

# Virtual Accounts Deliver Real Results

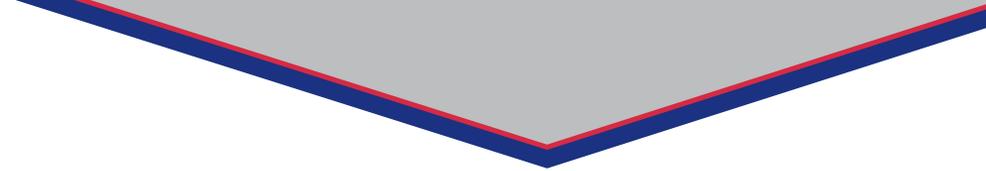
David Frieder, Senior Vice President  
U.S. Bank Relationship Management

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# Agenda

- Review current challenges and trends
- Alignment with government policy and agency goals
- What are virtual accounts?
- Virtual account benefits
- Moving forward



# **Current Challenges and Trends**

# Current Public Sector Landscape

- Budget issues across United States
- Record deficits
- Probable tax increases
- Increasing public scrutiny
- Call for more control and oversight of spending

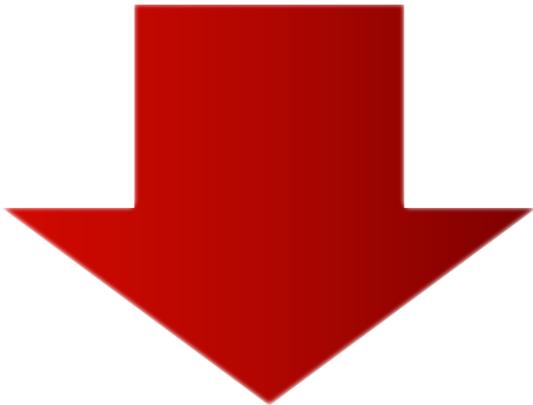
# Federal Agency Challenges

- Ongoing pressure for cost reductions and efficiencies
- Decreasing budgets and Office of Management and Budget (OMB) directives to reduce spending
- Increasing responsibilities with fewer resources
- Growing need for stronger control, oversight and visibility across agencies

# Public Sector Accounts Payable Focus

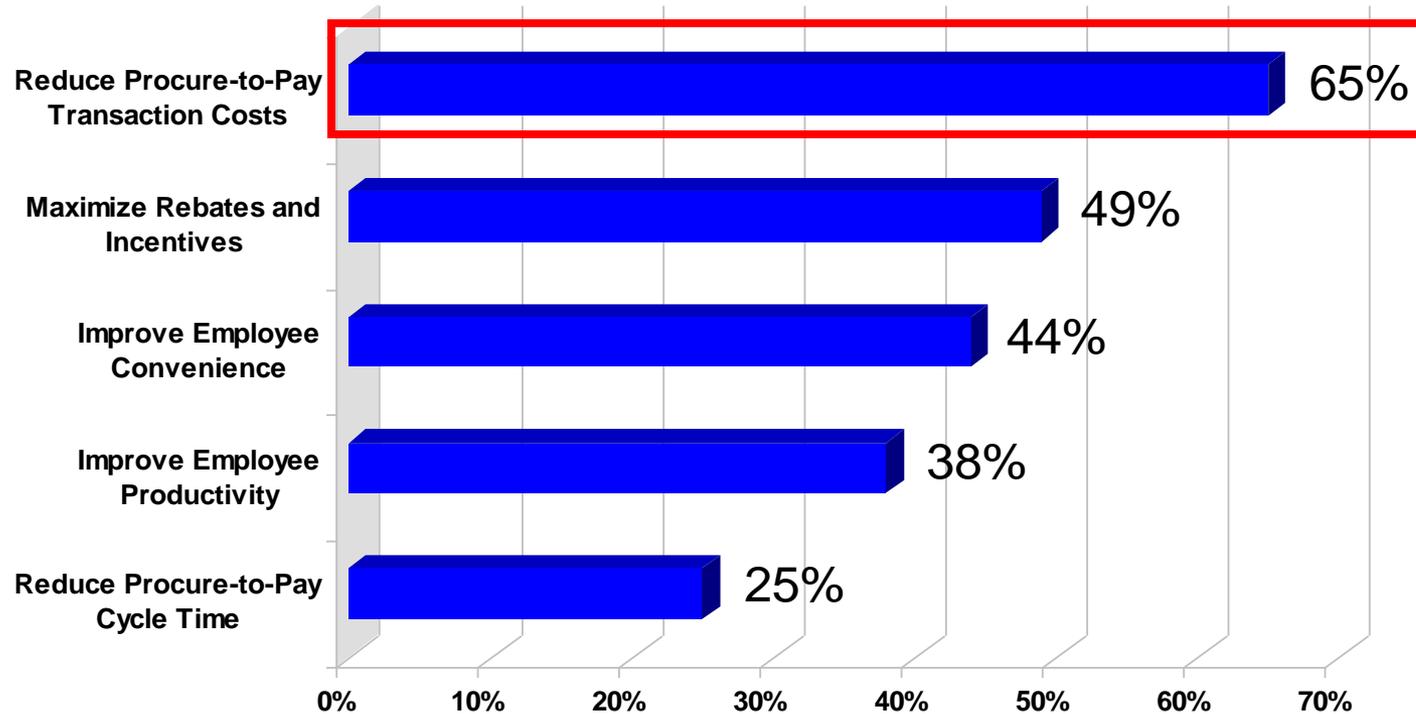


- Maintain/increase controls
- Enhance visibility
- Improve regulatory compliance
- Increase expense accuracy and timeliness



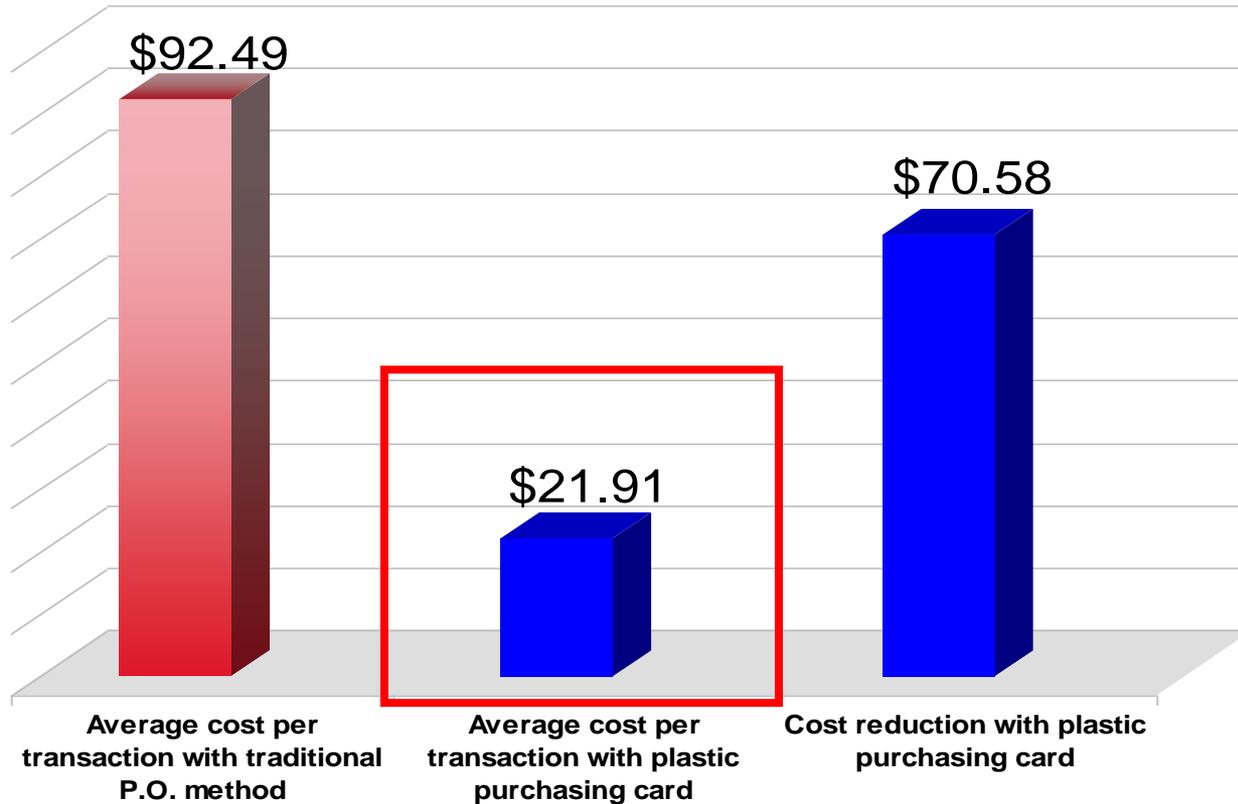
- Lower invoice processing costs
- Reduce exception rates
- Reduce cycle times and late payments
- Mitigate risk

# Factors Driving Electronic Payment Focus



Source: PayStream Advisors Electronic Supplier Payments 2011

# Impact of Cards on Operational Efficiency



Source: 2010 Purchasing Card Benchmark Survey Results, RPMG Research Corporation

# Alignment with Agency Goals

- Reduce costs
- Increase control and improve oversight
- Enhance refund opportunities

# Electronic Accounts Payables (EAP)

- Definition<sup>1</sup>:

“Non-plastic card accounts used to pay for invoiced goods and services (whether set up as a rotating pool of card accounts, ghost card accounts funded only to pay invoices from suppliers, or another arrangement).”

- EAP Terms:

- Virtual card
- Single-use accounts
- Straight-through processing
- Buyer-initiated payments
- EIPP

<sup>1</sup> From the Purchasing Card Benchmark Survey Results 2010, RPMG Research Corporation

# U.S. Bank ePayables Solutions

- U.S. Bank EIPP

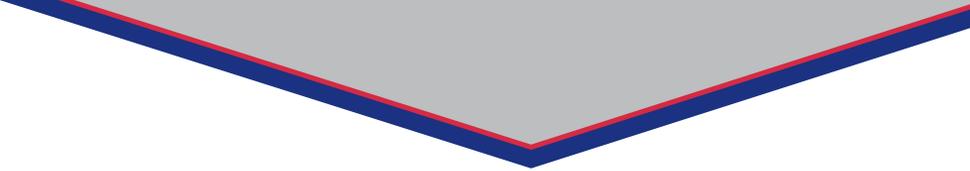
- Complete accounts payable (AP) processing from invoice capture, audit, approval, pay, and trade finance

- **U.S. Bank Access<sup>®</sup> Online Payment Plus**

- Pay invoices using virtual (cardless) accounts

- **U.S. Bank Access Online Direct Connect**

- Receive virtual single-use accounts through a real-time web service interface to make payments

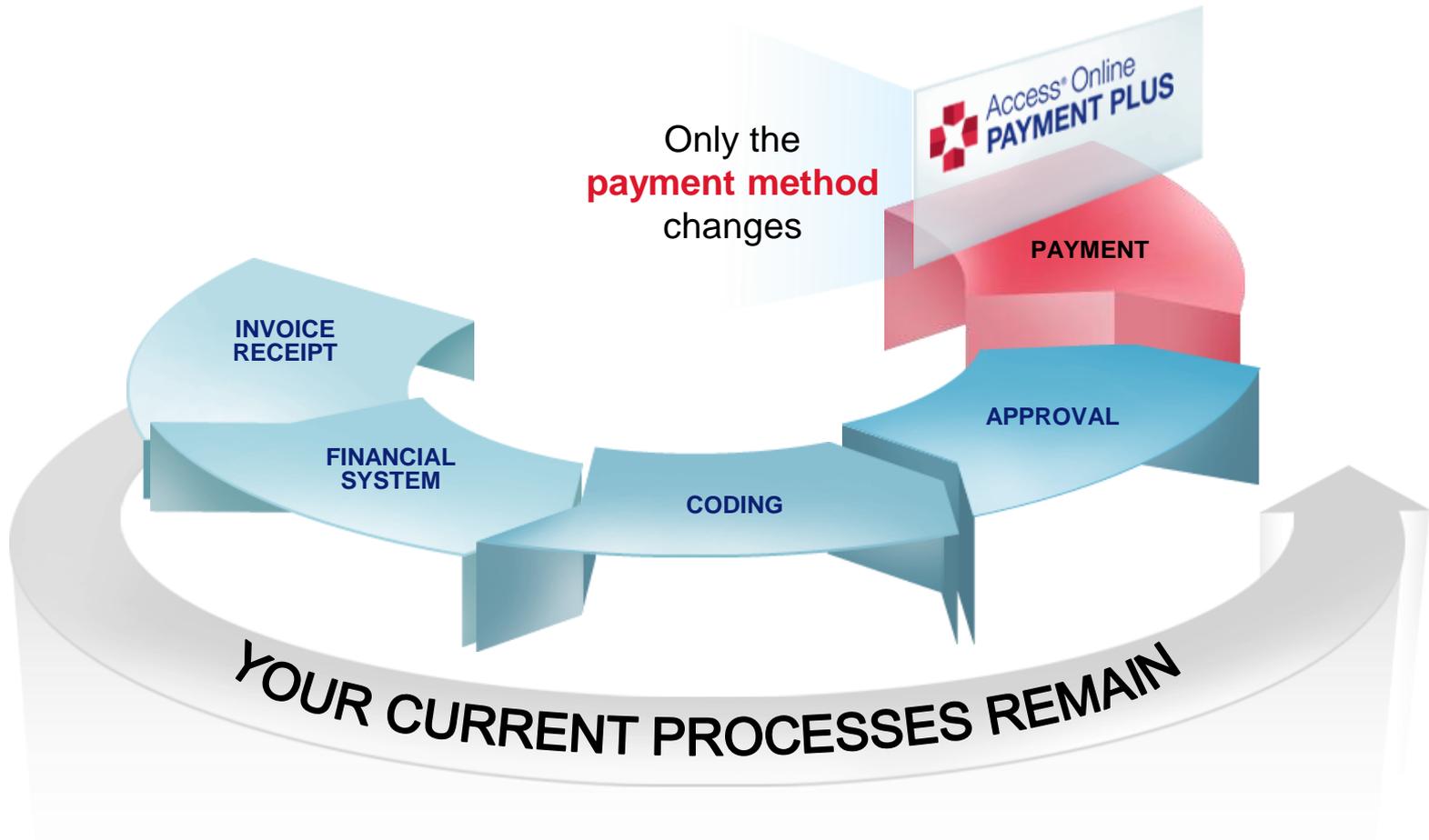


# **A Closer Look at Virtual Accounts**

# What are Virtual Accounts?

- Cardless accounts for supplier payments
- May include one or all of the following:
  - Dynamic credit adjustment accounts
  - Single-use accounts
  - Straight-through processing

# Access Online Payment Plus



# Common Barriers to Change

*“Our organization has not changed payment methods because we...”*

<b>Control:</b>	<ul style="list-style-type: none"><li>• need to keep existing approval processes, especially for larger dollar purchases</li><li>• don't want to increase the number of cards in circulation</li></ul>
<b>Data:</b>	<ul style="list-style-type: none"><li>• want to retain all pre-purchase data</li></ul>
<b>Tax:</b>	<ul style="list-style-type: none"><li>• require tax review prior to payment</li></ul>
<b>Culture:</b>	<ul style="list-style-type: none"><li>• no appetite to change existing pre-payment processes</li></ul>
<b>Cost:</b>	<ul style="list-style-type: none"><li>• other providers charge fees for software, etc.</li></ul>

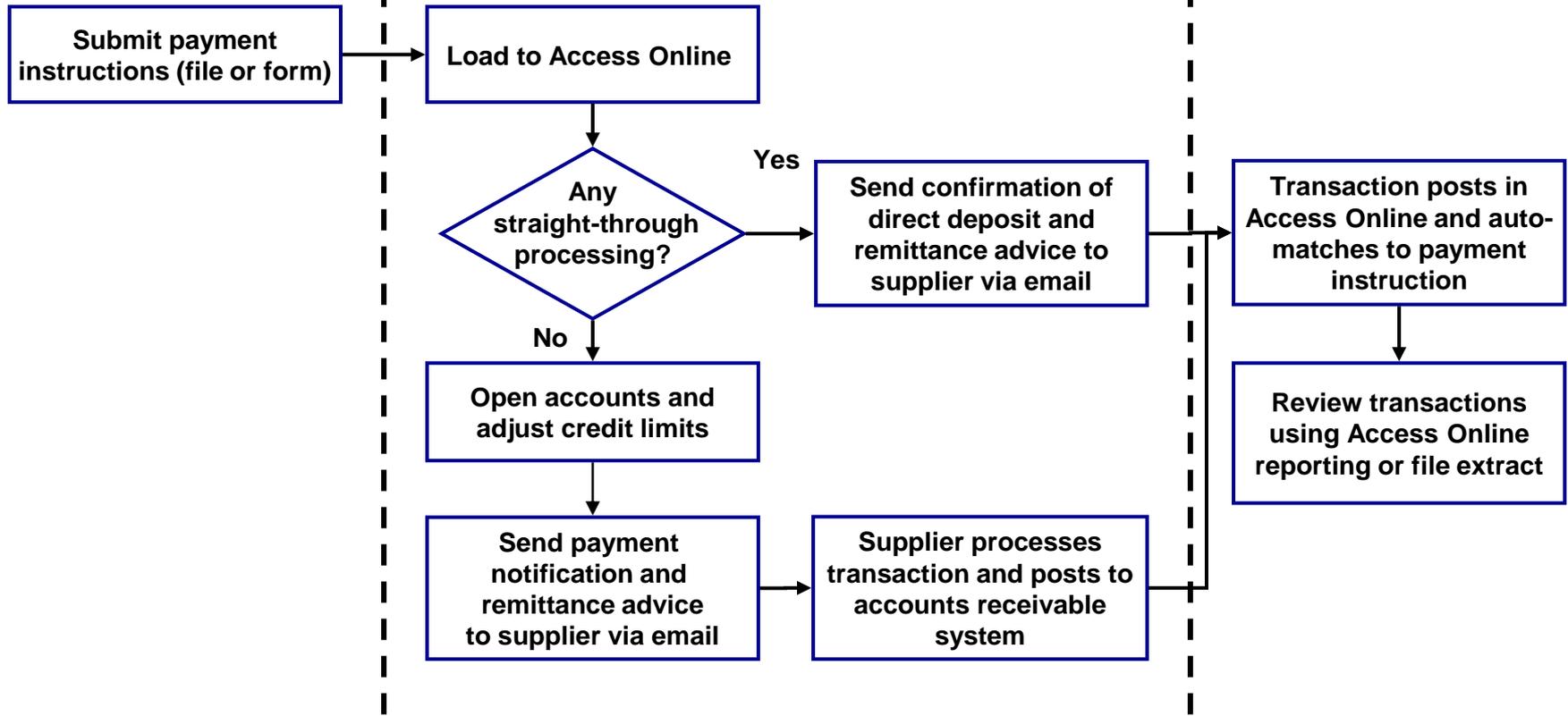
- *Addressed by Payment Plus*

# Payment Plus Process Flow

## 1. Submit

## 2. Pay

## 3. Monitor



# How Does it Work?



Access Online  
**PAYMENT PLUS**

**Truly as easy as**



# Step 1: Submit



Access Online  
**PAYMENT PLUS**

A screenshot of a web form titled 'Payment Instruction Maintenance' with a sub-heading 'Create Payment Instruction'. The form includes a 'Card Account Number' field, a navigation bar with 'Create', 'Manage', and 'Track List' buttons, and a section for 'Payment Instruction Information'. This section contains fields for 'Payment Instruction Email \*', 'CC Email' (with a note to separate multiples by a semi colon), 'Expiration Date \*', and 'Payment Account' (with radio buttons for 'User Account' and 'Single Use Account'). There is also a 'Note Included in Notification' field. The form is tilted slightly to the right.

## Truly as easy as

1

Submitting your payments is easy. Simply submit an automated file or enter the required information into U.S. Bank Access Online and your payment is initiated.

# Step 2: Pay



Access Online  
**PAYMENT PLUS**

**Two automated payment options:**

- **Cardless accounts**
- **Straight-through processing**

**Truly as easy as**



# Cardless Options



Access Online  
**PAYMENT PLUS**



Truly as easy as



Pay suppliers securely using **virtual** dynamic credit adjustments and single-use accounts. Suppliers receive full remittance details so your payment can be applied correctly, even when including multiple invoices on one payment.

# Straight-Through Processing



Access Online  
**PAYMENT PLUS**

**Truly as easy as**

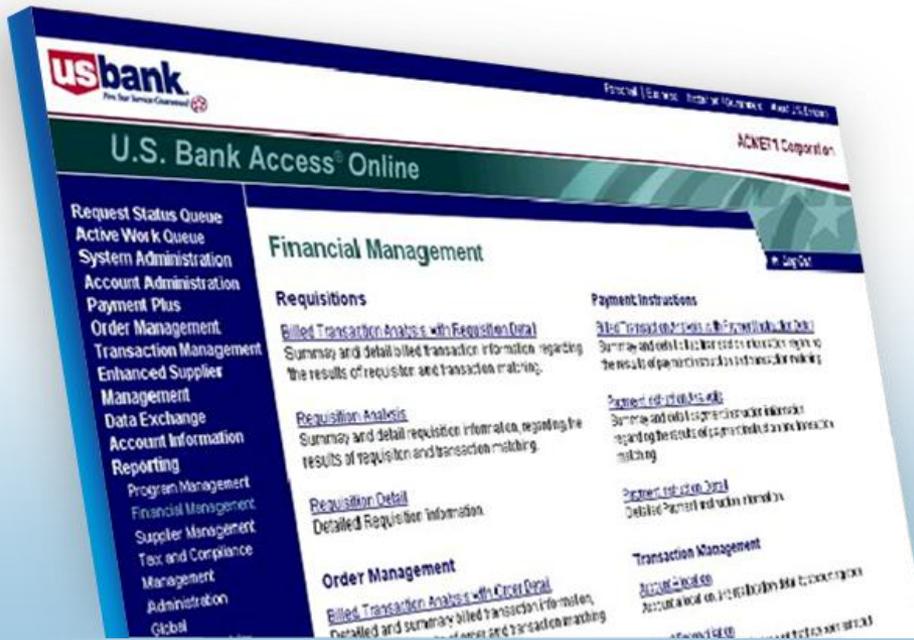


Straight-through processing allows payments to be directly deposited into suppliers' bank accounts. Faster reconciliation for both buyers *and* suppliers strengthens relationships.

# Step 3: Monitor



Access Online  
**PAYMENT PLUS**



Truly as easy as



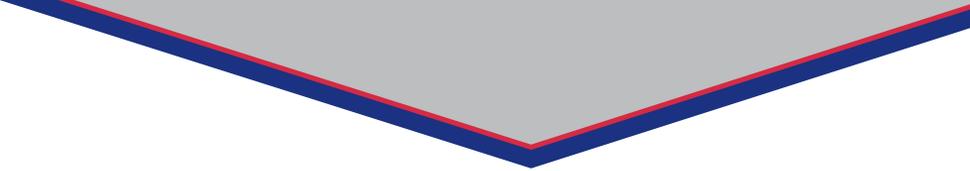
Monitor your payments and update your financial systems using the convenience of Access Online reporting and extracts.

# Sample Spend Categories

- Contract payments
- Water and water conditioning
- Regional utilities
- Uniforms
- Legal fees
- Association memberships
- Media and communications
- Building/property maintenance

- Industrial supplies
- Waste disposal
- Health services
- Contractors/consulting
- Raw materials
- Inventory purchases

And Many More!



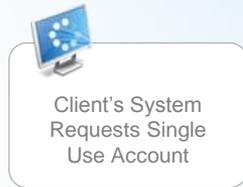
# **What About Direct Connect?**

# What is Access Online Direct Connect?

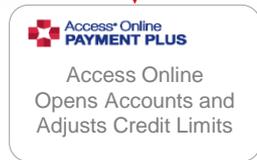
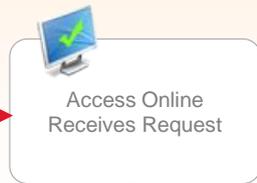
- Provides a real-time, web service interface between the acquisition/procurement/ordering system and Access Online Payment Plus to generate single-use accounts
  - Tracks payment end-to-end – approval to invoice to charge
  - Designates controls at the transaction level
  - Streamlines reconciliation

# How Direct Connect Works

## REQUEST



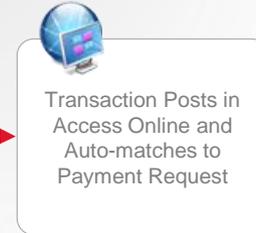
## RESPONSE



## PAY



## MONITOR



# Agency Applications for Direct Connect

- Contract payments
- Benefits administration
- Tuition payments
- Agency travel  
(e.g., training, conferences or events when travel card is not available or right fit)



# **Summary and Next steps**

# Buyer Results

- Increased control and security
- Increased automation and streamlined reconciliation
- Reduced payment costs for buyers and suppliers
- Eliminated paper
- Expanded refund opportunities

## Supplier Results

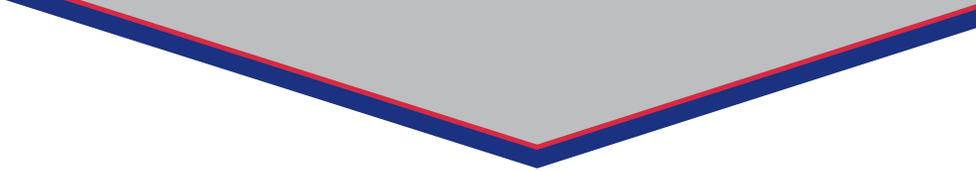
- Receive faster and more predictable payments
- Reduce paper and labor-intensive processes
- Improve reconciliation
- Lower carrying costs
- Stronger supplier relationships

# Virtual Account Benefits

- Reduce costs
- Increase control
- Expand spend visibility
- Improve refund opportunities
- Support green initiatives

## Questions for an Informed Decision

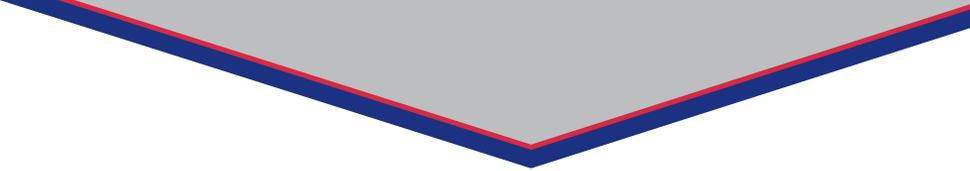
- Do we have the right level of visibility and control beyond micro purchases?
- Can we convert contract payments to Payment Plus?
- How can we benefit from improving payment processes and support green initiatives?
- How do our policies and procedures compare to government and private sector best practices?



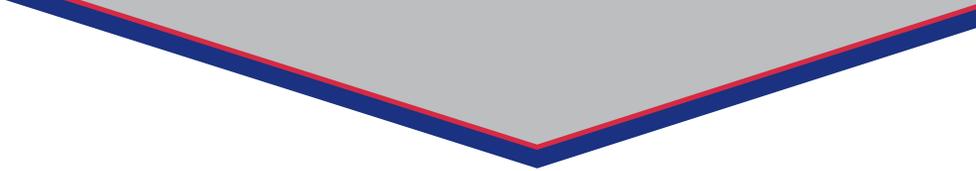
## **U.S. Bank Support**

We can help your agency with:

- Accounts Payable Analysis
- Supplier enablement services
- Payment Analytics to monitor your payments
- Establishing the right payment mix for you



**Questions?**



# Thank You

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