

Filling the Gaps in the Financial Supply Chain – A Strategic Blueprint for Future Success

Faced with a rising tide of payment methods and requirements, financial services companies are turning to new technologies to better manage payments and other transactions through the financial supply chain.

By Robert Bartlett

In a perfect world, every payment or transaction-capture operation would be born fully integrated, with central operations, remote image-based processing centers and client locations feeding into receivables and other transactions systems, providing perfect, seamless manageability and visibility at every point in the financial supply chain. Then, in the case of a service provider, all the Treasury or business group would have to do is tilt their chair back, put their feet up, and dream up ways to turn what used to be a cost-center into new revenue streams. But life, as we know, is not like that.

In reality, Treasury, business groups and CFOs, in the case of in-house systems, are struggling with how to better align their organization's payments and transaction capture infrastructure with its business objectives. They recognize that in order to compete with new, more agile competitors, they will need to make better use of the images and data that flow through their transaction or payments systems – and at the earliest possible point in the process. This information for your services customer or your own in-house use can drive enterprise business intelligence systems to improve cash availability, reduce day's sales outstanding, improve cash application, eliminate payments exceptions, speed inventory turns and, most importantly, make the organization more proactive and customer-focused.

Patchwork of Systems

The problem is, most organizations have critical gaps in their financial supply chain that prevent the efficient flow of transaction data beyond the back office. A major culprit of these data gaps is the patchwork of transaction and payments systems currently deployed by most organizations.

Many organizations run multiple payments and transaction capture systems, either because they've acquired companies that deploy different solutions, or because their decentralized sites have the liberty to decide which system is right for them, or because they believe that emerging payments and check clearing models (ACH, Check 21) require standalone systems. Making matters worse, some companies get so focused on "new" technology applications that they lose sight of the strategic business opportunities the technologies should drive.

Running multiple payment systems causes headaches. Make those migraines. You have duplication of hardware, software licensing, and maintenance fees, among other expenses.

You need multiple people with different skill sets to support those systems. In addition, running multiple systems can lengthen the processing cycle. And if the systems are not well integrated, reporting can be cumbersome because there's no consistency in data output.

To top it all off, when you're not running a common platform across transaction or payment channels, or at least consolidating output, it is harder to provide the complete and timely data required to drive enterprise systems for accounts receivables (AR), cash management, enterprise resource planning (ERP), and customer relationship management (CRM). This leaves the payments operation in a bad spot as a tactical, rather than strategic, business function. Worse, without filling these gaps in the financial supply chain, an organization can only operate from a reactive position.

It's An 'Any-to-Any' World

The good news is that the exponential growth in payments complexity – from Check 21 and ACH to invoice scanning and EOB processing – has led to new technologies and tactics that not only help operations managers better handle inbound and outbound transaction images and data across the enterprise, but also provide Treasury and business managers with strategic business opportunities to offer the innovative services necessary to attract and retain clients.

And the timing couldn't be better. The banking and payments industries are entering an any-to-any world: any transaction type, from any location, to any location, in any format.

One technology to watch is J&B's Hub and Spoke architecture, which evolved in answer to aligning business goals with IT infrastructure and providing a real-time consolidated view of payments and other data, forms, and such, regardless of where it was captured. By centralizing at the Hub the key hardware, software and support resources necessary to provide mission-critical functionality, and by using Spokes as collection points, companies can get rid of the excess capacity at remote sites and manage data better. And, as your business needs change, Spoke facilities can be opened, closed, moved or outsourced, without affecting core-processing operations; a Spoke can be anything from equipment to process high volumes of documents, to small image-capture devices in your customers' offices.

Another key building block for the future is J&B's remote image capture, which provides companies with a new level of vendor independence. The remote image capture server can act as a collection and distribution point for scanned images. Once they are transferred to a central aggregation point, these images can be cleared using the optimal methodology: ACH or Check 21. And advanced remote image capture solutions can seamlessly integrate with any vendor's remittance system, eliminating the potential for new silos as a result of Check 21.

For organizations with data-intensive documents, modular next-generation page scanning solutions combine image capture, data recognition, data entry, workflow processing, and storage and retrieval. This technology reduces the time and expense required to process documents, and accelerates payment processing, while providing the data capture and



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delivery necessary for today's AR function and other transaction information reporting. Providing this AR data makes the payments operation not only relevant, but vital.

The Future Is Unfolding

For most companies, it's not a question of *whether* they will move to a more integrated transactions and payments architectures, but *when*. The convergence of paper and electronic payments, as well as check and document processing, will force them to go there. And emerging technology will really change how users can process and manage payments and other transaction documents.

These emerging technologies will also require organizations to rethink how they provide transaction services to their customers. The key is to look at the entire strategic opportunity, not just at individual technology applications. J&B Software is proud to be leading this change!

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Company Overview

J&B Software revolutionized the image-based payment processing industry. Today we provide market-leading electronic transaction processing and management systems to over 165 industry-leading companies and government agencies. A privately held company with more than 20 years of experience, J&B Software has more than 350 employees committed to improving our customers' operational effectiveness and profitability. For more information, visit the company Web site at www.JBsoftware.com.