



Electronic Invoice Presentment and Payment Overview

Is EIPP right for you?



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Reducing costs and improving cash flow with EIPP

Most B2B treasury and operations managers are intimately familiar with the problems, inefficiencies and sheer expense of paper-based invoicing and payment systems. You'll probably recognize these:

- Massive hard costs of processing, printing and mailing invoices.
- Time delays of 3-to-5 days for an invoice to reach the customer and another week for the payment to get back to you.
- Recurring claims of never having received the bill. (According to Barbara Reid Macy, manager for electronic commerce at United Technologies subsidiary, Hamilton Sundstrand, not receiving an invoice is the most common reason for non-payment).
- Payments sent without remittance data thus requiring expensive human intervention.

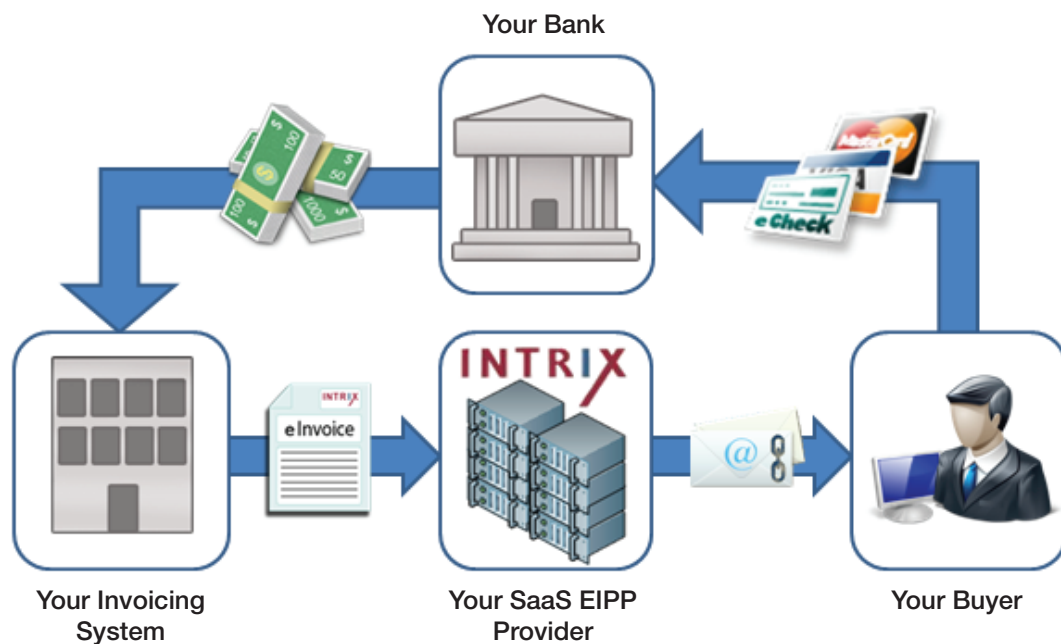
What if you could get rid of these headaches quickly, with a low start-up cost and a fast ROI?

If that sounds good, keep reading. Electronic Invoice Presentment and Payment (EIPP) may be just the solution for you.

What is EIPP?

Electronic Invoice Presentment and Payment (also known as EIPP) is a process by which companies submit invoices and accept payment over the internet. Newly available software-as-a-service (SaaS) options make it easy and cost-effective for companies of all sizes to convert a paper-based invoice process to an electronic one.

Here is how it works: The output files from an existing invoicing system are submitted to the SaaS EIPP service. The service creates the electronic invoices, notifies the buyer electronically, presents the invoice data over a secure portal, collects payment data, processes payments and provides an import file for the in-house financials system.



What can EIPP do for you?

Electronic invoice presentment and payment provides measurable benefits across all core areas of the AR process. It produces substantial cost savings, improved cash flow and a competitive advantage.

Let's look briefly at each of these areas.

Invoice creation and delivery.

This is where most hard cost reductions occur. The Gartner research group estimates that B2B companies can save \$7.25 per invoice using web-based billing and payment. [Deshmukh, 2006]

In addition, invoices reach their destination faster and with far fewer requests for another copy.

Invoice accuracy.

Manually gathering exact pricing, quantities, discounts, terms and conditions and assembling them into an accurate invoice is a time-consuming activity full of opportunity for costly mistakes. By automating this process, EIPP not only helps speed up the invoice creation task but also can substantially lower the incidence of mistakes.

Dispute resolution.

No matter how accurate your invoicing process becomes, disputes will happen. In these situations, EIPP provides a transparent and well-documented path to resolution. At the same time, customers are able—and encouraged—to pay the undisputed portion of the invoice right away.

Payment processing.

EIPP also reduces the need for human intervention in the payment processing stage. When invoices are paid online and in response to an electronic invoice, payment is automatically matched to the appropriate invoice.

Better cash flow management.

All of the above benefits of electronic invoice presentment and payment combine to enable better cash flow management for your company in the order-to-pay process. Reduction in invoice delivery delays, service and dispute issues and reprint requests mean you get paid faster and with fewer hassles.

Improved customer service.

Fewer invoicing problems mean happier customers and also free account service reps to attend to other customer support activities. According to some sources [Chicago Federal Reserve], customer services reps can spend up to 40% of their time on dispute resolution. Each dispute costs an average of \$100 to resolve. Electronic invoicing and payment can dramatically reduce this burden.

Is your company ready for EIPP?

There are very few requirements needed to successfully embrace a web-based EIPP solution. All your company really needs is access to the internet and a billing system that produces invoice data.

Now that set-up cost has been eliminated as a barrier, the biggest challenge for companies considering a move to EIPP is resistance on the part of the company's own customers. Some companies are large enough or green enough that they can dictate that all of their customers utilize an electronic method of invoice review and payment. Most are not.

Industry literature indicates that the average number of buyers willing to utilize EIPP is steadily increasing, and there are many methods you can use to increase this rate, from incentives to cause marketing.

Even without high buyer adoption rates, EIPP can be effective. A typical company can see real savings with as few as 10% of customers choosing to use the EIPP system.

What about cost?

Few would argue with the fact that substantial money can be saved through the use of electronic invoicing; but in the past, electronic invoicing systems were the domain of larger enterprises. These were the only ones who could justify the high cost of custom software (early adaptors spent an average of \$500,000 to implement a system) or third-party outsourcing.

With the advent of Software-as-a-Service, startup costs of such a system have plunged and EIPP extends the process benefits to whole new strata of businesses. Smaller companies now can enjoy the benefits of an EIPP system without having to outlay huge sums to buy or build a system internally.

According to reports from both Forrester and Gartner, efficiency gains in accounting process from dispute resolution and reconciliation vary depending on the individual business process. Early adopters estimated pay back on the system was around 18 months. With a SaaS solution, ROI can be achieved even faster.

How can you sell EIPP internally?

Treasury departments need to work with an EIPP vendor that will take the time to identify the cost elements in their current invoicing process. Such a vendor will have an understanding of how to organize a return on investment calculation.

With payback and cash flow models in hand, treasury departments can provide a cost-benefit analysis to C level executives that make it easier to get the project approved.

Next steps

If you're interested in discovering exactly what an EIPP solution can do for you, it's best to start by mapping out the current invoice process. You can do this internally or get help from an outside company. The mapping process should include the following:

- determining the hard cost for producing invoices,
- the time spent in dispute management,
- the cost of processing paper-based payments,
- and the time-value of money for deposits.

One solution to consider

TranScend Paper, from electronic payment processing experts Intrix Technology, is a secure, web-based electronic invoice presentment and payment service designed to work seamlessly with your ERP accounts receivable environment. Aside from being one of the most comprehensive EIPP approaches available, TranScend Paper comes with its own network of online payment processing professionals to help ensure you get greater benefits from your system.

With 22 years of experience in the Enterprise Payment Management business, Intrix is dedicated to helping companies like yours improve their bottom line. If you would like to find out more about Intrix or TranScend Paper, we invite you to talk to us.

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