



PROFIT FROM PAYMENTS:

Digitally Transforming Business Processing into an Automated Profit Center

Miria's Intelligent Automation Solutions can digitally transform your business to capitalize on document management, data security and cash flow management, providing a rapid ROI



BEGIN

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Introduction

Today's dynamic market is driving the need for flexible business solutions in every department of any organization, and Accounts Payable (AP) is no exception.

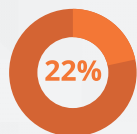
Traditionally a cost center, AP managers are now being asked to look for ways to not only reduce costs, but also drive revenue in a timely manner.

This is especially critical in high-volume invoice or document environments. With thousands of documents to be managed and/or payments processed monthly, even incremental efficiency gains can translate to millions of dollars in savings. And now, with the growth of dynamic discounting programs and need for business efficiency, **a new approach to payment optimization that rewards organizations with sliding scale discounts based on the optimal payment method and date paid is available.** This enables AP departments to actually increase their cash returns and enable better cash management control.

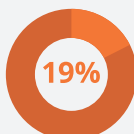
This eBook examines the opportunities available to both buyers and suppliers through payment optimization, dynamic discounting programs, and how financial business process automation technology can enable organizations to maximize capture of discount incentives, driving profits from payments.

Top Market Drivers for Payment Automation

According to the Aberdeen Group report, AP Automation and the Strategic Vision, financial services executives surveyed cited 2 of their top 5 drivers compelling them to undertake payment automation as:



An inability to capture early payment discounts¹



The need to shorten supplier payment cycle¹

Managing Cash in a Dynamic Market

Trends Driving Payments Today

While interest rates upwards of 5% once made it very appealing for businesses to hold capital in banks, this avenue is providing far less return today. Rates have remained near zero for the last five years, causing organizations to look to new and different opportunities to realize incremental gains.

This challenge is paired with the opportunities that have arisen from the explosive growth of digital business networks, which is causing the pace of commerce to accelerate significantly.

Companies no longer need to depend on slow, paper-based mailings to conduct their transactions, particularly related to Accounts Payable or other document processing activities.

Invoices can now be received, processed, and approved through digital platforms with Intelligent Automation, allowing managers to gain complete visibility—and efficient control—over their payment processes.

In response to these market trends, a new approach to early payment discounting—known as **dynamic discounting**—has arisen along with the concept of **payment optimization**. It provides a no-risk, high-reward solution for buyers, providing them a way to increase their cash returns in a low-interest environment, while keeping their vendor relationships strong with a payment method that also creates winning scenarios for sellers.





The Bottom Line Value of Dynamic Discounts & Payment Optimization

Traditional early payment discounts reward buyers with a percentage off their bill if paid in net 30, net 60, etc., but this structure does not create a sense of urgency for the buyer to speed payment leading up to the ultimate incentive deadline. Their discount is the same whether they pay on day 2 or day 30 (or whenever the payment date has been set).

Alternatively, dynamic discounting allows vendors to offer discount incentives in real-time, every single day of the payment cycle, on a sliding scale that incentivizes buyers based on the exact date at which they pay. For example, the vendor may offer a 2% discount if the buyer pays between days 1 and 10, then reduce that incentive to 1.5% for days 11 to 15, and so on until the final due date is reached. This provides great flexibility to buyers, allowing them to capitalize on additional discounts depending on how quickly they choose to process the invoice.

In fact, Ardent Partners states that dynamic discounting programs can generate returns approaching the annualized return on investment of 2/10 net 30 early payments, which is up to 37%.² These returns are also 11,112% higher than the LIBOR rate and 9,387% higher than the APY of a standard money-market account²—making dynamic discounting a powerful way to leverage cash in today's market. The method is particularly appealing in high-volume invoice environments, where these discounts can easily add up to millions of dollars saved.

In addition to this, Payment Optimization--the strategy of utilizing the payment method that provides the easiest, efficient, and highest return for payments--can greatly increase ROI. By utilizing a solution like this, an organization has options to utilize the optimal payment method for each specific vendor.



The Relationship Value of Dynamic Discounts

Strong vendor partnerships are a critical component to business success, particularly in industries where frequent and regular delivery of inventory is needed to sustain optimal operations, such as retail and restaurant environments.

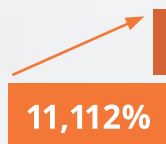
Buyers and sellers must have mutual respect and confidence in each other that goods will be received and paid for in a consistent, timely manner.

Dynamic discounting enables vendors to mitigate the payment uncertainty they traditionally must deal with—when will it come, and how much will it be? Now they can more accurately forecast payment schedules and improve cash flow. In addition, you enable the ability to use the best payment method for that specific vendor/your costs. Not only does this help ensure for buyers that the vendors they are working with can remain strong and financially stable, but solidifies the vendor's confidence in their buyers' ability to meet (or exceed) payment terms.

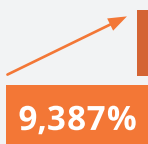
It can also be difficult and expensive for suppliers to secure credit or print checks, so the dynamic discounting approach allows them to collaborate with their buyers in a win-win arrangement: one that reduces prices for the buyer, reduces the cost of borrowing for the vendor, and ultimately reduces the cost of doing business for both.

A Compelling Investment Case

Dynamic discounting can generate returns approaching the annualized return on investment of 2/10 net 30 early payments, which is up to 37%. These returns are:



higher than
the LIBOR rate²



higher than the APY of a
standard money-market account²

Monetizing Payment Efficiency

Drive Cost Savings with Automation

The stats regarding return on capital alone certainly make a compelling case for dynamic discounting, but how do organizations effectively capitalize on this opportunity? Traditional paper-based payment methods make it extremely difficult to capture the best discount rates in a dynamic discount framework, or payment optimization, which are highest within the first few days the invoice is issued.

The time it takes to receive a paper invoice, manually process it, and mail back payment can mean the difference between a 2%+ discount and a 0.5%- one, as such labor-intensive tasks can stretch days and weeks. For organizations processing thousands of invoices each month, the opportunity loss is huge and costly. That is Intelligent Automation tools come in, and offer an efficient solution for meeting time-sensitive deadlines to earn maximum incentives from vendors.





Inject Immediacy into the Payment Process

While studies have shown it can take up to 16 days to manually process an invoice (at an average cost of \$20 per invoice), automation speeds processing down to hours (for an average cost of \$4 per invoice).³

The savings in back-office efficiency alone are significant, but automating AP processes also allows organizations to take full advantage of dynamic discount offers. It puts the accounting department in control of when to submit payments based on the incentives available to them at any time in the payment cycle—instead of being at the mercy of lengthy manual workflows, mail times, and more.



Empower Accounting Teams with Real-Time Insight

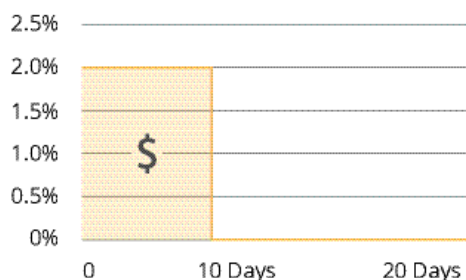
AP business process automation not only allows organizations to more effectively manage their receipt-to-pay workflows, it also gives them a 'dashboard view' of their company's cash flow position at any time, in real time. An automation solution brings traditionally paper-based, unstructured data into a searchable, trackable electronic format, providing a 360 degree view of true financial performance and liabilities on any given day.

This empowers management teams with the flexibility to make decisions based on business needs, not process constraints. While they may not choose to make the cash output at the earliest date for maximum incentive, they are not hindered in their ability to issue payment at any time. As such, using automation to capture dynamic discounts poses virtually no risk, only upside.

Realize Significant Savings from Dynamic Discounting

Traditional Paradigm:

2% 10 Net 30



Dynamic Discounting Paradigm:

2% 10 Net 30 ASAP



Automation Provides Proven Pay Off

According to the Aberdeen Group report, AP Automation and the Strategic Vision, Best-in-Class companies that invest in automation of their invoice, receipt, and workflow are:

3.86X Times faster than Laggards as processing an invoice¹

7.40X Times as likely as Laggards to capture early payment discounts¹

Engaging Vendors in the Process

Collaborate with Technology for Win-Win Gains

Meaningful supplier engagement is a critical component of an effective dynamic discounting program. If vendors know the status of their invoices on any given day, they can then shape their incentive offers according to their cash flow needs.

This proves difficult in paper-based AP environments, as vendors can have no insight into where their invoice is in the receipt-to-pay process unless they call the buying organization, tying up valuable time for both parties. The inherent delays associated with this manual model make it difficult for companies to capture the full breadth of discount opportunities that would potentially be available to them.

Alternatively, financial business process automation technology enables real-time access to any invoice, at any time in the AP workflow, and gives organizations the ability to loop vendors directly into the process.



Provide Full Vendor Visibility in Payment Status

AP automation tools allow organizations to provide their vendors with visibility into payment status via self-service portals. Now vendors can simply log in online to see where their invoice stands at any time, and determine if and how much they want to incentivize for earlier payment.

This greatly streamlines communications and reduces time-consuming phone calls, for a mutually beneficial result: suppliers have the insight to more accurately forecast cash flow, and can then provide buyers with opportunities to capture more discounts that go straight to their bottom line.



Mitigate Uncertainty On Both Sides

By providing this level of visibility into the AP process, organizations give their vendors the ability to confidently forecast the amount and timing of each payment they are expecting. Concurrently, the company's AP department gains a consistent, predictable revenue stream from the money saved by capturing the vendor's discount offers.

There are no hidden fees or administrative hassles, and unlike factoring, there is 100% payout. As such, automation allows both buyers and suppliers to take full advantage of a mutually beneficial dynamic discounting solution to optimize working capital and effectively meet cash management needs.

Miria ActiveOps Supplier Portal

Making AP Automation More Profitable

ActiveOps
Supplier Portal

A 25+ year leader in the business process automation field and an expert in the unique needs of centrally managed but operationally dispersed organizations, Miria has developed a robust suite of financial process automation applications to overcome the biggest operational challenges in traditional, paper-based finance and accounting processes. The company's Active Ops Supplier Portal is a robust solution for organizations to optimize supplier engagement and ensure a complete, automated process from procure to payment—driving immediate ROI.

A function of Miria's Active Ops software, which optimizes invoice management and accounts payable processes through automation, the Supplier Portal provides a central database accessible by both buyers and vendors for invoice submission and approval. Through the portal, vendors are able to see the real-time status of their invoices to determine whether they are processing, awaiting approval, awaiting payment, or paid—allowing them full visibility into payment schedules and giving them the opportunity to incentivize for faster payment if desired. AP managers can issue payments through the same portal based on the amount of discount they wish to receive and the time they are ready to release the cash.

Not only does this save AP departments significant time fielding vendors calls, but also provides them with complete control to easily capture dynamic discount opportunities as they arise, instead of being constrained by manual-based timelines which are inherently complex and lengthy.

Leverage Supplier Portal with Miria ActiveOps

ActiveOps is an enterprise-grade platform which automates traditionally labor-intensive functions needed to manually receive, review, research, route, and access invoice information. It provides greater process control and information visibility to all employees involved in the review and approval of invoices.

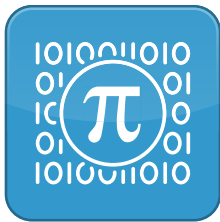


Miria ActiveOps Platform

Miria's ActiveOps platform consolidates access to its powerful suite of financial and operational software applications, including Active Mailroom, Active AP, and Active Pay within a single collaborative web portal. All tools are configured with automated workflow rules and compliance for every transaction, communication, and document. On premise or Cloud models gives flexibility in deployment and optimizes time to value.

Built on IBM's award-winning ECM platform, ActiveOps amplifies the efficiencies of automation as a solution for rapid deployment, cost-effective operation, and simplified management of powerful business process automation tools, including:

Active Ops Core Modules



Active Mailroom



Active AP



Active Pay

Active Ops Add-on Modules

- Expense Management
- Requisition Management
- Use Tax Management
- Document Workflow
- Journal Entry Management
- Advanced Search
- Supplier Portal
- Incident Management
- IBM Navigator
- Reporting & Analytics
- Vendor Management
- Case Management

Conclusion

In a dynamic market, where traditional investment methods are no longer generating the returns they once were, dynamic discounting programs are proving to be a compelling solution for effective cash management—driving profitability in a traditional cost center, the AP department or business processing team.

In order for organizations to capture the full value of dynamic discounting, they can no longer rely on lengthy, error-prone manual processes which make it difficult to react to changing time-based incentives. Instead, they need a financial business process automation solution that enable them to rapidly communicate with vendor, know in real-time the discounts being offered, and release payment quickly to capture those incentives when desired.

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- 2 “How Dynamic Discounting Can Save You Money”, Ardent Partners. <http://payablesplace.ardentpartners.com/2014/09/dynamic-discounting-can-save-money/>.
- 3 “Three Steps for Automating Manual, Paper-based Invoice Processing”, Business Finance. <http://businessfinancemag.com/treasury/three-steps-automating-manual-paper-based-invoice-processing>.

About Miria

Miria empowers operationally dispersed but centrally managed companies to work smarter for less cost, delivering powerful tools to automate the management of traditionally paper-driven accounting, and finance business processes. Through its highly configurable Cloud-based software platform, ActiveOps, the company is able to deploy robust applications for the intelligent capture and management of unstructured content with unprecedented speed – enabling unmatched time to value, accelerated ROI, and rapid scalability to support continued growth. Miria is an IBM Gold Business Partner and IBM-certified Digital Business Automation (DBA) Expert.

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