Streamlining Accounts Payable with Higher One

Steve Petno, Higher One
John Jamieson, WEX
Why Higher One?

• Our Focus:
  – Born and raised in Higher Education
  – Streamlining campus operations
  – Enhancing your service to students
  – Always looking forward…

• We are Champions of Efficiency:
  – Models of Efficiency (University Business)
  – Campus Innovators (Campus Technology)
How does your campus handle paying its vendors?

- **Another paper based process?**
  - Printing checks
  - Mailing checks
  - Returned checks

- **Considering an internal ACH program?**
  - Security and PCI compliance issues
  - Vendor Outreach

- **General Vendor Servicing**
The Challenges with Checks

- Hard costs
- Significant Hidden Costs
- More potential for fraud
- Payments made by check aren’t eligible for rebates
- Float is unpredictable
What’s the cure?

• Pay your bills electronically (referred to as Electronic Accounts Payable or EAP)
  – Many industries are embracing this practice
    • In a recent study Large and Medium size companies pay 35% of their bills electronically*
    • EAP use is expected to rise from 34.9% in 2011 to 55.6% in 2014*
    • Adoption and growth within government and non-profit sector has been slower

*2012 Purchasing Card Benchmark Survey Results by RPMG Research Corporation
Funds Flow

• Let Higher One manage paying your vendors so you can spend your time on more important tasks

• How does this work?
Accounts Payable Solutions

- Benefits to your institution
  - Pay your vendors electronically
  - Offers more payment options for your vendors
  - Creates revenue opportunity for your office
  - Eliminates check writing and delivery costs
  - Reduces vendor phone calls
  - Provides comprehensive reporting
  - Reduces 1099 production
  - Increases the time value of money

Turn your cost center into a profit center
Designed with YOU in Mind

• Simply send a flat file
  – Who & how much
• We’ll take care of the rest!
  – Maintaining payment preferences of your vendors
  – Securing their data
  – Processing payments
  – Reporting and distributing remittance data to you and your payees
Higher One’s Team

• **Boost Payments Solutions**
  – Vendor Outreach
    • Explains VendorPay partnership with school
    • Determines vendor’s individual payment preferences moving forward
      – Check or ACH
      – Credit Card—paid immediately less the transaction fee
    – Differentiates our cc payment rate from rates Vendor may already be getting
      • Payment processed automatically net of fee (vs. standard process of logging on to see cc info and then manually inputting info to complete the transaction)
      • Security—nobody sees credit card info
  
• **WEX Bank—(formerly Wright Express)**
  • Underwrites credit account
  • Creates one-time cc # and pushes payment through to vendor net of fee
<table>
<thead>
<tr>
<th>Day 1</th>
<th>Check Issued by School</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Invoice Received</td>
</tr>
<tr>
<td>Day 10</td>
<td>• Approved for Payment</td>
</tr>
<tr>
<td>Day 15</td>
<td>• Extracted for Payment</td>
</tr>
<tr>
<td>Day 16</td>
<td>• Check Printed and Mailed</td>
</tr>
<tr>
<td>Day 21</td>
<td>• Vendor Receives Check</td>
</tr>
<tr>
<td>Day 22</td>
<td>• Check is Negotiated</td>
</tr>
<tr>
<td>Day 25</td>
<td>• Check Funds Clear</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Payments facilitated by Higher One</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Invoice Received</td>
</tr>
<tr>
<td>Day 10</td>
<td>• Approved for Payment</td>
</tr>
<tr>
<td>Day 15</td>
<td>• Extracted for Payment</td>
</tr>
<tr>
<td>Day 15</td>
<td>• Payment Instructions sent to Higher One</td>
</tr>
<tr>
<td>Day 15</td>
<td>• Vendor Receives Funds via Card Payment</td>
</tr>
<tr>
<td>Day 70</td>
<td>• Float (30/25)</td>
</tr>
<tr>
<td></td>
<td>• School Pays Credit Line</td>
</tr>
</tbody>
</table>

© 2013 Higher One, Inc. All Rights Reserved.
Incentives and Penalties for Non-Participation

- Participation Mandated
- Actively Involved
- Communicating Incentives and Penalties for Non-Participation

Rebate

- Opt-in (accelerated payment)
- Casual Promotion

Incentives "Carrots"

- Participation Encouraged
- Involved with Vendor Communication

Strategic

- Incentives & Penalties "Sticks"

Passive

Optional

Institutional Engagement & Vendor Participation
Benefits for Vendors

- Choice of payment method
- Option to receive payment more quickly
- Security of account data
- Detailed reporting for reconciliation
- Streamlined payment processing
Launching your Program

• Quick implementation
• Proven campaign to encourage vendors to accept electronic payments
• Vendor payment preferences viewable via HigherOneSupport.com
• Weekly status meetings with key stakeholders
Why Accounts Payable Solutions?

- Higher One understands Higher Education
- Reduce internal expenses
- Streamline your vendor payment process
- Comprehensive, on-line, real time reporting
- Maximizing vendor enrollment
- 24-hour support
Action Items

• Institution provides vendor file
• Higher One performs vendor file match
• Higher One will deliver comprehensive analysis on results:
  – Potential Eligible Vendors
  – Reduction of Expenses
  – Projected Rebate and Net Benefit
• Schedule meeting to review findings
Contact Us for More Information

Steve Petno
Account Executive
630.546.2415
Steve.Petno@HigherOne.com

John Jamieson
WEX, Inc.
207.523.6811
John.Jamieson@wexinc.com