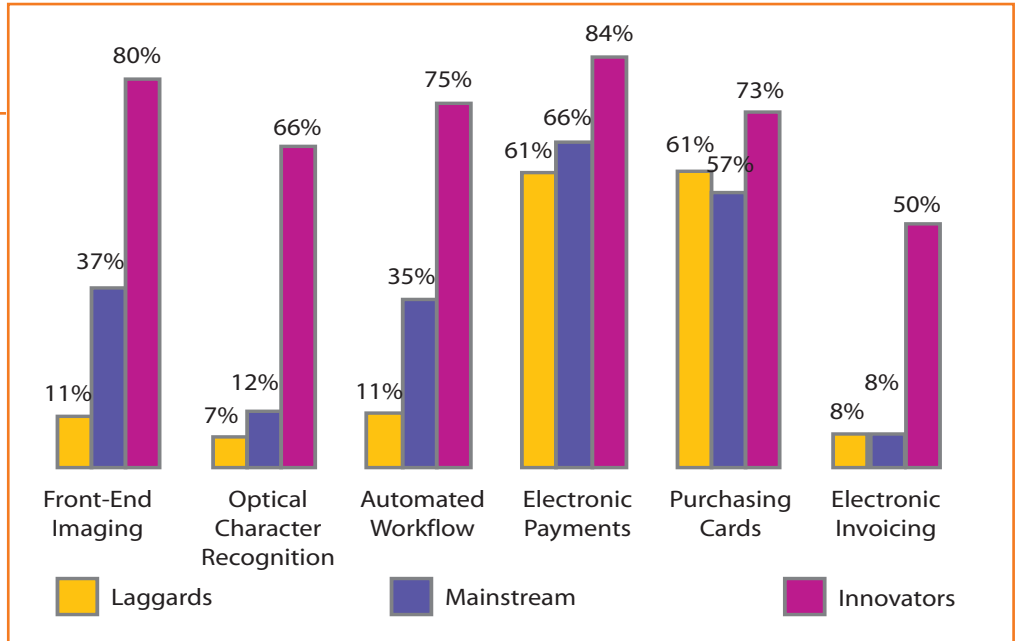
Companies
were divided
into Innovators,
Mainstream
Adopters and
Laggards



On average, Innovators have made significantly greater movements in their adoption of technology. Across the range of invoice receipt-to-pay technologies assessed in the survey, we noticed that Innovators have higher adoption levels when compared to the Mainstream Adopters or Laggards.

Figure 21
ADOPTION OF VARIOUS TECHNOLOGIES BY COMPANY SIZE

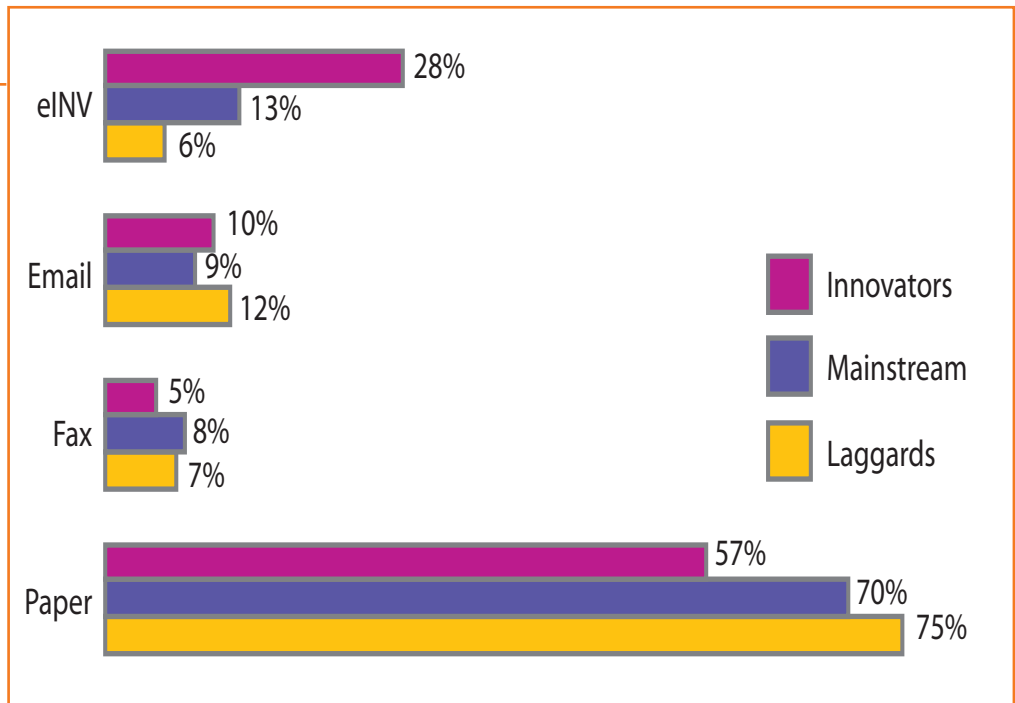
Innovators have higher adoption levels across the range of technologies surveyed



Innovators have been able to significantly streamline their AP processes through the diligent use of technology. This is validated by the fact that these companies have reduced the volume of error-prone and expensive paper invoices significantly, compared to other companies that participated in the survey.

Figure 22
INVOICE RECEIPT METHODS BY INNOVATION LEVEL

Innovators have been able to reduce their paper invoices through the diligent use of e-invoicing



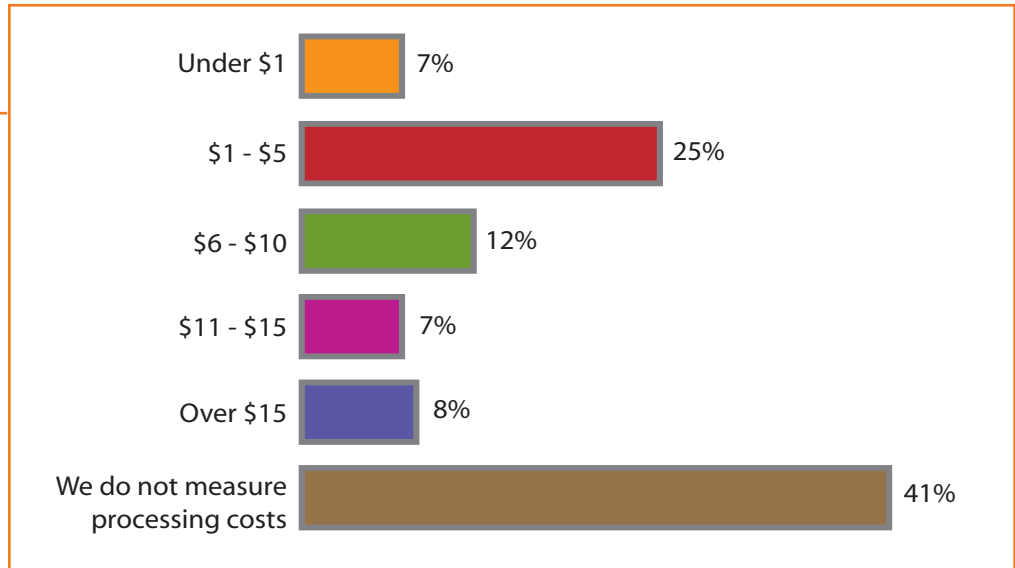
Invoice Processing Costs

When asked about the average cost to process an invoices, it was surprising that more than 41 percent of the companies have **never measured their processing costs**. Almost a third of companies (32 percent) have been able to drive down their invoices processing **costs under \$5**, while eight percent still struggle with an average **cost over \$15**.

Figure 23

**AVERAGE
PROCESSING
COSTS**

More than 41 percent of companies do not measure their processing costs

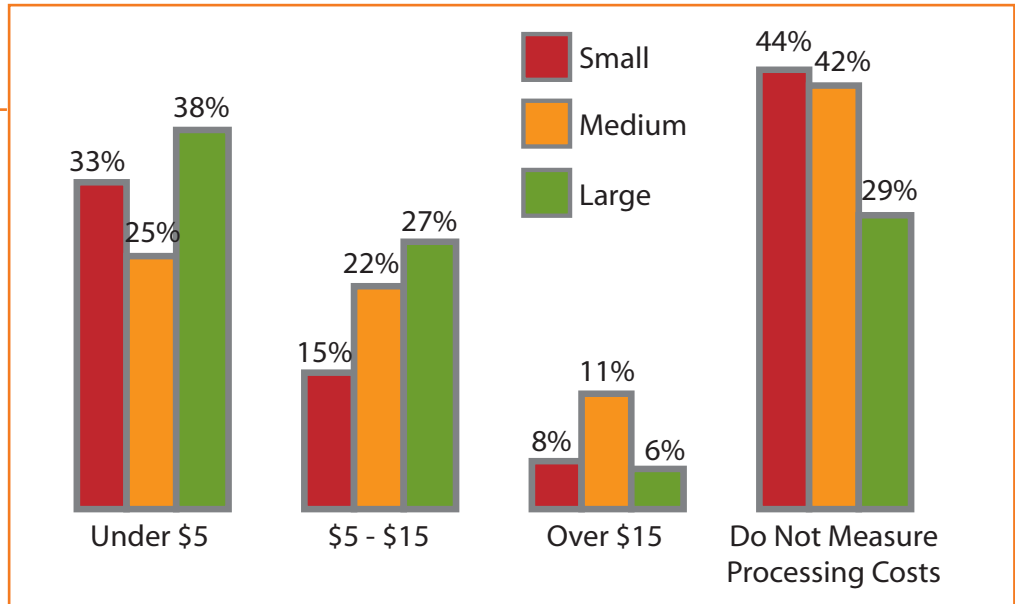


We then tried to identify if there was any relation between invoice processing costs and the size of the company in terms of annual revenues. Based on the survey results, it appeared that Large companies were more likely to measure their processing costs on a regular basis and have been more successful in driving down their average processing costs, through the proper use of technology and invoice management best practices.

Figure 24

**PROCESSING
COSTS BY
COMPANY SIZE**

Large companies have been able to drive down processing costs through the use of technology

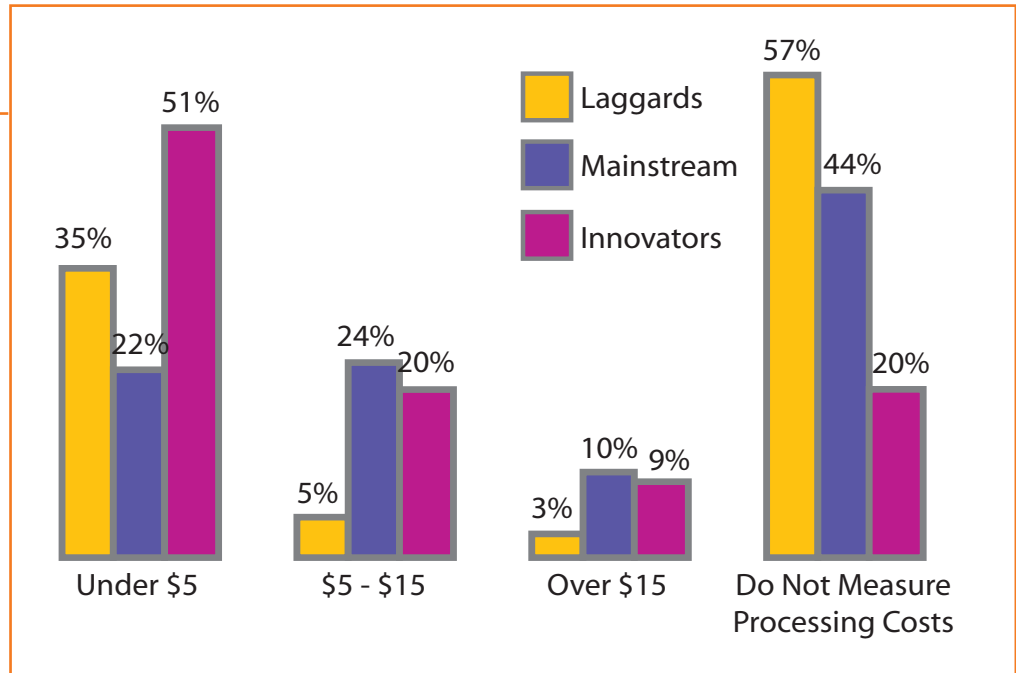


We also looked at processing costs in relation to innovation levels. Innovators were almost three times more likely to measure costs than Laggards. While 57 percent of Laggards did not measure processing costs, only 20 percent of Innovators did not do so. Further, while more than half (51 percent) of Innovators have been successful in driving down their invoice processing costs to under \$5, less than a third (35 percent) of Laggards have accomplished this. Again, we credit Innovators' high usage of technology as the key factor that has enabled them to achieve lower processing costs than Mainstream Adopters and Laggards.

Figure 25

PROCESSING COSTS BY INNOVATION LEVEL

Innovators are more likely to measure their processing costs and have lower processing costs



Learn from the Innovators

With so many sophisticated invoice and payment management solutions and services available in the marketplace today, why aren't companies making headway in better managing their AP processes? Why aren't more companies able to remove paper from their organizations, decrease processing costs and increase discount capture? The answer lies in execution. Our latest research indicates that the difference between a winning AP automation initiative and a dud comes down to the ability to execute such programs.

This section endeavors to identify the secrets of successful invoice and payment management with a look into the best practices of the innovators. What techniques have they employed to streamline their processes? How do they monitor their programs? In short, what are they doing that you could be doing.

- Increasing transactions processed on purchasing cards translates to a reduction in invoice volume - paper or otherwise - and the paperwork that is associated with invoices. Increased p-card volume also results in higher rebates for the buying organization.
- Centralization of the receipt invoice process ensures that the AP department and senior management have instant visibility into the company's outstanding liabilities. A formal policy mandating that all invoices should be sent to the AP department is the first step in streamlining invoice management processes.
- Front-end imaging ensures that invoices enter the system quickly and are available to all the parties immediately, irrespective of where they are located. Combining imaging with automated data capture adds further benefits in terms of quicker entry of data and fewer errors.
- An electronic invoicing solution goes a step further by applying a set of pre-defined validation rules to ensure that all the required information and only accurate information is submitted on the invoices, ensuring that only clean invoices enter the AP processing queues.
- Leveraging an automated workflow solution ensures that once invoices enter the solution, they will be routed to the required approver automatically, based on pre-defined business rules. The business logic is typically configured at the time of solution implementation and can be updated as needed.
- Organizations that do not have the in-house resources and capital required to bring a critical mass of suppliers onboard an automation solution are leveraging the expertise and value-added services provided by their technology vendors to achieve this.
- Further, not all suppliers have the same technical savvy and propensity to adopt an e-invoicing solution. Providing multiple options for electronic invoicing - EDI integration, PO flip, Web templates etc. - goes a long way in ensuring that there is something for every supplier.
- Dynamic discounting and supply chain finance have become hot topics in electronic invoicing circles. Organizations that are on the innovative end of the automation cycle are adopting these sophisticated technologies to increase their potential for discount capture.

Appendix A: Research Methodology

During the fourth quarter of 2009, PayStream Advisors conducted its online “eInvoice Adoption Survey” and gathered data from more than 275 U.S. enterprises spanning a wide range of industries and other demographics.

The objective of the survey was to understand the following:

- What challenges are organizations facing with their manual, paper-based invoice and payment management processes?
- What methods are being most widely used to receive invoices from suppliers and to send them payments?
- Are companies increasingly turning to automation to address the existing challenges in AP?
- What technologies are currently being used in the AP department? What benefits do they deliver?
- What impact does technology have on cost containment and productivity enhancement?
- How familiar are buying organizations with advanced tools such as dynamic discounting and supply chain finance?
- What best practices are innovative companies using to streamline and optimize their AP processes?

Respondents to the survey included the following:

- **Job Title:** A majority of the respondents were AP Managers (25 percent), followed by CFOs (10 percent) and Controllers (9 percent). AP Directors, Procurement Professionals, VPs of Finance and Treasurers made up the remainder.
- **Company Size:** Almost a third of the respondents (60 percent) were from Small companies, those that were earning less than \$500 million in annual revenues. Medium companies (\$500 million to \$2.5 billion) comprised 20 percent of the survey population and the remaining 20 percent were from Large companies (more than \$2.5 billion in annual revenues).
- **ERP System Used:** More than a quarter of companies (26 percent) used Oracle/PeopleSoft as their back-end ERP system. The next most popular ERP application was SAP with 22 percent of the companies using it.

Sponsors for this report were selected after completion of the survey and had no influence on the survey results. Their sponsorship has made it possible for PayStream Advisors to make these findings available to readers at no charge.

Ariba Solution Profile

Ariba is a global leader in the strategic sourcing, procurement, e-Invoicing, and working capital market, providing software and services that enable buying organizations to streamline and manage their sourcing, procurement, invoicing, payment, and working capital processes. Ariba's solutions also help suppliers streamline their order management, billing, receivables and working capital processes. The company boasts of the largest supplier network in the world, with over 250,000 suppliers onboard the Ariba Supplier Network (ASN).

Ariba offers flexible deployment options for its solutions to organizations looking to start or expand their procure-to-pay automation efforts and is no stranger to the on-demand model. The company has packaged its applications and services into solution bundles designed to meet the requirements of all its stakeholders.

Table 1
ARIBA COMPANY
AND SOLUTION
INFORMATION

Founded	1996
Headquarters	Sunnyvale, CA
Employees	1,700+
Revenues	\$339 million in fiscal year 2009
Customers	1,500 buy-side customers; 250,000 suppliers and 130 e-invoicing customers in 130 countries, transacting in 75 currencies
Total Users	4+ million
Annual Transaction Volume	More than \$120 billion in spend, over 23 million purchase orders and 11 million invoices
Industry Segments	Consumer products, energy, financial services, healthcare, high technology, manufacturing, pharmaceutical, public sector, higher education, telecommunications, and transportation
Key Accounts	BlueCross BlueShield, H&R Block, E*Trade, Accenture, Best Buy, ExxonMobil, Sara Lee, Johnson & Johnson, Dell, Caterpillar, Pfizer, AT&T, Nike, Sun Microsystems, DuPont, Wal-Mart, AstraZeneca, AXA, British Sky Broadcasting, Deutsche Bank, F. Hoffmann-La Roche, HSBC Holdings, and Roche Diagnostics
Awards/ Recognitions	Front & Sullivan Excellence in Customer Value of the Year 2009; Best Electronic Invoice Presentment and Payment Services Provider; Global Finance Magazine
Partners	The Receivables Exchange, Orbian, Citi, Bank of Montreal, Wachovia/Wells, Mellon, ScanOne, Logica, WNS, KPMG, Accenture, HubSpan, Oracle
Typical Client Demographic	In North America, companies with \$750 million in annual revenue and/or 75,000 invoices. In EMEA, companies with 50,000 or more annual invoices
Average Implementation	Three to four months depending on the number of ERP systems, users, document types, suppliers, and customizations required

Ariba Financial Solutions

Ariba Financial Solutions include (1) **Invoice Management** for e-invoicing, validation, exception handling, workflow routing and approval, email and smart phone support, scanning/OCR, and reporting and analytics; (2) **Payment Management** for detailed remittance advice, ACH settlement with various disbursing banks, and a self-service Supplier Portal to eliminate inbound inquiry calls and vendor management costs; and (3) **Working Capital Management** for maximizing pre-negotiated discounts with prorated term support, dynamic discounting, and supplier/spend segmentation for optimized targeting and on-boarding.

Supplier Recruitment

Ariba works with buyers to segment suppliers and spend to create an optimal supplier enablement plan that meets their business objectives. Depending on the industry group, volumes, spend, and other attributes, Ariba will use a combination of phone, email, fax and webinars to onboard an unlimited number of suppliers. Ariba also delivers extensive Web support, training materials and self-service education to participating suppliers.

Electronic Invoicing

Suppliers have the flexibility of choosing the invoice submission method of their choice – from PO-Flip™ for PO-based invoices, to keying of non-PO invoices into standard forms via the Ariba Supplier Portal, to direct integration via EDI, cXML or CSV flat files for higher volume suppliers. Ariba also provides support for converting paper invoices into electronic format through its Invoice Conversion Service (ICS). Regardless of the invoice submission method, Ariba manages exceptions before they are ever sent to the customer. This allows clients to receive “clean” invoices from all their supplier in a single electronic format.

Approval Workflow

Ariba workflow and reconciliation functionality is designed for payables efficiency to further reduce processing cycle time. Ariba offers 58 convenient, out-of-the-box approval and exception routings and the solution is designed such that workflows can be configured without IT involvement. The solution can handle both PO and non-PO based invoice processing and supports two- and three-way matching as well as contract compliance.

Working Capital

Buyers and suppliers can optimize their working capital with Ariba Working Capital Management solutions. Suppliers can dynamically request payment acceleration in exchange for a discount, and leverage an integrated Receivables Exchange to sell their invoices to the highest bidder. Buyers control the amount of cash and which suppliers to include for discount programs, and can maintain or extend DPO by applying best-practice term policies and leveraging integrated Supply Chain Finance capabilities.

Reporting & Analytics

Ariba provides standard invoice exception/invoice processing analysis, quality assurance, spend visibility, and total visibility reports as well as a nearly unlimited number of reports through an intuitive pivot table drag-and-drop user interface. Each report has multiple options for displaying graphs. Ariba users can save their report criteria for future use and can also download data into third-party reporting applications for further analysis.

Basware Solution Profile

Basware is a global leader in enterprise purchase-to-pay and financial management software enabling customers to automate and streamline their financial processes. Established in 1985, Basware has been delivering invoice management solutions since its inception. Scan and capture solutions bundled with workflow, specifically for invoices was launched in 1997 and intelligent OCR with active templates in 2000. Electronic invoicing services with outsourcing were launched in 2002 and further, from early 2009, Basware has also been offering turn-key outsourced scan and capture services worldwide.

Basware's solutions are distributed and implemented, either on site or as a service (SaaS), in Europe, the US, and Asia-Pacific through an extensive network of Basware offices and business partners.

Table 2

**BASWARE
COMPANY AND
SOLUTION
INFORMATION**

Founded	1985
Headquarters	US: Stamford, CT; Global: Espoo, Finland
Employees	750+
Revenues	\$121 million net sales in 2008
Customers	1,500 buy-side customers; 160,000 suppliers
Total Users	NA
Annual Transaction Volume	10+ million electronic invoices in 2009 plus an additional 3 million invoices through outsourced scan and capture services
Industry Segments	Healthcare, manufacturing, government and public services, automotive, entertainment and media, services, transportation and logistics, consumer products, oil and gas, financial services and retail
Key Accounts	Sita News, Metso, ABB, Preem, Lloyds Pharmacy and Veolia Environmental Services
Awards/ Recognitions	Named Top Innovator by Supply and Demand Chain Executive in 2009, 2008, 2007; Named Among Top 100 Vendors in annual Supply & Demand Chain Executive awards; Maintained a AAA D&B rating over the last 3 years; Jari Tavi, Basware's Chief Technology Officer was named one of the Provider Pros to Know by Supply & Demand Chain Executive magazine
Partners	Basware with its' Open Network approach partners with over 60 eInvoicing suppliers across the world.
Typical Client Demographic	Clients typically range from \$100 million - \$10+ billion in annual revenues. The number of invoices processed by clients ranges from about 10,000/year up to about 2+ million/year
Average Implementation	Average implementation time depends on the implementation model and complexities for the client. At its simplest, activating the supplier through the Implementation of Basware Connectivity for Invoice Automation typically takes approximately 4 calendar weeks. Enabling a supplier to send invoices can be done in a matter of hours.

Basware Connectivity Services

Basware's latest offering in the purchase-to-pay space, Basware Connectivity Services, delivers outsourced scan and capture services and also includes a supplier portal and Basware Business Transactions Service (an e-invoicing option). Basware Connectivity supports seamless buyer-supplier collaboration through efficient, transparent electronic document exchange as part of the purchase-to-pay process.

Supplier Recruitment

Basware currently has contractual interoperability agreements globally with over 60 e-invoicing operators from Australia to Europe to North America. At present there are approximately 165,000 active suppliers exchanging e-invoices within the network. Basware Supplier Activation service provides companies with a pre-defined approach designed to achieve the maximum on-boarding and activation of suppliers. The service consists of a defined project plan that includes process descriptions, ready-made tools and templates, and pre-defined roles and responsibilities of all parties.

Electronic Invoicing

Basware offers suppliers a number of options when it comes to the submission of electronic invoices. Basware Supplier Portal allows suppliers to log-in to a Web-based solution and flip POs into invoices or key-in invoices to be sent to customer. Basware Business Transactions enables suppliers to send e-invoices directly from their billing system to customers via an e-invoicing address. Alternatively, electronic invoices can also be sent from a supplier using a virtual print driver developed by Basware. Further, the company also provides for the outsourced scan and capture of paper invoices.

Approval Workflow

The workflow component of the Basware solution is robust and offers multiple options for defining and managing the approval process, including fixed workflows, rules-based workflow and user defined workflow. Workflows can be automatic, where all information about the rule is known, semi-automatic, where some information needs to be supplied to send an invoice on its way, or manual, where an easy-to-use interface allows users to send an invoice for review or approval. Basware also provides matching solutions that match invoices with the corresponding purchase orders, contracts or any pre-defined payment schedules.

Working Capital

Basware Connectivity services offers as part of its solution the capability to utilize dynamic discounting through enabling near real-time transfer of e-invoices. The solution also allows suppliers to include additional information and attachments as part of their invoices, through which they can inform buyers about any special arrangements or terms and conditions. Basware can also work with external organizations that specialize in supply chain financing, if this is a requirement of a client.

Reporting & Analytics

Users can monitor every step in the invoice processing cycle through Basware's Monitor module, a strong reporting and analysis tool. Virtually an unlimited number of reports for any type of cash management process can be created in the Basware system using point and click functionality. In addition to monitoring user's actions for quality control and load balancing, the solution also provides information regarding issues around risk and effectiveness.

Citi Solution Profile

Citi is a leading global financial services company, which provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, and wealth management, through its two holding companies, Citicorp and Citi Holdings.

Through its Global Transaction Services division (GTS), Citi partnered with Ariba to launch Citi® Procure to Pay in May 2008. The solution combines two product platforms (hosted by MasterCard and Ariba) with three existing GTS settlement tools (buyer-initiated purchasing cards, supplier finance and ACH) to provide (i) electronic PO delivery, invoice automation, and workflow; (ii) a full suite of electronic payment solutions; (iii) working capital tools including cards, discount management, and supply chain finance; and (iv) a comprehensive suite of actionable spend analytics.

Table 3
CITI COMPANY
AND SOLUTION
INFORMATION

Founded	1812
Headquarters	New York, NY
Employees	276,000
Revenues	NA
Customers	Approximately 115+ for invoice automation; a supplier network of 250,000+
Total Users	NA
Annual Transaction Volume	\$160 billion in yearly spend volume
Industry Segments	Citi has successfully deployed P2P solutions across all verticals
Key Accounts	Client confidentiality prevents the sharing of this information.
Awards/ Recognitions	2009 Best Global Supplier Support and Enrollment Provider, 2008 Best Supply Chain Providers awards, Global Finance; 2009 Best Electronic Invoice Presentment and Payment Services Provider, Global Finance Magazine; 2009 100 Great Supply Chain Partners, Global Logistics & Supply Chain Strategies; 2008 Best Sourcing & Procurement Software Provider, SCMLogistics; 2008's 100 Supply Chain Solutions Providers, Supply & Demand Chain Executive
Partners	Ariba, MasterCard
Typical Client Demographic	Citi provides service to clients in all industries and in all regions. The typical P2P client manages 250,000+ invoices per year with a total annual spend of \$500 million +.
Average Implementation	The average Procure to Pay program takes 3 to 4 months to implement depending on program complexity

Citi Procure to Pay

Citi works in close collaboration with clients to design their optimal automated accounts payable solution, to ensure the right mix of payment options to ensure maximum efficiencies and cost savings. The three pillars to the Citi solution are (1) Invoice automation; (2) Electronic payments; and (3) Working capital services (comprised of dynamic discounting, p-cards and supplier finance).

Supplier Enablement

Citi Procure to Pay leverages Ariba's supplier network, the largest electronic invoicing network in the world, with 250,000+ members. When choosing Citi, clients receive assistance when recruiting suppliers onto the network. Supplier enablement starts with an analysis of organization's supplier base to segment suppliers in various categories and identify those that are best suited for the migration from paper to electronic. The enrollment campaign is managed by supplier enablement experts that utilize industry best-in-class techniques to ensure the highest adoption rates.

Electronic Invoicing

Suppliers can submit electronic invoices into Procure to Pay Invoice through a multitude of data formats – EDI, EDIFACT, XML, CSV, Excel, Web entry, supplier network PO flip and e-form – choosing the one that best suits their needs. The solution also supports the receipt of invoices via paper, fax or email by leveraging Ariba's Invoice Conversion Service, which receives paper documents on behalf of its clients and performs the document imaging and data extraction. In addition to the conversion service, the solution also has the capability to incorporate scanned images from buyers' existing scanning process.

Approval Workflow

Citi Procure to Pay offers a highly configurable approval workflow and exception handling solution tightly integrated with the Supplier Network, which facilitates a collaborative environment amongst internal as well as external users. The solution imports GL/account combinations from the customer's ERP application, either in real-time or in batches. The workflow functionality of Procure to Pay is robust with multi-level, serial, and parallel approvals; a graphic display of invoice status at each step; configurable best practice rules; escalation/delegation; and full support for two and three-way matching.

Working Capital

With Citi Procure to Pay, organizations can unlock the value of approved invoices to achieve a better return on cash, inject liquidity into the supply chains, reduce supply chain risk, and free up working capital for strategic investments. By analyzing a client's spend file, Citi can recommend solutions to maximize early payment discounts, benefit from float with the use of a buyer-initiated purchasing card and better manage Days Payable Outstanding with a fully integrated Supplier Finance solution.

Reporting & Analytics

Citi Procure to Pay provides 28 pre-packaged reports, as well as analytics and dashboard functionality that allow users to create, schedule, save, download, and e-mail reports. Reports can be viewed online, exported to Excel or CSV files, or downloaded into third-party reporting applications. A wizard-driven user interface helps users in the creation of ad hoc reports. Additional system search functionality lets users incorporate data from POs, invoices, and receipts into reports.

Direct Insite Solution Profile

Direct Insite is a global provider of electronic document and workflow solutions that streamline processes and reduce costs within the financial supply chain. The company's e-document services automate manual paper processes, such as invoice delivery and receipt, invoice validation, purchase order matching, document approval workflow, dispute handling, and electronic payment.

Direct Insite's service offering for automating both accounts payable and accounts receivable operations, Invoices On-line (IOL), was originally introduced in 2000 to streamline manual paper invoicing processes. The Direct Insite Invoices On-Line (IOL) platform offers a comprehensive document management service that supports the management of electronic purchase orders, electronic invoices and electronic payments. The IOL self-service portal is offered by Direct Insite as a Software-as-a-Service (SaaS) model.

Table 4

**DIRECT INSITE
COMPANY AND
SOLUTION
INFORMATION**

Founded	1987
Headquarters	Sunrise, Florida
Employees	40
Revenues	\$10 million
Customers	18
Total Users	Over 50,000 users in 80+ countries, 35 currencies and 17 languages
Annual Transaction Volume	Direct Insite annually processes 30+ million transactions
Industry Segments	Manufacturing, communications, technology, oil & gas, energy, medical manufacturing, media & advertising, international shipping and automotive
Key Accounts	IBM, HP/EDS, Carlson Companies, Grey Group, Siemens Shared Services, Areva Transmission & Distribution and INTTRA
Awards/ Recognitions	Recognized by the International Organization for Standardization (ISO) as being a certified ISO 9000 corporation having achieved initial ISO certification in 2001; Recognized and certified by the PCI Data Security Standards Council (PCI DSS) and Visa as being a PCI-compliant payment service
Partners	IBM, HP/EDS, First Data Corp.
Typical Client Demographic	Direct Insite customers include small, medium and large enterprises.
Average Implementation	30 to 90 days

Direct Insite Invoices On-Line (IOL)

Invoices On-Line delivers comprehensive functionality on both the buyer and supplier sides. Buyers can issue and manage purchase orders, review and approve invoices and create schedules and pay invoices online via flexible payment methods. Suppliers can issue electronic invoices, credit memos, add supportive backup attachments and respond to customer's inquiries. Strong audit controls and reporting for all activity in the portal ensures total visibility to document status in real-time.

Supplier Recruitment

Direct Insite takes an active role in increasing supplier adoption of its electronic invoicing solution and works closely with its clients in this regard. A Supplier On-boarding Team is responsible for creating targeted campaigns and contacting suppliers to get them enrolled in the IOL Trading Community. The Supplier Enablement team works closely with clients' accounts payable and procurement departments to facilitate multiple best practice supplier on-boarding strategies. Users in the supplier organization have the ability to self-register and maintain their own profiles.

Electronic Document Processing

IOL provides a variety of options for invoice submission. Billing administrators can automate invoice preparation functions by converting an electronic purchase order into an e-invoice, applying line item adjustments and consolidating e-invoices. The solution also supports Web form entry, spreadsheet upload, direct file integration (EDI, XML) and client-specific flat files. Further, Direct Insite has partnered with integrated paper scanning service providers to support those suppliers that continue to send paper invoices.

Approval Workflow

IOL facilitates invoice compliance, approval and payment workflow through configurable business rules. The solution delivers integrated workflow functionality that allows documents to flow through a preparation, review, and approval life cycle by entitled users. Users can be set up as invoice preparers, reviewers, approvers, and payers with varying approval levels. IOL tracks the status of invoices, purchase orders, and payment progress and provides all users that have proper authority with real-time status visibility.

Working Capital

The Direct Insite IOL service also supports dynamic discounting capabilities, whereby buyers and suppliers can collaborate to determine a mutually beneficial early settlement discount. Buyers have the ability to configure discount rates and submit proposals to suppliers against specific invoices. Suppliers can view the invoices that are available for discounting, compare the discount rate against alternative sources of capital and decide whether to accept the proposal or submit a counter proposal. This process continues until the invoice is either paid early or at net terms.

Reporting & Analytics

The Direct Insite IOL service provides a number of standard and configurable reports, including user profile management, payment transaction status, inquiry/dispute tracking, spend management, and transmission control reports. Further, the IOL solution supports the creation of custom self-service reports by specifying reporting criteria and data elements, and custom queries can be saved by users for later use. On the supplier side, users have access to the status of purchase orders, invoices and payments in real-time and can also produce flexible reports by many reporting criteria.

J.P. Morgan Solution Profile

J.P. Morgan Chase & Co. (J.P. Morgan Chase) is a leading global financial services firm with assets of more than \$2 trillion. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. The Treasury Services business of J.P. Morgan is a full-service provider of innovative payment, collection, liquidity and investment management, trade finance, commercial card and information solutions.

J.P. Morgan has provided electronic payment solutions to clients since 1972, has offered P-Card based solutions for over two decades and has been in the electronic invoicing and payments space since 2001. J.P. Morgan acquired Xign Corporation in May 2007, integrating the business into the Order-to-Pay solution known today.

Table 5

**J.P. MORGAN
COMPANY AND
SOLUTION
INFORMATION**

Founded	1799
Headquarters	New York, NY
Employees	220,000+
Revenues	\$6.73 billion full year 2008
Customers	Over 50,000 Treasury Services clients and a presence in 60 countries, 125+ buyers and 85,000+ suppliers on the Order-to-Pay network
Total Users	NA
Annual Transaction Volume	More than \$60 billion in commercial trade flows through the Order-to-Pay solution annually
Industry Segments	J.P. Morgan's solutions have been successfully deployed across all market segments and industry verticals
Key Accounts	Client confidentiality prevents the sharing of this data
Awards/ Recognitions	J.P. Morgan is one of the top Visa/MasterCard purchasing and corporate card providers in both number of cards and volume, and processes an average of \$110 billion in U.S. dollar transfers daily, making it number one in purchasing card (2006-2009) and commercial card (2009) dollar volume according to the latest Ernst & Young and Nilson Report statistics
Partners	NA
Typical Client Demographic	J.P. Morgan services clients across every industry segment and market size
Average Implementation	The average implementation time for an electronic payments solution is 45 days. The length of the implementation is based on the functionality being deployed. J.P. Morgan has a Rapid Deployment solution that facilitates quick client on-boarding via a Web-based implementation process that does not require deep technical expertise.

J.P. Morgan Order-to-Pay

Order-to-Pay offers comprehensive functionality for organizations seeking to automate their accounts payable processes. The solution delivers end-to-end functionality that automates the delivery of purchase orders to suppliers, captures invoices electronically from suppliers, provides dynamic discounting capabilities and delivers electronic settlement and remittance information. Order-to-Pay is a buyer-centric, multi-tenant, Software-as-a-Service solution with a minimal footprint.

Supplier Recruitment

J.P. Morgan offers robust supplier segmentation and recruitment capabilities, which can be utilized by buyers to determine which suppliers to recruit and for on-going campaign management. The company also has a Supplier Services Team, which can be leveraged by Order-to-Pay clients to penetrate their targeted suppliers, discuss features and communicate how the services will benefit their organization. As a part of the implementation process, J.P. Morgan also delivers a branded supplier enrollment website, where suppliers can self-activate in a simple online process.

Electronic Invoicing

Supplier options for electronic invoicing are numerous. The solution can accept and read electronic invoices in many formats and integrates with virtually any back-end system on the supplier side. Alternatively, low volume suppliers can enter invoices manually into Web forms or can choose the PO flip method for submitting invoices. Paper invoices can be shipped to a secure J.P. Morgan capture site for document preparation, scanning, and indexing. Images are uploaded to the online portal, providing online access for buyers and their suppliers.

Approval Workflow

The solution facilitates enterprise-wide workflow through a sophisticated rules engine that users can easily configure and supports multiple approval scenarios, including prioritization, escalation, e-mail notification, edits/GL account coding, invoice line splitting, attachment support, dispute with full online resolution tracking, and multi-level hierarchical approval. Any data element supplied by the supplier on an invoice can be used to trigger workflows and facilitate routing. Approval limits are established by roles within the system, with users assigned one or multiple roles. Users also have the flexibility of approving invoices in the body of an e-mail message itself.

Working Capital

J.P. Morgan has been a pioneer in dynamic discounting. The solution facilitates capture of early payment discounts via a three-pronged approach (1) prorated sliding scale discount terms that expand the early payment opportunity past the standard discount date; (2) dynamic discounting that creates discount opportunity with suppliers on Net Terms; and (3) supplier recruitment, which creates a scalable network effect that facilitates discount adoption

Reporting & Analysis

The Order-to-Pay solution provides over 60 standard reports, as well as an ad-hoc reporting tool that allows buyers to create and export reports based on their specific needs. In addition, buyers have the ability to monitor supplier enrollment and compliance, monthly accruals, on-time payments, and order/invoice/receipt/payment reconciliation through standard reports. Suppliers have a dashboard including an aging summary, early payment opportunities, and a collections forecast as performance indicators and improvement opportunities.

TradeCard Solution Profile

TradeCard is a global trade collaboration platform that connects buyers, sellers and service providers in a hosted software network. Customers and their trading partners automate transactions from purchase order to payment and chargebacks and benefit from online financial services integrated into the system. Automated, collaborative transaction management available as part of the solution enables buyers and sellers to improve margins and cash flow while gaining global supply chain visibility.

Since being founded by the World Trade Center Association in 1995, TradeCard has delivering financial supply chain solutions and has since gained significant market traction worldwide. The TradeCard Platform is a network of 5,000 companies and 30,000 individual users in 60+ countries delivered on a Software-as-a-Service platform.

Table 6
TRADECARD
COMPANY AND
SOLUTION
INFORMATION

Founded	1995
Headquarters	New York City, NY
Employees	175
Revenues	NA
Customers	5,000 customers in 60 countries
Total Users	30,000
Annual Transaction Volume	567,203 PO's and 352,883 Invoices were processed in 2009 and 5.7 million total trade documents handled by TradeCard in 2008
Industry Segments	Apparel, footwear, retail, furniture, toys, consumer durables, consumer electronics
Key Accounts	Columbia Sportswear, Dick's Sporting Goods, Stride Rite, Burton Snowboards, Under Armour
Awards/ Recognitions	Awards received from Supply & Demand Chain Executive Magazine, SupplyChainBrain, Global Finance Magazine, Apparel Magazine and others
Partners	Coface, Avery Dennison, SAP, more than 25 financial institutions
Typical Client Demographic	Customers range from as small as \$10M to some of the largest global brands and retailers in the world
Average Implementation	Average implementation is within 90 days. No hardware or software purchase is needed by customers. No special training / knowledge is needed by IT staff. The main factor determining the length of implementation is the number of countries/ parties that need to be connected to the platform

TradeCard Platform

The TradeCard Platform was introduced in 1999 to simplify international trade and enable secure transactions through the Internet in an electronic, automated environment. Buyers, suppliers, financial institutions and other service providers are among TradeCard's 5,000 customers. The TradeCard Platform is delivered as Software-as-a-Service and new releases of the platform are automatically delivered to customers twice per year. The Platform continues to grow to deliver a bank-neutral trade network that automates financial and physical aspects of the supply chain.

Supplier Recruitment

TradeCard's supplier network has more than 4,500 suppliers enrolled. TradeCard assigns a Client Manager (based on geographic location of users) to work with buyer organizations on supplier registration, training, and everyday support issues. As part of the implementation project scope, TradeCard allocates the necessary resources to prepare specific training materials and conduct a number of on-site training sessions at customers' main locations and local offices.

Electronic Invoicing

TradeCard's solution supports a number of different methods via which suppliers can submit invoices. High volume suppliers can leverage direct integration with their billing and ERP systems in order to submit invoices in a hands-free manner. Suppliers that send smaller volumes can log into TradeCard's Web portal to flip purchase orders into invoices, input invoice information into pre-defined templates or upload invoices in a variety of formats. Further, paper invoices can be converted into electronic format by the client manually via a Web browser.

Approval Workflow

TradeCard's Purchase Order Management functionality enables companies to share their PO and PO changes with their suppliers and facilitates the negotiation and confirmation processes. Real-time, multi-party collaboration of PO data is enabled via bi-directional integration between TradeCard, buyers, suppliers and service providers. Configurable business rules allow for validations on supplier proposed PO changes (e.g. business rules may be implemented to ensure suppliers can only modify data from the allowed subset of fields). Business rules can also be specified based on other characteristics – such as, divisions, brands, geographic regions, etc.

Working Capital

TradeCard's early payment program (EPP) enables supply chain optimization and allows suppliers to access capital based on buyer's credit profiles. A supplier's involvement can be programmatic (early payment is required on every transaction) or transactional (allowing the vendor to select early payment on a transaction-by-transaction basis as designated by the buyer). Buyers can either use their own monies to fund the early payments or leverage the services of a third-party financial services provider.

Reporting & Analytics

TradeCard provides a standard set of pre-defined reports to assist in the review and management of orders, invoices, and payments. There are approximately 65 built-in reports, subdivided into the following categories: Management, Administrative, Payment, and Transactions. TradeCard users can run their own reports on demand or preset them to run at a specified schedule. Users can download reports from TradeCard in their preferred format (PDF, CSV, Text and HTML, for example).

About PayStream Advisors, Inc.

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the Web at www.paystreamadvisors.com.

About the Analyst

As Research Director, Sush Koka manages PayStream Advisors' overall technology research effort. She writes research reports, leads client briefings, and participates in consulting engagements in the purchase-to-pay and order-to-cash functional areas. Her deep experience both as a market analyst and a consultant enables her to analyze trends in financial services automation, assess feasibility of products and drive research activities. Her areas of focus include invoice and payment management, travel and expense management and business process automation. She has extensively researched and written reports in the above areas and her work has also been published in trade magazines such as Supply & Demand Chain Executive, Business Finance and DOCUMENT magazine.

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