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Smart innovations for smarter business.

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Beyond Basis Points:
How to Define the Value of an Automated AP Payment Solution

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Agenda

- Commerce Bank Overview

- Beyond Basis Points…
  What to Look for in an automated AP
  Invoice Payment Revenue Stream Program

- What comes after AP Revenue & can your
  AP Revenue Stream partner get you there?

- McHenry County College Insights

- Questions

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About Commerce Bank in General
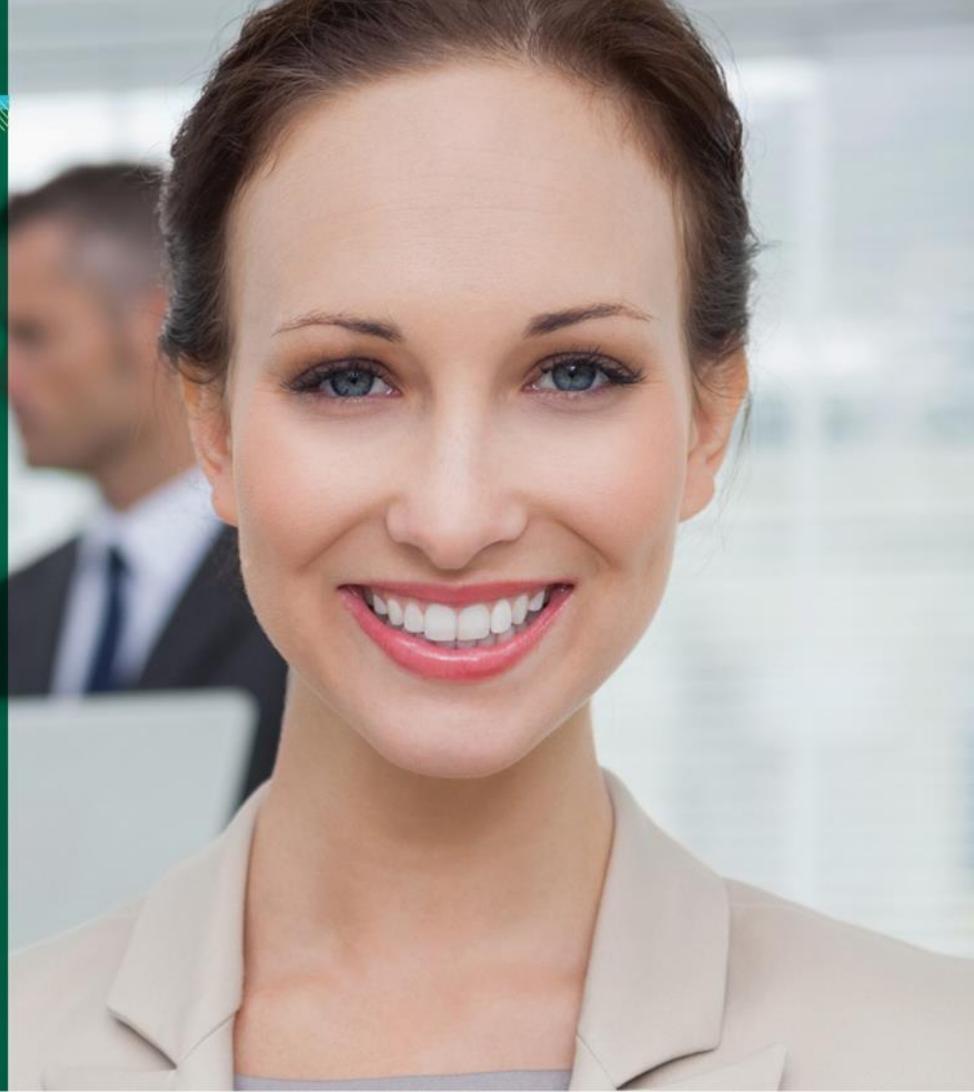
Founded in 1865

150
Years in the industry

#9
Forbes list of America's Best Banks[1]

Moody's highest rating
1 of 4 banks in the country[2]

$24B
in assets

36th
Largest U.S. bank[3]

Founded in 1865

Super-Community Bank

4,744
Employees

5th Generation
Of management by Kemper family

#12
Top performing bank by Bank Director Magazine[4]

2014 Bank Performance Scorecard

[1] *Forbes* magazine, December 22, 2014
[2] Moody's Investor Services, Inc., December 8, 2014
[3] SNL Financial ; ranking as of September 30, 2014
[4] Bank Director magazine, August 2014

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About Our AP Solutions

- Full suite of AP solution offerings combined with high-touch service model and dedicated vendor enrollment team

- Robust payment strategies and solutions

- Established vendor relationships and ongoing vendor enrollment

- Dedicated support teams in a variety of areas

- Innovation to meet our clients' evolving needs

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How is AP Revenue Generated

- Vendor Invoices are paid on the Visa electronic fund transfer rails

- The revenue that the College receives from their AP spend activity is generated from the Interchange rate that is determined by the vendor's merchant bank

Automated vs. Plastic

- An automated program delivers a link to the SUGA account # via an email remittance for the vendor to pull their payment.

- The invoices goes through the identical approval steps as when you pay by check prior to submitting payment

- P-Card payments are typically submitted prior to approval

- Far more secure than when providing the vendor with the College's credit card #

Favorable to ACH

- ACH reduces check run sizes and mailing costs but does not generate revenue back to the College

- Reconciliation can also be more challenging than when paying by an automated Visa program

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Set-Up

- Look for a program that is easy to activate and does not deviate from your current AP process

- Kickoff meeting should not take more than 60 minutes

- I.T. should simply have to provide a test payment file with a simple file spec... That's it.

- This should not be a big drain on your AP or I.T. Team

Front End: Vendor Enrollment

- Once the test payment file goes through successfully, vendor enrollment can begin but who will call the vendors...

- It's important to know whether or not your AP Team will be tasked with vendor enrollment calls. It's a tedious time consuming process.

- If you choose a solution provider that claims to provide vendor enrollment services, ask whether they will call the majority of your vendors or just the ones that you spend the most with.

Back End: Reconciliation

- Additional Revenue is great, but if it adds time to your reconciliation process, it may not be worth the effort
- Look to solution providers that can deliver the identical reconciliation files as when you pay by check

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Fees & Penalties

- Are there any set-up fees?

- Are there any per transaction fees?

- Are there any mandatory minimum monthly spend penalties?

Rewards

- Does every dollar spent on the program get rewarded?

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Activation

- Activation Specialist
- I.T. Technician
- Sales involvement

Throughout the Life of the Program

- Dedicated Account Manager
- Reporting Capabilities
- Automated functionality & configurability such as reminders for vendors that there is a payment ready for them

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Annually?

- That's a long time to wait
- The question that needs to be asked is... since the bank is generating revenue the same month as the spend activity, why are they holding on to the college's reward payment for a year?

Quarterly?

- Better but not best.
- The bank is still holding onto the college's reward payment without justification

Monthly?

- Programs that provide reward payments the following month after the vendor receives payment is most beneficial to the college

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Is Opening an Account Required to Participate in the Program?

- Make sure you understand whether it is a requirement for the college to open an account to participate in a bank's AP revenue stream program.

- This will complicate the process

Can The College Stop Spending on the Program without Recourse?

- For banks that are confident in that their AP Revenue Stream program will work as promised, this option will always be extended.

- Banks that remove recourse, remove any risk that the college must assume to move forward with a program.

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What Comes After AP Revenue

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Eliminating Manual AP Work Effort & Paper

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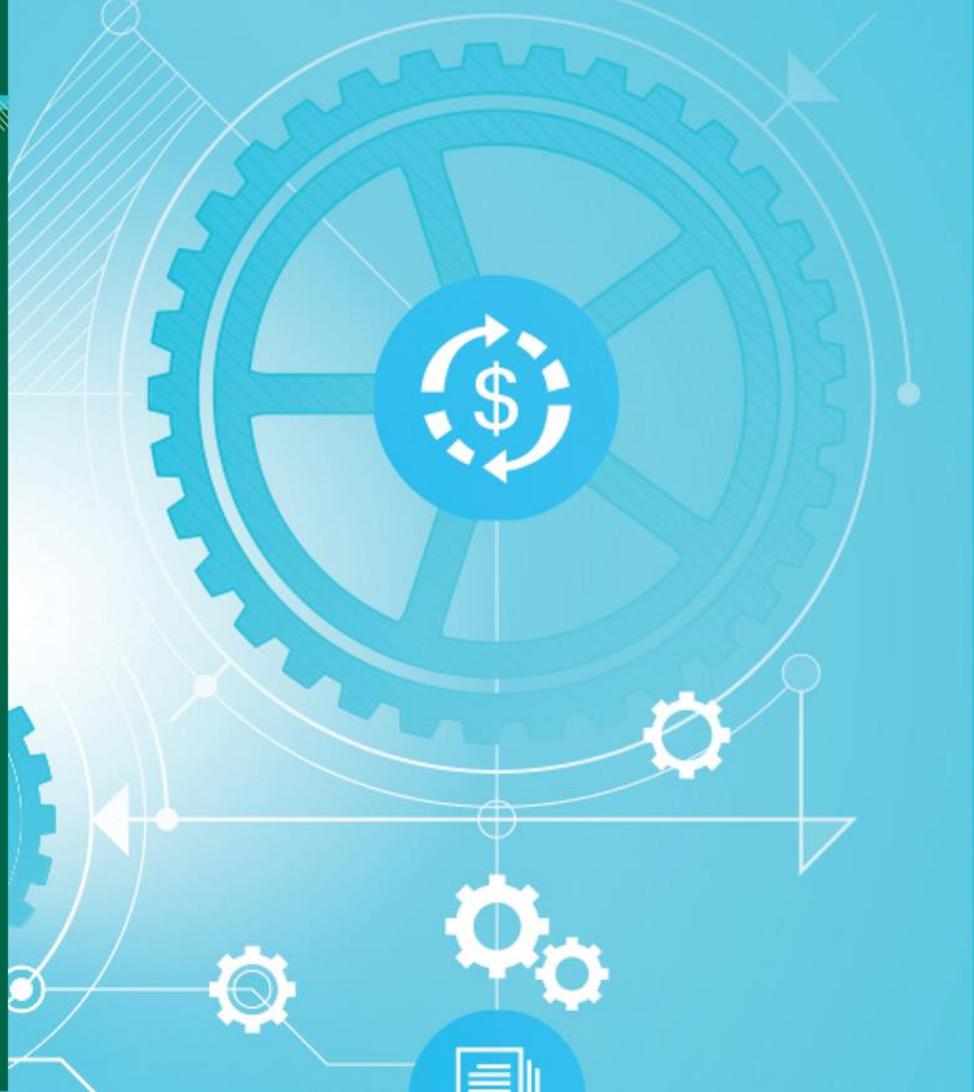
Invoice Data Entry & GL Coding

- Mapping invoice data to your ERP/Accounting software to eliminate the need to manually key data in

- Create a PDF of invoice to flow through the approval process

- Automates GL Coding

- Provides a way to centralize AP

- Complete visibility into where an invoice is at, at all times.

- Retrieving invoices for auditing purpose is just a few clicks away

Electronic AP Approval & Reporting

- No more paper invoices lost

- There is no need to create multiple copies of invoices for approval purposes

- There is simply one PDF to flow through the process

- All steps of the approval process are time stamped and documented

Payment & Reconciliation

- All Payments Types: Card, Check, ACH & Wire Transfer

- Send Commerce Bank one payment file via a SFTP site and you're done

- Receive the same reconciliation files as when you pay by check

- All escheatment issues are eliminated

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AP Revenue Stream Funding Source

- AP Revenue Stream can provide a partial or complete funding source

Price Per Invoices

- Pricing is determined based on the # of invoices processed per month
- This pay-as-you-go pricing model may not require capital expenditure approval

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Mission Critical AP Functions

- Removing the manual tasks associated with invoice processing will allow you to refocus your AP Team's efforts on mission critical AP functions such as issue resolutions, student reimbursements, etc.

Shorten Invoice Processing Lead Times

- In many college AP departments, shortening invoice-to-pay lead times by as much as 75% is achievable
- The impact these efficiency gains can have on AP productivity is very relative in most environments
- The ability to capture a greater percentage of early pay discounts without negatively impacting DPO nor incurring additional liabilities is just one

Ability to Cash Forecast with Greater Accuracy

- When you know what invoices are in-house and exactly where they are in the process, the ability to cash forecast with greater accuracy is far more achievable

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McHenry County College Insights

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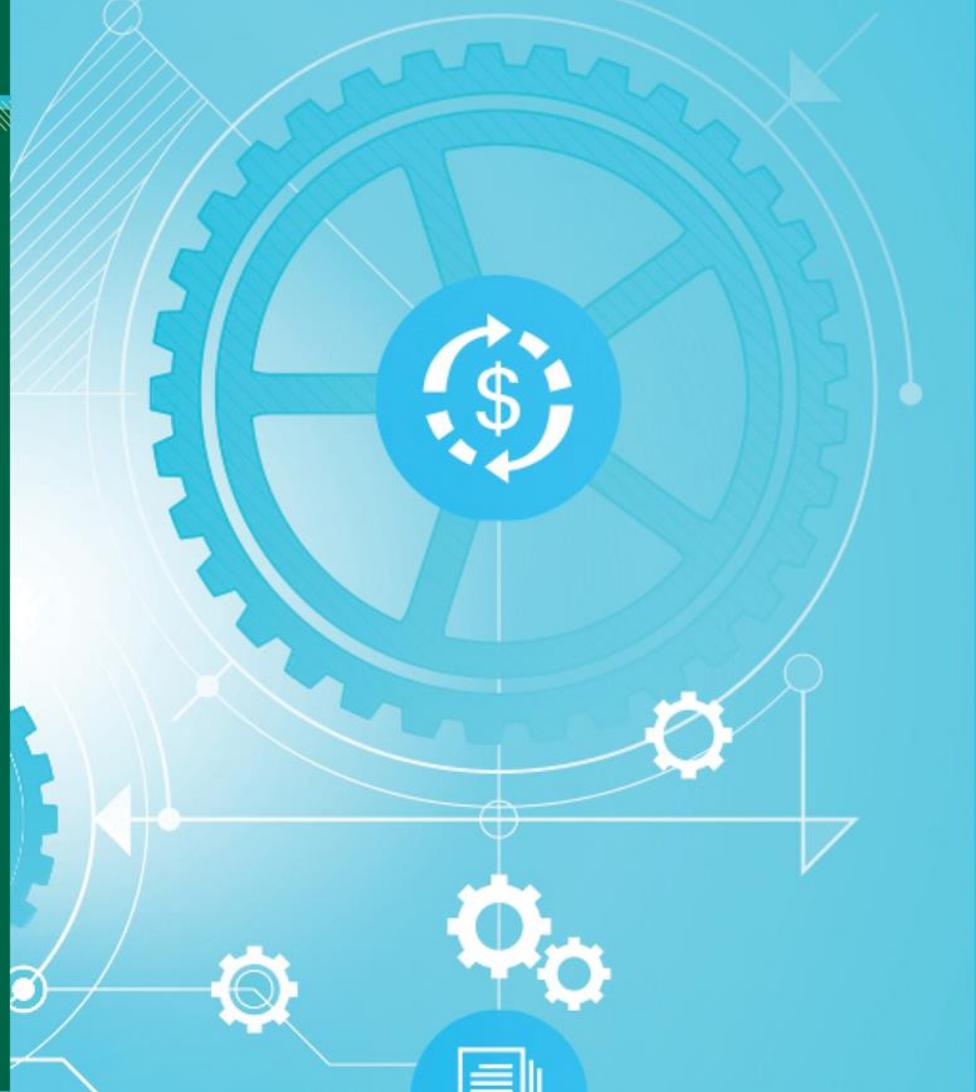
What Do you like about the Commerce Bank Program?

- Commerce Bank does all the work
- Easy for my AP team to on-board
- Pays monthly
- Favorable Exit Strategy
- Commerce Bank can support future AP strategies to drive paper out of the process

How is the Program Working?

- Activation came in ahead of schedule
- Already receiving revenue share payments
- Anticipate generating more than $36,000 in additional annual revenue

Suggestions for other Colleges

- For colleges that are <u>not</u> generating revenue on their monthly AP Spend *(or are unhappy with the performance of the program they currently have in place),* this is an opportunity that should be explored.

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Q/A & Thank You!
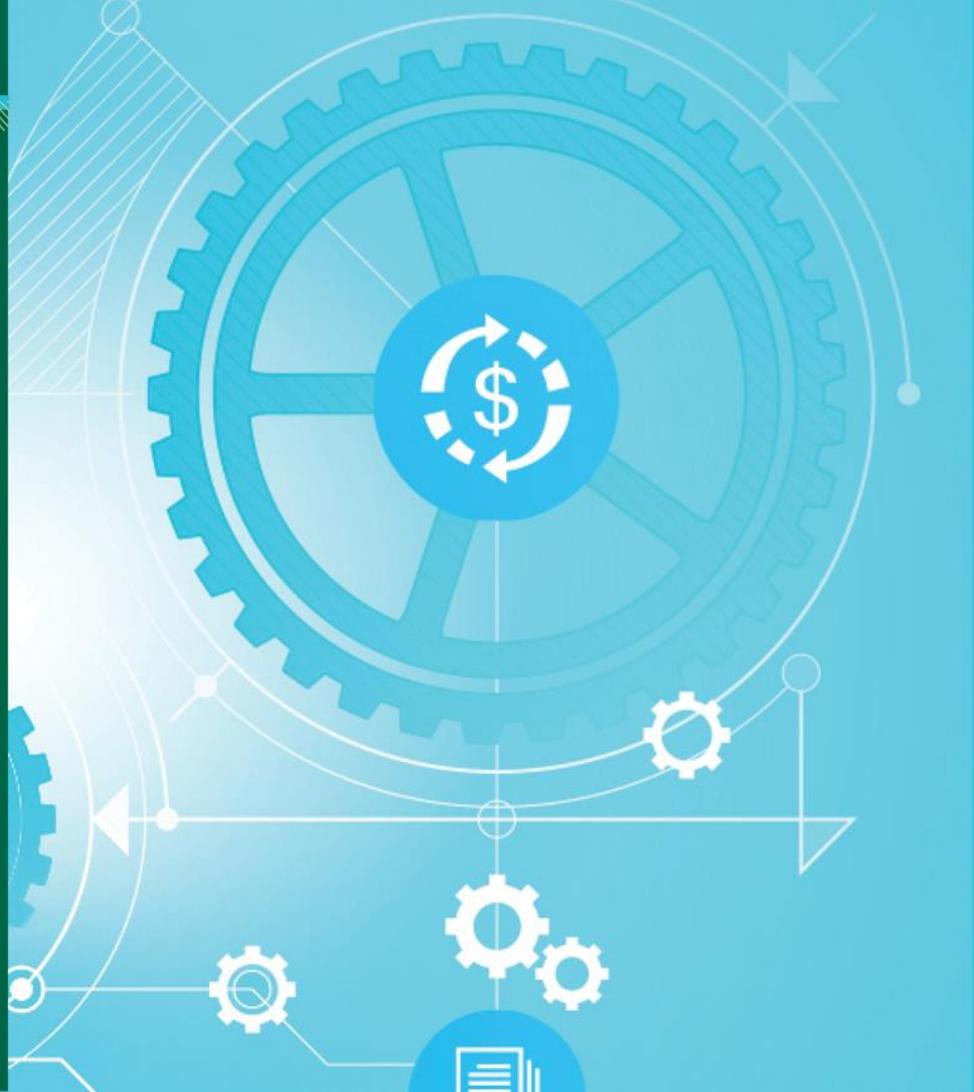
Learn more at commercevantage.com

Tony Gorham

Commerce Bank
VP, Commercial Card Services
tony.gorham@commercebank.com
Mobile: 630-222-6171

Jason Turner, APSC

Commerce Bank
VP, Solutions Consulting
jason.turner@commercebank.com
Mobile: 630-661-4249

Bob Tenuta

McHenry County College
CFO & Treasurer
btenuta@mchenry.edu
Office: 815-455-8585

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