

# From Paper to Automation:

The Past, Present & Future of Payment Technologies

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1

## Introductions



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2

# About Software Solutions, Inc.



**292+**

Customers in Ohio alone

**875**

Knowledge Base Articles published

**225+**

Projects completed each year

**200+**

Years of combined public sector experience

**99%**

CSAT score since 2017



- Accounting
- Accounts Payable Automation
- Payroll & Human Resources
- Analytics & Budgeting
- Utility Billing
- Employee Self-Service

# About Corpay



Corpay^

5

## Who is Corpay?

COMDATA  
CORPORATE PAYMENTS

nvoicepay

accrualify

Cambridge  
Global Payments

**Corpay^**

- Payments Automation
- Invoice Automation
- Procure to Pay
- Multi-Card
- Expense Management
- Cross-Border

Corpay, backed by a Fortune 1000 company, **brings business payments solutions together.**

6

## Corpay + FLEETCOR

# Corpay<sup>^</sup>

**#1**

B2B commercial  
Mastercard® issuer  
in North America

**\$70B**

Total card  
payments  
annually

**1.9B**

Transactions  
processed  
annually

**\$800M+**

Rebates paid out  
to clients in 2021

**600K**

Electronically  
payable vendor  
network

**3.8M**

Vendor network  
leveraged across  
all clients



7

## The Payment Landscape

Software  
Solutions  
Corpay<sup>^</sup>



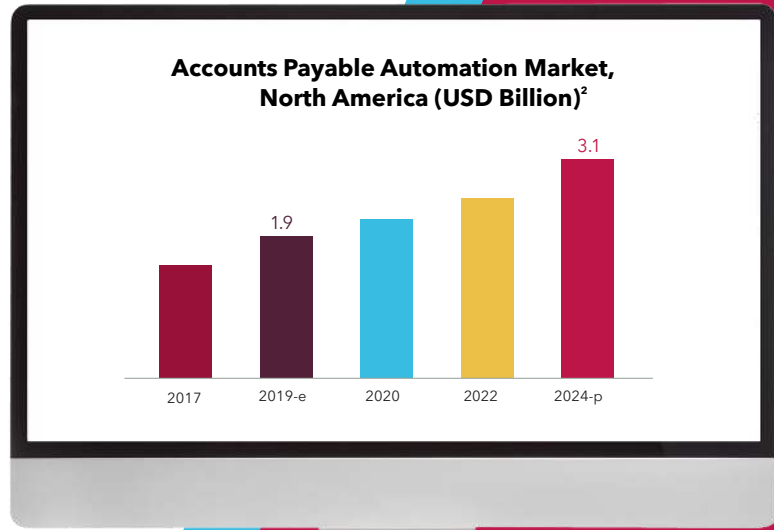
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8

## Full AP: Trends in the Marketplace

The demand for accounts payable automation tools will reach

\$4 billion by 2025<sup>1</sup>



1. [Sivas, Sayid, 7 Promising Accounts Payable Automation Trends You Should Keep and Eye on](#), applexus.com, December 22, 2021  
 2. [Accounts Payable Automation Market by Component \(Solution and Services\), Organization Size, Deployment Type, Vertical \(Consumer Goods and Retail, BFSI, IT and Telecom, and Manufacturing\), and Region - Global Forecast to 2024](#), marketsandmarkets.com, July, 2019

## Manual AP Process Inefficiencies




Outdated processes are time-consuming and costly, and can hurt your bottom line



**Lack of visibility**

- × Dispersed information about vendors and payments across platforms
- × Manual reporting across multiple platforms



**Expensive operations**

- × Paper or electronic checks take an average of 2 days to process<sup>1</sup>
- × True operational costs are \$4 to \$20 per check<sup>2</sup>



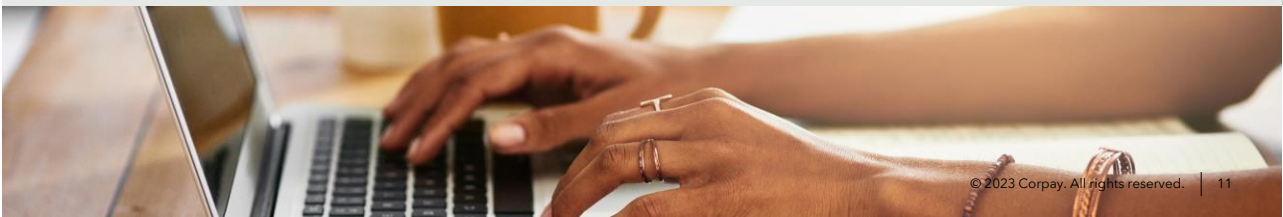
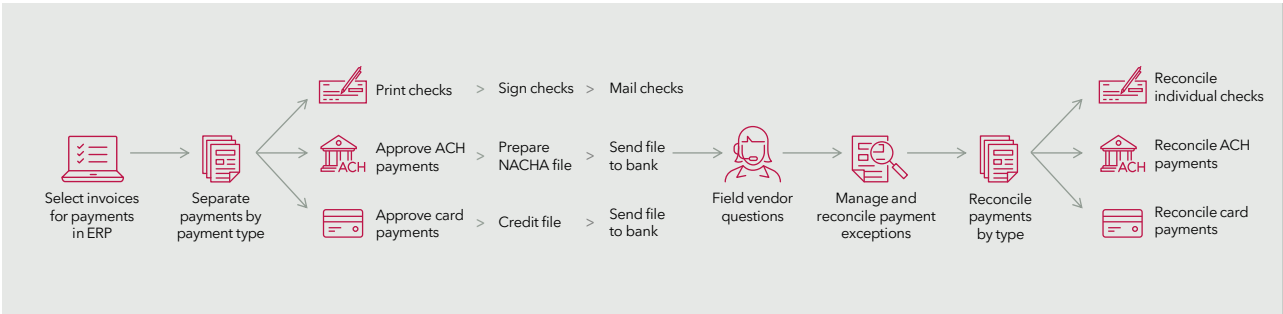
**Limited ability to gain efficiencies of scale**

- × As your organization grows, the AP team is either overworked or you must add full-time staff

1. [B2B Payments Tipping Point](#), Mastercard.com and PYMNTS.com, September, 2018

2. [Bank of America and Viewpost Free Small Businesses from Crippling Cash-Flow Bottleneck](#), businesswire.com, August 25, 2016

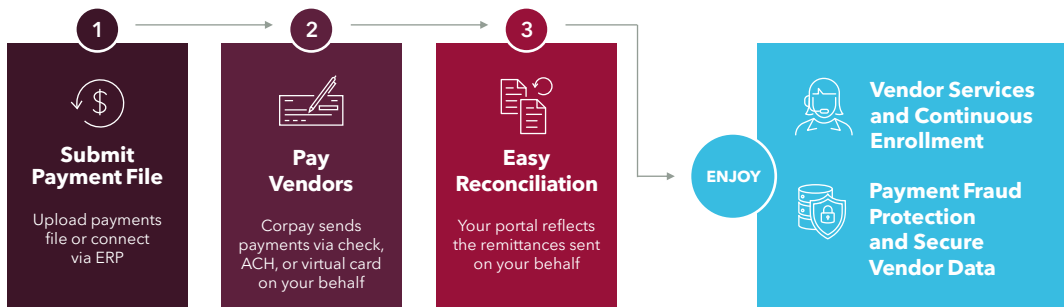
## Typical AP Payment Process



11

## Fully Managed Payments Automation

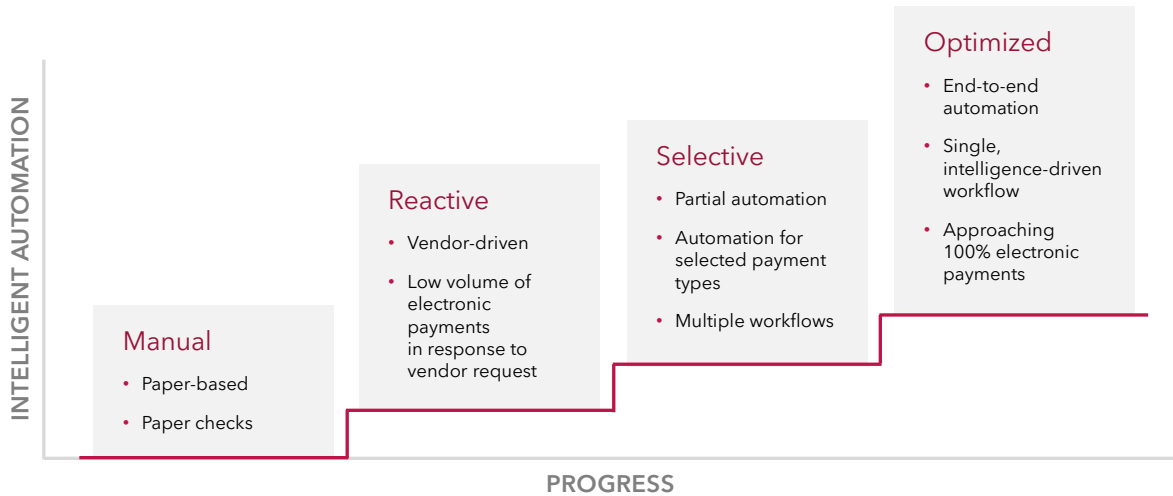
Improve workflows, automate processes, and offload payment risk



12

12

## Payments Automation Journey



13

13

Polling Question:

Where are you in the Payment Automation Journey?

- A. Manual** (paper checks, ad-hoc process)
- B. Reactive** (low volume of electronic payments, as vendors need)
- C. Selective** (automation for selected payment types)
- D. Optimized** (single, intelligence-driven workflow / approaching 100% electronic payments).

14

# The Cost of Business Payments



15

## AP as a Cost-Center

Operational inefficiencies can hurt the bottom line.



### Lack of visibility

- Dispersed information about vendors and payments across platforms
- Manual reporting across multiple platforms



### Expensive operations

- Paper or electronic checks take an average of 2 days to process<sup>1</sup>
- The true operational costs are \$4–\$20 per check<sup>2</sup>



### Limited ability to gain efficiencies of scale

- As your organization grows, the AP team is either overworked or you must add FTEs

<sup>1</sup> [Global Payments Integrated](#) <sup>2</sup> [Mastercard](#)

16

16



# AP as a Cost-Contributor

Checks are the most common payment method for B2B payments — even more than ACH. *Despite the familiarity of manual workflows, paper payments come with problems.*



Time-consuming



Expensive



Susceptible  
to fraud

1. [Global Payments Integrated](#) | 2. [Mastercard](#)

17

Question:

What is your AP Department's top business priority?

- A. Streamlined workflow
- B. Reducing payment costs
- C. Preventing fraudulent payment
- D. Prioritizing valuable AP staff time

18

Nearly **80%** of organizations are in the process of transitioning their B2B payments from paper checks to electronic payments

## Benefits of AP Automation



Save time and reduce costs



Gain visibility



Offer vendors faster payment methods



Increase workflow efficiency

AFP 2015 Payments Cost Benchmarking Survey, 2015

19

19

## AP Departments Rely on Checks

Checks are the most used payment in the U.S. - even more than ACH



1. Time Consuming



2. Expensive



3. Susceptible to Fraud

Businesses want to make electronic payments, but there are barriers

<sup>1</sup>.[Global Payments Integrated](#) <sup>2</sup>.[Mastercard](#)

20

20

## Issuing Paper Checks

Calculated Total Cost for Issuing a Paper Check on a Per Item Basis (In-house or Outsourced)  
(Percentage Distribution of Cost of Issuing a Paper Check)

Range	All
\$0.00	2%
\$0.01 - \$0.50	12%
\$0.51-\$1.00	10%
\$1.01 - \$2.00	18%
\$2.01 - \$4.00	25%
\$4.01 - \$6.00	10%
\$6.01 - \$10.00	8%
Greater than \$10.00	15%
<b>Median</b>	<b>\$2.01 - \$4.00</b>

2022 AFP® Payments Cost Benchmarking Survey

### Estimated Costs for Issuing a Check (\$)

	Internal Costs	External Costs	Total Cost for Issuing a Check Outsourced
Valid (N)	84	82	74
Mean	2.98	1.74	2.89
Median	1.78	1.00	1.98
Minimum	0.00	0.00	0.00
Maximum	20.00	15.00	20.00

21

21

Polling Question:

Have you tried calculating cost for payments?

- A. No, too time consuming
- B. No, don't have time
- C. Yes, but only for some payments
- D. Yes, for all payments


22

# Digital Transformation for Finance is Here

## What that means

Is remote work is here to stay? 

- Companies continue to adopt some type of hybrid remote work for their workforce

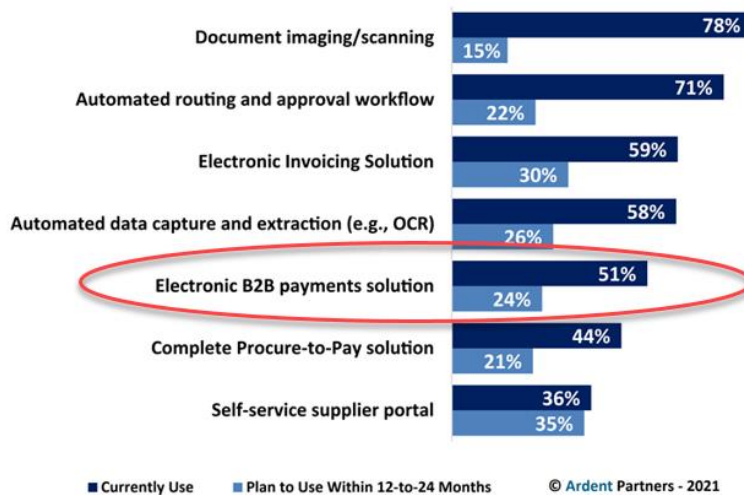
Increasing fraud and security risks 

- As more payments go digital, organizations should consider adding more controls and security measures

23

23

# Payment Automation Implementation



24

24

# Buy-In Required for all Investments

71%

of AP departments plan to deploy more technology.



Prioritize staff training and resource support



Align departments in new processes



Identify budget for the project

Source: Institute of Finance & Management, 2020

25

25

## Pain Points for Adopting Electronic Payments

**Pain Point**

### IT Resources

- Customers have limited IT resources to format the files banks require

### Supplier Relationships

- Electronic payments require AP teams to coordinate with vendors on how to pay
- Major effort to manually update vendor data in ERP

### Multiple Workflows

- Customers don't want a different payment process for each payment type

26

## How to determine your Operational Efficiencies (Soft) Costs



Supplier Enablement for Electronic Payment



ACH Errors Prevented / Resolved



STOPPED Payments, Refunds & Reissues



Supplier Follow-up / Outreach records updated



Erroneous Payments Resolved / Not recovered

27

## How to determine your Operational Efficiencies (Soft) Costs



Supplier Enablement for Electronic Payment

60 % of total payments  
x 30 min. x hourly



ACH Errors Prevented / Resolved

1% of total payments  
x 45 min. x hourly



STOPPED Payments, Refunds & Reissues

0.5 % of total payments  
x 30 min. x hourly



Supplier Follow-up / Outreach records updated

20 % of total payments  
x 15 min. x hourly



Erroneous Payments Resolved / Not recovered

1% of total payments  
x 30 min. x hourly

28

# Fraud Challenges and Prevention




## Payment Fraud is on the Rise

**92%** of organizations surveyed reported that payment fraud attacks collectively cost 0.5% of their annual revenue<sup>1</sup>

**OVER 19K** complaints of business email compromise (BEC) scams were received by the FBI in 2020 detailing U.S. businesses **losing a combined \$1.8B to fraud**<sup>2</sup>

1. AFP Payments Fraud and Control Survey  
2. FBI's Internet Crime Complaint Center & Crime Report

### Recent Corporate Payment Fraud Cases

 **TOYOTA**  
Toyota loses **\$37M** to vendor payment fraud

**Google**  
**facebook**  
Google and Facebook are defrauded **\$120M**

# The Total Cost of Payment Fraud

## Fraud Losses

- Funds stolen from accounts
- Stolen goods and services
- Chargeback costs

## Tools and Headcount

- Costs of detecting and mitigating fraud
- Internal systems and vendor tools
- Human resources

## Partner Impact

- Vendors who do business elsewhere
- Suppliers impacted by strict controls
- False positives

$$\text{Fraud Losses} + \text{Tools and Headcount} + \text{Partner Impact} = \text{TCOF}$$

# Top Payment Challenges

“Security/Fraud management” was rated the second-highest challenge in 46% of small businesses and in 52% of large businesses





# Fraud is Inevitable

Fraudsters are after checks, but automated payment systems are preventing their attempts.

#1

Victims of phishing attempts are finance-related employees – the most of any segment, according to a recent poll<sup>1</sup>

\$1.8B

Reported to the FBI as lost due to fraud to email companies across 19,369 businesses<sup>2</sup>

70%

Of organizations that have experienced fraud say their check payments were the most subject to attacks<sup>3</sup>

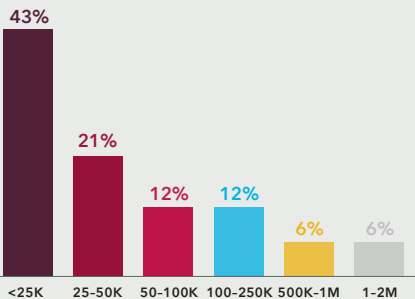
1. "New Report Explores State of Evolving Email Threats" via [GreatHorn](#)  
 2. FBI 2020 Crime Report via [PYMNTS.com](#)  
 3. "2019 AFP Payments Fraud and Survey Report"

## Payment Fraud Isn't Going Anywhere



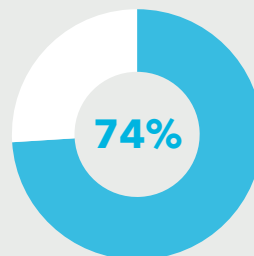
### Dollar Distribution

For those that reported a loss in 2020

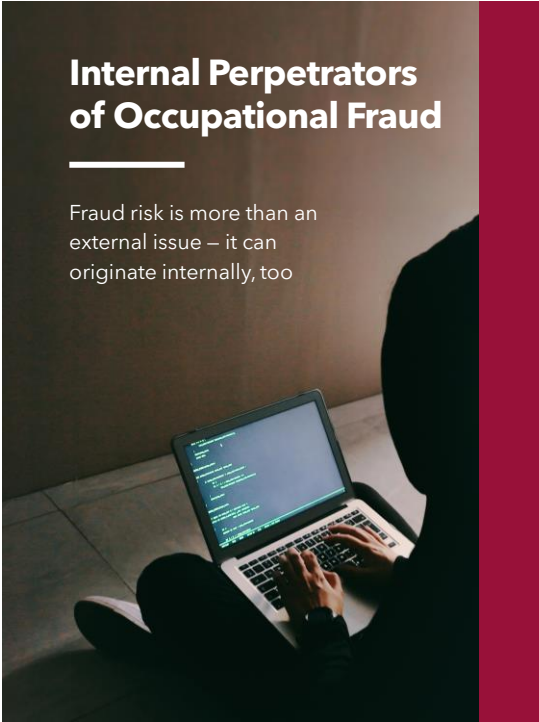


### Percentage of Organizations

That experienced attempted and/or actual payment fraud in 2020



Source: 2021 AFP Payments Fraud and Control Survey Report



## Internal Perpetrators of Occupational Fraud

Fraud risk is more than an external issue – it can originate internally, too

### Perpetrator's Position

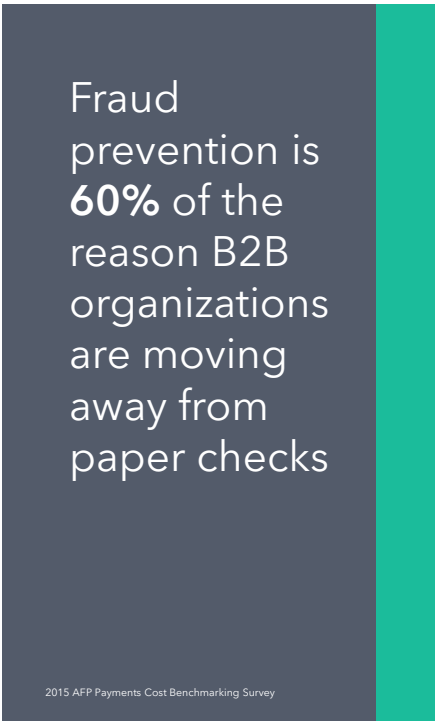
The perpetrator's level of authority within an organization tends to strongly correlate with the size of a fraud. Owners/executives accounted for only 20% of the frauds in our study, but the median loss in those cases (USD 600,000) far exceeded the losses caused by managers and staff-level employees. This is consistent with our past studies, all of which found that losses tend to rise in tandem with a fraudster's level of authority.

Owners/executives are generally in a better position to override controls than their lower-level counterparts, and they often have greater access to an organization's assets. Both of these facts might help explain why losses attributable to this group tend to be so much larger.

### How Does the Perpetrator's Level of Authority Relate to Occupational Fraud?



Source: Association of Certified Fraud Examiners 2020 Report to the Nations



Fraud prevention is **60%** of the reason B2B organizations are moving away from paper checks

2015 AFP Payments Cost Benchmarking Survey

## Why do companies switch to payment automation?



Save time and reduce costs



Gain visibility



Offer vendors faster payment methods



Increase workflow efficiency

Polling Question:

How do you believe your risk of payment fraud has changed since the start of the pandemic?

- A. *Significantly higher risk*
- B. *Slightly higher risk*
- C. *No change in risk*
- D. *Less risk*

37

Questions?

Software  
Solutions  
Corpay<sup>^</sup>



38

38