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Priorities for the Corporate Treasury – 2008

By Eric Kamback, Deputy Sector Head, The Bank of New York Mellon Treasury Services

“Simply put, technology plays a significant role in the future of cash management.”

What are treasury managers thinking about in the wee hours of the morning? According to a recent survey* conducted by Treasury Strategies, Inc., technology is the number one reason that many financial professionals aren’t getting the recommended 8 hours of shut eye these days.

Perhaps the reason that so many treasury professionals spend so much time thinking about technology lies in the fact that automation supports many, if not most, of the financial processes companies perform today. It’s easy to see why choosing the “right” technology — one that is effective, affordable, enduring, reliable and supported by a responsive client service team — from a rapidly changing and ever-expanding universe of options could cause a lot of tossing and turning for decision makers.

While I can’t help you zero in on specific technologies within the scope of this article, I can tell you this: If you are going to succeed as in the treasury field, you will need to embrace technology. Chances are your role in supporting your company’s business strategy has been steadily increasing in recent years — and at the same time, your staffing levels have declined. Yes, you and your staff can work faster and harder. But technology will help you work smarter.

The top 5 things technology in can help you do in Treasury

1. **Accelerate cash flow**

If you aren’t using an exception management solution, chances are your receivables process may be bogged down by an excessive number (typically 20 percent!) of payments that need to be removed from the normal workflow for manual resolution. Today, there’s simply no reason that this should occur. Web-based solutions that provide intraday access to check images associated with exceptions can facilitate timely decision making and accelerate processing. Users can route images electronically, pull reports and prioritize critical items. The use of transaction codes to categorize items according to your individual “reasons” can facilitate trends analysis, cash forecasting and other business analyses. The result: a more efficient, information rich receivables process.

Likewise, if you collect consumer payments, you may want to consider the benefits of using Accounts Receivable Conversion (ARC) to transform those payments to electronic debits in your lockbox or drop box. The service provides virtually 100 percent next day availability for

*Simply put, technology plays a significant role in the future of cash management.*
incoming payments—and despite apprehension about impacts on customer satisfaction, consumers don’t appear to be put off.

In fact, check payments are diminishing as more and more consumer payers discover the convenience and reliability of paying electronically. So, if you aren’t offering your payers a variety of remittance options to encourage them to pay on time, every time, you are missing an important opportunity. Consumers are embracing online, telephone and kiosk payment options in record numbers. And many are even willing to pay you an extra “convenience fee” for processing their payments on time if they have waited until the last minute to remit. Offering a variety of payment options can be a win/win for both you and your payers too.

Finally, if you are receiving customer payments outside of your lockbox—at your offices or headquarters, you are likely familiar with how these “stranded payments” can impede cash flow. An easy-to-use remote check capture solution can help you virtually eliminate desk float and trips to the bank. Using an affordable scanning device, you can simply scan the checks you receive and transmit them to your financial institution for processing and deposit. This option moves payments more quickly through your office and eliminates the time and expense associated with physical transport of checks to the point of deposit, thereby potentially accelerating cash flow.

2. Improve the security of your payment process.

If you still aren’t using standard options like positive pay and positive payee, you might want to reconsider. Just because you haven’t experienced a substantial fraud to date doesn’t mean that you are immune to the problem—and it is a growing one. BNY Mellon Working Capital Solutions has uncovered millions of dollars in potential check fraud attempts over the past several years. And despite the dramatic rise in electronic payments, statistics from the Nilson Report project that the number of checks written annually will rise by two to four percent through the year 2020. At the same time, more than 1.2 million worthless checks enter the payment system daily. Thus, your exposure could be substantial.

Likewise, electronic transactions are fair game for criminals who are intent on misappropriating funds. In the post-Check 21 era, perpetrators are focusing on digitized information, zeroing in on ways to misuse some ACH payment types that rely on authenticating the identify of the person presenting payment information and confirming valid account numbers. To diminish the possibility of electronic check fraud, you should talk with your provider about preventive measures such as an ACH debit block to deter unauthorized debits/credits and to learn more about their check retention/image capabilities. The cost of adding this option is minor compared to the losses that you could experience should a criminal zero in on electronic payments.

3. Reduce operating expenses while strengthening controls

Many companies are discovering that their most expensive non-revenue generating function is accounts payable. For that reason—and because audit ability of the payment process is paramount in today’s SOX environment—AP outsourcing has become increasingly popular. Top outsourcers offer companies economies of scale, best practices, skilled AP professionals and reliable technologies that have been shown to cut up to 55 percent...
off of direct operating expenses. Equally important, the automated payment tracking systems now available can help you create detailed, readily accessible electronic reports to support decision making, ensure timely payments, and deliver detailed audit trails to support SOX compliance.

4. **Automate investments**

Letting cash sit idle, even briefly, is generally not desirable. But many companies are still making investments the old fashioned way by placing numerous phone calls, filling out forms and researching options. In the meantime, opportunities come and go. Today, there is an easier and potentially more profitable solution. Leading providers have launched **online investment portals** that centralize and automate investment options, transaction capabilities and report generation. Some supplement their technologies by giving users access to advice from FINRA-licensed representatives who offer insight on investment options.

5. **Turn data into knowledge that supports business decisions**

Gone are the days when Treasury managers tracked cash and ran reports. Today, businesses rely on their Treasury area for advice and guidance about a variety of strategic issues that are often contingent upon cash flow.

Many companies are revisiting the potential to use a **Treasury Workstation**. These centralized systems automate and track all treasury processes and data across an entire organization. Information for all business units, currencies and banks is consolidated. Historical data is available for reporting, analysis and control. The resulting benefits: The same information can be viewed/shared by multiple users.

Real time, dynamic data updates are provided. And an automated scheduler helps companies ensure that routine tasks and processes occur unattended. While Treasury Workstations have been around for many years, the potential value they offer in terms of access to and sharing of information may spur renewed interest. It’s a concept worth investigating.

Last, but not least, you should consider the value of using what BNY Mellon WCS has named its “**Event Manager**” service. In doing so, you can receive timely and proactive updates about important transactions 24/7/365 no matter where you are provided you have access to a phone, fax, or wireless device from which you can access your email. Knowing when you receive an outstanding payment, when a wire transfer has been processed, or when a potentially fraudulent item has been presented for payment are just a few of the many scenarios that an Event Manager type service can help you address quickly...without making a trip to the office.

**Overcoming the “fear factor”**

Even if you choose only one or two of the technologies I’ve described here as part of your 2008 “to do” list,
you will be a step ahead of where you are today in terms of freeing up your valuable staff resources to support more strategic initiatives.

Don’t let the fear of making the wrong decision send you into a state of analysis paralysis. Work with your cash management provider to identify the technologies that will deliver the most value in your current business environment and take action to pursue them. A consultative provider should be able to supply you with advice and guidance that will steer you toward the best solution for your company.

Keep in mind that you may obtain better pricing from a single provider who offers numerous treasury technologies as part of a comprehensive solution set. So, no matter what options you choose to pursue in terms of technology, work with your procurement department to determine if any service you aim to obtain or are currently using might be rolled into your current banking relationship. As providers continually expand their services to remain competitive, you may find opportunities to compensate your banks in areas such as e-commerce, financial process outsourcing, etc. By increasing the total value of the relationship, you may achieve better overall pricing for your technology solution without sacrificing quality or expertise.

Here’s to getting a good night’s sleep for a change!

The Transition in Electronic Clearing
By Kathy Strasser, Senior Vice President—Remittance and ECM Solutions, WAUSAU Financial Systems

The Transition in Electronic Clearing
Payments processing is the lifeblood of any business, and while traditional paper transaction-centric processing systems are stable, they also are traditionally inflexible for other payment types or capture methods, hardware intensive and increasingly difficult to maintain or upgrade for new technology. Maintenance of these legacy remittance systems is complicated by the fact that the number of paper checks is shrinking with each passing year, causing unit costs to increase, while electronic payments continue to grow.

Though not every legacy remittance system needs a complete overhaul, the harsh reality for receivables processors is that all remittance operations must, at a minimum, support electronic capture and clearing alternatives as well as distributed capture input if the organization expects its back-office to remain efficient, effective and competitive. As paper-based and electronic payments methods meet, unified transaction processing solutions are becoming a practical necessity for any remittance processor in terms of cost and time savings.

Next-generation platforms for image-based remittance processing are playing a critical role in the migration towards unified transactions automation. Image-based remittance solutions provide greater efficiency and effectiveness in the processing, managing, storing and retrieving the tremendous amount of payments information that is required to properly service internal and external customers. Pushing the capture element to the earliest point in the paper cycle allows organizations to gain significant benefits in terms of operational efficiencies and customer service, all while beginning to migrate their operations to a paperless environment. All transactions

“As paper-based and electronic payments methods meet, unified transaction processing solutions are becoming a practical necessity for any remittance processor in terms of cost and time savings.”
coming in should be handled in a digital format to lessen the need to move paper by courier or operator and allow additional technology to penetrate and accelerate processing speed.

**Distributed Capture**

A thin-client solution to eliminate couriers or express mail and rapidly deploy transaction capture equipment, web-connect agents, remote offices/departments and external client locations is the efficiency target for distributed capture. Capturing all transaction data quickly, accurately and consistently to funnel it through the same back-end business processes and storage components allows businesses to streamline deposit accounts, take control of their funds faster and improve client experience with same-day service.

Providing total image systems enables down-stream efficiencies by streamlining the retrieval of payment images, as well as research of cross-referenced information when a customer service issue arises.

The last wave of benefits from image-based remittance solutions may be their support of Check Image Exchange and other electronic clearing methods such as Accounts Receivable Conversion and Back Office Conversion.

**Image Exchange**

Image Exchange enables remittance processors to forward images and data, instead of paper cash letters, to paying financial institutions. All non-foreign checks, including personal and business, and money orders are eligible for Image Exchange. The benefits of Image Exchange include reduction in expenses on a per item basis, removal of geographical barriers to depository relationships, no dual workflow, lower transportation and courier costs and reduced clearing costs on transactions.

**ARC**

Another driving force behind electronic clearing is Accounts Receivable Conversion (ARC), which allows remittance processors to convert certain eligible paper checks into ACH transactions – the same electronic payments platform used for direct deposit.

Governed by NACHA rules, ARC began as a pilot program, which WAUSAU took part in, in December 1999 and came out as a full release in March 2002. By using payment data instead of paper for transaction processing, ARC accelerates funds availability, reduces deposit costs and reduces per item costs compared to paper processing.

**Back Office Conversion**

A combination of both ARC and Remote Deposit Capture (RDC) is Back Office Conversion (BOC), a rather new form of electronic clearing check conversion that went into effect in March, 2007. BOC offers receivables processors, that accept in-person check payments, the option to leverage the ACH network with lower costs and proven efficiencies as a means for collection.

Modernizing and streamlining payments applications might seem like an overwhelming task, but it offers significant and compelling rewards for any remittance processor. It is easy to rely on what seems like a stable system and hope it will sustain your operations as your business continues to evolve; however, these legacy systems are barriers to efficient working capital, and if they are not updated, your organization can fall behind in the industry. The blueprint from WAUSAU is to provide a total capture solution from all locations, combined with efficient, scalable and accurate central data completion prior to electronic clearing and image archive.

For remittance processors who deploy with a focus on leveraging these methods, a long-term supportable processing structure will result and position them to remain one step ahead of the competition and the next industry change.
The latest Phoenix-Hecht Postal Survey™ is clear — use of the term “snail mail” is unwarranted for remittances. Lockbox recipients of national mail in this survey averaged a full two hours faster mail times than the study six months earlier. In fact, since peaking in the fall of 2001 remittance mail average delivery time has declined almost ten hours. The Postal Survey includes mailings from 170 origination points across the country. A record twenty-one cities averaged less than 50 hours for receipt of this mail. Eleven of these cities averaged less than 45 hours and three cities even averaged less than 40 hours. In fact, thirteen individual participants (lockbox sites) posted sub-40 nationwide average mail hours.

A mixture of Postal Service initiatives and aggressive bank funds availability has combined to improve lockbox float.

Remittance mail processing performance is getting increased operational attention within the Postal Service. “Certification” of remittance mail processing best practices within the USPS is on the horizon, so internal reviews are focusing plant attention on remittance mail cycle times (from input to plant to delivery to caller service courier). The USPS has also been aggressively pushing to improve “managed” (2- and 3-day) mail performance. Since most remittance mail for well-positioned lockboxes would fall into the 2-day standard, a push for all First-class mail would elevate remittance performance. Two-day mail, in particular, is often dependent upon efficient hand-offs at Surface Transportation Centers (STC’s) where trucked mail is consolidated. Much focus upon this, post the airline vendor consolidation of 2005, is intended to help boost overall performance.

Bank funds availability has always been a strong selling point for lockbox. Most banks now grant zero or next day funds on deposits. Converting checks to image presentment for the clearing of checks between banks only makes same day funds more achievable for more mailed remittance payments.

The final piece of the puzzle is corporate behavior and plans to migrate to electronic payments. Contrary to popular belief the prevalence of payment transactions by check only moderately declined for all but the largest corporations.

Faster mail times, aggressive bank funds availability and the preponderance of corporations continuing to write checks are all strong indications that the remittance processing business has a strong future.

### PAYMENT TRANSACTIONS MADE BY CORPORATIONS

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<th>Check %</th>
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This is the digital age and the financial and banking industry is not exempt. Since Check 21 went into effect, the landscape of banking has changed drastically, becoming increasingly more competitive and generating questions about the future of cash management and the strategic decisions of financial institutions both big and small. This article will explore how cash management is changing, the consequences of these changes and the questions financial institutions should be asking themselves in order to remain competitive and abreast of ever-evolving technology.

The impact of Remote Deposit Capture (RDC) on the financial industry has erased boundaries, allowing financial institutions to reach out to account holders outside their geographic footprint. This newfound client base encourages institutions—regardless of their location—to explore opportunities all over the world. Because cultivating clients no longer requires branch presence, community institutions are better able to compete, putting pressure on regional institutions to re-evaluate their business model and how they compete in today’s market.

While today’s industry continues to support paper-based remittance, it is quickly being replaced by electronic methods, as is evident by the steady decline in paper each year, particularly in consumer based remittance. Consumer paper remittance has been on the decline because many billers have begun to offer consumers the option to pay bills directly from their websites. Direct payment on a biller’s website offers several advantages; one such advantage is immediate account credit versus the several days it usually takes to post through a financial institution’s site. To remain competitive, cash management offerings must include the ability to integrate all of these payment methods into a single view for account holders.

Further growth is inevitable for RDC and electronic payment options in the coming years. As the financial and banking industry moves further into the digital age, future generations will continue to press forward and challenge the financial industry. Generation Y, as an example, not only requires the technology and flexibility, but demands it. They have embraced all forms of electronic payment and are supporting the movement for more vehicles and increased functionality of cash management, from electronic messaging and from checks to debit cards.

Because paper-based remittance continues to decrease, financial institutions should avoid investing funds into aging remittance platforms without serious deliberation. Check volume has decreased an average of 30 percent since 2001, causing fixed costs to rise and in turn increase the per-unit cost of paper processing and all functions tied to those processes. Holding remittance platforms internally freezes an institution’s ability to adapt to the changing technological landscape without having to dedicate increased assets to stay competitive.

Instead, financial institutions should consider a partner that truly understands the importance of the changing cash management landscape and who can integrate and capture all of the various payment vehicles into a single view. Outsourcing these processes to a partner allows financial institutions the flexibility of relying on a technology and service provider whose job it is to stay on top of trends and technological advancements, reducing per-unit costs and fixed assets.

Fidelity National Information Services, Inc. (FIS) offers complete outsourced solutions for managing your payments and receivables processes end to end—from statement generation to payment posting. With FIS you’re partnering with the number one provider of technology to the financial industry.

For more information on FIS’ Remittance Processing click here!
The Software-As-A-Service Approach to Outsourced Receivables
By Robert Murphy, general manager—remittance solutions, Metavante Image Solutions

Helping your commercial clients optimize their largest asset
Accounts receivable is generally the largest current asset on the balance sheet at most companies. Accounts receivable must also be categorized as an investment. Any money tied up in accounts receivable is not available for meeting current operating needs or for growing the business. The return on investment in accounts receivable doesn't hit the books until customers send in their payments.

More and more businesses are turning to their financial institution to help them facilitate the receipt of payments, streamline information capture, improve cash flow, meet regulatory compliance, and improve customer service. This is especially true in today’s post-Check 21 environment where we are seeing the convergence of several different types of electronic payments all designed to expedite and improve the availability of funds.

Dramatic efficiencies can be achieved with the implementation of an ASP or software-as-a-service based receivables solution. Hosted/managed service offerings provide speed and ease of implementation, global deployment and minimal investment while further extending the range of receivables applications to corporate and commercial clients.

Until very recently many banks that were looking to grow their receivables lockbox business were constrained due to costly and labor intensive operations. The new “hosted managed service” offerings now enable banks to improve their competitive position by leveraging the efficiency of a proven, industry-leading lockbox solution without the financial overhead or headaches of managing a complex in-house operation.

An ASP-based outsourced receivables solution enables a bank’s treasury department to offer commercial clients new state-of-the-art lockbox services, while outsourcing the complexity of running the lockbox operation to a third-party service provider.

All the technology and payment mechanisms are in place
The technology is in place for financial institutions to offer a hosted, managed service receivables solution that consolidates the images and data from all types of wholesale and retail lockbox transactions, through paper or electronic acquisition. Integrating paper-based transactions (checks, stubs, and invoices) with electronic payments (ACH, EDI, credit card and wire) providing end-users with a single point of access to all their lockbox data, offering enhanced management controls of their receivables operation.
Hosted outsourced receivables can connect corporate and commercial clients to all the new check clearing options - ACH, truncation, substitute check/Image Replacement Document (IRD), and electronic check image exchange. These new presentment methods can provide the same or next day availability of funds, saving businesses a day of float and maximizing cash flow. More consistent cash flow translates into improved cash management and increased profits.

While some market segments and lockbox operations are likely to favor one approach over the other, most organizations are increasingly recognizing that all of these new options are likely to play an important role in their strategic electronic payments plans. A hosted outsourced receivables offering positions clients for the immediate processing of funds, optimizing these new mechanisms.

The top ASP-based receivables solutions now include a variety of new features such as automated keying, consolidated output delivery, and advanced payment capabilities.

The most advanced outsourced receivables solutions support secure keying and balancing that can be performed remotely. Remote keying and balancing provides tremendous efficiencies and cost savings for an organization.

As an example, let's examine an operation with two processing centers, one in San Diego, California and one in Birmingham, Alabama. The San Diego site completes processing one hour ahead of schedule but Birmingham is still processing. The operators in San Diego can assist the Birmingham site with keying and balancing over secure, encrypted communication lines, in order to meet deadlines when Birmingham was two hours behind schedule. Deadlines for both sites are met without paying for operator overtime.

Banks of every size will benefit
National, regional, and local banks can all benefit from providing an ASP-based receivables solution. It is the type of service offering that can enrich and preserve the client/bank relationship in the treasury outsourcing marketplace, allowing banks to reach a broader range of commercial accounts.

Financial institutions looking to offer hosted outsourced receivables should look for a platform that provides for the addition of emerging receivables products, such as healthcare, property management, and government forms processing. Banks need to be nimble in order to quickly and easily introduce new receivables services to their client base, targeting new customers and market segments.

Financial institutions that offer this type of robust hosted outsourced receivables solution will be perceived as a preferred provider of treasury and cash management solutions - while providing a new vehicle for client growth and an additional source of revenue.

Outsource the daily operations but control the strategic direction
Outsourcing the daily operations and transaction processing allows banks and their commercial clients to focus on and control the strategic aspects of accounts receivable and image lockbox solutions. A hosted outsourced receivables solution allows both banks and their clients to place less emphasis on IT operations and more focus on business growth.

In today's cost-driven environment the ASP arrangement frees up capital investments, upgrades, and on-going management costs. With an ASP-managed solution, maintenance, software updates, access, availability, security, backup, and disaster recovery provide predictable and reliable IT operations.

An ASP-based outsourced receivables solution offers a Web-enabled infrastructure for retail and wholesale lockbox processing that is secure, reliable, and capable of handling an unlimited number of receivables. These hosted services offer the most cost-effective solution for providers of lockbox and outsourced receivables, from high volume third-party operations with a wide range of service offerings, to departmental applications.
with specialized processing requirements, or regional banks catering to key corporate accounts.

**The faster things move, the less time you have to plan for them**

The key consideration - banks and their commercial clients must embrace the technology, infrastructure and support to operate at peak efficiency with the ability to quickly integrate new cost-saving technologies that allow for the processing of new payment types. With a hosted outsourced receivables solution banks and their commercial clients will be functioning online and interactive and working at the **speed of change** as true industry leaders in treasury management services.

Metavante's Remittance On-Demand enables banks to improve their competitive position by leveraging the efficiency of a proven, industry leading lockbox solution. Remittance On-Demand enables treasury managers to offer new lockbox services and the opportunity to outsource the complexity of running their lockbox operation to Metavante. The entire supporting and delivery capability necessary for a successful lockbox service is managed in a secure and state-of-the-art data center with qualified personnel. Metavante maintains SAS 70-approved facilities and networks to ensure that customer information is available only to those employees that have approved access. The financial institutions gain from Metavante's years of experience in delivering reliable transaction processing services in mission-critical environments.

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**Taking Working Capital Management to the Next Level**

*By Billy Terrell, senior vice president marketing, eGistics, Inc.*

Working capital management remains the lifeblood of any business. Particularly in uncertain economic times, businesses need financial snapshots of how they are doing at any given time. And even with the recent proliferation of tools (largely necessitated by stricter regulatory and audit guidelines) that allow treasurers to access more information and reports themselves, the output typically remains stubbornly dated, siloed and unwieldy. Reporting tends to put too much emphasis on historical financial performance, for example. What’s more, it is typically a function of the data that is available, rather than the information that cash managers actually need (a “data dump,”

But it’s surprising how difficult it still is for most businesses to get at this information. In fact, for many organizations, it is almost impossible. When you’re dealing with multiple billing and general ledger platforms, a tangle of information-technology systems that impact treasury, scores of sources of financial data flowing in and around business units, and a variety of financial reporting languages, it is enormous work for most companies to get at real-time financial information. This makes it difficult for companies to forecast, budget and report.

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“Corporate treasurers long to run their department as if it were one agile enterprise, and the uncertain economy will demand it.”
as many treasurers weary from 40-page books of spreadsheets refer it).

Corporate treasurers long to run their department as if it were one agile enterprise, and the uncertain economy will demand it. Treasurers want to revamp how financial analysts and cash managers do their jobs, how financial information is controlled and accessed, how the company’s treasury systems are brought together, and how critical information is reported. In short, they want to change the way financial information is stored, managed and delivered.

"For corporations, the ability to view images of transactions and exception items on-demand is a critical component of receivables management."

More Power to You
That’s why more corporate finance departments are turning to hosted image and data archive, management and delivery solutions to overhaul their internal information management and reporting processes and focus on what really drives business. Treasurers want something to support their compliance and audit requirements, while giving them intra-day exceptions management and analysis capabilities, and a common approach to data storage and retrieval.

To get them there, hosted archive solutions can facilitate more effective operations by providing: scalability that would be cost prohibitive in an in-house system, a single sign-on for access to images and data from multiple applications, hierarchical user access, the ability to record and report on user access or manipulation of the archive, and viewing via secure broadband connection – meaning users can retrieve images and data, anytime, anywhere.

The result is far more valuable than just more data. Hosted image archive solutions offer treasurers a tantalizing vision: an agile tool for supporting working capital management.

For instance, hosted image archive solutions drive Web-based capabilities for same-day payments dispositioning and decisioning. For corporations, the ability to view images of transactions and exception items on-demand is a critical component of receivables management. With the technology, users can provide processing instructions to the finance department or their lockbox, the same day, and without interrupting the standard receivables transaction flow. These items may include transactions with an invalid account number, unbalanced multiple payments, and remittance processing system rejects.

The savings can be significant. Up to 30 percent of all business-to-business (B2B)/wholesale lockbox transactions don’t post cleanly to an enterprise resource planning (ERP) or accounts receivable (A/R) system, creating costly receivables processing exceptions. U.S. Department of Commerce statistics indicate that corporations spend an average 2 to 4 percent of sales chasing and fixing payments exceptions, with each exception costing a company up to $100.

The shift in corporate business practices to just-in-time delivery and the increased use of trade credit (open-to-buy) has made reducing payment exceptions and speeding exceptions resolution more critical to a company’s bottom line. With resolutions taking up to 180 days, exceptions can adversely affect departmental operations, inventory turns, trade credit and Days Sales Outstanding (DSO). They also force managers to spend time chasing payments.

Better managing these exceptions is a strategic issue for businesses, particularly in a recession. Similarly, images and data stored in a hosted archive can be fed into industry-specific solutions that apply logic on how receivables should be handled (for instance, in the management of healthcare payments/EOBs or the allocation of insurance premiums).
I Can See Clearly Now
Hosted image archive and delivery solutions also replace expensive and inefficient paper archives and clunky CD-ROMs, providing authorized users with 24/7 access to images and data via a broadband connection. Users across the finance and treasury departments (and the corporate enterprise, for that matter) can far more easily access timely information for proactively managing capital, addressing payments discrepancies and disputes, and even preventing payments issues from occurring. This data can help treasury learn more about the company’s customers to improve cash forecasting or to negotiate better contract terms.

By delivering images of payments and backup documents such as invoices via the Internet, and offering opportunities for reporting, annotations and analysis, hosted archive solutions also: eliminate delays in shuttling paper documents between departments or to clients, help businesses get organized (easing compliance, audit and control), eliminate paper and filing hassles, create a record of dispute resolutions, and help protect companies from fraud.

A hosted image archive can also deliver savings in another way. In an uncertain economy, the most effective way to protect the expense base is to reduce variable prices. This way, if your business goes down, and your volumes drop with it, your operations costs will be aligned with your usage, and you won’t be payment for a “just-in-case” capital investment.

But the biggest benefit for corporations may be the increased control and visibility that a hosted image archive helps facilitate. With payments data residing in one place, companies are better positioned do data mining, drill down into the information, access more timely and meaningful reports, and electronically monitor what’s going on with its financial supply chain and even with clients. For example, in a real-time settlement world, companies need to manage cash flows intra-day to maximize treasury efficiencies. This visibility also allows treasurers and cash managers to handle more inquiries and investigations of payment questions themselves; implicit in this is the ability to serve up treasury information in a user-friendly manner.

Pressured by new regulations, treasurers also are trying to get a clear picture of the financial life cycle and how they can get an overview of receivables regardless of department, location or payment type. The visibility of hosted archive solutions provides much needed help here.

Similarly, the robust reporting and access controls built into hosted archive solutions allow companies to keep tabs on which workers accessed the archive, and what they did. With events such as September 11, 2001, Enron and Sarbanes-Oxley, there is a greater focus on security and compliance; companies need to guarantee current and former workers don’t have access to information they shouldn’t, to avoid conflicting responsibilities and potential fraud.

The Bottom Line
Treasurers and cash managers are using hosted archive solutions, such as those from eGistics, to take working capital management to the next level. The technology is helping their departments become the fast, flexible business drivers that the increasingly competitive global economy is demanding.

The old process of navigating standalone finance systems – including billing, general ledger, and information-management applications – took too long and didn’t provide the insight treasurers really wanted. Now, with hosted Archive solutions, data is available intra-day.

This is the kind of benefit that treasurers understand loud and clear. Some already are seeing the impact of this kind of technology and what it can mean to working capital management.

We believe the uncertain economy will prompt even more to consider their options.
Food For the Poor Gains Efficiency With Fairfax Imaging’s Check 21 Solution
By Carey McConnell, Fairfax Imaging

Food For The Poor (FFP), the second-largest international relief organization in the United States (Chronicle of Philanthropy), realized significant processing efficiency improvement in 2007 from their implementation of Fairfax Imaging’s Check 21 imaging solution.

Identifying Needs
In 2000, FFP’s manual mail handling operation became too much to handle, especially during Christmas. FFP hired temporary help but still couldn’t get the mail processed fast enough. FFP contracted with a different remittance solutions vendor to install a scanning system based on scanlines. Although FFP was happy with the vendor’s system, they realized it was not meeting all of their needs. FFP is still using the NCR (NYSE:NCR) 7780 transport from that solution to process batch tickets for the new Fairfax Imaging, Quick Modules system.

FFP receives a wide variety of responses to its promotional mail-outs. These responses contain everything from name and address to prayer requests. (Prayer requests involve calling the requester and offering to pray with them. This is one of the unique and important services FFP performs. In addition to its importance to the donor, faithfully answering prayer requests encourages additional support in appreciation of FFP’s personal service and concern.) FFP was not able to capture the responses that accompanied checks using the previous vendor’s system. Anything that came in with a check was stored in boxes in a warehouse. Every time FFP was audited (once a year or more), they had to sort through all the replies in the warehouse to pull the things they needed for the audit. Storing those documents and having to go through them for each audit provided the motivation to upgrade their system.

Approach
All incoming, donation related mail is opened and scanned using Opex mail openers. Images are processed through Fairfax Imaging’s Quick Modules in a straightforward fashion. The most important data to capture is the check MICR and amount data (courtesy and legal amounts). For FFP, this must always be captured for all job profiles that contain checks.

Running on networked, clustered HP (NYSE:HPQ) servers, Quick Modules creates flat files in agreed-upon common directories that FFP’s IBM (NYSE:IBM) iSeries system can access and read.

Quick Modules populates a local database with all the data and images needed to retrieve the data at any time downstream. The data include statistical and demographic, as well
as amount and index values.

Prayer requests are scanned and saved during data capture. *Quick Modules* enables special users to retrieve these important requests on-line so that they can call the donor and offer to pray with them. A flag is cleared by the special user when a prayer request is completed to prevent duplication.

*Quick Modules* Check 21 functionality processes check images and creates a 9.37 file for Wachovia Bank (NYSE:WB). Deposits can be made several times per day when volume makes it necessary.

Some special reports have been created for FFP to monitor Check 21 performance and ongoing deposit status.

FFP recently added Quick Config, another module of *Quick Modules* that enables FFP to create their own data capture forms. These are then incorporated into their promotional mail-outs.

**Return on Investment**

FFP is still in its first year of transitioning to the system, so it’s too early to tell if there has been a savings. In the long term, FFP can see that it will mean a savings for them, especially Check 21. More and more banks are embracing this method. During a TAWPI conference, FFP learned that although Check 21 wasn’t the cheapest check-processing method yet, going forward, it was expected to become so. FFP is already saving money by going with Wachovia who worked with FFP toward a successful integration. FFP expects that savings to grow. Depositing money in the bank right away provides fiscal value as well.

**Food For the Poor**

Founded in 1982, FFP serves the poorest of the poor in 16 countries throughout the Caribbean and Latin America. FFP is an interdenominational ministry that not only provides food for the starving, but also builds sturdy houses for the destitute, digs water wells for parched villagers, provides medicine and medical equipment for the sick and elderly, supports orphans and education for children, teaches communities to fish and provides them with continuing support, equipment, and much more. Each year, FFP builds thousands of homes and sends thousands of containers to the countries it serves.

Food For the Poor consistently receives top rankings from Charity Navigator and Ministry Watch, and a high efficiency level rating from Forbes. In addition, FFP is proud to meet the extensive efficiency standard of America’s most experienced charity evaluator, the Better Business Bureau.

**Fairfax Imaging, Inc.**

Headquartered in Chantilly, Virginia, Fairfax Imaging, Inc. is a leading provider of forms and financial document processing solutions. Established in 1994 with offices in Florida, California, Illinois, Maryland, and Texas, Fairfax Imaging develops its own processing software *Quick Modules*. *Quick Modules*, is a highly successful and award winning forms and remittance processing solution. Currently *Quick Modules*’ systems are processing millions of transactions per day; across many industries, both government and commercial.
As banks move to paperless transactions to comply with Check 21 and other mandates, many options for the delivery of cash management data are available to Treasury Management divisions and their commercial clients. Banks can now offer fast delivery of cash management data with more options. The latest CSC CheckVision e-Delivery applications allow banks to deliver check images, statements, reports, and wholesale and retail lockbox transaction data across the Internet, on encrypted CD-ROMs or DVDs, as well as on traditional paper reports and statements. Customers get more choices, and banks gain greater control over escalating transaction unit costs across all market channels while offering new commercial account products with fee-income potential.

With so many concerns related to privacy, identity theft and fraud, banks should take steps to ensure the safety of data when it’s distributed. Electronic delivery of data represents a high security risk, particularly if the media become lost, stolen or delivered to the wrong destination. To be a trusted financial services provider, banks must invest in reliable, scalable, flexible encryption for the secure delivery of cash management data. The latest CSC e-Delivery applications used by bank treasury departments employ a symmetric key algorithm using the U.S. Department of Defense Advanced Encryption Standard (AES) with up to 256-bit keys.

Some organizations worry their customers will be intimidated by unwieldy and complicated data security measures, but the fact is the latest decryption and encryption technology embedded in CSC’s e-Delivery application makes the data security process almost invisible to end users. Banks can provide each commercial account customer with a “unique customer key CD” to install and store on network drives and individual PCs that require access to the protected data. Thereafter, deliveries by CD-ROM, DVD or Web leave the bank as protected data and can be decrypted just-in-time only by that customer’s unique key library. Customers can set the levels of access by file, by user, by group, etc., using their own network security parameters.

Other initiatives can also cut time and expenses for Treasury Management Divisions. Integrating the CD-ROM/DVD commercial account disbursement with an automated verification system can speed quality assurance processes. Including a 3-D barcode on the disc-media allows shipping to be linked to systems from leading third-party delivery vendors for faster, paperless coordination.

About the author: Michael Simon is engagement manager of Integrated Payment Solutions for CSC, one of the world’s leading information technology companies. Building on its successful CheckVision Archive and Delivery software, CSC offers the CheckVision e-Data Delivery application suite for electronic image delivery.

For more information about CSC’s software for Web and CD/DVD delivery, visit www.csc.com/banking, call 800.345.7672 or send an e-mail to inforequests@csc.com.