

ACCOUNTS PAYABLE TRANSFORMATION THROUGH SUPPLIER PAYMENT AUTOMATION



CHRIS HAZELET

Business Development Manager, Esker

CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



WHAT

Exploring how to improve the overall value of AP through payment automation.



WHEN

Wednesday, November 8, 2023
2:00 PM - 2:30 PM EST



WHERE

Live online presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer and Esker.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



CHRIS HAZELET

Chris Hazelet, Business Development Manager for Esker, a worldwide leader in digital transformation and process automation. Chris has spent the past 10+ years in sales in multiple industries related to technology. His experience overarches the technology space from HCM Support to Content Management, Process Improvement & Workflow and Digital Transformation related projects for a variety of organizations in nearly every industry. Chris and his wife have 2 sons, a 1-year-old and 4-year-old who keep them very busy. Chris enjoys his time off in the outdoors with many different hobbies.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS & ANALYSIS



CRITICAL ISSUES

IMPORTANT AREAS TO FOCUS ON



THE ROLE OF AP

BECOMING MORE VALUABLE



CASH CONVERSION CYCLE

OPTIMIZING WORKING CAPITAL AND CASH FLOW



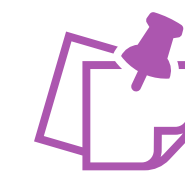
LOWERING COSTS

AND INCREASING REVENUE



WORKING TOGETHER

AP, AR AND TREASURY



KEY TAKEAWAYS

AND FINAL THOUGHTS

CRITICAL ISSUES

ACROSS VARIOUS PARTIES AND AREAS



Forecasting/cash flow (AR)

- Need to know
- Need to plan
- Need to get paid on time or sooner



Able to scale (AP)

- Automation
- Reduced defects
- Reduced calls by offering visibility



Support (trading partner)

- Earlier cash
- Need to know
- Need to plan

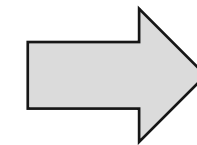
THE ROLE OF AP OVER TIME

BECOMING MORE EFFICIENT, EFFECTIVE, SECURE AND STRATEGIC

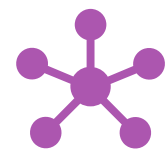


View of AP

A cost center

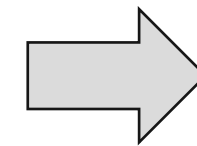


- Efficiency (working capital management)
- Scalable (gracefully)
- Adding revenue (rebates)



Structure and scope

One size fits all

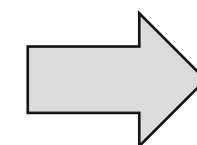


- Flexible
- Stratified
- Relationships support (visibility)
- End-to-end view of CCC



Payment security

Vulnerable to fraud

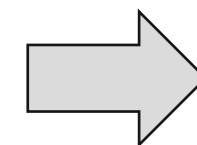


- Aware
- Trained
- Secure



Payments accepted

Checks only/mainly



- Check
- ACH
- Card
- Wire
- Other

BETTER COMMUNICATION

HELPS BOTH AP AND AR



Check

- Value
- Detail



Not enough detail

ACH

- Value



Don't know what this is for

ACH

- Value
- Detail



Amount is good, but can't read details

ACH

- Value
- Detail
- Email with detail



Able to post

Card

- Value
- Detail



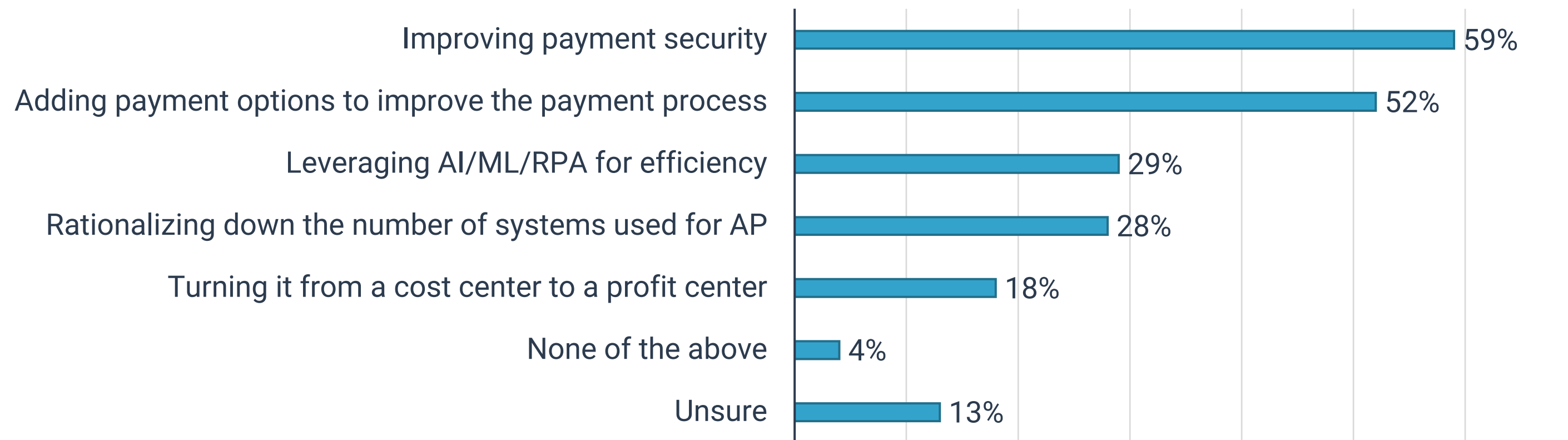
Able to post

- Reduces defects
- No need to call
- Saves time



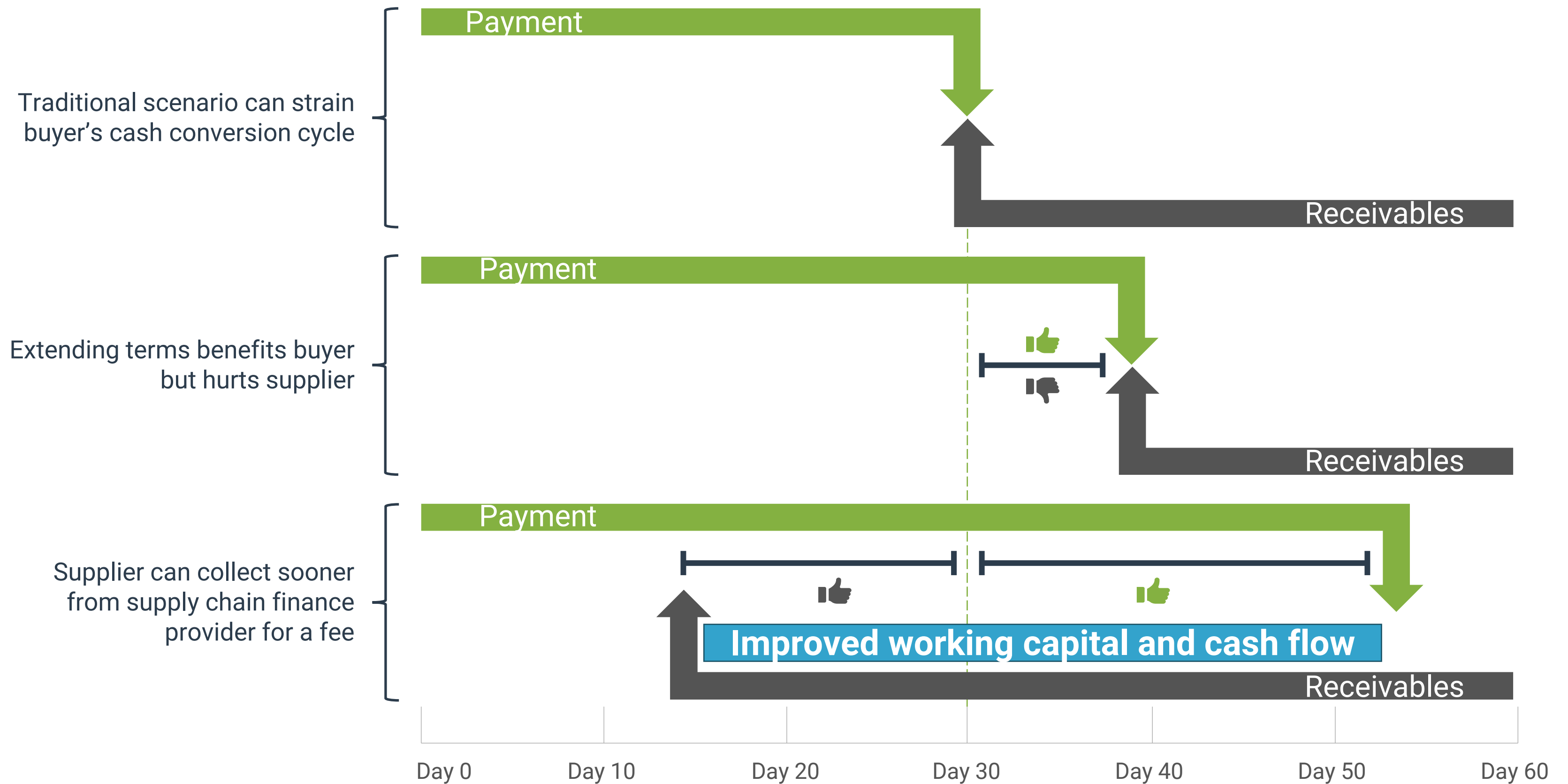
POLL QUESTION

Poll 1 - Our AP group has the following key priorities around AP (all that apply)



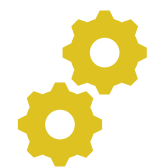
SUPPLY CHAIN FINANCE

OPTIMIZING BUYER WORKING CAPITAL AND SUPPLIER CASH FLOW



INCREASING FLEXIBILITY

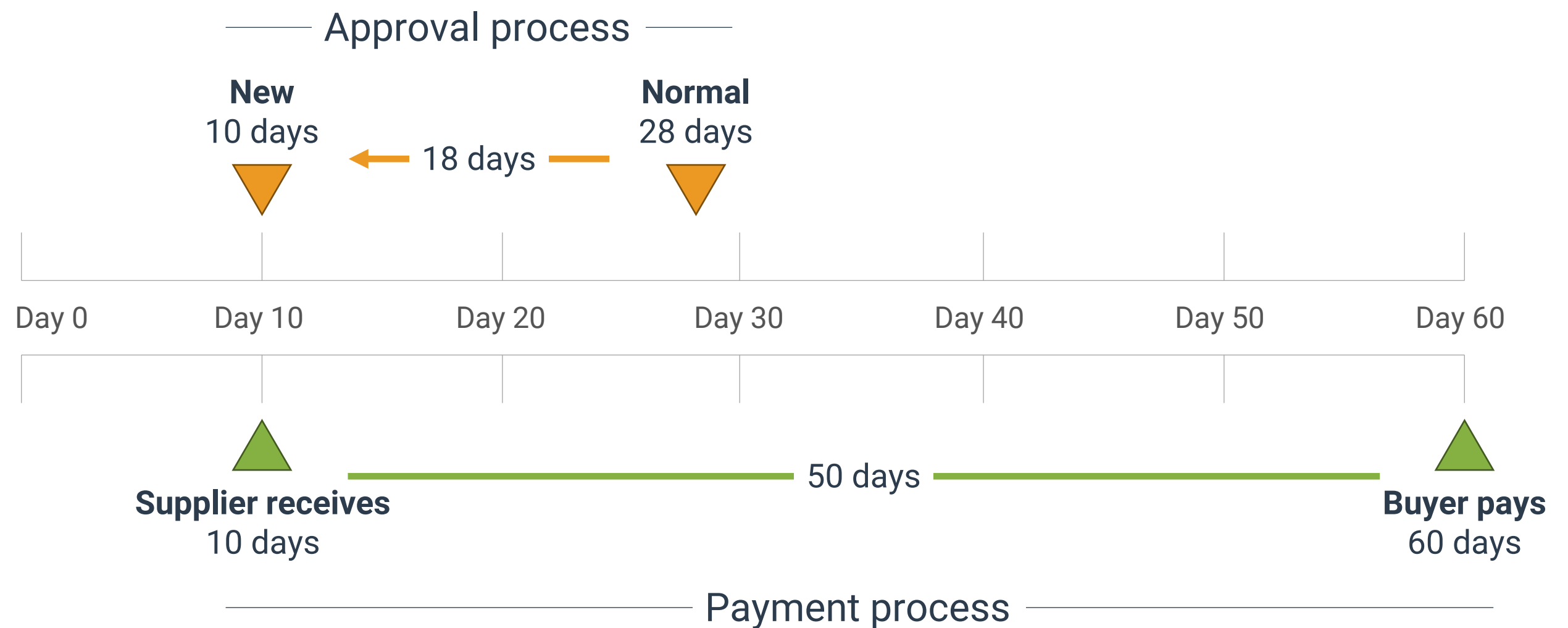
VIA AP AUTOMATION AND SUPPLY CHAIN FINANCING



AP automation
expedites the
approval
timeline



Supply chain
financing
expands the
value timeline

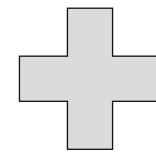


MEASURE OF EFFICIENCY

CASH CONVERSION CYCLE



Inventory: Days Inventory Outstanding (DIO)



AR: Days Sales Outstanding (DSO)



AP: Days Payable Outstanding (DPO)



CCC: Measure of process efficiency in **days**



Measuring: Tracking

- Like a thermometer



Improving: Making changes

- Like a thermostat

WORKING CAPITAL

TWO DEFINITIONS AND A QUESTION



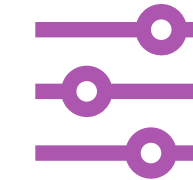
WORKING CAPITAL (WC)

Accounting | Bank

Current assets (includes cash)
- Current liabilities

WC

Ability to meet obligations as they come due.



NET ADJUSTED WORKING CAPITAL (NAWC)

Treasury

Accounts receivable
+ Inventory
- Accounts payable

(doesn't include cash)

NAWC

Cash in cash conversion cycle (CCC)

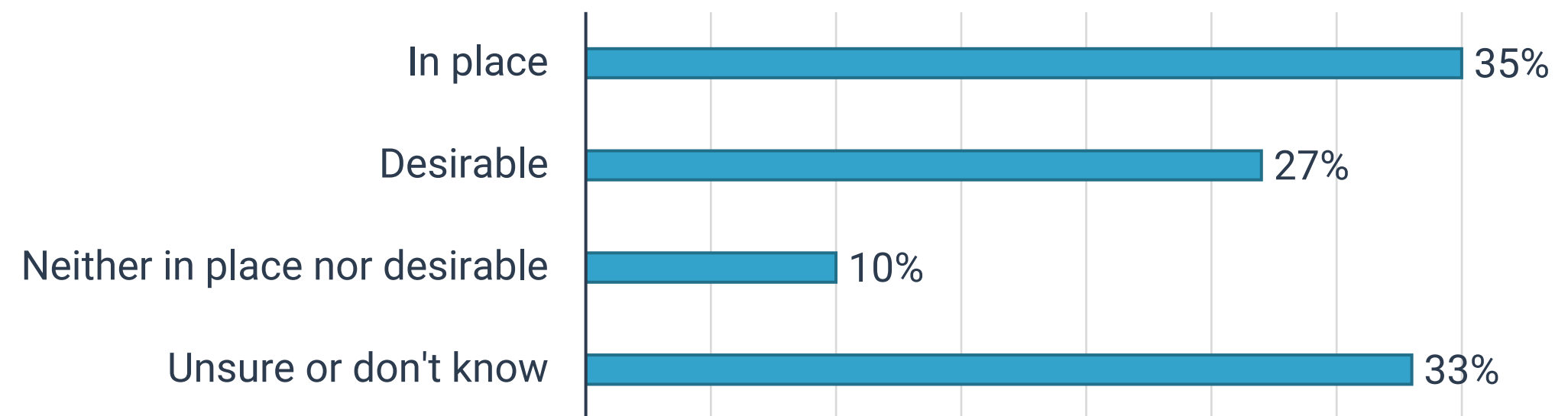
How much working capital: More or less?



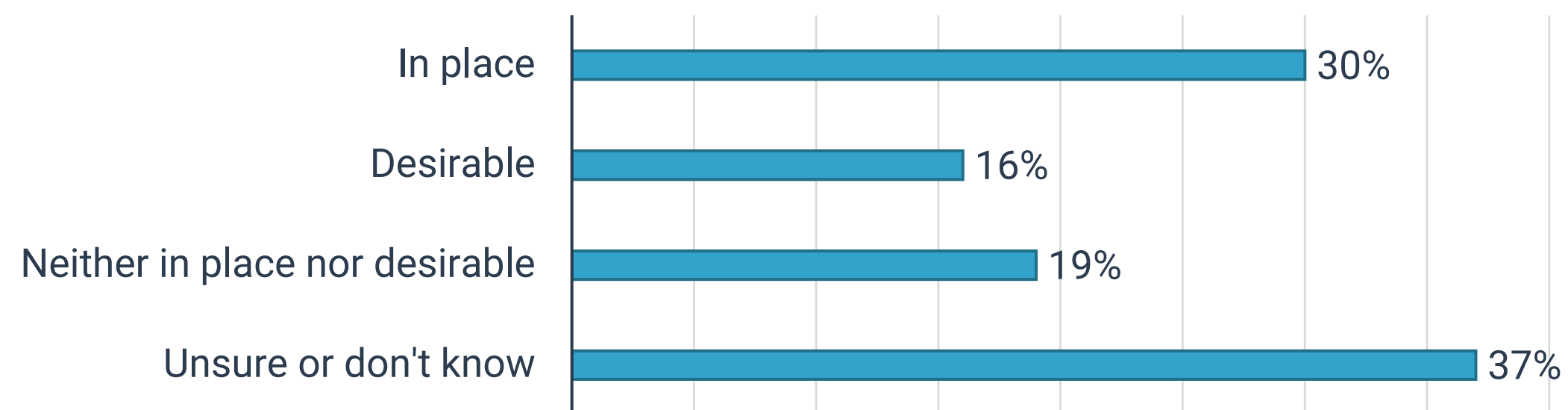
Optimize, don't maximize or minimize.

POLL QUESTION

Poll 2 - Our current practice and view of rebates for AP (all that apply)



Poll 3 - Our current practice and view of supply chain finance for AP (all that apply)



DRIVING OUT COSTS

IDENTIFYING AREAS OF OPPORTUNITY



Cost of capital

- Short-term cost
- Weighted average cost of capital (WACC)



Impact of defects on costs and efficiency

- Interactions
- Lack of visibility



Being an efficient partner

- Improved negotiation
- Lower maintenance

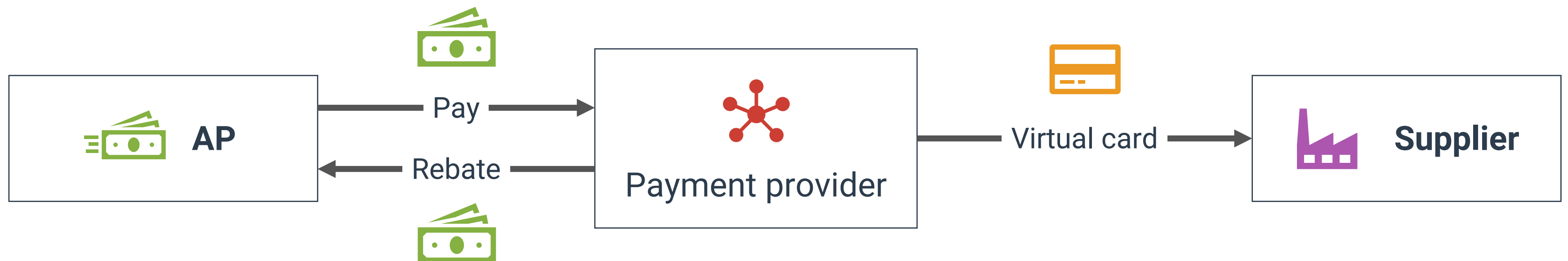


Cost of AP

- Impact of rebates

ADDING REVENUE

TRANSFORMING AP INTO A SOURCE OF INCOME VIA VIRTUAL CARD REBATES



Benefits:

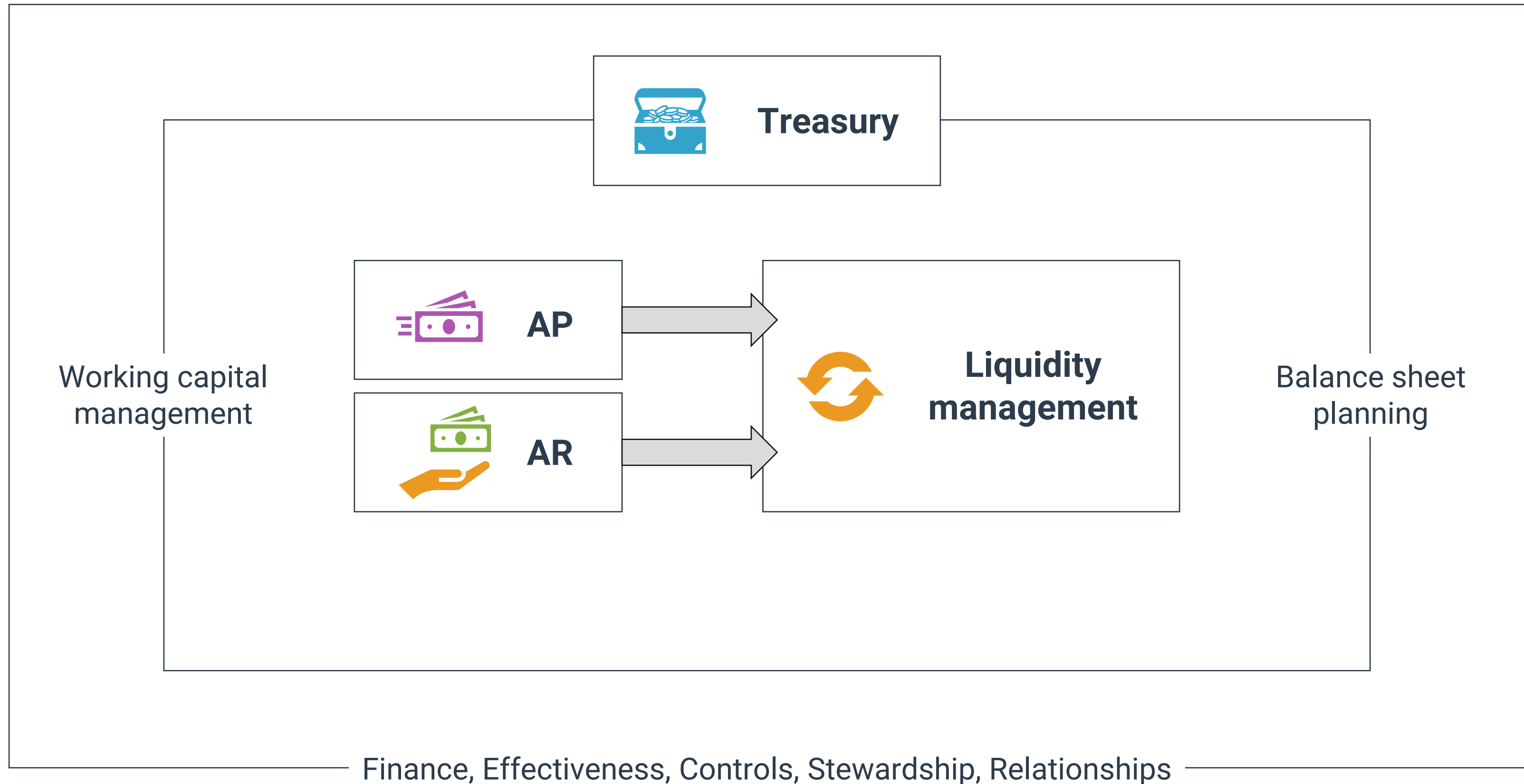
- Source of revenue
- Frees up AP staff
- Better visibility
- Security

Benefits:

- Gets paid sooner
- Security
- Better visibility
- Better reconciliation

AP, AR AND TREASURY

WORKING TOGETHER ON INTERDEPENDENT GOALS



Finance, Effectiveness, Controls, Stewardship, Relationships

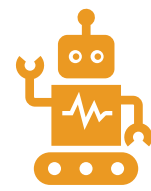
FINAL THOUGHTS

HOW TO PROCEED



PROCESS

- Streamlined direct process
- Earlier information keeps both parties current
- Easier scalability compared to more manual methods



AUTOMATION

- Level of data being passed
- Embedded process



FOCUS

- Greater visibility reduces points of contact
- Ability to focus on value-added functions



SECURITY

- Reduced points of exposure

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



STRATEGIC TREASURER

Craig A. Jeffery,
Managing Partner

✉ craig@strategictreasurer.com

☎ +1 678.466.2222



ESKER

Chris Hazelet,
Business Development Manager

✉ info@esker.com

☎ +1 800.368.5283



Episode 250

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