

**THE SUREFIRE WAY TO  
INCREASE EFFICIENCY  
AND COST SAVINGS  
WITH AVIDPAY**

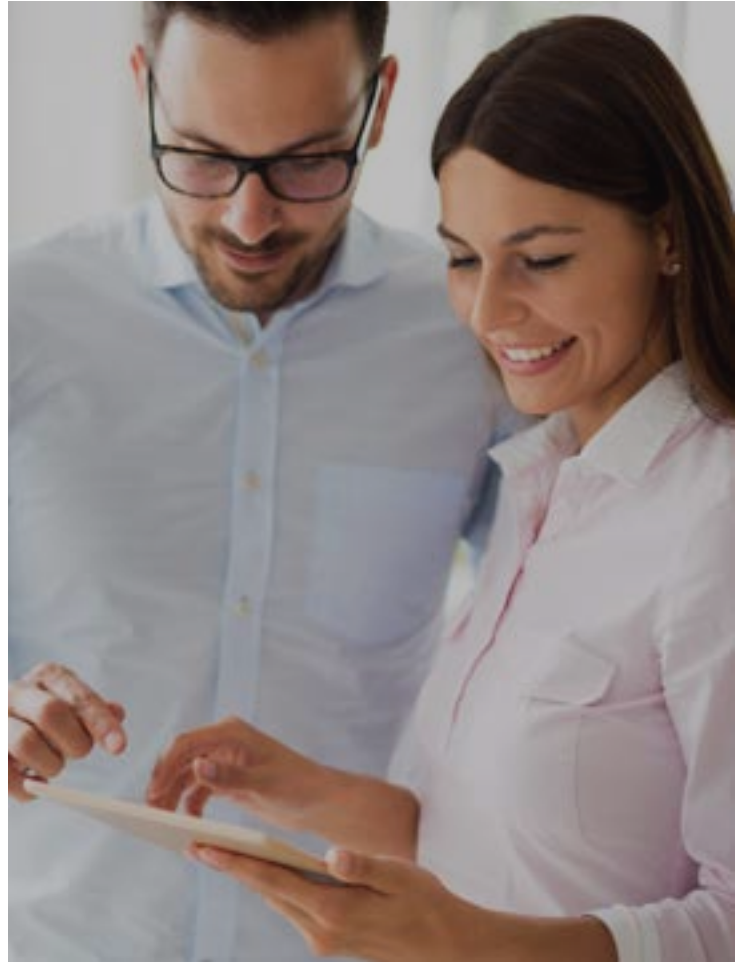
## What Is AvidPay in a Nutshell?

AvidPay is a full-service payment solution built to help businesses eliminate risk-prone, inefficient payment processes and more easily pay bills.

## Challenges Faced by AP Departments Around Payments

Paper checks still account for more than 70% of B2B volume in the US. Conservative estimates place the cost of processing a single check between \$3-7, which includes supplies, like postage and envelopes, as well as labor costs. B2B admin costs associated with this antiquated process are estimated at \$2.7T annually and AP personnel spend about ~30% of their time on routine tasks.

Companies that rely on paper checks must also be more vigilant about fraud. According to The Wall Street Journal, “attempted check fraud increased to \$15.1 billion in 2018 – up from \$8.5 billion in 2016.” Additionally, “Successful check fraud made up 47%, or \$1.3 billion of banks’ fraud losses – a rise from \$789 million in 2016.”



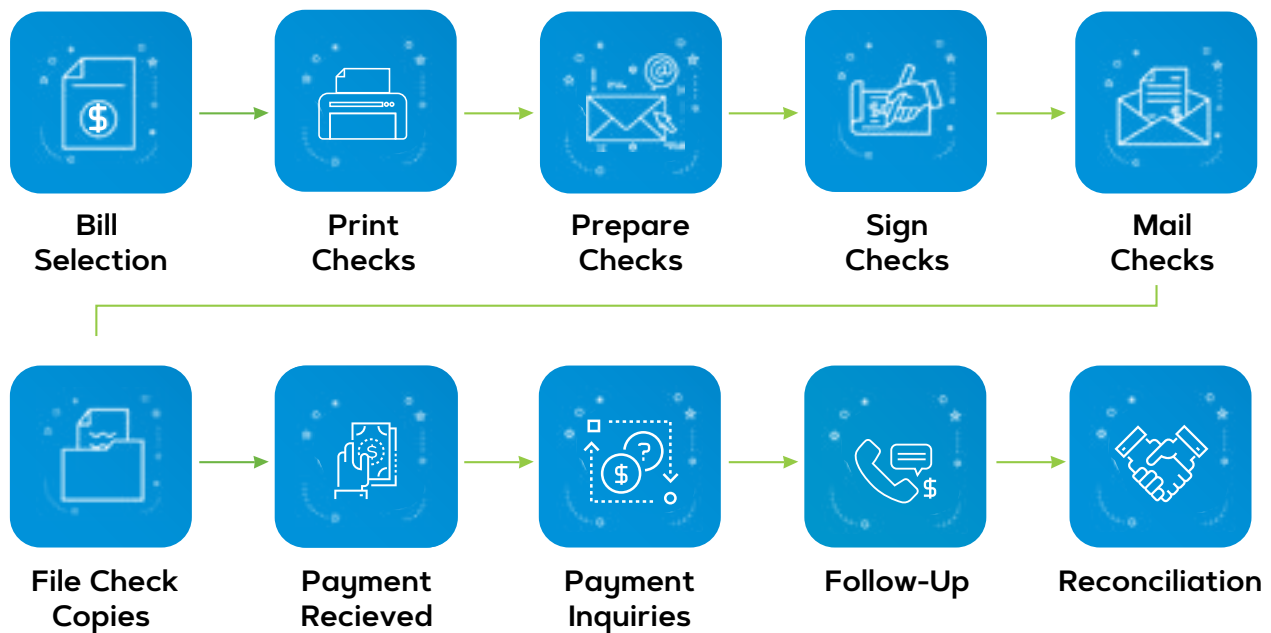
*Attempted check fraud increased to \$15.1 billion in 2018 – up from \$8.5 billion in 2016... successful check fraud made up 47%, or \$1.3 billion of banks’ fraud losses – a rise from \$789 million in 2016.”*

*– The Wall Street Journal*



## Life Before AvidPay

The traditional bill payment process goes something like this:



## Life with AvidPay

By automating the payment process, businesses can dramatically simplify and reduce the time involved in paying their bills. With AvidPay, the bill payment process looks more like this:



## AvidPay Value

### AvidPay can help you:

- Maximize your team's efficiency
- Eliminate the risk of check fraud
- Save on labor costs
- Earn predictable incentives on qualified e-payments
- Drive a predictable return on investment (ROI)
- Mirror your check signing process through easy-to-use workflows

In fact, by automating your B2B payment process, you can drive 75% - 90% savings in your total payment processing costs when considering both direct and indirect costs.



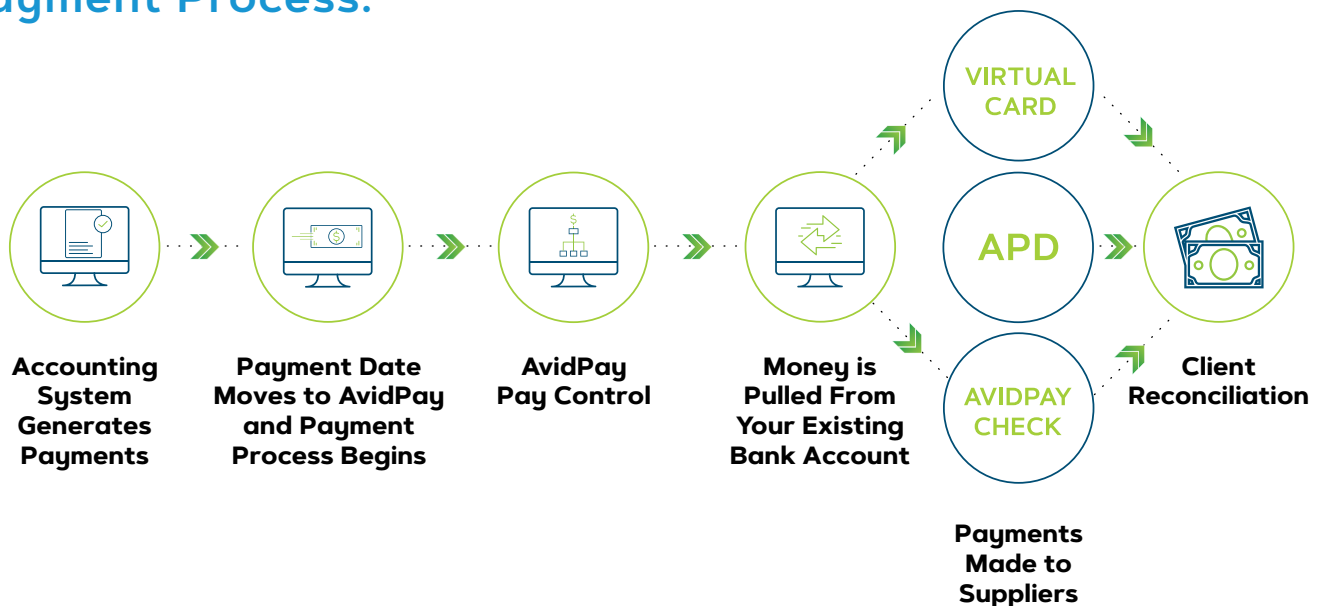


## How It Works: The Payment Process

AvidPay optimizes and automates your payment process.

Using payments generated from your accounting system, AvidXchange begins the payment process, giving you the option to approve payments before money movement begins. Once approved, payments are made to suppliers via virtual card, AvidPay Direct, our enhanced direct deposit option, or paper check based on each supplier's payment requirements.

### Payment Process:



## How It Works: Supplier Onboarding

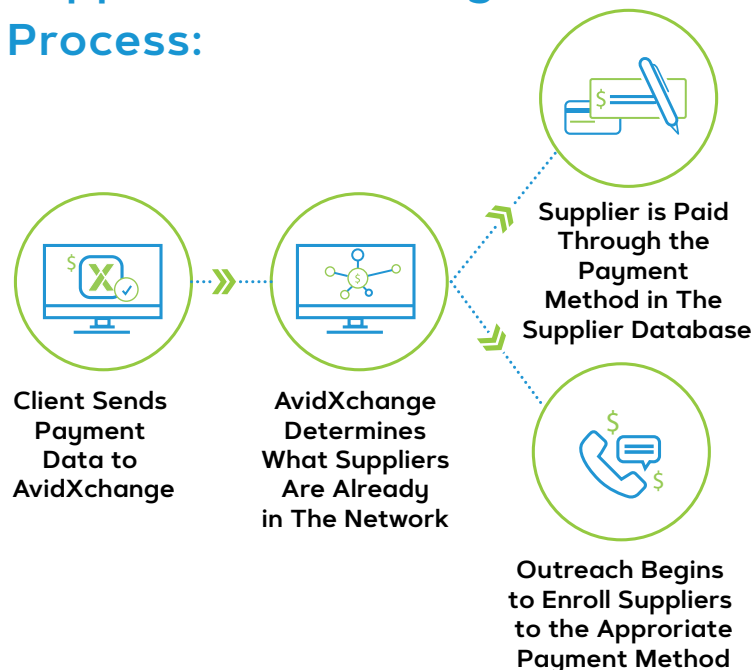
Once you send AvidXchange a payment, our team of over 400 supplier services teammates work to determine the suppliers that are already a part of the AvidPay Network. If the recipient is one of our 500,000 existing suppliers, we send their payments immediately via their preferred payment method in our database.

For suppliers that aren't yet a part of the Network, we reach out immediately to see if they are interested in receiving one of our electronic payment methods or check. If they accept e-payments, but only under specific conditions, we record those requirements for future reference.

On the same day, we initiate individual ACH debits to your bank account(s) to fund the payment batch. Each transaction on the bank statement will reference the check ID from your accounting system along with the supplier's name so that you can easily reconcile back to your check run.



### Supplier Onboarding Process:



## How It Works:

### Supplier Maintenance

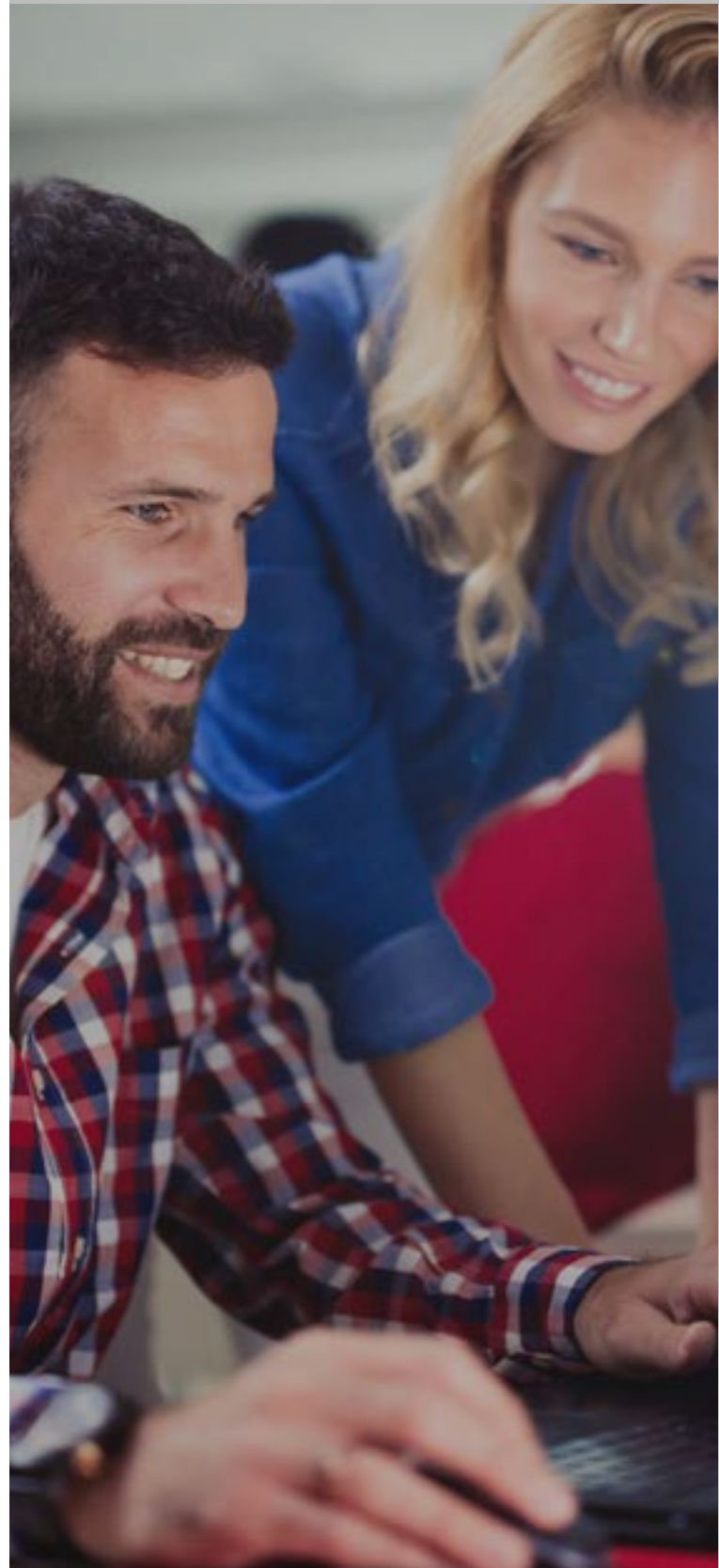
Once your suppliers are onboarded, AvidXchange's work is just getting started.

Our supplier services team handles all the supplier maintenance tasks, helping you maintain supplier satisfaction, while keeping e-payment rebates and AP team productivity at an all-time high.

#### Services handled by AvidXchange include:

**Supplier E-payment Conversion and Execution Services:** E-payment adoption and its benefits are maximized by our supplier services team members, who work with each of your suppliers to confirm their accepted payment method, including virtual card and AvidPay Direct, our enhanced direct deposit option, as well as any supplier conditions, to receive an e-payment.

- More than 40% of the 500,000+ AvidPay Network suppliers already accept e-payments.
- AvidXchange software maintains and applies e-payment conditions, such as dollar limits and delivery requirements, for each supplier.
- E-payments may be executed via automation, secure email, online portal, phone and/or fax.
- E-payment incentive programs are designed to strengthen and add predictability to your total Return on Investment (ROI), assisting in turning your AP department into a profit center.
- E-payments include services to collect and store bank account data, along with creating and transmitting ACH files to the bank.



**Check Aging Services:** AvidXchange follows up on every outstanding check processed to ensure timely payment processing. AvidXchange performs the initial steps of the escheatment due diligence process on behalf of our customers, saving time and driving efficiency.

**Management of Supplier Inquiries:** Leverage a fully scaled operations team designed to help field supplier inquiries and assist with payment processing, remittance advice, and payment application. Free your AP team from mundane tasks and enable additional focus on strategic value creation.

**Ongoing OFAC Screening Services:** AvidXchange takes on the burden of OFAC screenings required to verify the identity of suppliers, reduce your risk and help customers with compliance burdens.

**Positive Pay Processing and Exception Management Services:** AvidXchange processes a positive pay file for every check cashed, effectively mitigating risk associated with traditional check fraud. If potentially fraudulent activity is detected, AvidXchange monitors for exceptions and acts on your behalf – saving you time by involving you only as decisions are needed.

**Maintenance of Supplier Payment Profiles:** AvidXchange collects and maintains supplier payment preferences, conditions for e-payment acceptance, and bank account data (if applicable). As suppliers change preferences or banking relationships, AvidXchange shoulders the burden to keep information up to date.



**Remittance Communication Services:** Every e-payment includes detailed remittance that is communicated to your suppliers in the way that works best for them. Whether AvidXchange enters remittance via an online portal, an IVR system, sends an email, or provides a direct data feed, we provide flexibility so suppliers can accurately and promptly apply your payments.





## What Differentiates AvidPay?

AvidPay differentiates itself from the competition in three primary ways:

- 1 Network:** Thanks to our 500,000+ supplier network, the largest in the B2B middle market, combined with the rich data that comes along with 20 years in the tech space, we can accurately predict supplier adoption rates that are often 2-3 times higher than the competition.
- 2 Services:** Our 400+ full-service team members keep suppliers happy over the long-haul - not just during initial onboarding. This ongoing relationship allows us to adjust to changing supplier e-payment requirements, which can contribute to higher adoption rates. On the other hand, competitors who only offer initial onboarding—but no follow-up support—can see reduced adoption rates over time.
- 3 Software:** Our rules-based software crunches supplier conditions to accept e-payments and drive incentives. From our experience, there are twelve different buckets of conditions that suppliers tend to use:

  - Under a certain dollar limit
  - Convenience fee
  - Flat rate processing fee
  - Entered on their website
  - Called in via phone
  - Must be processed through their IVR
  - Secure email
  - Fax
  - Integrate to their system
  - No other discounts can be present
  - Cannot be on a contract
  - Limit per month per account

## The Basis Point Myth

If your banker has ever spoken with you about e-payment products, you've probably heard about the importance of basis points (BPS; a basis point is one hundredth of one percent; for example, 100 BPS = 1%) in driving incentive revenue.

The equation looks something like:

$$\begin{aligned} & \text{Spend} \\ & \times \text{BPS} \\ \hline & = \text{Rebate Revenue} \end{aligned}$$

While there is some truth to that, it is only part of the story. To get a more accurate understanding of the true value, it is important to include supplier adoption and retention over time.

A more meaningful equation is:

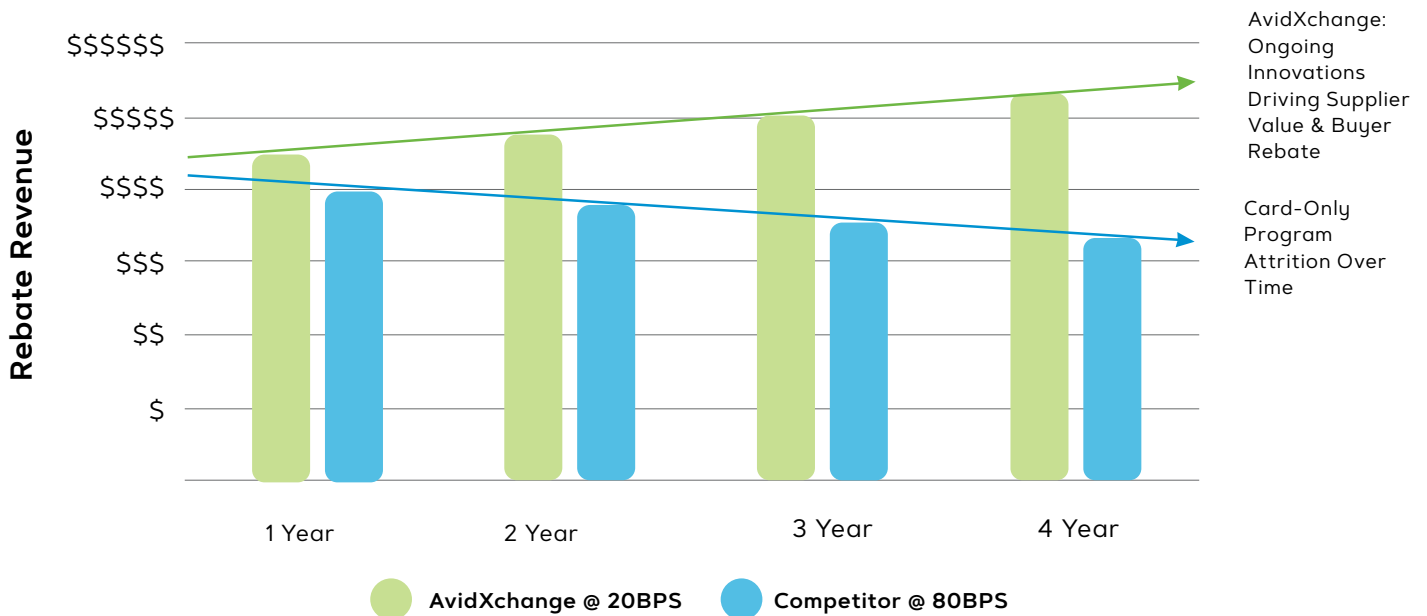
$$\begin{aligned} & \text{Spend} \times \\ & \text{Adoption} \times \\ & \text{BPS} \times \\ & \text{Program Retention} \\ \hline & = \text{Rebate Revenue} \end{aligned}$$





With this more precise view of rebate revenue opportunity, you can see how a higher BPS alone does not necessarily provide a solid indicator of your revenue potential. The example below shows that, despite AvidXchange having a lower BPS than the competitor, our supplier adoption rate tends to grow over time due to individual and customized servicing from our extensive supplier services team, and has a better financial return for this customer than the competitor who has lower supplier adoption and retention. In addition, AvidXchange has incentives on more payment types than the competition.

### Program Value Over Time Example



\*Basis Points (BPS) = one hundredth of one percent; 100 BPS = 1%

AvidXchange can perform a vendor match using all your suppliers to determine which are among the 500,000+ in the AvidPay Network. This will give you an idea of what your vendor adoption rate will be, starting out. In many cases, we will have 25 - 30% before our team even begins enrolling new suppliers.

# Training and Implementation

AvidPay is quick and easy to activate.

Once you select AvidPay, a Customer Onboarding project manager will help to ensure a smooth and timely onboarding experience.

The process generally takes just a few weeks but can take as little as a few days. A typical process will look like this:



## Kickoff

- Education on Avidpay
- Project plan
- Information gathering



## Integration

- Time and complexity to setup and test is dependent on specific systems



## Setup & Test

- Vendor setup
- Live payment upload test



## User Training

- Train AP staff to create payments
- Make ops staff aware of process changes



## Go Live!

- Portal is live
- Check runs are going through AvidPay



## Why One AvidXchange Customer Decided to Use AvidPay After Automating Their Invoices

MB Real Estate Services, Inc (MBRE) is a commercial real estate organization headquartered in Chicago. The company provides property management, tenant advisory, leasing, investments, development and corporate services— all of which are in a constant state of growth. To keep up with this growth, MBRE turned to AvidXchange to enhance its team’s productivity.

### Challenge: Wasting Time Stuffing Envelopes

Sarah Csontos started her Senior Accounts Payable Administrator role at MBRE after the company had already implemented AvidInvoice, AvidXchange’s solution designed to streamline invoice approvals and tracking for the organization. However, MBRE had not yet implemented AvidPay to streamline their payment process.

While Csontos and her team were able to save time managing invoices they were still spending roughly 30% of their time stuffing envelopes, manually filing checks and tracking down where misplaced files and payments ended up.



*“Automating our payments was a natural step forward. If anything, I wish we would’ve implemented AvidPay sooner.”*

*- Sarah Csontos, Senior Accounts Payable Administrator*

“We used to print and stuff all of our checks in house, and it was a massive time sink every time check runs went out. Hours were spent on just stuffing envelopes, not to mention filing the non-negotiable copies,” said Csontos.

“Not only were we wasting time, we also had human error to contend with. Sometimes despite our best efforts, things wouldn’t wind up in the right file, and we would spend more hours trying to find out where things were put,” said Csontos.

## Solution: Streamlining Payment Process with AvidPay

Clearly a change was needed. Because MBRE had already found success using AvidInvoice, AvidPay was the obvious next step to streamline its AP processes, save time and utilize its resources efficiently.

“MBRE has always been keeping its gaze towards the future and trying to improve efficiency,” said Csontos. “Automating our payments was a natural step forward. If anything, I wish we would’ve implemented AvidPay sooner.”

## Results: Time Savings for MBRE and Vendors

Csontos and her team began seeing results soon after AvidPay was implemented—not only in terms of productivity but also in terms of their vendor relationships.

“Our company has been growing quickly, and AvidPay was able to take a large workload off our team so that we could continue to work at a higher efficiency. What once was taking up over 30% of our time is now less than 5%.” said Csontos.

With AvidPay, Csontos and her team have been able to provide more value to MBRE by contributing to more strategic and less data entry tasks.

“From an admin’s perspective, when you get stuck filing, you just know your time could be better spent elsewhere,” said Csontos. “Our team is smart and innovative, and we love our work when we are being challenged. I would wager to guess that if MBRE didn’t automate, I would have left to find work where automation was being utilized – so that I could be utilized.”

More than time savings, MBRE has also realized improvements in vendor relationships.

“With AvidPay, I can find proof of payment by simply searching for keywords or numbers, and it is pulled up in seconds. I can be on the phone with a vendor while looking it up and get them the information they requested almost immediately. This is saving not just our time, but our vendor’s time. And it is keeping our relationship with our vendors strong.”



“If there is anyone who is still on the fence about automating, I would say that automation is not just the future, it’s the present,” Csontos said. “People want to work where they can be challenged and provide value-added work. There are only benefits to automating.”



## Pricing and Return on Investment (ROI)

AvidPay helps improve operational efficiency and e-payment incentives, which drive a predictable ROI for your business. This is due to:

- 1 Predictability of AvidXchange's payment network
- 2 The size of the payment network, which is the largest B2B network in the middle market with over 500,000 suppliers and more than 40% enrolled in e-payments
- 3 One low transaction fee of \$0.89 per payment that enables a risk proof ROI
  - Cost drivers to consider with a manual payment process: check stock, postage, positive pay bank fees, and labor related to stuffing and mailing checks, check aging, escheatment tracking, managing supplier inquiries, manual ACH file processing, and ACH remittance communication with suppliers
- 4 The network effect means that up to 30% of your suppliers will be in the network on Day 1
- 5 AvidXchange helps you monetize more than just card payments with features like AvidPay Direct, the only monetized ACH+ network in the middle market.

AvidXchange provides a superior ROI thanks to our large, sophisticated supplier services team, our software's ability to handle complicated supplier e-payment requirements, and the maturity and size of our payment network.

## Learn More

If you'd like to learn a little more about how AvidPay can help your company, or just keep up with our thoughts on financial technology, come visit us at [www.avidxchange.com](http://www.avidxchange.com).

