

TRANSPARENCY • EFFICIENCY • NETWORKS  
WHAT'S YOUR POSITION?



## Social Networking for Payments

Mike Kresse  
December 1, 2009



**SUNGARD**<sup>®</sup>

# Agenda

- Current Landscape of ePayments in the United States
- ePayments – Barriers to Adoption
- Overcoming the Challenges
- What's on the Horizon



---

## Barriers to Entry Understanding the Challenges

**If ACHs are so much cheaper for Payers and Payees than checks, then why hasn't everybody moved to ACH?**

# Barriers to Entry

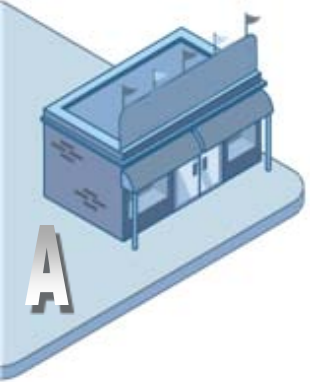
- The electronic payment network was **not well designed to receive, manage and deliver remittance information**
- The **network requires using a specific ACH format (CTX)** which is expensive and makes STP difficult
- There is **no easy mechanism for vendors to self-register**, and with thousands of vendors to contact and to register, it's too much work to take on for the Payer
- It is **difficult to keep electronic banking information** for vendors current – without a way to have them maintain it themselves, it becomes an untenable situation

*Only 12% of the companies surveyed by SunGard have reached the point where they are able to pay 75% of their vendors electronically.*

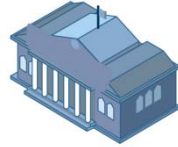
# Current Landscape : Pay by Check

Buy Side

Sell Side



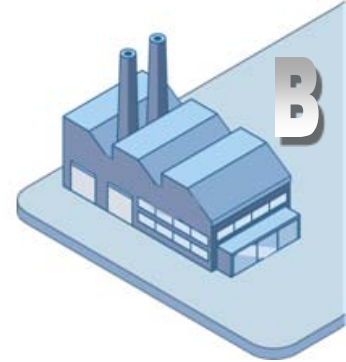
Company "A"



Company "A's"  
Bank



Company "B's"  
Bank



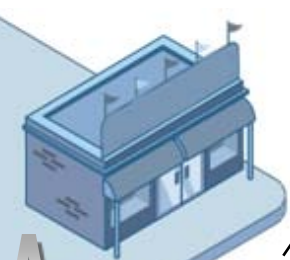
Company "B"

# Pay by Check

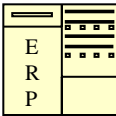
Buy Side

Sell Side

ERP Creates a "Positive Pay" File  
• Positive Pay (Payee)



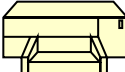
A



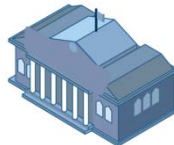
Company "A"



ERP Creates a Payment File  
• Maintain a vendor database



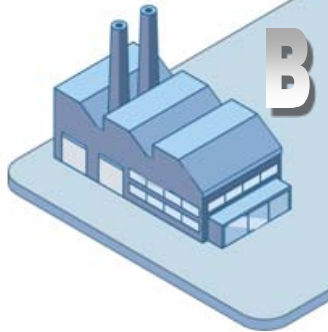
Company "A" Prints Check  
• Maintain printers, check stock, and toner.



Company "A's"  
Bank



Company "B's"  
Bank

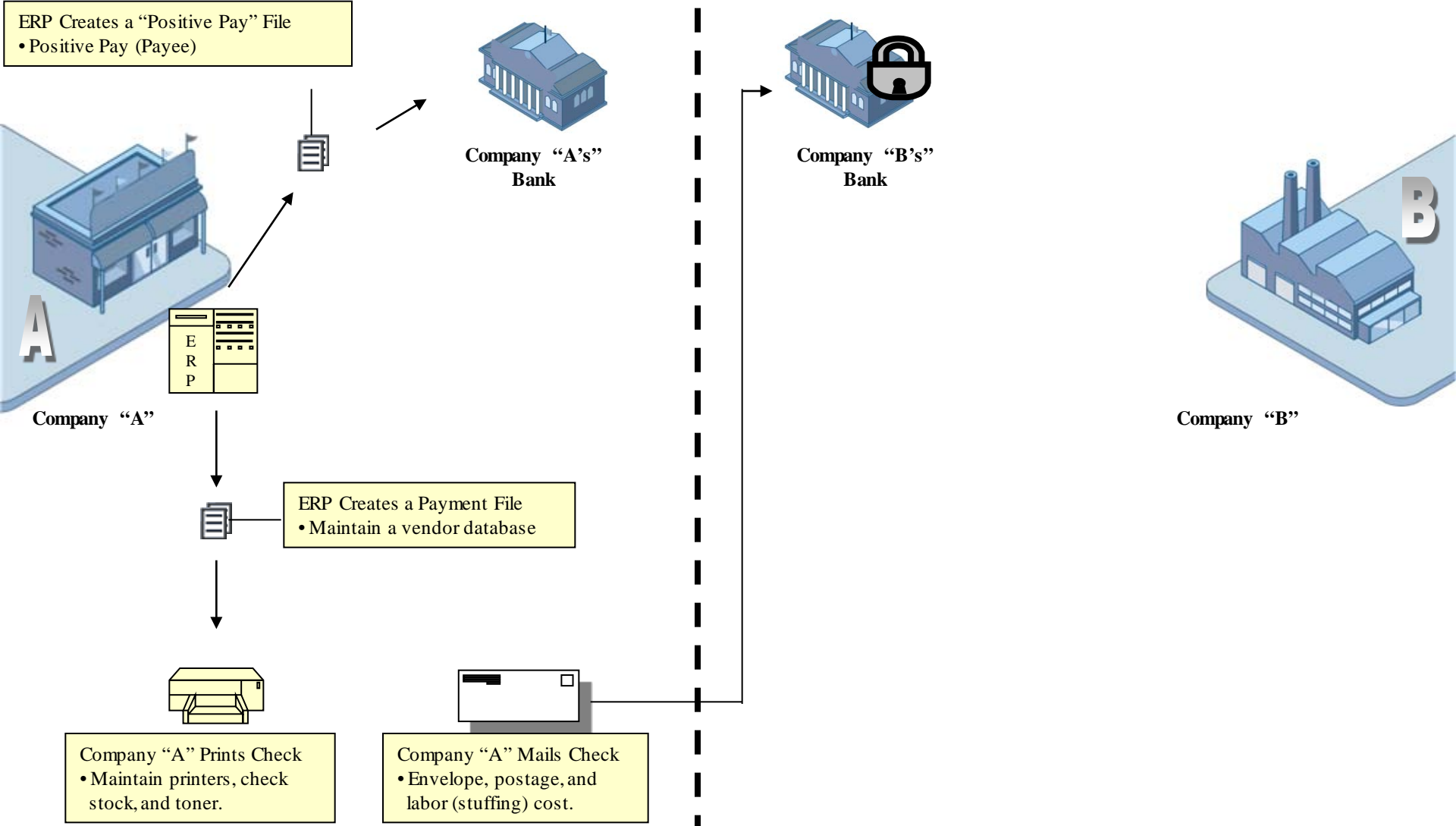


Company "B"

# Pay by Check

Buy Side

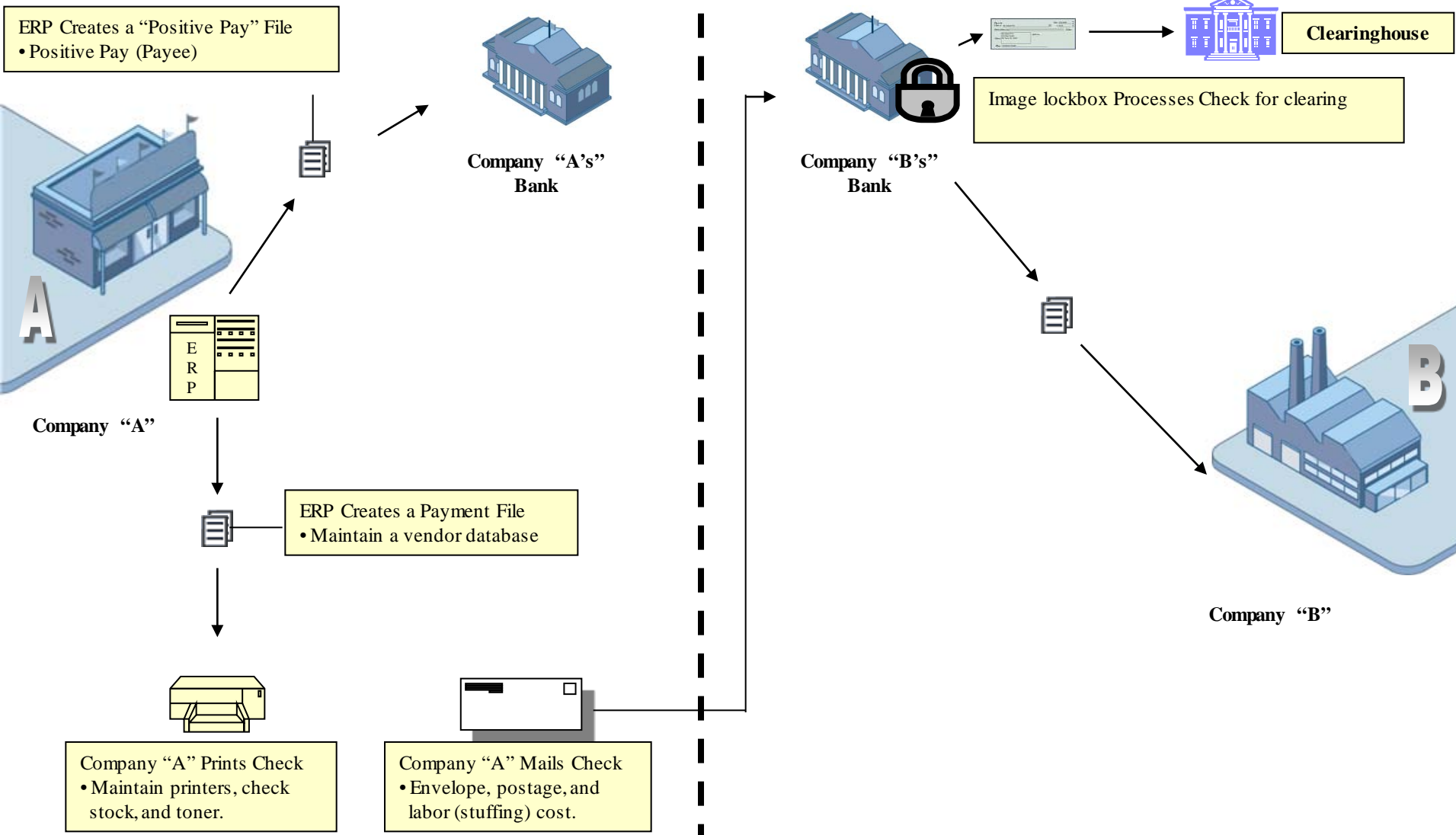
Sell Side



# Pay by Check

Buy Side

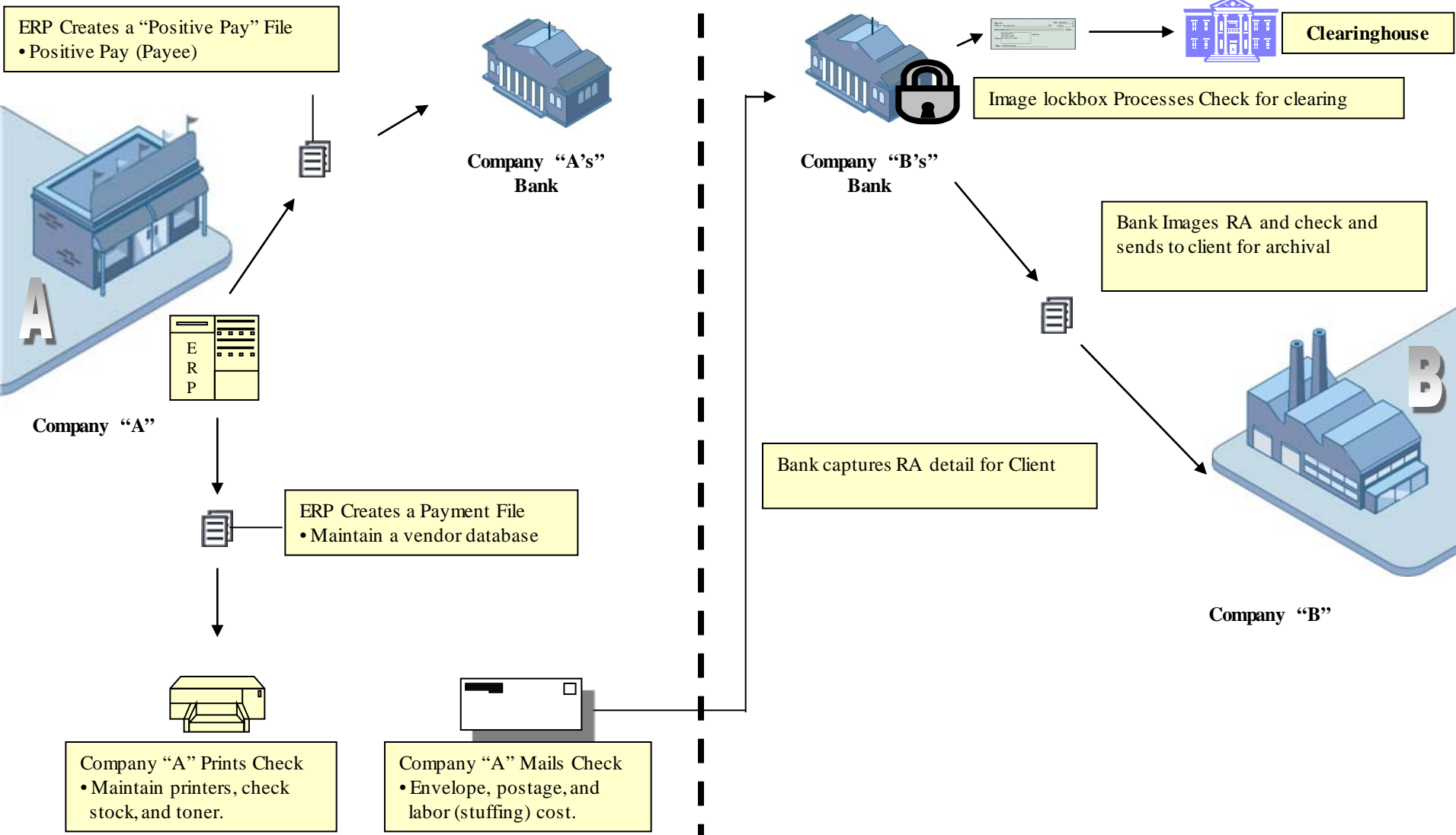
Sell Side



# Pay by Check

## Buy Side

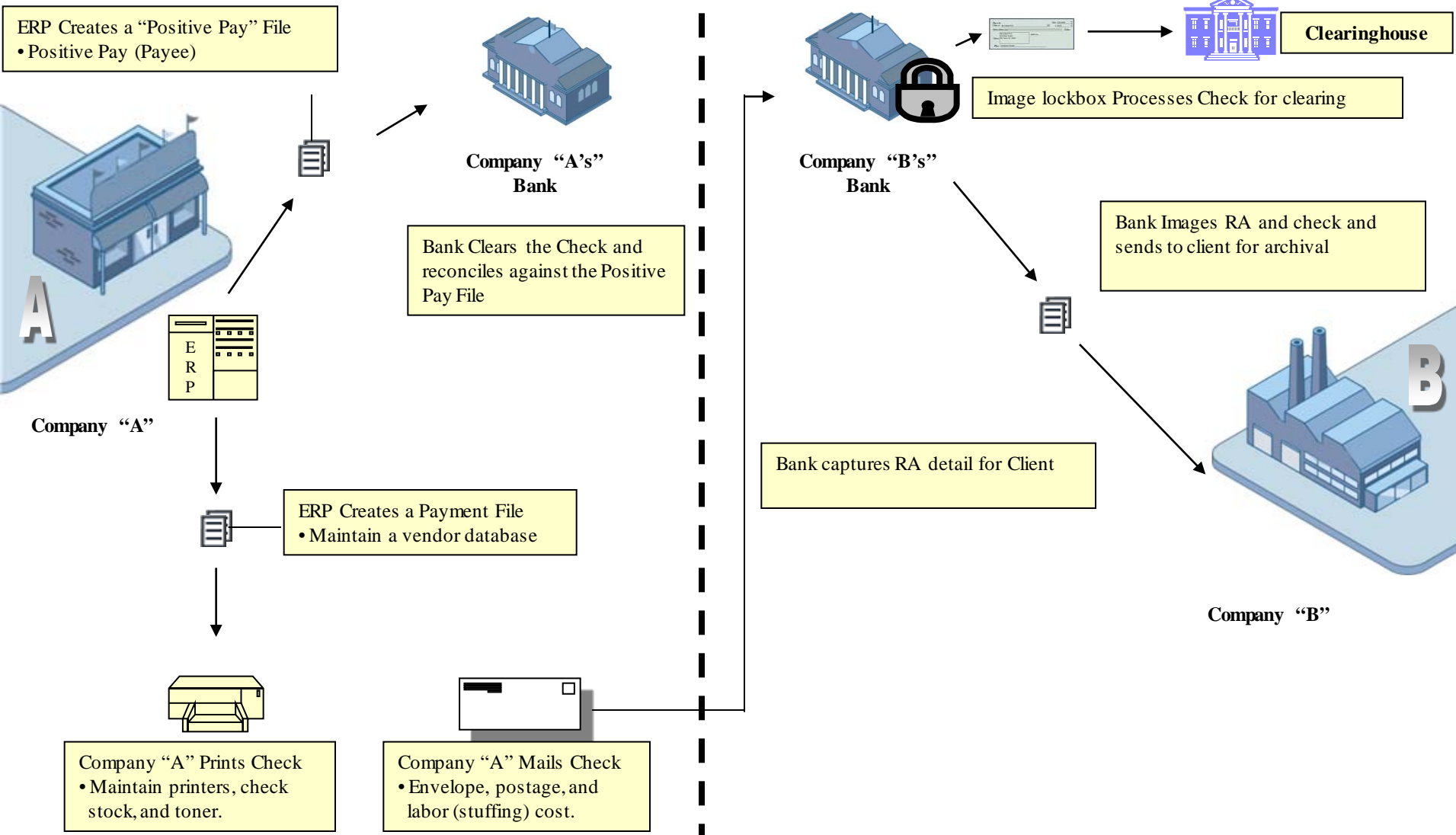
## Sell Side



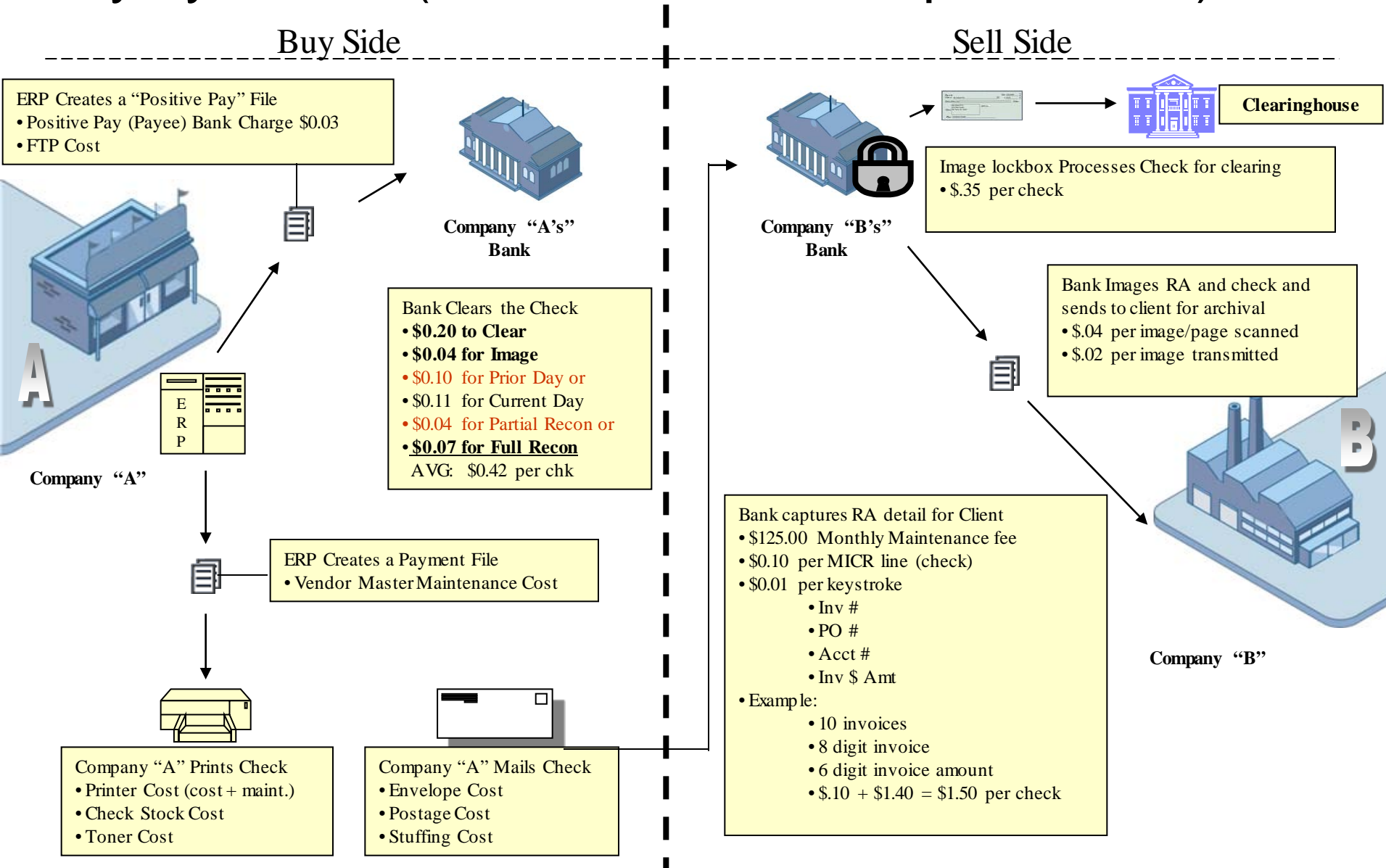
# Pay by Check

## Buy Side

## Sell Side



# Pay by Check (with estimated List price costs)

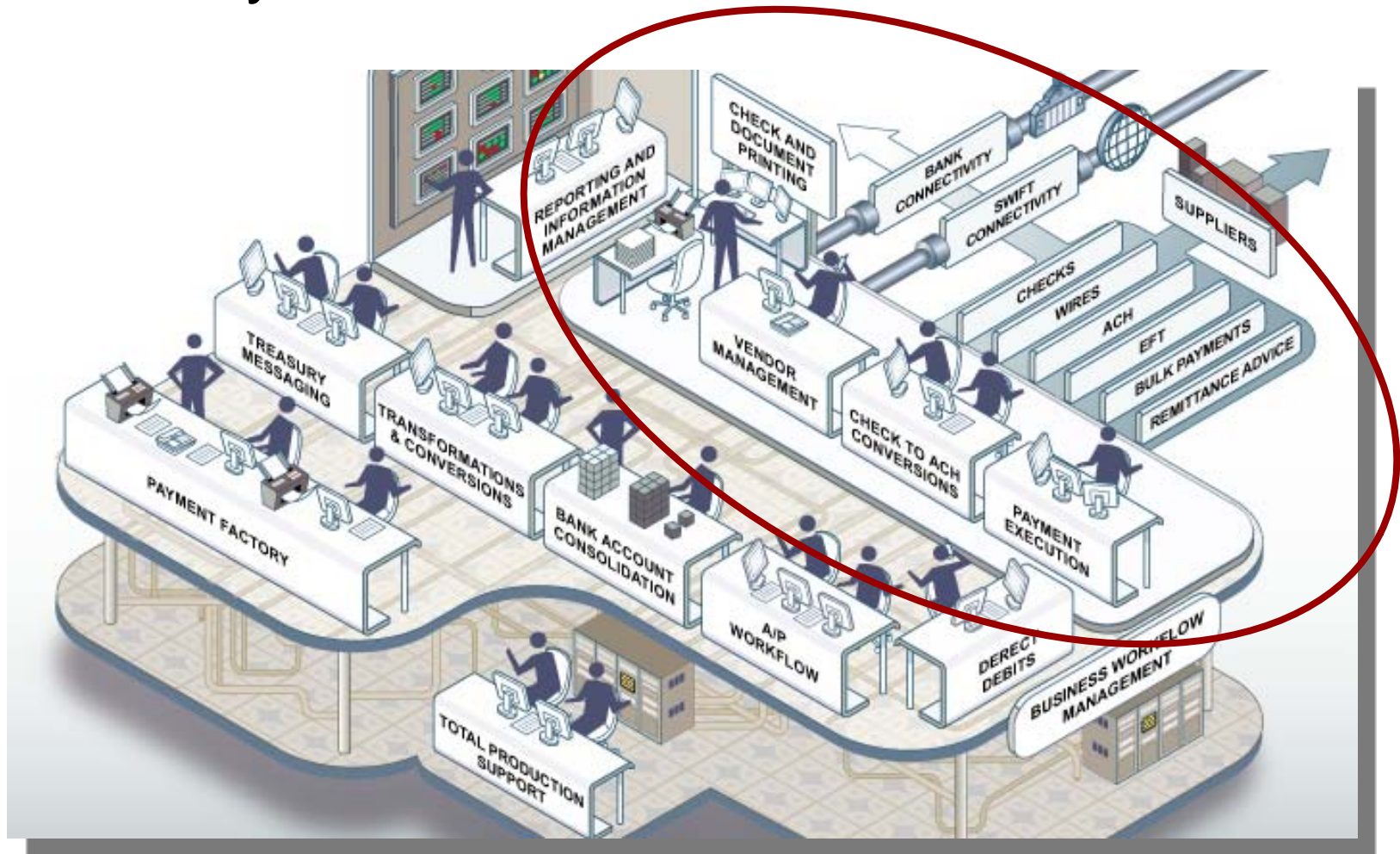




How Can a Social Network Model  
Help Drive Cost Effective Adoption?



# Focus on Payments Execution



Open Standards and Vendor Enrollment

# A Single Payments Portal

- A **bank neutral** corporate payment solution
- A secure, integrated B2B payment management and delivery service that offers corporations a highly flexible payment processing solution and a practical migration path to transition paper-based disbursements to electronic payments.
- Support for **ALL** payment processes
  - AP
  - Payroll
  - Royalty
  - Rebates
  - Settlements
  - And More ...

The screenshot shows the SunGard PayNetExchange user interface. At the top, the logo 'SUNGARD PAYNETEXCHANGE' is displayed. Below the logo is a navigation menu with links for Home, Payments, Reports, Administration, Preferences, and Logout. The main content area is divided into several sections:

- Welcome Vince Tan:** A personalized greeting with a message: 'Upgrade your service and improve the efficiency of your A/R process!' and an 'Upgrade Now' button.
- Have you received a new PayNetExchange subscription code from a customer?** A message with a 'Register' button and a text input field.
- Your EFT Accounts:** A table with columns for Account Name, New Payments, and a 'Manage My Accounts' link.
- Who's Paying You:** A table with columns for Payments From, Payments To, and Go Into This Account.
- CONTACT US:** A section with 'Have Questions?' and contact information: 'Call us at 877-330-4950' and 'Email Us'. It also features a 'Chat Online with a PayNetExchange Specialist' button and a small image of a customer service representative.
- TOP FAQs:** A section with 'How Do I...' and a list of frequently asked questions: 'change my routing number?', 'change my account number?', 'update my email address?', 'add a new deposit account?', 'create a new login ID?', 'change my password?', and 'more...'.

At the bottom of the page, there is a footer with the copyright notice '© SunGard 2002-2008 Privacy Policy Terms of Use' and the SunGard.com logo.

# The Social Network

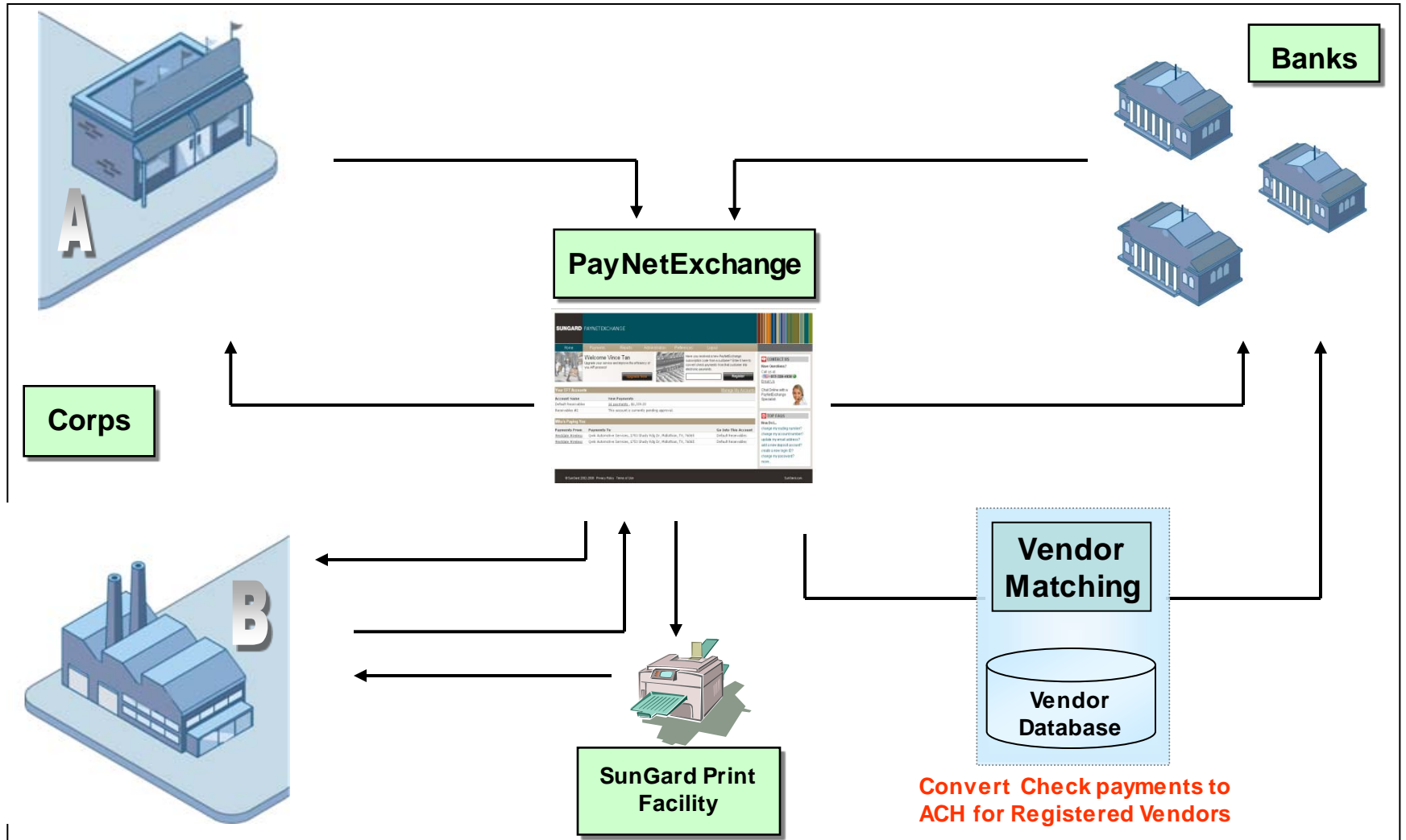
## How it works

- SunGard contacts the vendors by phone and email to help drive adoption
- We set-up “microsites” and market with Payers to drive enrollment
- Vendors self-register on hosted site to sign up for ACH payments with electronic remittance
- We maintain and manage the bank account/routing numbers and email addresses on system
- We send ACH payments directly to banks and then deliver the remittance electronically to the vendor in any of the following formats: CSV, BAI2, XML, STP 820, and AvantGard GETPAID.
- Over 12,000 vendors are currently registered in the SunGard Database

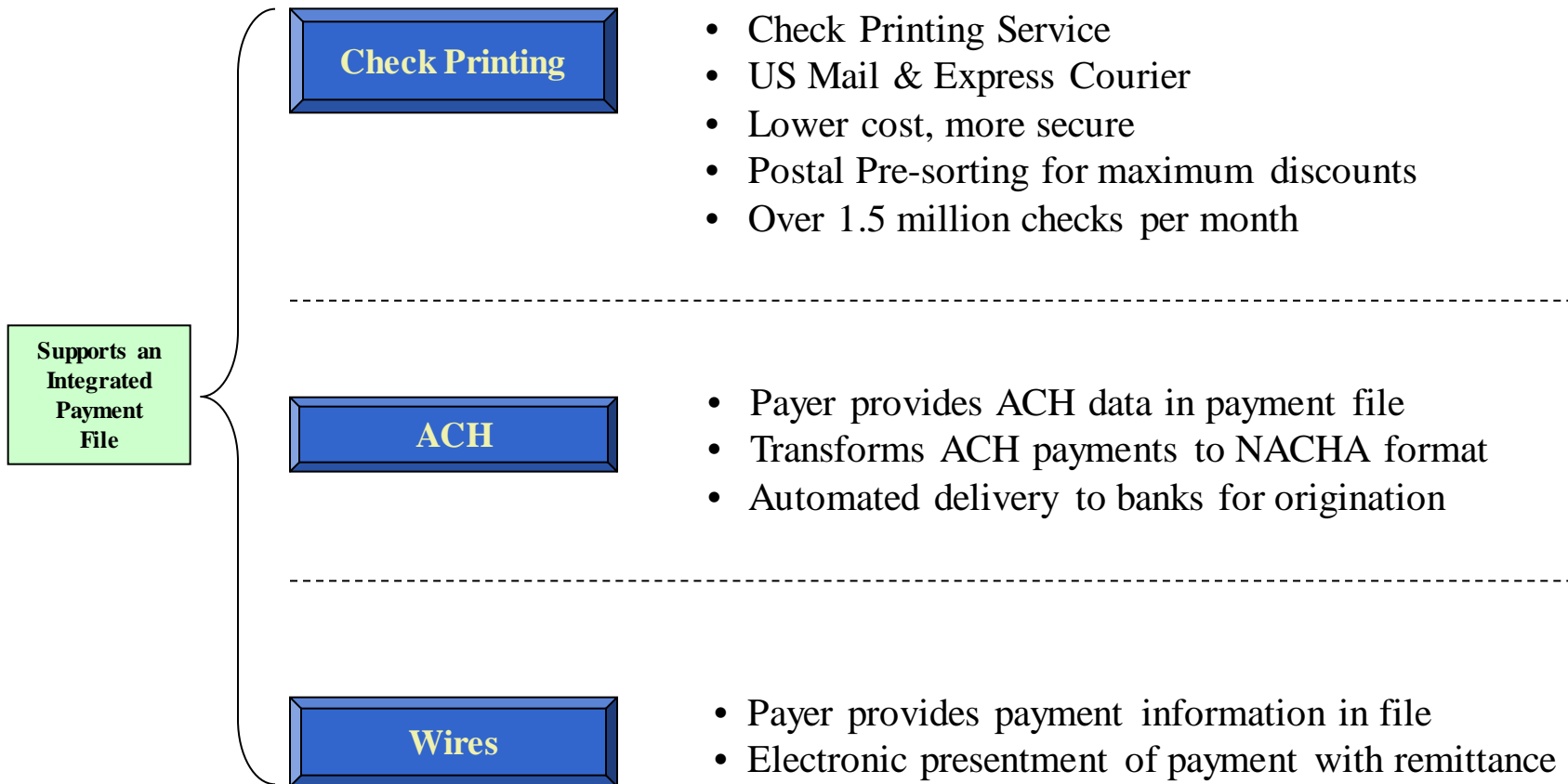
The screenshot displays the SunGard AvantGard PayNetExchange Portal. The header features the SunGard and AvantGard logos. Below the header is a banner image of three business professionals with the text "Get Paid Electronically!". The main content area is divided into several sections: "VIEW DEMO" with a "How it Works?" link and a "REGISTER NOW" button; "ABOUT PORTAL" with a "What is the << Company Name >> Portal?" link and a "REGISTER NOW" button; "BROCHURE" with a "Learn More" link and a "REGISTER NOW" button; and "RESOURCES" with a "Learn More About the Benefits of Electronic Payments" link and a "REGISTER NOW" button. The right sidebar contains "CONTACT INFORMATION", "VIDEO" (with a "Watch Video" link), and "NEWS ARTICLES" (with links to articles from May 2009, April 2009, and March 2009).

# Creating a Social Network

- Check Printing
- ACH
- Wires
- Check to ACH Conversion
- Online Presentation
- Print Services



# Flexibility & Ease



# Flexibility & Ease

## Check to ACH Conversion

- Dramatically reduces per transaction cost
- Leverages Vendor Database for Check-to-ACH conversion
- SunGard assists in driving adoption across vendors (marketing, branded website)
- Collects vendor's email address for payment notification
- Collects vendor's bank account information
- Allows for Automated Payment Notification
- Stores Payment Archive Data for Reporting
- Vendor Option for Data Download of Remittance

---

## Online Presentment

- Payer branded website for online delivery of check remittance, employee direct deposit advices, ACH remittance, invoices, statements, etc.

---

## Print Services

- Custom Form Printing – W2, 1099, legal notices, etc...



---

Market Neutral / Vendor Neutral Approach

# Benefits to Payers



## ○ Bank Neutral

- The solution works with any of your banks, does not change when switching banks, and supports multiple payment types (checks, ACHs, wires)

## ○ Reduces Costs

- Economy of Scale for Check Printing / Optimizes Postage Discounts
- Check to ACH Conversion
- Cost and burden of maintaining a vendor database is removed

## ○ Benefits your Vendors (Payees)

- Remittance costs dramatically reduced through on-line presentment and e-mail of the remittance advice **in advance** of the payment receipt
- Vendor self-service: Easy for payees to enroll and maintain information

# Benefits to Payers

Check Printing

ACH

Wires

Check to ACH Conversion

Online Presentment

Print Services

## Quick to Implement

- Solution typically takes 3-4 weeks from contract signature to Go Live
- Services are performed at fixed prices – low risk
- Easy to Use: Single Web Interface to track jobs, payments, deliveries – light training

## Secure

- SAS 70 Type II audited facility

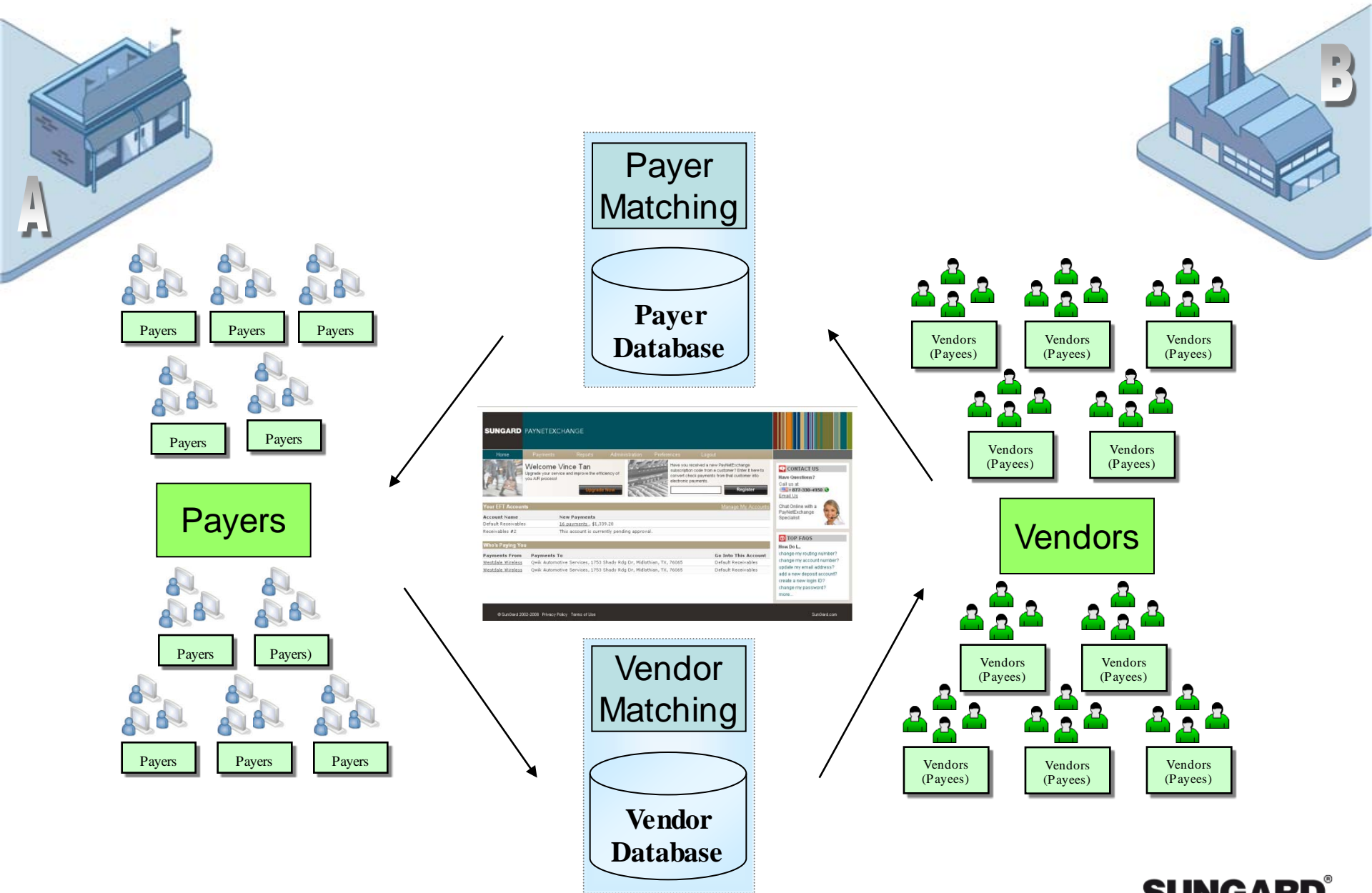
## No IT Overhead

- Payer's existing **integrated** payment file format is used
- Low to no IT resources needed to implement the solution

## Complete Visibility

- Payer has complete process control in an outsourced environment
- Robust Reporting: Industry leading tracking / reporting capabilities

# Growing the Social Network



# Growing the Social Network

- Payers match vendor lists with Vendor DB and invite vendors to become part of their Payment Network
- Payees match customer lists with the Payer Database and invite Payers to pay them electronically
- AvantGard Payment Services is the enabling technology for payment network and electronic payments
- Discussion Questions:
  - What does the market require to support this structure?
  - Are there other requirements not being met?

TRANSPARENCY • EFFICIENCY • NETWORKS  
WHAT'S YOUR POSITION?



## Social Networking for Payments

Questions?

Mike Kresse  
December 1, 2009



**SUNGARD**<sup>®</sup>