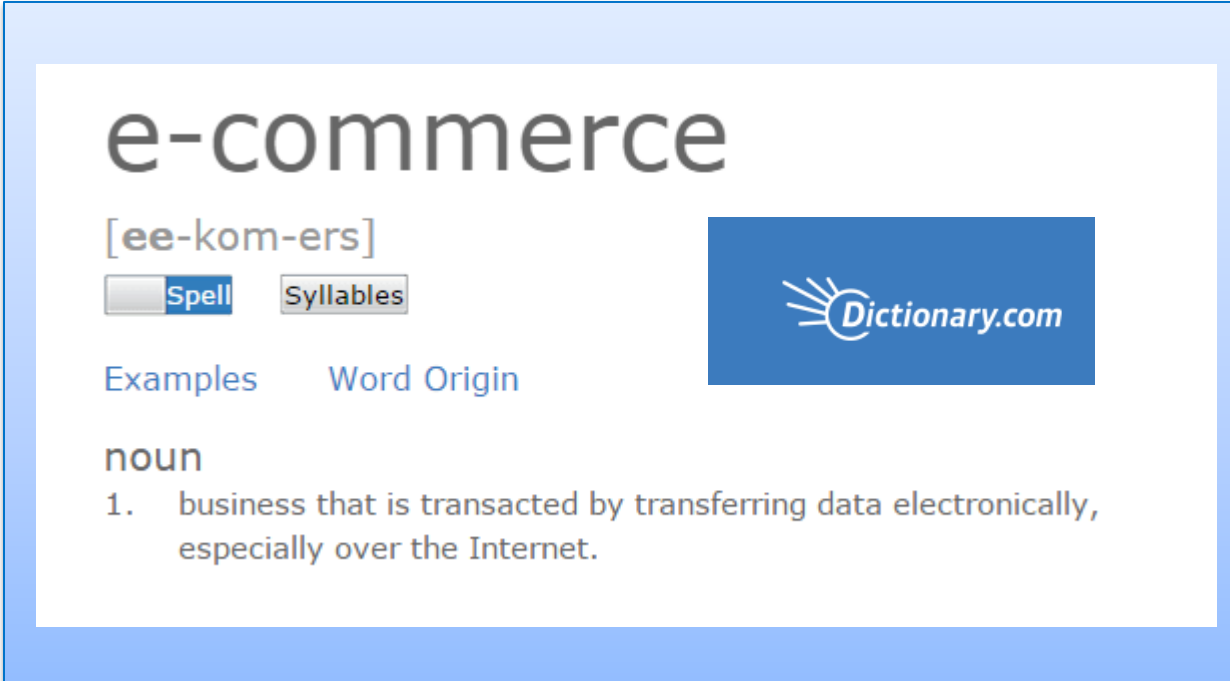


Best E-Commerce Practices

How can we help you shine?



Electronic Commerce Defined

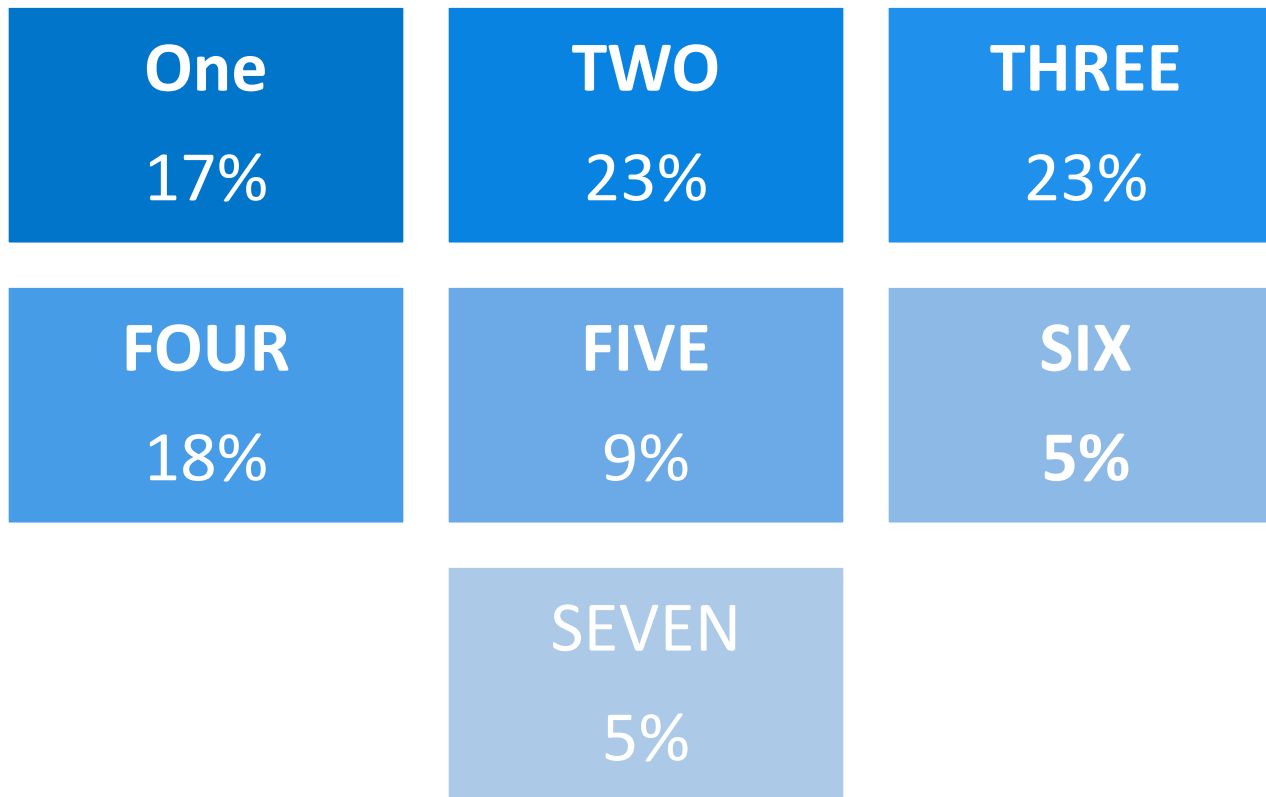


The image shows a screenshot of the Dictionary.com website for the word "e-commerce". The word is displayed in a large, bold, grey font. Below it, the pronunciation is given as "[ee-kom-ers]". There are two buttons: "Spell" (highlighted in blue) and "Syllables". To the right is the Dictionary.com logo, which consists of a blue square with a white sunburst icon and the text "Dictionary.com". Below the logo are links for "Examples" and "Word Origin". The word is classified as a "noun". The first definition is: "1. business that is transacted by transferring data electronically, especially over the Internet."

- Segment of a larger business model that allows companies to transact over the internet
- Can be seen as a mode to collect tax payments, licenses, permit collection, etc.
- Payments can be B2B, B2C, or C2B

Most Households Use Multiple Methods to Pay Bills Each Month

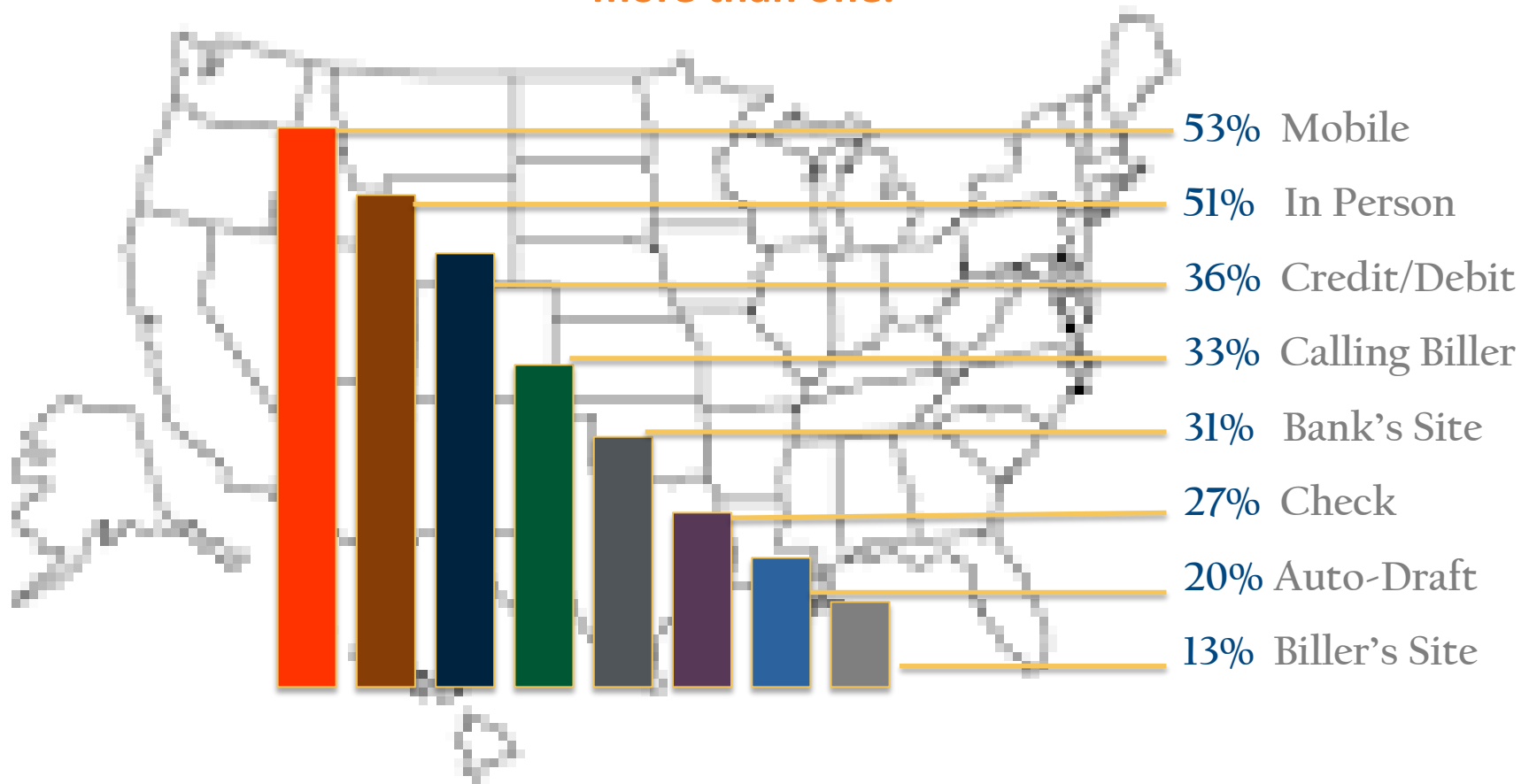
Number of channels used by an individual on a monthly basis.



Source: USPS Household Diary Study, 2014, Seventh Annual Billing Household Survey, Fiserv Inc., 2014

The U.S. Makes Over 16 Billion Bill Payments Annually Via Many Channels

Each participant asked which channels they used, which could be more than one.



Source: USPS Household Diary Study, 2014, Seventh Annual Billing Household Survey, Fiserv Inc., 2014

Business Have Started to Choose Different Payment Methods

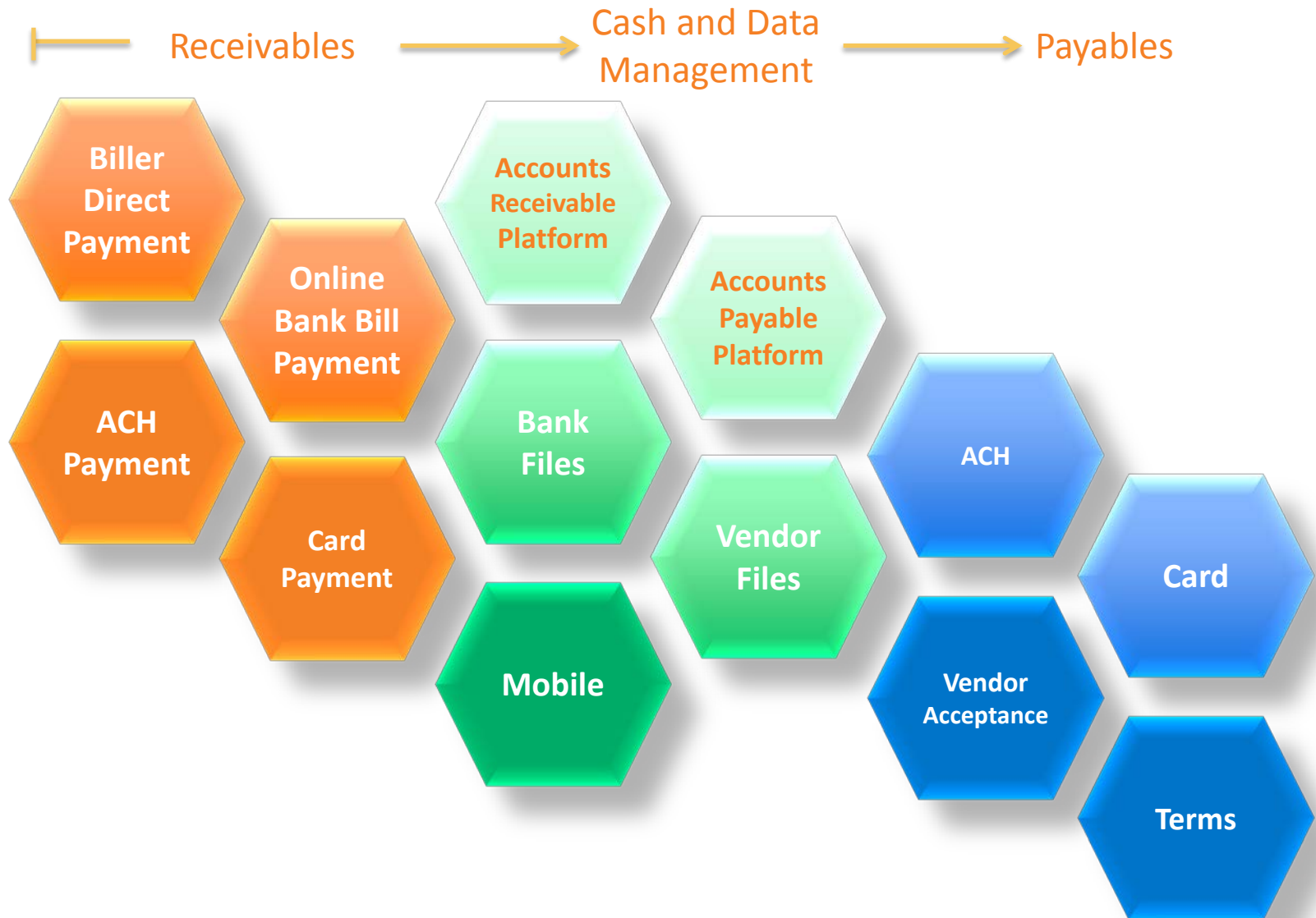
Percentage of organizations collecting over 60% of their payments by check declined from 69% in 2004 survey to 35 percent in 2013. The percentage of organizations at which checks represent 40 % or less of B2B customer payments *has increased* from 20%.

	All Respondents	Revenues Under \$1 Billion	Revenues at Least \$1 Billion	Less than 1,000 B2B Payments made/month	Greater than 5,000 B2B Payments made/month
20% or less	24%	19%	29%	23%	24%
21-40%	20	18	22	18	37
41-60%	22	26	18	28	22
61-80%	21	23	20	23	16
81-100%	14	14	12	9	11
Median	50%	50%	40%	50%	40%

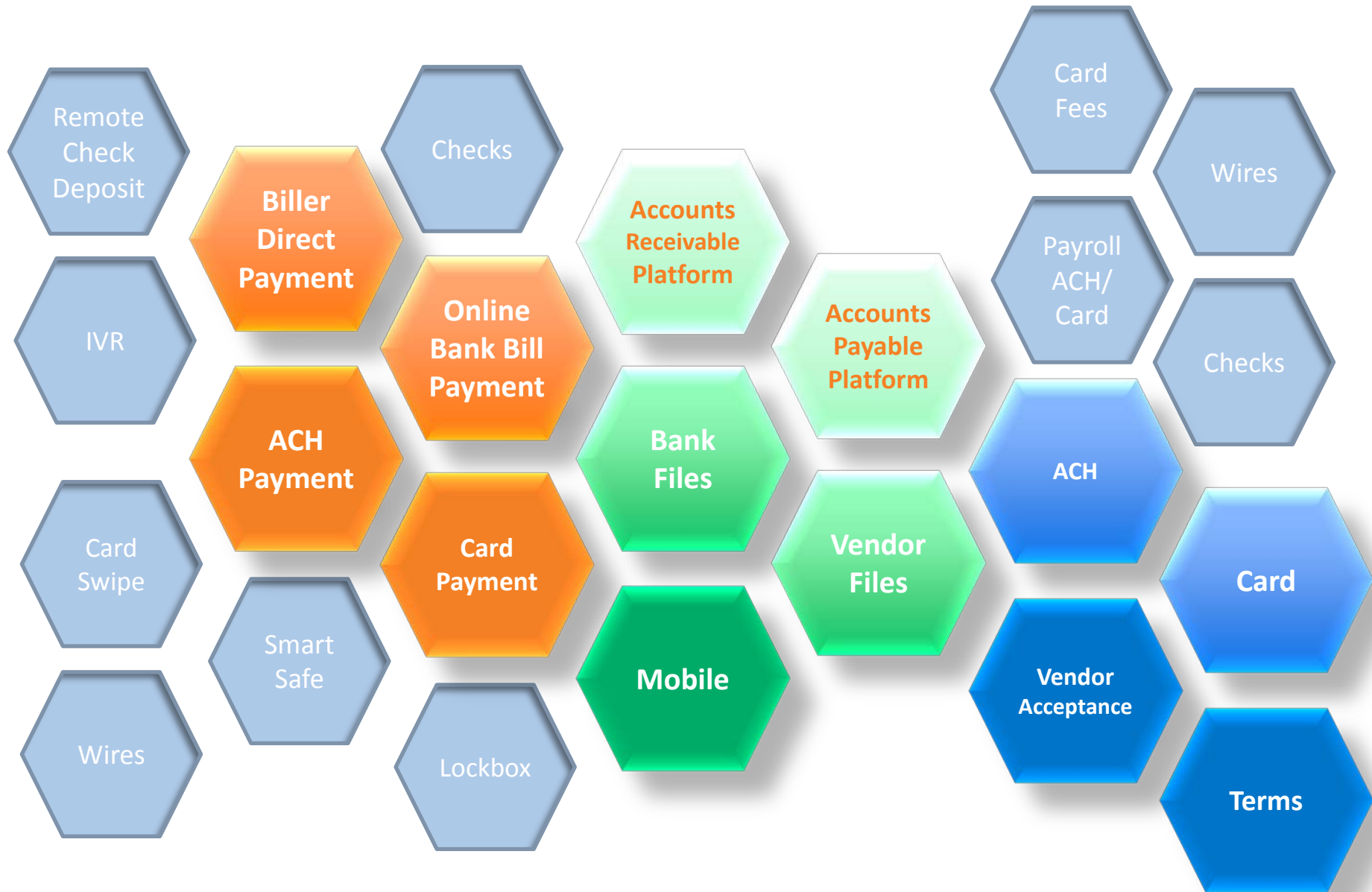
Source: Federal Reserve Payment Study 2013

eCommerce Payment Channels and Instruments

Create a WEB of Data to Manage



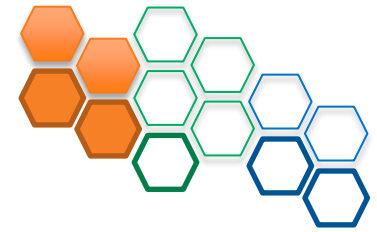
You Also Have to Deal With Traditional Payments



Receivables Solutions



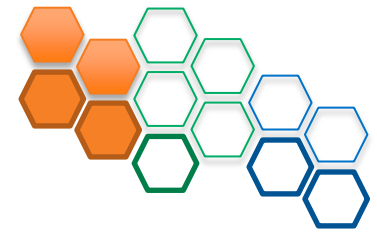
eCommerce Receivables Solutions and Benefits



Receivables - Biller Direct Solution

- From your website, payers can initiate their payment
- Payments can be either ACH or Card
- Able to view the balance due, late fees and other assessments
- Place for advertisements, upcoming events, one-stop shop
- Identify customers willing to receive electronic statement by email
- Depending on vendor, ACH and Card funds available on the next business day

eCommerce Receivables Solutions and Benefits



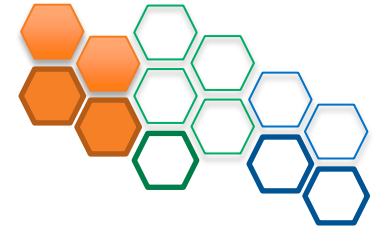
Receivables - Online Bank Bill Pay

- From bank's website, payer can pay one or all of their billers at the same time
- Payments sent as electronically
- Biller must subscribe to financial institution or vendor to receive electronic data
- Within 24 hours, payment and remittance file available

Other Benefits

- Improved client experience
- Reduce brick and mortar locations
- Decrease processing costs

eCommerce Receivables - Challenges and Best Practices



Receivables - Biller Direct Solution

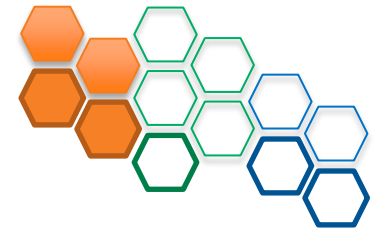
1. Different AR Systems for Each Bill Type

- ✓ Account number validation
- ✓ Develop different account number schemes for each bill type.
- ✓ Offer drive-by “Shopping Cart” for consumer to enter account number

2. Expense associated with mobile device

- ✓ Create scalable web pages for easy viewing online.
- ✓ Work with vendor to create a responsive design, which is easier to view on smart device

eCommerce Receivables Challenges and Best Practices



Receivables - Online Bank Bill Pay

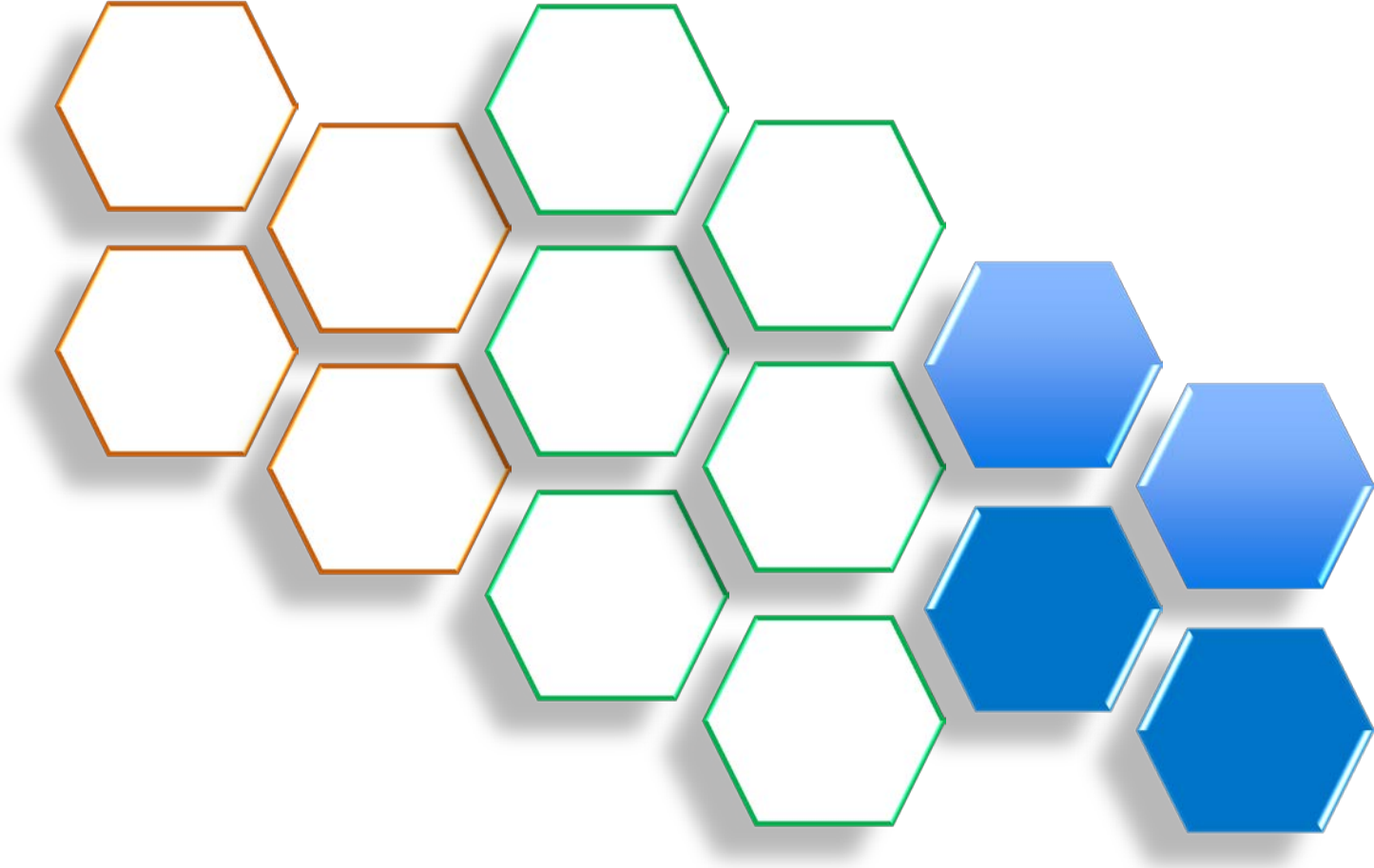
1. Incorrect Account Number

- ✓ Clearly identify the individual's or business' account number on paper and e-bill statements
- ✓ Review account number "scrub file" to update incorrect account numbers
- ✓ Account number look-up

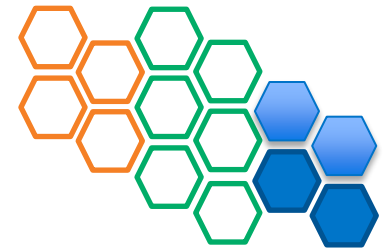
2. Payment Addressed to Incorrect Payment Type

- ✓ Create different mailing addresses
- ✓ Develop different account number schemes
- ✓ When setting up consolidation service, use words and phrases payers understand and which can easily be selected from drop-down tool

Payables Solutions

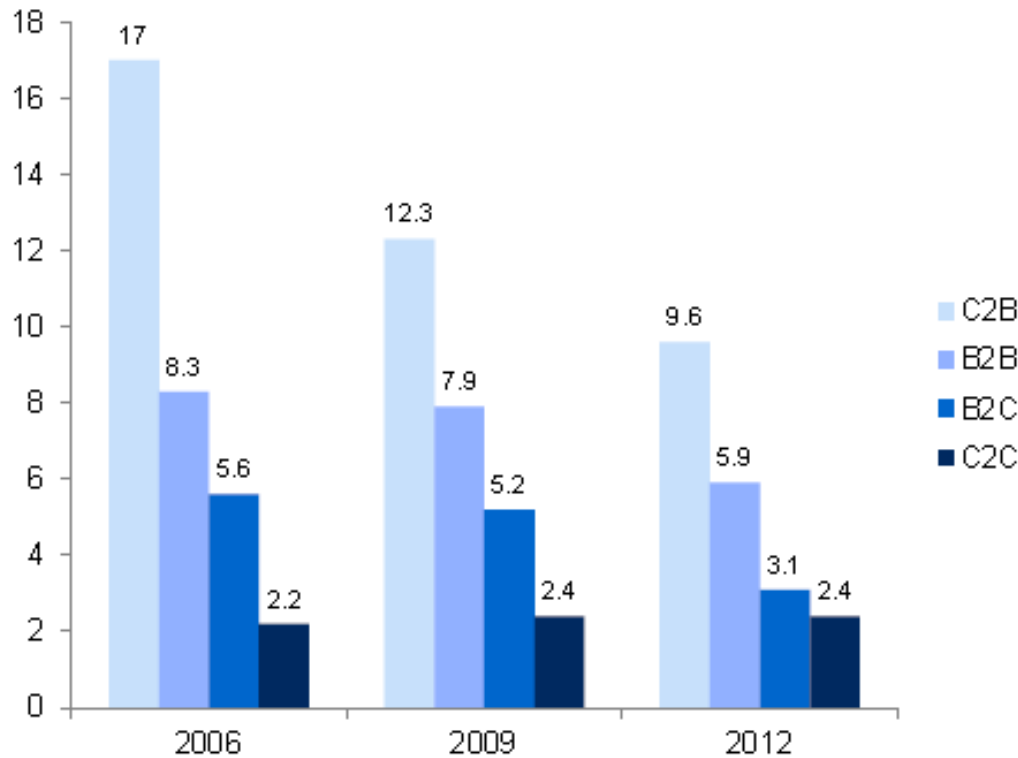


Payables Solutions



Number of checks written by counterparty

Billions



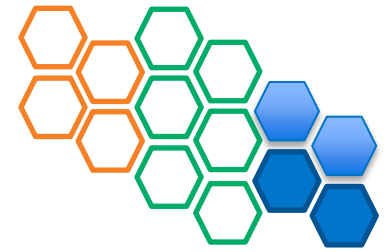
Figures may not add due to rounding

CAGR*

	2006-12	2009-12
Total	-7.3%	-8.8%
C2B	-9.1%	-7.8%
B2B	-5.5%	-9.2%
B2C	-9.6%	-16.0%
C2C	1.9%	0.0%

Source: Federal Reserve Payment Study 2013

eCommerce Payables Solutions and Benefits



Purchasing Card - "Card in hand"

- No pre-purchase approval needed
- Easy to use
- Automate the review and approval process
- Fraud and Employee misuse protection
- Eliminates check requests, invoice processing, new vendor setup and payment inquires from suppliers

Loss as a % of Spend
Loss per \$1MM of Spend

Card Fraud	Check Fraud
0.008%	0.016%
\$80	\$158

Payables - shift from check to card payment

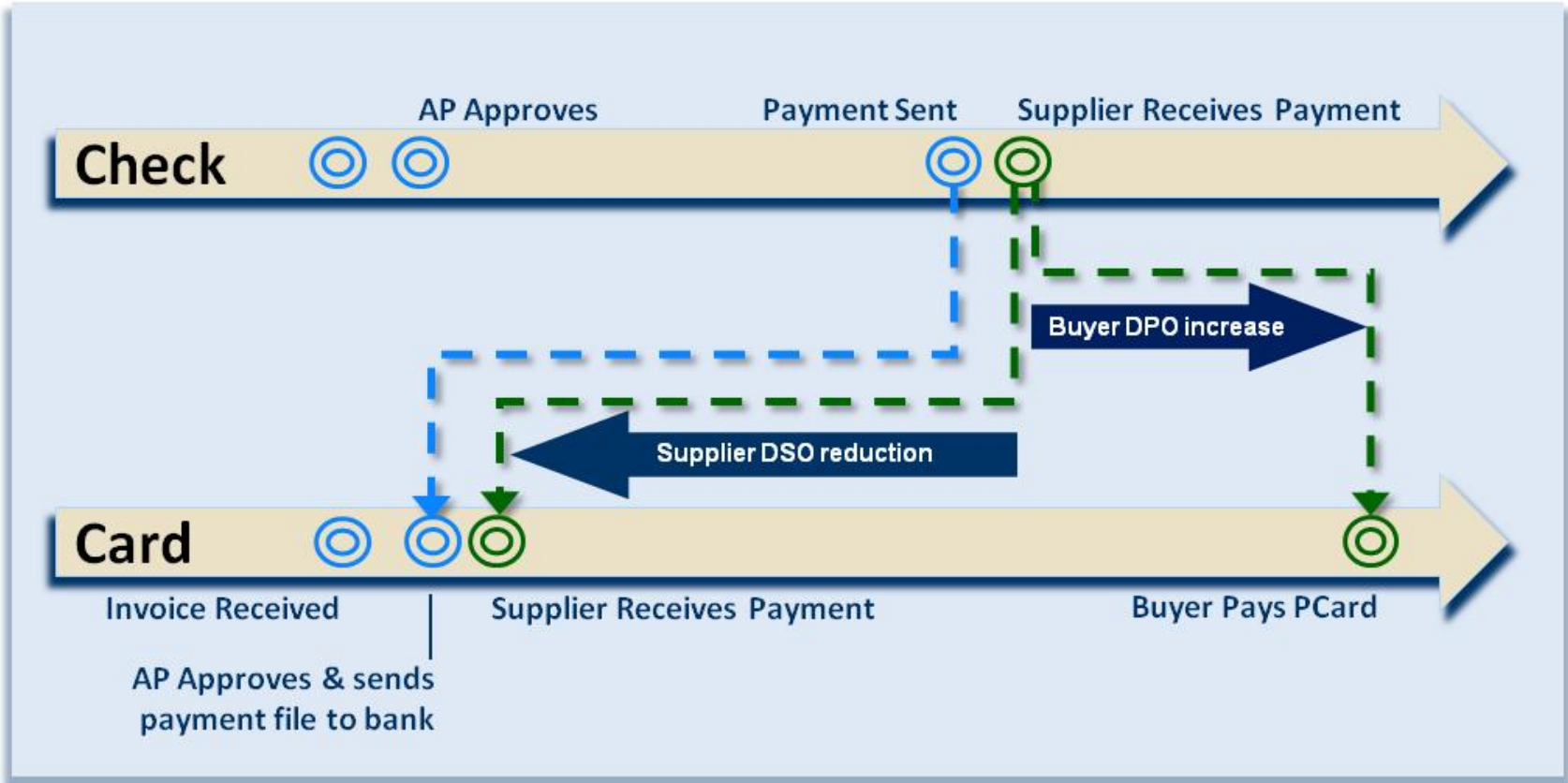
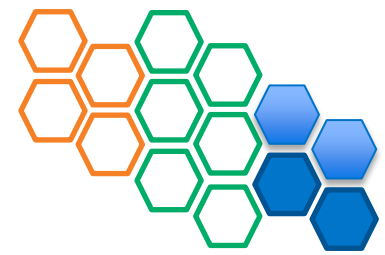
- Reduce fraud associated with payments
- Extend Days Payable Outstanding
- Reduce processing costs

Payment Type	Average Cost	Range
Check	\$7.15	\$5.63 - \$8.54
Commercial Card	\$3.96	\$2.86 - \$4.82

Source: Aberdeen Group, 2010 Understanding Your Cost to Pay: Effective Measurement in Accounts Payable

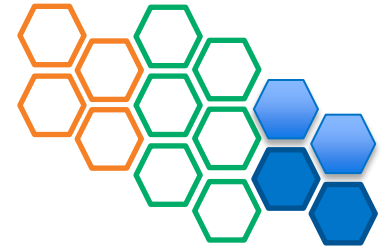
- Receive a rebate (discount) on every invoice paid

eCommerce Payables Timeline



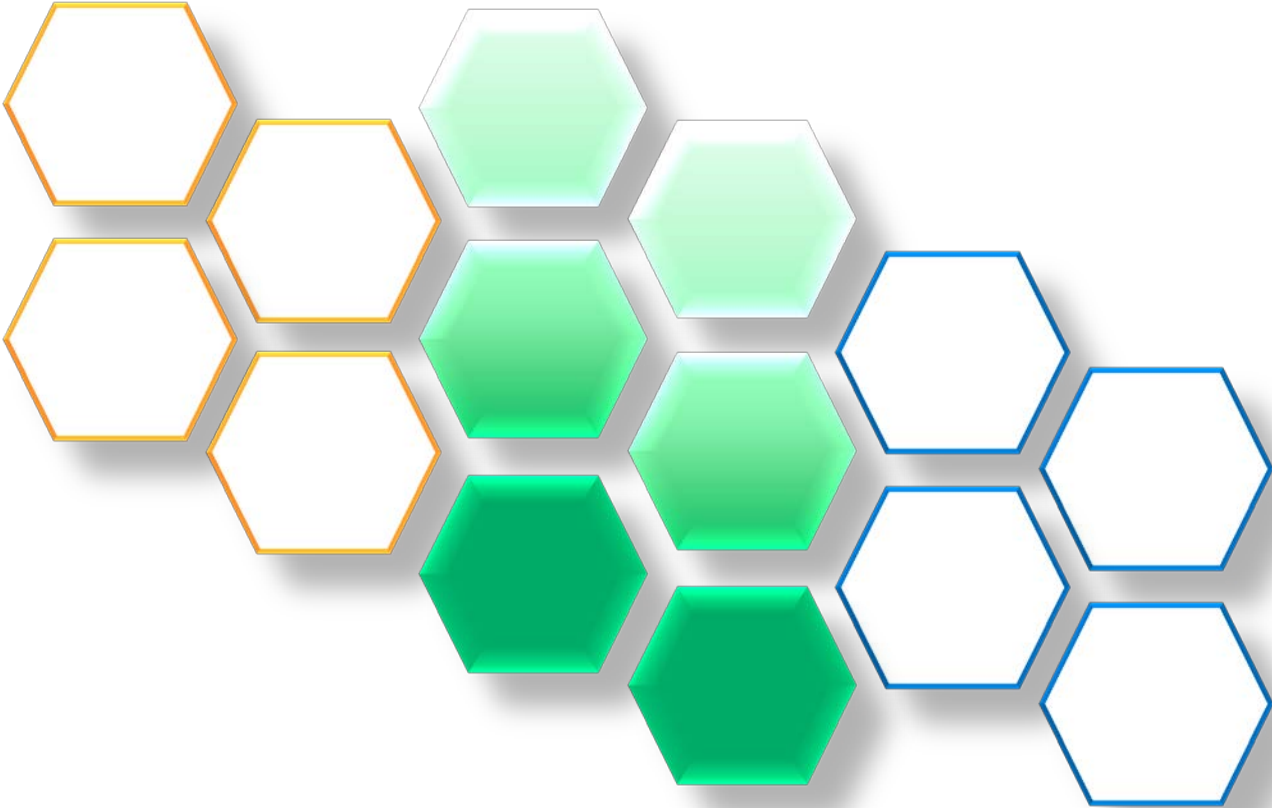
Payment Terms With Supplier (days)		Buyer Days Payables Outstanding (DPO)		Supplier Days Sales Outstanding (DSO)	
Check	Card	Check	Card	Check	Card
30	15	30	48	30	15

Best Practices for Commercial Card Solutions

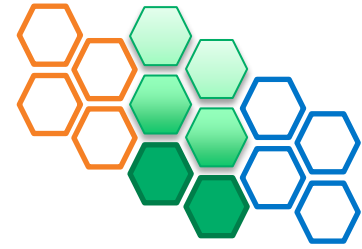


1. Develop and distribute a company-wide policy
2. Establish card issuance criteria and mandate the program
3. Optimize number of suppliers by selecting and monitoring vendors through a formal vendor management program
 - Evaluate current accounts payable policy (e.g.: Transactions <\$5,000)
4. Allow spending without multiple pre-approval level
 - Use dollar limits and MCC controls
5. Establish well-defined expense report and audit parameters
6. Standardize and automate data interfaces between expense management and account applications
7. Integrate with existing Accounts Payable activity
8. Capture, report and analyze comprehensive, company-wide data
9. Focus on commodity, category, and transaction amounts for increased use of cards
10. Set and publish goals and metrics – **measure progress!**

Cash and Data Management



eCommerce Cash & Data Management Best Practices



1. Accounts Receivable Platform

- ✓ Consolidated credits to bank account
- ✓ Corresponding remittance data
- ✓ Account number validation service (back-end)
- ✓ Real-time web exceptions to correct bad account numbers

2. Accounts Payable Platform

- ✓ Integrated file of ACH, Wire and card payables
- ✓ Online approval of ACH, Wire, and card transactions

