

The value of Virtual Payables



Bank of America ranked No. 1 provider of purchasing/virtual payables programs by volume
Nilson Report ranking, June 2019

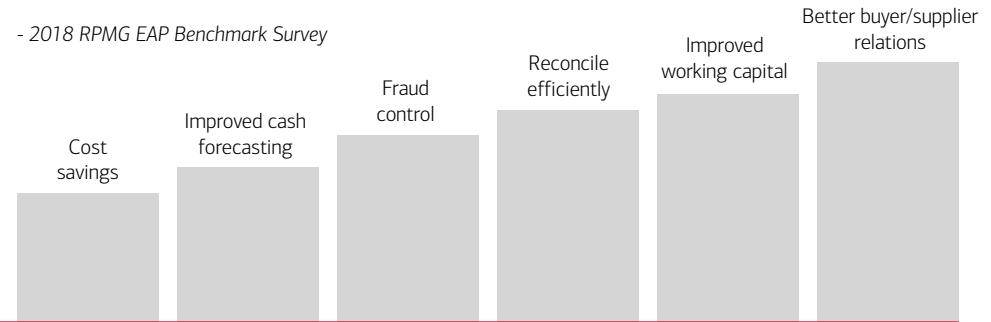
Paper to electronic conversion continues

A comprehensive electronic solution goes beyond the ability to make and accept electronic payments — it streamlines the back office through accounts receivable integration and extends electronic payments to accounts payable to optimize cost reduction and risk mitigation.

Did you know?

Expected annual growth rate of spending on virtual accounts is 8.6% over the next five years.

- 2018 RPMG EAP Benchmark Survey



Companies are dramatically growing financial returns when

Process automation



Discounting and card settlement against AP spend



More efficient payables processing across supply chain activities

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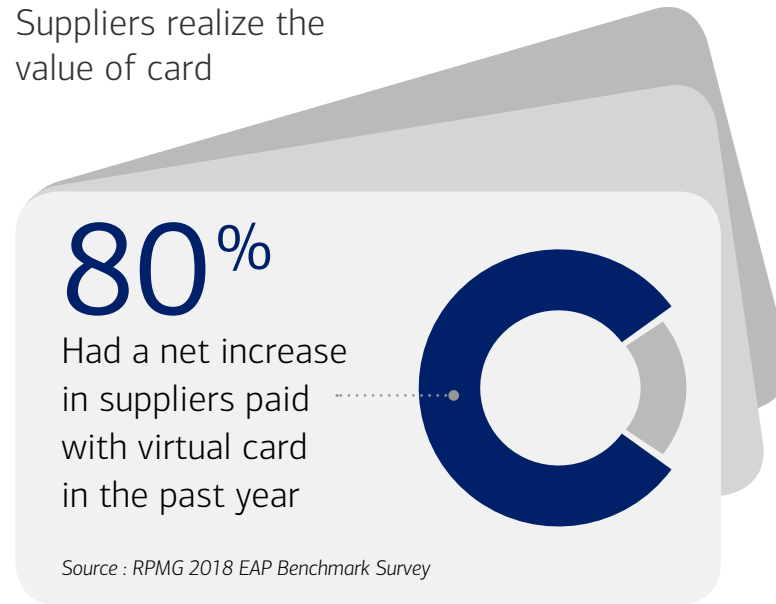
Virtual Payables for buyers

Improve daily working capital,
by increasing cash flow...



...while eliminating inefficiencies
of paper-based payments

Suppliers realize the
value of card



Consider Virtual Payables as a solution for
automating many of your check payments...

\$26

Average administrative cost savings per
virtual card transaction over traditional
check payment

Source : RPMG 2018 EAP Benchmark Survey

Benefits of card payment:

- A no-cost alternative to traditional fee-based payments
- Provide suppliers with a fast, reliable payment option
- Eliminates per-item banking fees/processing costs
- Improves Days Payable Outstanding
- Extends float, increasing cash flow
- Reduces opportunity for fraud
- Requires no changes to the upfront A/P process

Payment delivery methods

Flexible for your payment and supplier needs

Single use accounts

Virtual card numbers generated on demand for each payment request

- Virtual account number generated on demand and sent with associated details (expiration date, CVW/CV2, etc.) to supplier for payment processing
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment
- One-to-one association of payment and invoice simplifying reconciliation and minimizing the possibility of fraud

Straight-through processing (STP)¹

Buyer-initiated payment pushed directly to the supplier's account

- Payment is sent directly to the supplier's account without any action needed by the supplier
- Lower fee structure available for suppliers who accept this form of payment method
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment

[Sample Remittance Notification for STP](#)

Supplier cards²

Supplier-dedicated virtual card number

- Your supplier uses the dedicated card number to initiate all payments
- Payment is settled with the supplier usually within 48 hours
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment

¹Only available in the U.S. ²Only available in North America

With any virtual payables method...



Using your ERP platform, you initiate a payment instruction file to Bank of America



Bank of America processes the file, funds card with appropriate payment amount and sends remittance advice or notification to the supplier



Once payment is processed, Bank of America receives transaction data and sends a reconciliation file to your ERP

Driving efficiency through virtual payables



Visibility

A more accurate view of your spend will allow you to monitor the health of your financial relationship with your crucial suppliers



Control

Flexible limits and card controls giving you the ability to set specific transaction limits by merchant category code and single purchase limits within a time frame designated by you



Optimization

Realize benefits associated with payments optimization globally



Connectivity

Easily configurable to operate within your existing approval hierarchies and procedures so you can continue on as normal or take the opportunity to improve processes if needed

Transaction-level control

- Cards can only be charged for the exact amounts that they have been funded
- Eliminate inefficiencies of suppliers processing inexact amounts

Secure notifications

- Deliver card account information to suppliers via secure email
- Helps your suppliers meet Payment Card Industry (PCI) compliance requirements

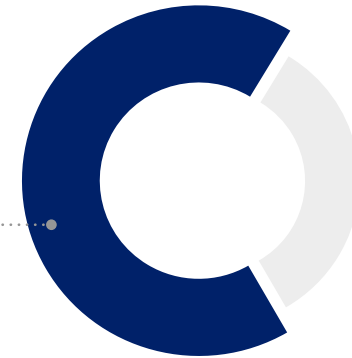
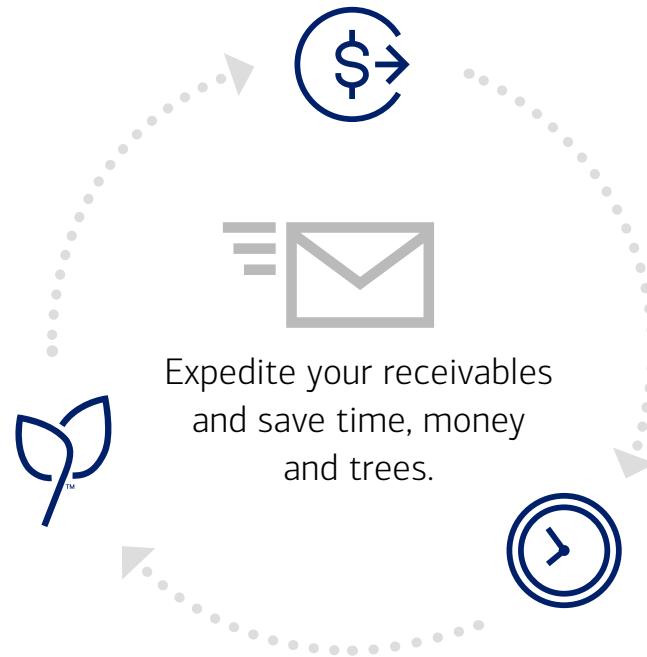
Supplier Value

Virtual Payables for suppliers

Improve daily working capital, by increasing cash flow...



...while eliminating inefficiencies of paper-based payments



Approximately 2/3 of card using organizations report that they are satisfied with the level of supplier adoption they have experienced.

— Strategic Treasurer "B2B Payments & WCM Strategies Survey Report," 2018

Benefits of card acceptance:

- Improve Days Sales Outstanding
- Enable faster, more reliable receipt of your payments
- Strengthen and expand relationships with buyers
- Reduce bad debt expense and lengthy collections processes
- Eliminate per-item banking fees/check processing costs
- No implementation or set-up costs associated with accepting virtual payments; leverages existing credit card payment process
- Improved reconciliation through remittance information that accompanies virtual payments

Payment delivery methods

Flexible for your needs

Single use accounts

Randomly generated virtual account number for each individual payment

- Virtual account number and associated details (expiration date, CVV/CV2, etc.) transmitted to you via secure email. [Click here for a sample.](#)
- You use the generated virtual account number to initiate payment
- One-to-one association of payment/invoice enables easy, automated reconciliation
- No need for you to keep the card number on file

Straight-through processing (STP)¹

Buyer-initiated payment pushed directly to the supplier's account

- Payment is pushed directly to your account without any action needed by you to initiate processing
- Reduced charge-back risk
- No need for you to keep the card number on file

[Sample Remittance Notification for STP](#)

Supplier cards²

Dedicated virtual card number for all your buyer's payment processing

- You use the dedicated card number to initiate payment
- Payment is usually settled within 48 hours
- No implementation or set-up costs associated with accepting virtual payments; leverages existing credit card payment process

¹Only available in the U.S. ²Only available in North America

With any virtual payables method...



No change to your upfront process
– you invoice your buyer for fully rendered goods and services



You receive a remittance advice with all payment and invoice details, as notification of payment from your buyer



Payment is processed and funds are typically available within 48 hours

Driving efficiency through virtual payables



Reconciliation

Remittance data transmitted with each payment will allow for improved back end reconciliation



Control

Buyer has ultimate responsibility for the payment details, i.e. how much the card may be authorized for payment



Optimization

Realize benefits associated with receivables optimization globally, including improved DSO and elimination of check processing costs

Transaction-level control

- Payment authorization can be restricted to the exact dollar amount
- Eliminate manual errors of processing an inexact amount

Secure notifications

- Card account information can be delivered to you in a secure remittance advice email
- Helps meet Payment Card Industry (PCI) requirements by not storing card account information

Seminole County Public Schools

Virtual Payables Card Initiative

Supplier FAQ

Program Strategy

1. Why has Seminole County Public Schools decided to partner with Bank of America to provide virtual card payments to suppliers?

- Our goal is to optimize our commercial card program to gain process efficiencies, better manage our working capital management, and reduce overall cost associated with processing paper checks.
- The virtual card program also supports our green initiative by reducing our use of paper.
- Suppliers benefit from this move to electronic payments in that the BofAML virtual card payment process is consistent and predictable while also allowing for streamlined payment acceptance on your end.

2. What benefits might a supplier experience by taking payment via virtual card?

- More and more, suppliers are coming to realize that they can enjoy significant, tangible savings from accepting a virtual card payment from their customers including:
 - *Working Capital Management:* As an incentive, Seminole County Public Schools is agreeing to pay card accepting suppliers on approval of invoices, which may result in a significant acceleration of payment.
 - *Process Efficiency:* Suppliers can reduce internal processing and transaction costs by eliminating paper-based processes, including check processing and associated reconciliation efforts.
 - *Customer Acquisition and Retention:* By allowing Seminole County Public Schools to pay with a virtual card, suppliers provide a valued service which may be a determining factor in becoming or remaining a preferred supplier. Additionally, as other customers seek to concentrate spend, suppliers who offer flexible and beneficial payment solutions may receive increased revenue and strengthen their competitive advantage.

3. Can suppliers receive payment by ACH instead of card?

- Our goal is to expand our virtual payables commercial card program as much as possible in order to optimize the benefits we can achieve from process efficiency, working capital management, and spend visibility. As such, our preferred method of payment is via the Bank of America virtual card.
- Currently, Seminole County Public Schools does not offer payment by ACH. If you choose not to do the virtual payable commercial card program then you will continue to receive checks by mail.

4. Are there fees associated with receiving payment by virtual credit card payments?

- The standard processing fees administered by a supplier's merchant acquiring bank will apply. We encourage suppliers to review their merchant account agreement and discuss ways to achieve the most favorable rates with their bank. Additional programs may be available to help reduce these fees based on the transaction size, level of data provided, and frequency of transactions processed.

New Payment Process

5. How will card payment change Seminole County Public Schools current purchasing and payment process with suppliers?

- The current processes for orders and invoices will remain the same. The only change will be to the payment process.
- There are two options available to suppliers for accepting virtual card payments –
 - 1) Dedicated Card Account - Your company is issued a 16-digit virtual card account number and keeps this information on file.
 - 2) Secure Email Delivery - Your company does not wish to house the 16-digit virtual card account number; instead, you will leverage a secure email process to access the account number with each payment received.
- Upon enrolling, suppliers will receive an automated remittance notification email alert of the amount to charge and other pertinent details of the transaction. The new process will allow both suppliers and Seminole County Public Schools to streamline operations.

6. What is the process for being paid by Seminole County Public Schools virtual payables card program?

- Once enrolled to accept virtual card payments, suppliers will receive an automated remittance notification email alert each time a payment is made towards an invoice.
- The way a supplier processes the payment is dependent on whether the supplier has kept the virtual card account number on file or not.
 - If you have the account number on file, you will process the amount of the payment noted on the email remittance just like you would any standard credit card transaction.
 - If you have elected to use secure email, you will need to log in to your secure email account to retrieve the appropriate account information necessary to process the transaction.
- We ask that suppliers include the appropriate invoice numbers and/or purchase order numbers when processing the transaction.
- Follow this link for more information about the [Virtual Payables Card Activation & Payment Process](#)

Additional Help

7. What do suppliers need to do to enroll in this program?

- For those **suppliers who currently accept credit card payments**, they can begin this new payment arrangement by completing the below information (include multiple remittance addresses as appropriate) and send it to the *Seminole County Public Schools Enrollment Team* at Epap_Vendors@scps.k12.fl.us .

Company Name:	
Please Select Option:	<input type="checkbox"/> [Option 1] Dedicated Card Account <input type="checkbox"/> [Option 2] Secure Email Delivery
Remittance Address:	
City:	
State:	
Zip Code:	
Contact Name:	
Contact Title:	
Contact Phone:	
Remittance Email(s)*:	

CVV2 Required:	[Yes] [No] What is this?
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*This is either a Receivable Department email or designated person to process card transaction payments. This email address will receive a link to the card account details required to transact the payment. We recommend a shared distribution group email box and not a single recipient.

- Suppliers will then be provided with a virtual credit card account number to use for payment. In the future, the supplier will receive an email notification indicating the charge amount and the remittance details for each payment. We also ask that suppliers include the appropriate invoice number(s) and/or purchase order number(s) when processing the transaction for our reference.
- For those **suppliers who are not currently set up with a merchant account**, to arrange for basic Visa/MC card acceptance, have the supplier call their corporate banking service provider. Once this step is completed the supplier should contact the Seminole County Public Schools Enrollment Team at Epap_Vendors@scps.k12.fl.us to complete the remaining steps as noted above.

8. Who do suppliers contact with additional questions?

- For enrollment support or questions about the Seminole County Public Schools virtual payables card program, please contact Lesley Buchalter at 407-320-0042.
- For questions about payment status or to speak with a Seminole County Public Schools representative, please contact Accounts Payable Department at ap_epay@scps.k12.fl.us