

Automating the Order-to-Cash Cycle: The Promise of EIPP



Executive Summary

Despite significant progress toward automating the procurement side of the order-to-cash cycle, most businesses operating in the business-to-business (B2B) arena still settle their transactions with one another manually. Marked by excessive paper documentation, poor visibility into invoicing data, and time-consuming phone calls between billers and payers, this system is both costly and inefficient.

The good news is that both billers and payers are beginning to recognize that they can achieve impressive results by automating these manual processes. Billers are attracted by electronic invoice presentment and payment (EIPP) solutions' ability to reduce costs, improve cash management and customer service, complement e-commerce strategies, and deliver electronic invoicing without disturbing existing IT investments. Payers are drawn by the promise of lower costs, detailed invoice information, and tighter control over payments.

In this paper, we use a combination of research, analysis, and survey data to provide an overview of the order-to-cash cycle and articulate the benefits that accrue to companies that adopt EIPP. Then, in order to help you understand the benefits of EIPP for your company, we provide a worksheet to help you estimate the cost savings and return on investment (ROI) that your company might expect.

Introduction

Today’s tough economic environment is compelling companies to scrutinize their processes and procedures with an eye toward reducing costs and eliminating inefficiencies. In the business-to-business (B2B) arena, billers and payers seeking to streamline their transactions are gravitating toward new software tools for order-to-cash settlement.

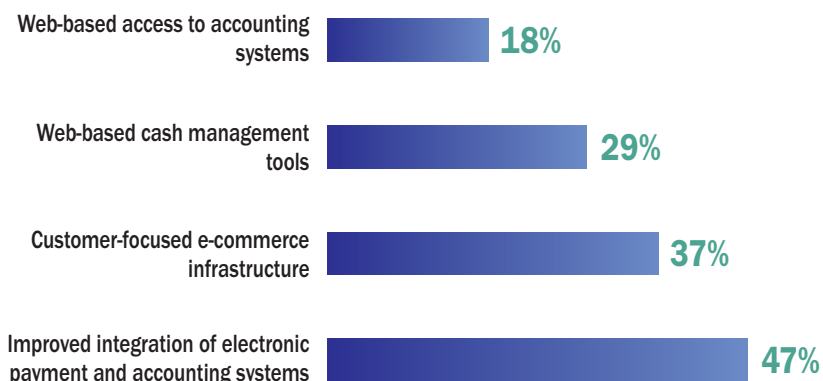
Billers are showing increased interest in complete order-to-cash applications that generate real cost savings, process improvements, and sources of competitive advantage. In particular, managers from the following areas are investigating the ability of electronic invoice presentment and payment (EIPP) to help them achieve their objectives:

- **Treasury, Finance & Accounts Receivable Managers:** Reduce days sales outstanding (DSO), increase efficiency by lowering costs and eliminating data entry and cash allocation mistakes, and establish invoicing as a source of competitive advantage.
- **E-commerce Managers:** Increase customers’ use of the corporate Web site, integrate automated invoicing into the existing e-commerce strategy, and create a competitive advantage.
- **Billing Operations & IT Managers:** Create a better customer experience despite disparate back-end systems, deliver electronic invoicing without affecting current IT investments, and combine employee systems with customer care.

For their part, payers are drawn to EIPP by the promise of anytime access to invoice information and payment initiation via the Internet. Companies on both sides of the equation benefit through lower costs and tighter integration when the order-to-cash cycle is automated through an e-commerce Web site.

Companies that never could have afforded the complex software and telecommunications systems required to automate their business transactions using electronic data interchange (EDI) are finding that they can save money and improve their processes by using relatively inexpensive Internet-based technology to automate the largely manual tasks of invoicing and payment. To understand how, consider the order-to-cash cycle today.

FIGURE 1: KEY TECHNOLOGY GOALS FOR TREASURY, A/P & A/R



Corporate treasury and accounting departments will focus on improved integration between electronic payment and accounting systems as part of their corporate IT strategy.

Source: PayStream Advisors

The Order-to-Cash Cycle

Companies have leveraged the Internet to shorten and simplify the process by which businesses order their products. In today's Internet-based e-commerce environment, they can go online to Web-based catalogs and place their orders directly. B2B transactions are complex, however, because business customers typically do not pay their suppliers in a direct manner, such as by credit card. Instead, the purchase order that originated electronically becomes an invoice that is paid according to a cumbersome paper-based process:

The biller's Accounts Receivable department prints an invoice for the order and mails it to the payer. The invoice is then routed from the payer's mailroom to Accounts Payables department, then to the buying business manager(s) for approval. Alternatively, the invoice may land in the hands of an employee at the ship-to location who must forward it to the Accounts Payable department. In either case, if the payer finds an error, it is resolved by means of one or several phone calls to the biller's account manager. Depending on the outcome of these calls, another invoice may be generated and sent to the payer.

Meanwhile, time passes and the biller starts to wonder what has become of the payment. The biller's Accounts Receivable manager calls the payer's Accounts Payables department, which may trigger a series of calls between the payer's Accounts Payable department and business manager. If the business manager cannot find the paper invoice, then he may request another one from the biller. More calls are placed between Accounts Payable at the payer and Accounts Receivable at the biller.

With every telephone call and request for an additional invoice, time is wasted. The costs of processing the transaction and applying the payment eat away at the profits generated by the initial transaction, and because the administrative costs are indirect, many companies are totally unaware of the corrosive effect on their profits. They only know that, at the end of the month, their bottom lines are far smaller than they had anticipated when they calculated the prices and margins of their products.

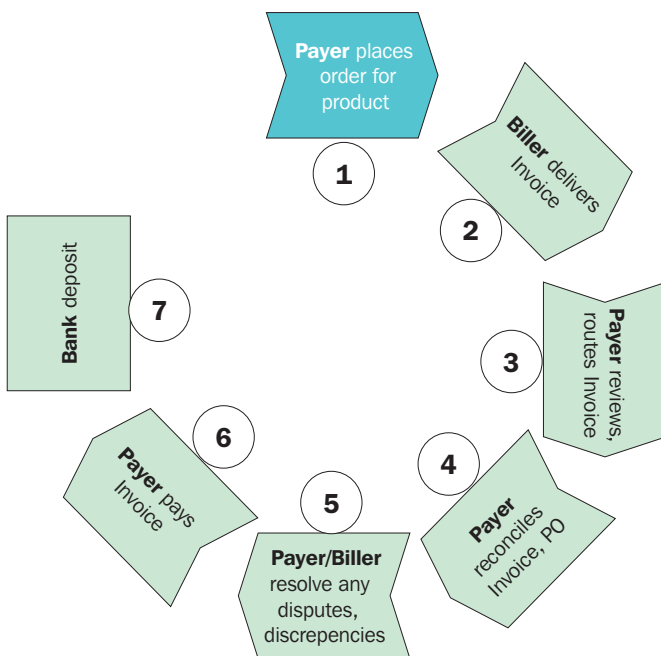
What is going on here? It is the largely manual and inefficient portion of a business transaction that takes place between the time an order is placed and a company receives and applies payment. These manual inefficiencies result in:

- Inefficient use of personnel to make time-consuming phone calls and track down errant paperwork;
- Poor cash management and forecasting due to the length of time it takes to collect payments and enter data into computer systems manually;
- Low-quality customer care as a result of payment delays that lower satisfaction levels.

In the past, large organizations tried to automate all of their business processes using methods like EDI, which uses highly standardized data formats to move information, such as purchase orders and invoices, between computers. These techniques worked well for those organizations that

could afford the hardware, software, telecommunications, and consulting costs to install them. Unfortunately, adoption of EDI has been limited by corporations' decision to use EDI only with their largest business partners. Non-EDI partners have been left out in the cold.

FIGURE 2: THE ORDER-TO-CASH CYCLE



Though the order-to-cash cycle seems straightforward, it is inefficient and paper-intensive, making traditional order-to-cash settlement a costly process

Today, as companies turn to Internet-based e-commerce—buying and selling products through Web sites and portals—they are showing increased interest in automating the entire transaction through their Web sites. Using less expensive Web-based technology, billers can link their e-commerce sales to systems that automate the entire transaction, from order to cash. Such biller-focused systems are commonly referred to as order-to-cash systems on account of the fact that they include all of the steps from selecting the product through paying for it (see Figure 2).

Billers are keenly interested in automating the invoicing and payment portions of this cycle through their e-commerce Web sites in order to reduce the overall cost of the cycle. For their part, payers find these Web-based systems more convenient than existing manual processes and less costly than more elaborate EDI systems. The inefficiencies embedded in each step of the order-to-cash cycle that both are trying to exorcise are summarized in Figure 3.

Understanding the Benefits of Order-to-Cash Automation

Electronic invoice presentment and payment (EIPP) is the technique used to automate the order-to-cash cycle. Formally defined, EIPP is the process by which companies present invoices and make payments to one another through the Internet in a B2B environment. EIPP reduces the inefficiencies and costs at each step of the order-to-cash cycle by providing electronic information about the invoice and payment via the Internet that can be exploited by both the biller and the payer.

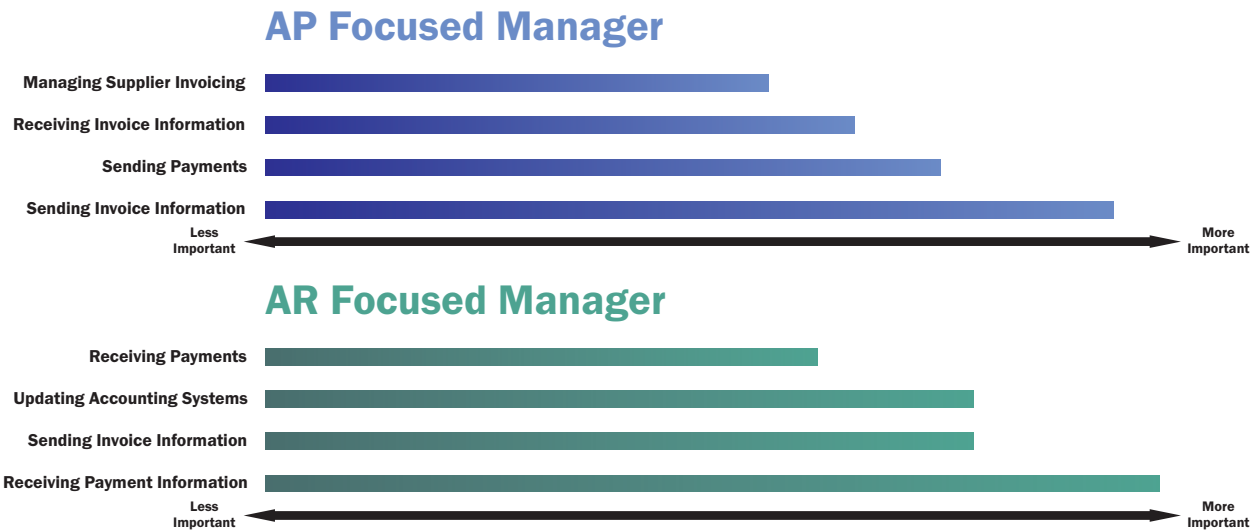
This information flow is the primary benefit that companies gain from adopting EIPP. In fact, according to PayStream Advisors' Treasury Automation Survey of Fortune 1000 treasury executives and e-commerce officers, the ability to send and receive remittance information through the Internet is more important than the electronic payment capability itself.

FIGURE 3: INEFFICIENCIES EMBEDDED IN THE ORDER-TO-CASH CYCLE

<i>Cycle Step</i>	<i>Biller Inefficiencies</i>	<i>Payer Inefficiencies</i>
DELIVER/RECEIVE INVOICE	<ul style="list-style-type: none"> • Invoice production • Mailing costs • Invoice reprints 	<ul style="list-style-type: none"> • Manual data entry • Inter-departmental approval delays • Missed discounts
REVIEW & ROUTE INVOICE		<ul style="list-style-type: none"> • Delays in forwarding invoice to proper person • Multiple points of review/approval • Use of fax & telephone slows approval • Little ability to track approval
RECONCILE INVOICE		<ul style="list-style-type: none"> • Data entry to match invoice with purchase order • Lost invoices
RESOLVE DISPUTES	<ul style="list-style-type: none"> • Dispute categorization • Dispute tracking • Phone calls 	<ul style="list-style-type: none"> • Dispute routing • Handling credit memo • Phone calls
PAY INVOICE		<ul style="list-style-type: none"> • Payment processing costs • Accounts Payable data entry • Cost allocation
APPLY PAYMENT	<ul style="list-style-type: none"> • Payment application • Exceptions • Inaccurate remittance 	
REPORTING & ACCOUNT MGMT.	<ul style="list-style-type: none"> • No cash forecast or schedule of payments reports • Limited employee visibility into customer spending habits • Account inquiry • Collections • Account management • Trouble ticket management 	<ul style="list-style-type: none"> • Supplier usage and performance tracking • Spending breakdown/trend reports • Account inquiry • Credit line management • Consolidated account review • Trouble ticket management

In response to the Treasury Automation Survey, nearly 60 percent of Accounts Payable managers said that the payment information they receive through EIPP is the most important facet of any electronic payment system. At the other end of the transaction, remittance processing managers who frequently contend with posting errors that result from incomplete remittance information, such as missing invoice or account numbers, are receptive to solutions that will reduce reconciliation costs. It should come as no surprise, then, that roughly 50 percent of Accounts Receivable-focused managers said that sending invoice information and receiving payment information electronically is a critical benefit of electronic payment technology (see Figure 4).

Treasury managers responding to the Treasury Automation Survey consistently cited cost savings—which would typically include mailing, processing, and other organizational expenses—as

FIGURE 4: BENEFITS OF EIPP FOR ACCOUNTING MANAGERS

PayStream research has shown that accounting managers in both payables and receivables believe the ability to send and receive remittance information electronically is more important than actual electronic payment

Source: PayStream Advisors

the most attractive benefit of EIPP. They are also interested in EIPP as a means to better manage information flows within and between their organizations. Some 60 percent of treasury managers listed the ability to send invoices to customers electronically as an important benefit, the second most important reason after cost savings.

But the most compelling benefit of EIPP systems, according to PayStream Advisors' research, is the fact that cost and efficiency benefits accrue to billers and payers. With other technologies, either the payer was the main beneficiary or the biller did not perceive any benefits other than retaining a major customer. The ability of EIPP systems to provide mutual benefits has not gone unnoticed and, in fact, is the primary reason why PayStream Advisors expects EIPP to gain wider adoption than older technologies like EDI.

Biller Benefits

- **Improved Payment Processing.** EIPP improves payment processing through its ability to provide 100 percent cash allocation on every invoice; exceptions are eliminated altogether.
- **More Efficient Personnel.** EIPP eliminates paper documents and enables billers to reassign personnel from processing invoices to value-added tasks. The net gain is lower administrative costs and more productive personnel.
- **Accelerated Cash Flow.** EIPP promotes faster payment, so billers tend to collect payments faster. The result is reduced DSO and accelerated cash flow.

FIGURE 5: PAYER AND BILLER BENEFITS OF EIPP

<i>Payer Benefits</i>	<i>Biller Benefits</i>	<i>Mutual Benefits</i>
<ul style="list-style-type: none"> • Reduce Costs: Processing, head-count, bank fees • Provide better control over issuance of payments • Facilitate matching process for EIPP-enabled suppliers • Take advantage of discounts and avoid penalties 	<ul style="list-style-type: none"> • Reduce Day Sales Outstanding (DSO) • Improve liquidity management with better predictability of cash flow • Improve customer service • Facilitate hands-free processing • Improve dispute resolution 	<ul style="list-style-type: none"> • Reduce data entry and mailing costs • Eliminate processing errors • Improve accuracy and timeliness of information • Focus on value-added business activities, not internal processes • Maximize strategic vendor relationships

- **More Accurate Cash & Sales Forecasts.** EIPP improves the accuracy of cash and sales forecasts because settlement dates are known in advance and precise, up-to-date information is available about customer spending habits.
- **Superior Customer Service.** EIPP provides the biller's employees (i.e. customer service representatives) with access to payers' spending and payment information. Armed with this information, they can provide a higher level of customer satisfaction and increase the biller's value-add.
- **Integrated E-Commerce Strategy.** Respondents to PayStream Advisors' Treasury Automation Survey consistently reported that they value the easy "self-serve" access to invoice information afforded by EIPP. Payers' access to payment information is just a few clicks away because it resides on a Web site that may be accessed with an ordinary Web browser. Since they also place orders through that Web site, they visit—and possibly order—more frequently.

Payer Benefits

- **Lower Accounts Payable Overhead.** EIPP streamlines invoice processing when the EIPP data flow is less complex than the payer's other invoice processing systems. Consequently, customers may be better positioned to take discounts for early or prompt payment that they forego with their existing systems.
- **Greater Processing Accuracy.** EIPP eliminates data entry costs because it transmits and receives invoices electronically. This translates into fewer errors and more accurate payment reconciliation. Bank lockbox processing fees are also reduced as fewer payments are received through the mail.
- **Better Cash Analysis & Forecasting.** Similar to the biller, EIPP affords the payer the ability to make more accurate cash forecasts and analyses by eliminating the common errors associated with paper invoices and human intervention.

The benefits of EIPP are also attractive to senior management, because they directly improve a company's balance sheet. Balance sheet benefits include: lower DSO, improved vendor and

What Does EIPP Mean to You?

Like most business technologies, EIPP means different things to different managers – and provides different benefits to different departments. Making the technology pay off requires that each department manager understand what EIPP means to his or her department and, more importantly, how it helps provide a higher level of service and contributes toward the achievement of key goals. EIPP helps managers answer the following questions:

Treasury, Finance & Accounts Receivable

CFO, Treasury Manager, Cash Manager & Credit and Collections Manager

- How do I meet the challenge of making it easier to do business with my company?
- How can I transform billing and invoicing into a competitive advantage?
- How can I run a more efficient finance department by lowering costs and eliminating data entry and/or cash allocation errors?
- How do I improve DSO and cash flow visibility to customers, especially those who can't use EDI?

E-commerce

Vice President of e-commerce & Director of e-commerce

- How can I get our customers to use our Web site more often?
- How can I automate billing/invoicing and integrate those processes into our overall e-commerce portal or Web presence?
- How can I create a competitive advantage for my company?

Billing Operations & IT

CIO, Director of Billing Operations & IT Manager

- How can I create a better customer experience when I have disparate back-end systems?
- How can I deliver electronic billing or invoicing without affecting my existing IT investments?
- How can I combine our employee systems with our customer care systems?

discount management, and reduced fraud. Benefits from the biller's and payer's perspectives, as well as mutual benefits, are summarized in Figure 5. To find out what problems EIPP can solve for your business, see the sidebar titled "What Does EIPP Mean to You?".

Calculating EIPP Cost Savings & Return on Investment

The potential cost savings and return on investment (ROI) that EIPP offers are attractive and quickly achievable. For instance, PayStream Advisors conservatively estimates that a typical biller generating one million invoices annually can save more than \$450,000 during the first 18 months of

implementation, given just 5 percent adoption by payers.

You can use the worksheet provided at the end of this paper to calculate your company's annual EIPP cost savings and compare them with the cost of investing in an EIPP system. The figures and assumptions in the EIPP Cost Savings Worksheet are derived from PayStream Advisors research. For maximum accuracy, use estimates from your own business.

Conclusion

According to PayStream Advisors' research, 19 percent of businesses currently use or are deploying EIPP, 31 percent intend to adopt it in the future, and 50 percent have taken no position at all. Many businesses within this last category continue to rely on expensive and inefficient manual settlement processes that are characterized by vast quantities of paper and extensive human intervention. This is a mistake, given the benefits that EIPP delivers in the form of cost savings, process improvements, tighter business relationships, and a competitive advantage.

Billers that adopt EIPP benefit through lower processing costs, better cash management and forecasting, enhanced customer service capabilities, and stronger payer relationships that extend further than ever before. Payers also experience lower processing costs, while gaining anytime access to detailed invoice information and tighter control over payments. Companies that lack a clear understanding of these benefits must investigate EIPP aggressively, as their continued survival in the marketplace may depend on it. Those that fail to adopt a proactive approach toward EIPP face the real risk of being left behind by order-to-cash automation.

In sum, EIPP adoption is contingent on billers and payers gaining a solid understanding of the benefits of order-to-cash automation. This requires an extended education process that is already underway and will accelerate adoption in the coming years. PayStream Advisors anticipates that EIPP adoption will grow steadily over the next few years, achieving mainstream adoption (35 percent) by 2006. Ultimately, achievement of this level of penetration will rest squarely on the ability of EIPP solutions providers to convey the benefits of EIPP and the ability of their solutions to deliver dramatically increased information flows and benefits to each side.

About PayStream Advisors

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to corporate treasury.

We advise clients on treasury-related products and services, along with emerging payment media like electronic invoice presentment and payment, with the goal of making objective, analytical, and actionable recommendations. Our clients include leading companies in industries as varied as financial services, information technology, utilities, and manufacturing. Anywhere corporate treasury technology is an issue, PayStream Advisors is there to help.

EIPP COST SAVINGS WORKSHEET

<i>Order-to-Cash Step:</i>	<i>Calculation:</i>	<i>Comments:</i>
1) Invoice Presentment:		
1. Total Invoices		<i>(Estimate your company's annual number of invoices)</i>
2. Total Electronic Invoices		<i>(PayStream research indicates the average Fortune 1000 company can achieve 5% customer adoption within 18</i>
3. Potential Savings Per Transaction with EIPP	x \$ 2.43	<i>(Fully loaded cost of a paper invoice = \$4.93; electronic invoices cost \$2.50, for a net savings of \$2.43)</i>
4. Total Savings in Presentment	\$	
2) Invoice Reprints:		
5. Total Invoice Reprints		<i>(PayStream research indicates that as many as 20% of all invoices require reprints—enter 20% of your estimated</i>
6. Total Electronic Invoice Reprints		<i>(Based on 5% customer adoption)</i>
7. Potential Savings Per Transaction with EIPP	x \$ 2.43	<i>(Fully loaded cost of a paper reprint = \$4.93; electronic reprints cost \$2.50, for a net savings of \$2.43)</i>
8. Total Savings in Invoice Reprints	\$	
3) Dispute Resolution:		
9. Total Invoice Disputes		<i>(PayStream research indicates that as many as 20% of all invoices are disputed)</i>
10. Total Electronic Invoice Disputes		<i>(Based on 5% customer adoption)</i>
11. Potential Savings Per Transaction with EIPP	x \$ 20.00	<i>(Fully loaded cost of a paper dispute = \$45.00; electronic disputes cost \$25.00, for a net savings of \$20.00)</i>
12. Total Savings in Dispute Resolution	\$	
4) Collection Calls		
13. Total Collection Calls		<i>(PayStream research indicates that as many as 20% of all invoices require a collection call)</i>
14. Total Electronic Collection Calls		<i>(Based on 5% customer adoption)</i>
15. Potential Savings Per Transaction with EIPP	x \$ 10.00	<i>(Fully loaded cost of a collection call (qty. 2) = \$20.00; with EIPP fewer calls cost \$10.00, for a net savings of \$10.00)</i>
16. Total Savings in Collection Calls	\$	

EIPP COST SAVINGS WORKSHEET (CONTINUED)

<i>Order-to-Cash Step:</i>	<i>Calculation:</i>	<i>Comments:</i>
5) Payment Handling:		
17. Total Payments		<i>(PayStream research indicates that invoices include an average of four payments)</i>
18. Total Electronic Payments		<i>(Based on 5% customer adoption)</i>
19. Potential Savings Per Transaction with EIPP	x \$2.00	<i>(Fully loaded cost of a paper payment = \$3.00; electronic payments cost \$1.00, for a net savings of \$2.00)</i>
20. Total Savings in Payment Handling	\$	
6) Exceptions:		
21. Total Exceptions		<i>(PayStream research indicates that as many as 15% of all invoices become exceptions)</i>
22. Total Electronic Exceptions		<i>(Based on 5% customer adoption)</i>
23. Potential Savings Per Transaction with EIPP	x \$10.00	<i>(Fully loaded cost of a paper exception = \$10.00; electronic exceptions cost nothing, for a net savings of \$10.00)</i>
24. Total Savings in Exceptions	\$	
7) Analysis & Reporting:		
25. Total Analysis Reports		<i>(PayStream research indicates that as many as 15% of all invoices require reports)</i>
26. Total Electronic Analysis Reports		<i>(Based on 5% customer adoption & reports generated by biller personnel)</i>
27. Potential Savings Per Transaction with EIPP	x \$3.00	<i>(Fully loaded cost of a paper report = \$3.50; electronic reports cost \$0.50, for a net savings of \$3.00)</i>
28. Total Savings in Analysis & Reporting	\$	
Total Annual EIPP Cost Savings:	\$	



BizCast 5

Automating Your Company's Order-to-Cash Cycle

Executive Summary

BizCast 5 – Avolent's enterprise collaborative finance solution – automates the invoice-to-pay component of the business-to-business (B2B) order-to-cash cycle and provides clear benefits to suppliers and their business customers. Lower costs, improved cash management and forecasting, higher levels of customer service, and a competitive advantage in commoditized industries – all of these are possible with *BizCast 5*. Best of all, these benefits generate a return on investment (ROI) that is quickly achievable based on limited customer adoption.

Avolent is unique among electronic invoice presentment and payment (EIPP) solution vendors. It has leveraged its experience in the EIPP business to create an enterprise software solution that boasts the industry's leading product feature set. It is also the only vendor that can point to solid success implementing complex invoicing solutions quickly. Contact Avolent for more information about how we can begin automating your company's order-to-cash cycle today.



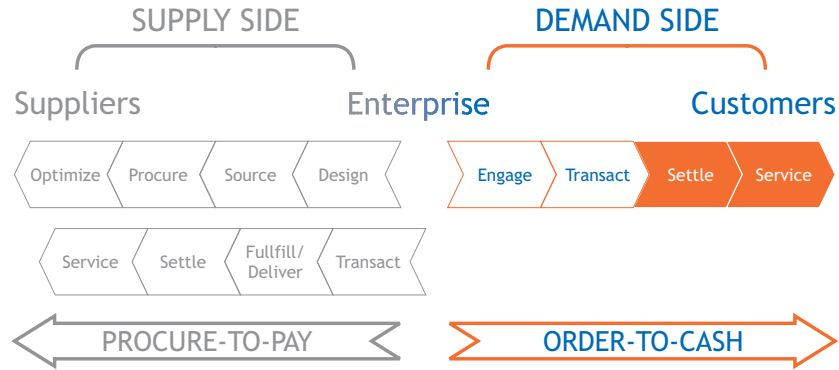


Figure 1:

Avolent's solutions focus on improving relationships between suppliers and their business customers on the demand side.

Introduction

The benefits of automating the order-to-cash cycle are clear and compelling, but the question remains: What is the most effective software solution? Based on what the industry's leading independent product analysts are saying, the answer is *BizCast 5*.

BizCast 5 – Avolent's enterprise collaborative finance software solution – automates the invoice-to-pay process within the larger order-to-cash cycle, enabling suppliers and their business customers to capture the cost savings, efficiency gains, and process improvements of electronic invoice presentment and payment (EIPP.) *BizCast 5* accomplishes this by providing suppliers with a powerful tool to reduce their invoicing and customer service costs, accelerate their cash flow, improve their customer service, and, ultimately, strengthen their business customer relationships (see Figure 1.)

Avolent specifically designed *BizCast 5* to dovetail with suppliers' current e-commerce strategies and infrastructure. That means rapid implementation, immediate productivity, and no headaches due to botched integration with legacy systems. With *BizCast 5*, your business customers will receive their invoices and remittance information electronically from the same Web site that they use to place their orders, enabling you to extend your online relationship with them beyond simple order placement to invoicing and payment.

But *BizCast 5* does more than deliver invoices and payment information to your business customers, it automates the entire invoicing process, including the expensive review and dispute settlement process. In effect, *BizCast 5* links your internal accounting systems with those of your business customers, easing the administrative burden and overall cost of business transactions. Best of all, *BizCast 5's* Java 2 Enterprise Edition (J2EE) compatible platform integrates seamlessly with existing enterprise accounting, payment, customer care, and e-commerce systems on both ends.

Beyond offering such a wide range of benefits in a single integrated solution, *BizCast 5* provides your business with a source of competitive advantage by improving your ability to forge tight relationships with all

BizCast Accolades:

Ranked #1 overall product for EIPP—*Current Analysis*

Ranked #1 for overall industry functionality for suppliers and business customers—*Doculabs*

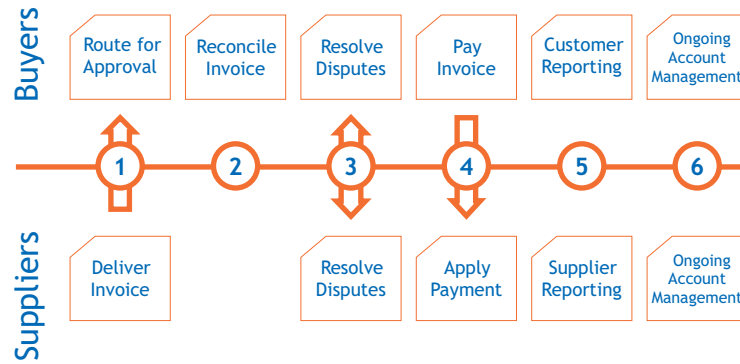
Ranked #1 product for collaborative e-commerce technologies in EIPP—*Transform Magazine*

Ranked as a top industry B2B solution—*Celent Communications*



Figure 2:

The traditional settlement and service process, step-by-step. While it looks simple, the costs of disputes and account management are greater than they appear.



of your business customers. To understand how this is possible, first consider how *BizCast 5* impacts the settlement and services process that most businesses follow today (see Figure 2.)

BizCast 5: A Closer Look

Avolent leveraged its experience as the oldest software company in the EIPP solution industry to develop *BizCast 5*. This is immediately apparent from *BizCast 5*'s rich feature set, which enables suppliers and their business customers to wring inefficiencies and hidden costs from the order-to cash cycle and create tightly integrated relationships (see Figure 3.) More specifically, *BizCast 5* streamlines and improves the order-to-cash process in the following ways:

- **Electronic Invoice Presentment & Delivery.** *BizCast 5* provides your business with the capability to automate and manage the presentment and delivery of invoices to large, dispersed corporate customers.
- **Electronic Invoice Payment & Remittance.** *BizCast 5* enables business customers to pay invoices electronically. This accelerates your company's cash flow, reduces your days sales outstanding (DSO), and limits your need to engage in customer financing.
- **Automated Workflow & Approval.** *BizCast 5* gives your customers the flexibility to define their own rules for routing, reconciling, and approving invoices. Advanced features include multi-step workflow and escalation procedures.
- **Collaborative Dispute Resolution.** With *BizCast 5*, lengthy disputes over invoices become a thing of the past. Instead, your company will be able to resolve discrepancies online quickly and efficiently.
- **Real-time Reporting & Analytics.** *BizCast 5* provides drill-down reporting for both suppliers and business customers, furnishing deeper insight into cash forecasts and expense tracking.
- **Online Customer Care.** Armed with accurate, up-to-date information about customers' buying habits, your customer service representatives can leverage *BizCast 5* into superior customer

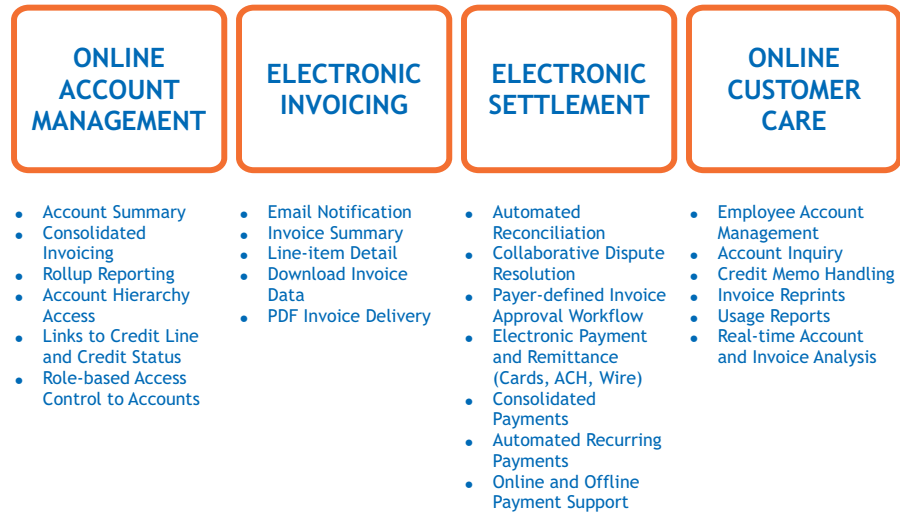


Figure 3:

BizCast 5 functional modules

service.

- **100% J2EE compatible.** *BizCast 5* operates on an open standard that is platform-independent, affording your company flexible scalability and insurance from the perils of a non-standard solution. Also, *BizCast 5* was designed with existing enterprise systems in mind, so implementation is fast and easy.

BizCast 5 offers suppliers quantifiable improvements at every step of the order-to-cash cycle. For example, *BizCast 5* can help your business:

- Reduce volume of invoices, which cost \$5 each to create and deliver, by up to 75 percent;
- Reduce volume of invoice reprints and reports (i.e. usage analysis) by up to 75 percent;
- Reduce the disputes that occur on over 5-30 percent of invoices and can cost over \$20 each to resolve by more than 50 percent;
- Reduce the exceptions that can affect 15 percent of invoices and cost as much as \$25 each to process by 100 percent.

These improvements directly affect your company's ability to compete, so you can expect immediate results in a range of areas. For instance, since *BizCast 5* eliminates paper and people from the order-to-cash cycle, your company can process payments more efficiently and reassign personnel from time-consuming tasks like collections calls, invoice reprints, and dispute resolution to valued-added projects. And since EIPP solutions typically promote prompt payment, *BizCast 5* can reduce your DSO by 5-30 days and accelerate your cash flow.

BizCast 5 provides results in other areas as well on account of its ability to increase the quality and availability of information to you and your business customers. Your capacity to forecast cash and sales accurately

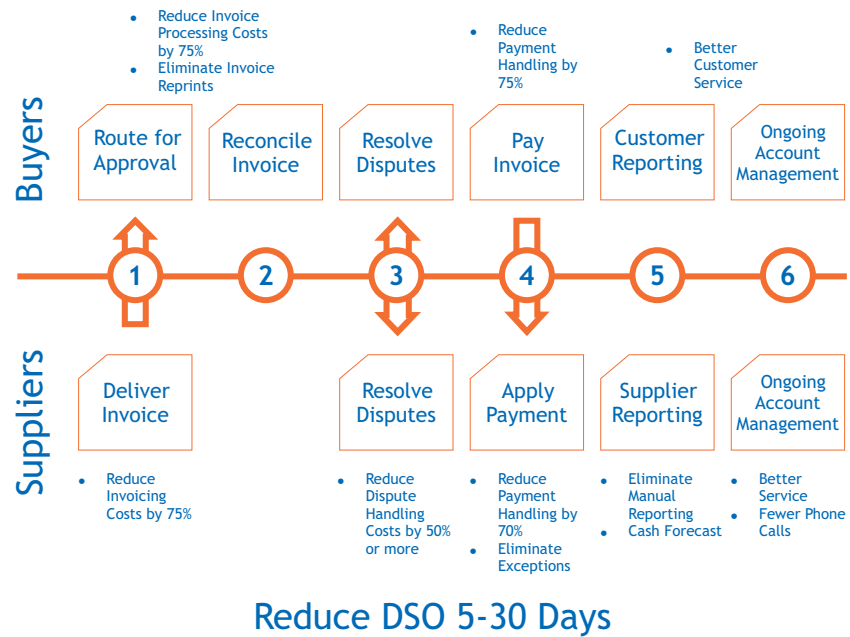


Figure 4:

BizCast 5 enhanced settlement and service reduces costs significantly in the areas of invoicing, dispute resolution, and account management.

will increase exponentially, as will your ability to provide top notch customer service through a coherent, integrated e-commerce strategy. For a summary of these benefits and to see how *BizCast 5* can help your firm, see Figure 4.

BizCast in Action

For a Fortune 200 B2B distribution company with over \$10 billion in annual revenues and more than 140,000 large contract business customers, invoice and payment processing posed an enormous challenge. Altogether, these business customers comprised more than three million accounts and ship-to locations that placed orders independently from one another and required separate invoices. Based on multiple orders from each account, the company was processing over 20 million invoices annually.

The company's order management and invoice and payment processing systems were further taxed by the need to ship orders to customers' local branch offices, yet deliver invoices to their central payment centers. With millions of customer locations generating hundreds of millions of invoice line items, collections slowed and it became very difficult for employees to satisfy customers.

The company also faced internal obstacles to providing fast, efficient service. For instance, its 500-plus account managers and collections personnel had little visibility into customers' buying and payment patterns. Quite simply, the need to generate so many invoices and respond to seemingly endless requests for invoice reprints and usage reports overwhelmed the company's IT systems.

A look at conditions at one of the company's large business customers helps to illustrate this point. With 900 independent buying locations, it

The Industry's #1 Product Feature Set

"We ranked Avolent's *BizCast* number one in our detailed product assessment study of B2B Internet billing solutions ..."

Mikael Hook, Lead Analyst for Internet Billing and Payments Technologies, Current Analysis



Experience with Complex
Software Implementation

"It is not surprising that Unisys selected Avolent to grow their business. We were so impressed with *BizCast's* breadth of features, that we rated them as one of the top EBPP vendors ..."

Ariana-Michele Moore,
Analyst, Celent

generated a tremendous number of invoices and often required reprints to replace invoices that were lost and only discovered when collections personnel called to inquire about payment. Worse, the customer had virtually no ability to track invoice approval or generate spending reports internally.

Looking at all of this, managers at the distribution company began to investigate whether an EIPP solution could improve their competitive position. Could it improve their cash management by reducing DSO and upgrading their ability to handle payments? Could it reduce the invoice reprints and report requests that were choking it? And could it improve their customer service through greater insight into customer ordering and payment habits? They decided to survey their business customers to find out what they considered important.

When the results revealed that 85 percent of business customers wanted the ability to process their invoices online, the company concluded that EIPP was the way to go. Clearly, they agreed that having access to detailed invoice information on the same Web site that they used to order products would improve the entire process, reducing invoice reprints, call center inquiries and disputes, and enabling the company to provide them with a higher level of service.

The company researched EIPP solution providers extensively before choosing Avolent over several other vendors and in-house options. Besides being attracted to *BizCast's* industry-leading feature set, the company trusted Avolent's experience in the industry. It was confident that Avolent's experience with complex implementations in the past would enable it to deliver *BizCast* within a severely compressed time frame – coding to production in just 35 days.

Avolent delivered on its promise to install *BizCast* in such a short period of time, providing the reporting and analysis tools coveted by the company's collections personnel and sales and account managers, as well as by its business customers. Now, the company's personnel and its business customers have a clear view into invoice and payment information.

Customers can review their information anytime they like and even download it in portable document format (PDF), virtually eliminating requests for invoice reprints. Today, the system has 18 months of invoice history accessible online for the company and its business customers to review and analyze.



Deep Order-to-Cash
Expertise

"... After a thorough due diligence process, we found *BizCast* to be the best choice to help us address the complex invoice processes, customer care needs, and cash management issues associated with invoicing."

*Lori Mitchell-Keller,
Senior Vice President of
Market Strategy,
Manugistics*

Early results have been outstanding. Without any marketing effort whatsoever, one percent of the company's business customers adopted the new system in a pilot project. Fully 100 percent of the company's personnel tasked to invoice reprints and cash and customer reports now use the system. The cost and effort savings that the company has experienced in this area have been a significant contributor to results.

The company's personnel are now in a position to spend their time on value added tasks – like helping customers select the products they need to make their businesses run – rather than helping them manage the invoicing and payment process. Thanks to *BizCast*, the new bottom line for this distinguished Fortune 200 B2B distribution company reflects lower costs, better cash management, improved customer service, and stronger relationships with critical business customers.

Conclusion

BizCast 5 reduces costs, improves cash management and forecasting, and empowers suppliers to deliver superior service to their business customers. Best of all, *BizCast 5* gives companies in commoditized industries a valuable source of competitive advantage and delivers an impressive ROI based on limited adoption by business customers. Avolent is the only vendor that can promise the following:

- An enterprise software solution with the industry's #1 product feature set;
- A broad set of benefits focused on the "Three C's:" improved Cash management and forecasting, better Customer care, and lower Costs for invoicing and payment;
- Interactive document exchange that allows for a better customer experience and true process automation;
- More experience in the EIPP business than any other company and the ability to deliver quickly on complex invoicing solutions.

Call Avolent at 800-553-5505 or visit our Web site at www.avolent.com and let us help you capture the "Three C's" through *BizCast 5*.



About Avolent

Avolent is the leading provider of collaborative enterprise software solutions for electronic bill and invoice presentment and payment (EBPP and EIPP) and interactive customer care (ICC). The company was founded in 1995 and is headquartered in San Francisco. Through its software solutions, Avolent helps large suppliers capture the “Three C’s”—lowered costs, better cash management, and improved customer service—by automating the settlement of business transactions. The solutions are designed to help accounting and customer service departments become more effective in collecting cash and serving customers, helping suppliers create a competitive differentiator through eCommerce, and helping IT departments improve access to valuable customer information while leveraging existing investments.