

Ebook

Esker Pay

Unlocking cashflow with integrated
payment & reinforced working capital



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Part 1: Uniting procurement, treasury, AP & AR to liberate cashflow

Payments, both on the receiving and outgoing sides, are an essential piece of any procure-to-pay (P2P) or order-to-cash (O2C) process. Unfortunately, for many businesses, manual payment execution is still a painful reality, making B2B payments costly, inefficient and susceptible to fraud risks. Additionally, paper-based P2P and O2C processes take up time that could be better spent on more strategic tasks geared toward improving your bottom line.

If day-to-day accounting pains are plaguing your business, it may be time to upgrade to an integrated payables solution. There is no one-size-fits-all approach to paying out or getting paid in B2B transactions. And that implies inefficiencies and costs, because all companies themselves must address different sorts of technical challenges and objectives.

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That's why Esker has developed a diverse range of payment solutions that help:

- Gain real-time visibility on cash and resurface actionable insights
- Pay and get paid in any modality across the world
- Collaborate with your customers and suppliers through the integrated portals

Not paying & getting paid efficiently? Here's what you're missing out on ...

While there are always costs and risks involved in implementing new technology, faster payment solutions with a broad reach and strong safety standards could lead to many benefits for both customers and suppliers:

- **Speed & availability:** Receiving payment faster means a lower DSO and more working capital to fund growth. On the paying side, being able to act quickly opens up options for suppliers.
- **Payment efficiency:** Embedded payment capabilities offer a streamlined process that saves time and errors by eliminating the need to juggle data across multiple systems.
- **Risk management, safety & security:** Payment operations are targeted by fraud — they're a regulated function where non-compliance can be costly. Outsourcing payments to specialized companies help mitigate these risks.
- **Global compatibility & competitiveness:** Customers and suppliers gain the convenience of global compatibility and allow them to remain a customer/supplier of choice.

At a time when treasury management becomes crucial because of rising interest rates and increasing risks across the economy, corporations will increasingly need such tools that help treasury, procurement, accounts payable (AP), accounts receivable (AR) and other departments collaborate.



What is Esker Pay?

Esker Pay is a comprehensive set of payment capabilities empowering businesses to better manage their cashflow by eliminating complex and inefficient AP and AR processes.

As an end-to-end payment automation solution offered on a single, integrated platform, Esker Pay not only reinforces sturdy supply chains but also eliminates concerns regarding late fees, fraud and other negative impacts on cashflow. Its wide range of payment capabilities includes:



Order-to-Cash

Integrated payments

Collection strategies & configurations

Global coverage

Early payment discounts & deductions management



Procure-to-Pay

Supplier payments

Digitization & automation programs

Integrated payment methods

Working capital management:

- Terms management & supplier negotiations
- Dynamic discounting & supply chain finance

The benefits of faster payment on both the receiving and outgoing sides of B2B transactions may already seem obvious, but there's a lot more to it. Let's break down the two sides of B2B payment so you can get a better idea of how it all works ...

P2P

Part 2: Integrated supplier payments

Supplier payments are often seen as a cost center, but they can be transformed into a revenue generator when paired with automation. Payment automation operates as the final stop along the supplier invoice automation journey and is an essential step towards completing an effective end-to-end AP process that can deliver your organization a range of benefits both tangible and intangible.

How it works



Confirms accuracy of the invoice data



Checks against duplicates



Initiates payment to the supplier

“Making payments is no longer a concern. I log into the portal, hit ‘send’ and off it goes. The AP payment solution pays for itself and more.”

Connor Sports

P2P benefits of Esker Pay

Automating supplier payments is an essential step towards completing an effective end-to-end AP automation process. Esker enables businesses to confirm invoice data accuracy, ensure compliance, initiate payment to the supplier, and ultimately lead to:



Faster invoice cycle time



Ensured compliance



Suppliers paid on time without errors



More time for AP teams to focus on other objectives

Supplier payment strategy

Depending on each situation, the organization may need to pursue different objectives. When supplier payments come into play, there are many factors to consider when developing a strategy. Payer experience is key to the success of any program. By providing a supplier self-service portal, payments can be made faster and easier, as well as offer additional value-added services. Developing an effective strategy is vital as there are numerous factors that affect the ROI of supplier payment programs:

- Savings in time & costs
- Potential rebates earned on spend
- Improved visibility of the whole AP process
- Strategies that can be easily developed from the platform in real time
- Impact on working capital with better leverage on the approval process

Domestic & international payment

To pay suppliers on time, you need a solution that synchronizes all types of payments, domestic or international. Esker Pay's global payment system that allows companies to pay their suppliers and receive payments from their customers, locally or across borders in multiple currencies — 40 countries and 135 currencies, to be exact. Esker lets you pay the way you want. Paying from the AP environment means:

- Real-time visibility & approval workflows
- Less back & forth emails & calls
- One central tool in multi-ERP environment
- Ability to build your own payment strategy, specific to both you and your suppliers' objectives

Integrated payment methods

Modern payment programs support the digitization of the whole payment process for both buyers and suppliers by:

- Offering suppliers the option to be paid using their preferred method
- Incentivizing and enabling the use of value-generating payments methods such as virtual cards addressing specific segments of the supply chain based on clear strategic objectives

Domestic payment

Domestic payment system refers to an entire scheme consisting of institutions, arrangements, and rules facilitating monetary payments in the currency adopted by a country.

International payment

Any payment made to a country located outside of the originated country.

Payment options

- Check, eCheck
- Domestic & international transfers
- Virtual cards, purchase cards
- Customer programs

Early payment discounts

Sometimes the best way to get customers to pay faster is by offering to have them pay less and it's always proven to be a successful tactic. Early payment discounts are supplier propositions to its customers to pay less than the full invoice amount by offering them a discount to pay earlier than the invoice due date, but before the early payment discount expiration date.

This is a win win approach as suppliers get paid faster, which accelerates their cashflow while customers benefit from discounts and thus reduce their costs.

Where Esker Pay helps out

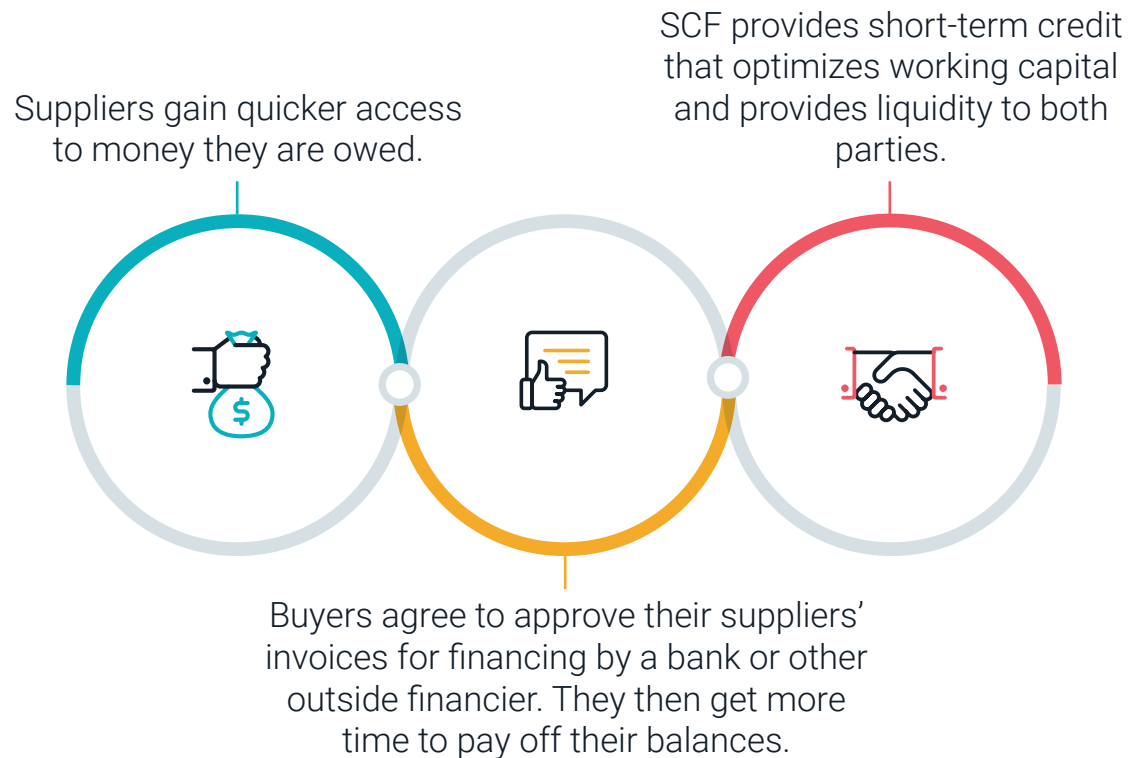
Esker enhances suppliers' flexibility to choose when they want to get paid in exchange for a reduced price on the goods and/or services purchased. When suppliers propose early payment discounts on their invoices, customers can automatically schedule the payment of their invoices on the discount expiration date to ensure that they benefit from the discount, while improving the cashflow on the supplier's side.

Here's an example of how it works:

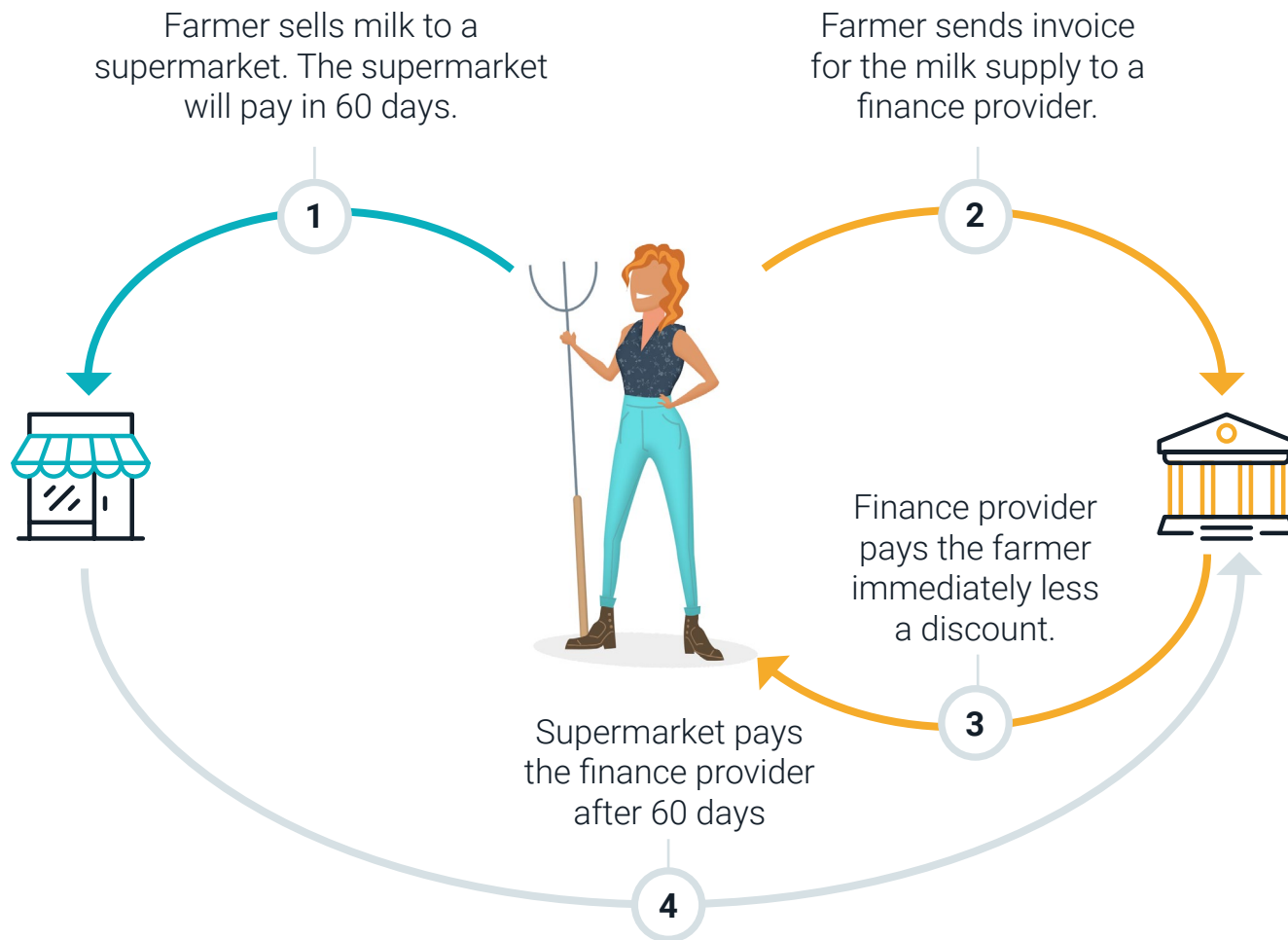
The supplier sends to its customer a \$100 invoice that is due Jan 31, with the option to only pay \$98 if the invoice is paid by Jan 10, offering a 2% early payment discount.

Supply chain finance

Supply chain finance (SCF) is a form of trade finance in which suppliers can receive early payment on their invoices. SCF works by automating transactions and tracking invoice approval and settlement processes, from initiation to completion. Through its SCF capabilities, Esker facilitates collaboration with suppliers by giving them quicker access to the money they are owed, while giving buyers more time to pay their balances. It goes something like this:



More of a visual learner? Here's an example to help you better understand how supply chain finance works.



Benefits of supply chain finance

- Extended working capital
- Support your suppliers while increasing cash on hand
- Remain a customer of choice
- Another way to monetize spend & support profitability

Benefits of Esker Pay supply chain finance

Pay globally. Pay your vendors on their preferred method across the world from one easy-to-use platform.

Monetize your vendor payments. Transform your vendor payments into a revenue-generating operation.

Automated application in the ERP(s). Save even more time with automated payment updates.

Terms management & dynamic discounting

Dynamic discounting allows buyers to draw from their own balance sheet to pay the seller. It's a good choice for buyers who have liquidity on hand and prioritize cost savings while still receiving a working capital benefit.

For many suppliers, credit is difficult and expensive to secure. By working closely with customers and leveraging the power and flexibility of a P2P system, they can create a genuine synergy that reduces prices, the cost of borrowing and ultimately, the cost of doing business together,

The “dynamic” component refers to the option to vary the discount based on a given supplier's early payment request. In most cases, the earlier the payment is made, the greater the discount. The discount decreases as the invoice comes closer to maturity on the original terms.

Early payment discounts can also be introduced in relation with a terms extension initiative where the buyer and the supplier agree to extended payment terms. Additionally, they can be used to incentivize the supplier's transition to digital payments.

Dynamic discounting benefits

- Optimize payment terms & capture supplier discount
- Easily put in motion strategies to boost profitability metrics, with better visibility & two-way communication tools
- Support suppliers that need early payments & remain a customer of choice
- Secure the supply of critical inputs by reinforcing supplier's financial standing

02C

Part 3: Integrated customer payments

All along the invoice-to-cash (I2C) cycle, payment automation facilitates the process of getting paid, making things easier for both the supplier and its customers. Automating customer payments accelerates cashflow and reduces costs, all while enhancing the customer experience.

Integrated customer payments offer a solution to manage and navigate changing payment preferences and optimize payment-related processes while improving customer relationships. Esker Pay allows suppliers to gather invoice payments online, via a customer portal, using direct debit or card payments. Those payments can easily be accounted for in the ERP against the corresponding invoices.

How it works



Vendor presents invoices & payment options



Customer pays or schedules the invoice payment online



Vendor receives cash & allocation details



“We improved supplier relationships thanks to on-time payments and a convenient web portal providing suppliers with real-time visibility on outstanding invoices and payments.”

Orientis Gourmet

O2C benefits of Esker Pay

Esker Pay delivers customer payment automation in a single platform, regardless of the ERP(s), and helps users define collection strategies and payment configurations while offering a wide range of payment options and ways to apply receipts seamlessly. In addition to accelerating cashflow, reducing costs and enhancing customer experience, here are some more benefits of automating customer payments with Esker:



Customers can schedule or auto-pay their invoices online



Suppliers benefit from reduced DSO



Ensure correct and on time payment



Faster invoice settlement

Customer payment strategy

Offering customers the ability to pay the way they want improves their experience drastically. In an ever-evolving landscape of payment modalities and risk mitigation requirements, it can be difficult to navigate. Whether it's to simplify or secure internal processes or only for a better customer experience, planning for digital payments is key in any transformation strategy. Incoming payments can have many different points of impact across an organization, from commercial consequences to new processes to collect and apply receipts. The different payment methods out there imply numerous processes — Esker is on a mission to automate and rationalize these processes.

Global payment capabilities

Also known as Electronic Invoice Presentment Portal (EIPP), customer portals can offer a wide variety of payments options that make it easy for customers to pay. To get paid faster, you need a solution that embeds payment into the customer experience. Esker's I2C solutions allow suppliers to have their invoices paid online in over 40 countries and in more than 135 currencies. Suppliers can gather invoice payments online, via a customer portal, using direct debit or card payments. Those payments can easily be accounted for in the ERP against the corresponding invoices.

Lockbox automation

Processing and managing bank lockbox files can be a real pain for AR teams trying to allocate cash in a timely and effective manner. Esker Synergy AI — the set of technologies powering Esker's solutions — automates the manually intensive process of matching payments received from all incoming payment information sources so your team can focus on higher value tasks and control cashflow in real time. With Esker Pay, allows you can collect and apply receipts seamlessly across all forms of payments (check, ACH, virtual card). Free your workforce from repetitive low-value tasks such as manually processing cards or keying in [remittance information](#).

Discounts for early payment

In Esker's I2C solutions, when suppliers propose early payment discounts, customers can easily schedule automatic invoice payment on the discount expiration date. Everyone wins: the customer pays less and the supplier improves their cashflow by getting paid earlier.



Unlock your company's cashflow with Esker Pay

Esker Pay promotes positive-sum growth by creating an environment where companies, customers and suppliers create value together. For suppliers, prompt payment from customers results in secured cashflow. And for customers, paying suppliers and maintaining good relationships is key, as onboarding new ones can be costly and risky. By automating payments end-to-end, you can optimize and harmonize both sides of the cashflow coin and start reaping all the benefits of AI-driven automation.

References

1. <https://www.mckinsey.com>
2. <https://www.ordermentum.com/blog/why-getting-paid-on-time-is-more-important-than-you-think>

Hi, we're Esker

Founded in 1985, Esker is a global cloud platform built to unlock strategic value for Finance and Customer Service leaders and strengthen collaboration between companies by automating procure-to-pay (P2P) and order-to-cash (O2C) processes.



38

years of experience with 20+ years focused on cloud solutions



1,000+

employees serving 850k+ users & 1,700+ customers worldwide



15

global locations with headquarters in Lyon, France, & Madison, WI



€159.3

million in revenue in 2022, with 90+% of sales via SaaS activities



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

