

# Looks like a Job for A/R:

How Express Employment Achieved Same-Day Payment Posting with 85% Automation for Check and ACH Payments

Angela Richards, Accounts Receivable Director



# Highlights



## *Our Mission*

**Error-free, same-day cash posting  
Real-time invoice statuses for all franchises**



## *Biggest Challenge*

**Over-worked cash application team  
“Constantly throwing people at cash application.”**



## *What we Achieved*

- **85% automation for checks and ACH**
- **\$84,000 savings in annual lockbox fees**
- **Stabilized team headcount growth**



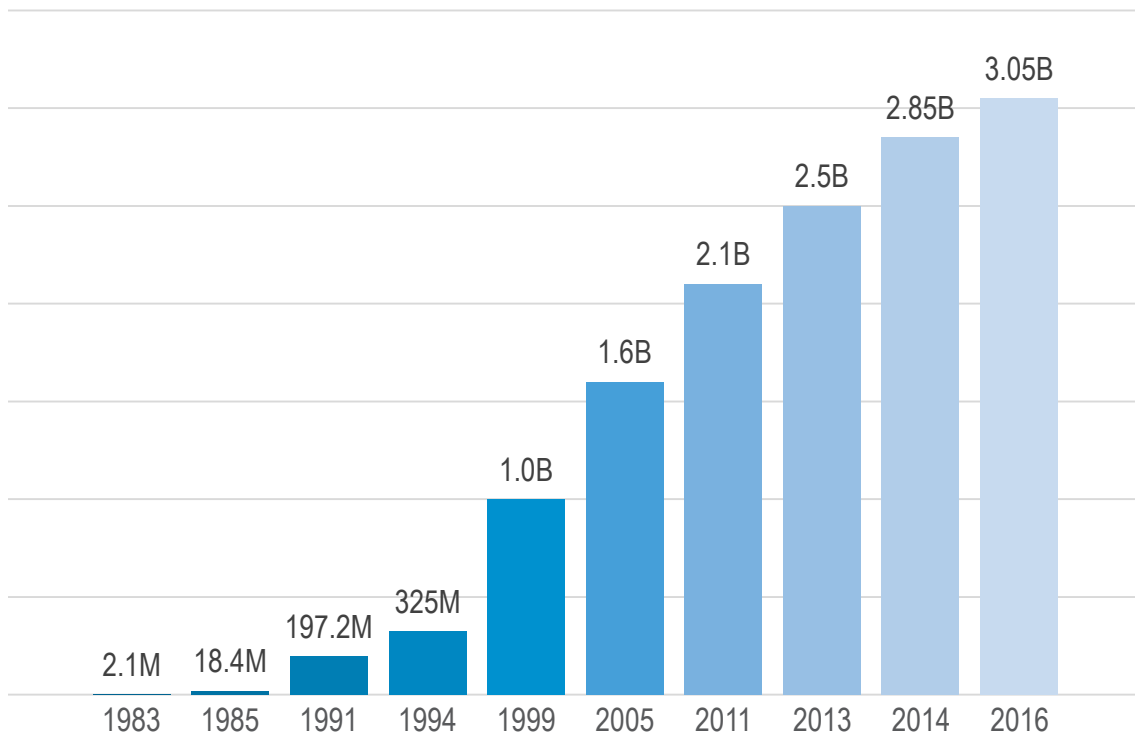


# About Express Employment

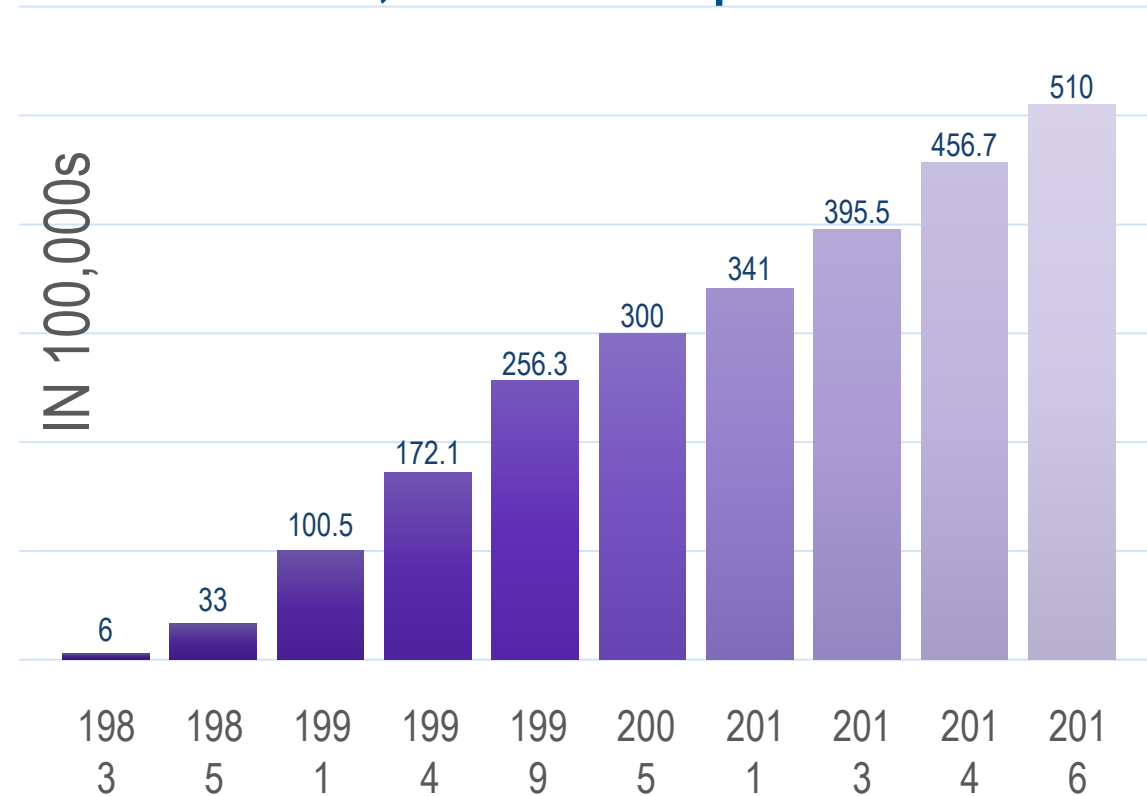
More than 770 franchise locations throughout the U.S., Canada, and South Africa

**56 New Franchise Locations in 2016**

## \$3.05 Billion in Sales in 2016



## 510,000 associates employed in 2016 75,000 client companies



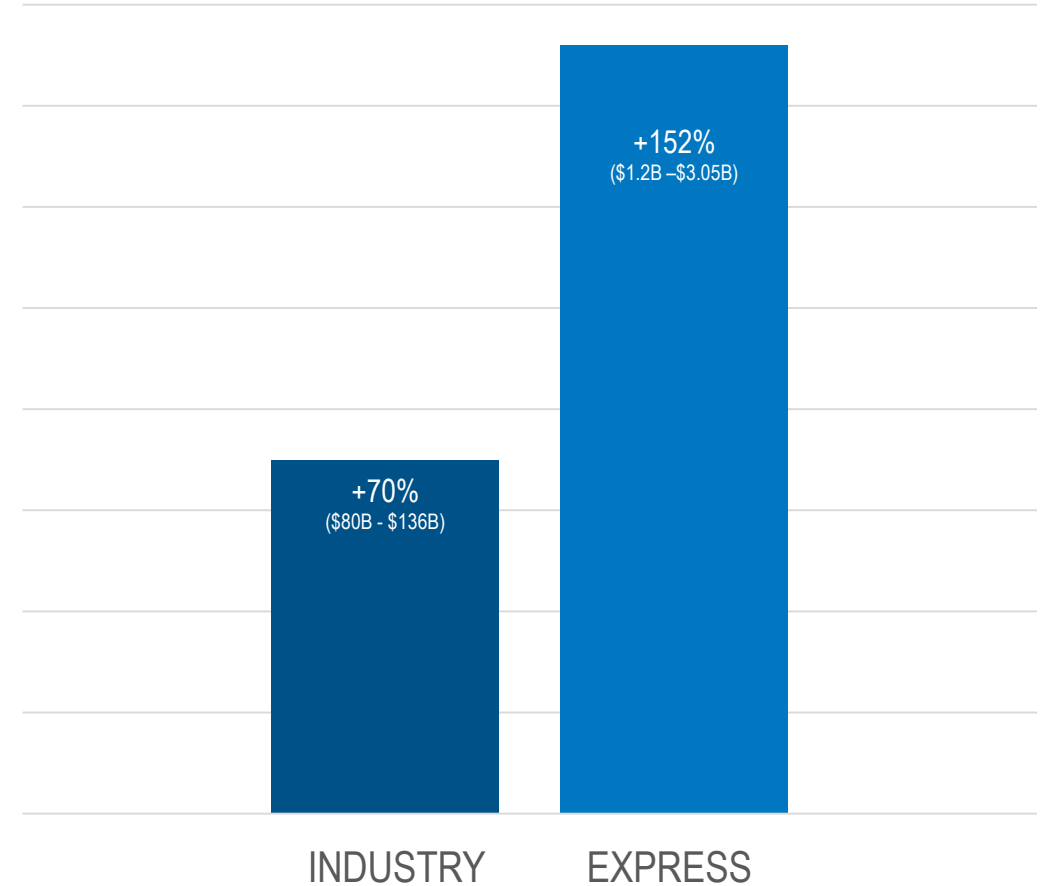


# HOW WE STACK UP

- Our growth out-paces the staffing industry as a whole
- Fastest growing major staffing company
- Ranked among the 10 largest staffing companies in the world



STAFFING SALES GROWTH, 2009-2016





# Agenda

- Receivables and Payments Landscape
- Challenges in Payment Processing
- Same-Day Cash Posting
- Project Implementation: Objectives and Strategy
- Automating Checks and Electronic Payments Processing
- Summary
- Lessons Learned



# Receivables and Payments Landscape



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# Receivables and Payments Landscape



## Checks



 *High lockbox fees*

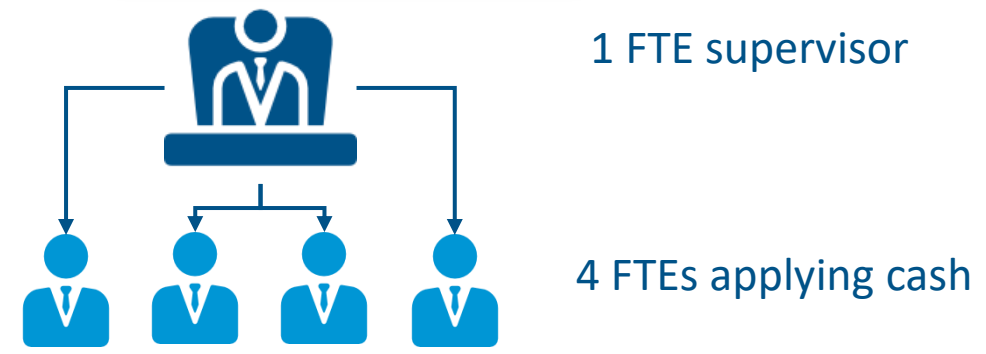
 *Multiple bank files in a day*

## Electronic Payments

 *100% Manual Reconciliation for ACH payments*

*“ACH numbers continue to rise”*

## Meet the Team



# Cash Application at Express Employment



## Number of Invoices Processed



Invoices per week

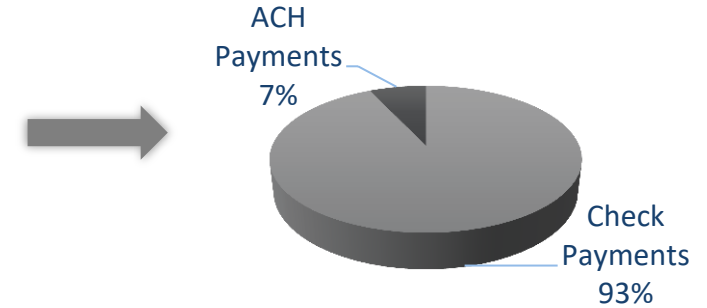


Line-items per day

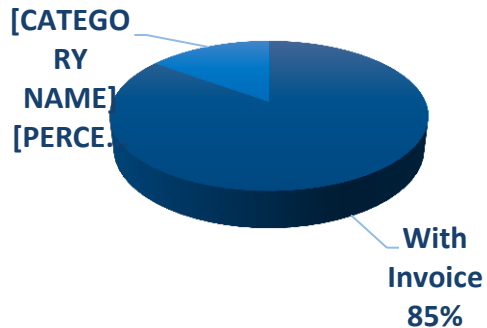
## Number of Payments Processed



Payments per day



## Checks

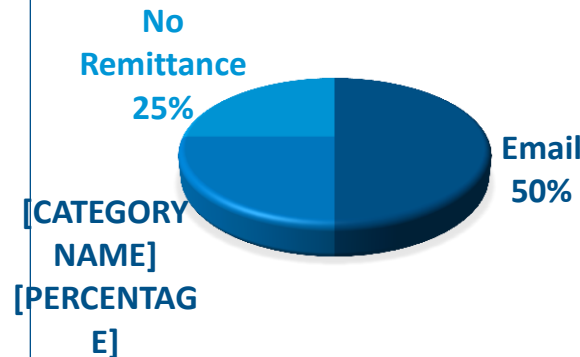


10-12%

Manual reconciliation but high lockbox fees

## ACH

### Remittance source



100%

Manual reconciliation 25% without remittance





# Challenges in Payments Processing



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## Keying-in Outsourced to the Bank

High costs and A/R team continues to do the heavy-lifting

Checks

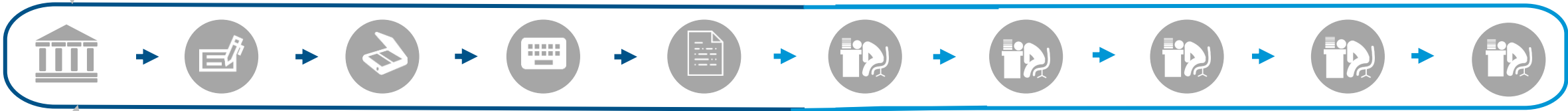


### Work done by the bank

### Work done by the cash app analyst



Remittance  
(Check stubs)



Collect and sort checks

Scan images

Data Key-In

Lockbox File

Download lockbox file and scanned images

Post lockbox file to ERP system

Review unapplied payments

Manually identify and update remittance information

Final cash posting to ERP





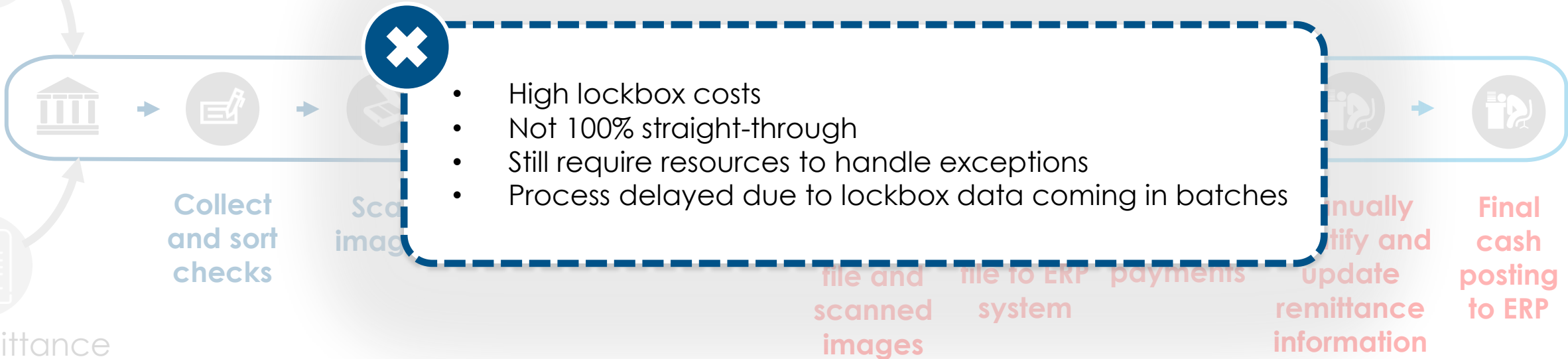
# Keying-in Outsourced to the Bank

Checks



Work done by the bank

Work done by the cash app analyst

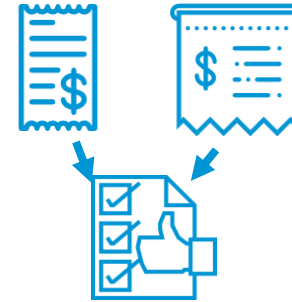


Remittance (Check stubs)



# 100% Manual ACH Payment Processing

# ACH Payments



1. Download payment information from 5 different bank portals

2. Collect remittance from emails (majority), customer portals (5-10), EDI

3. Key-in remittance details such as check amount, invoice #, invoice amount in spreadsheet

4. Map each invoice in the spreadsheet with the remittance and payment details

5. For payments with no remittance, manually applying rules such as oldest invoice, amount match



# 100% Manual ACH Payment Processing



## Challenges:



- Manual remittance download and data capture leads to incorrect data entry
- Linking of remittance and payment required continuous back-and-forth for fetching documents
- Handling missing remittance information was met with applying rules
- Overstrained resources to update case same-day

1. Download payment information from 5 different bank portals

remittance from emails (majority), customer portals (5-10), EDI

details such as check amount, invoice #, invoice amount in spreadsheet

in the spreadsheet with the remittance and payment details

payments with no remittance, manually applying rules such as oldest invoice, amount match





# Steady Increase in ACH Payment Volume



***No support for processing ACH payments from available banking partners or other vendors***



***Remittance decoupled from the payment***



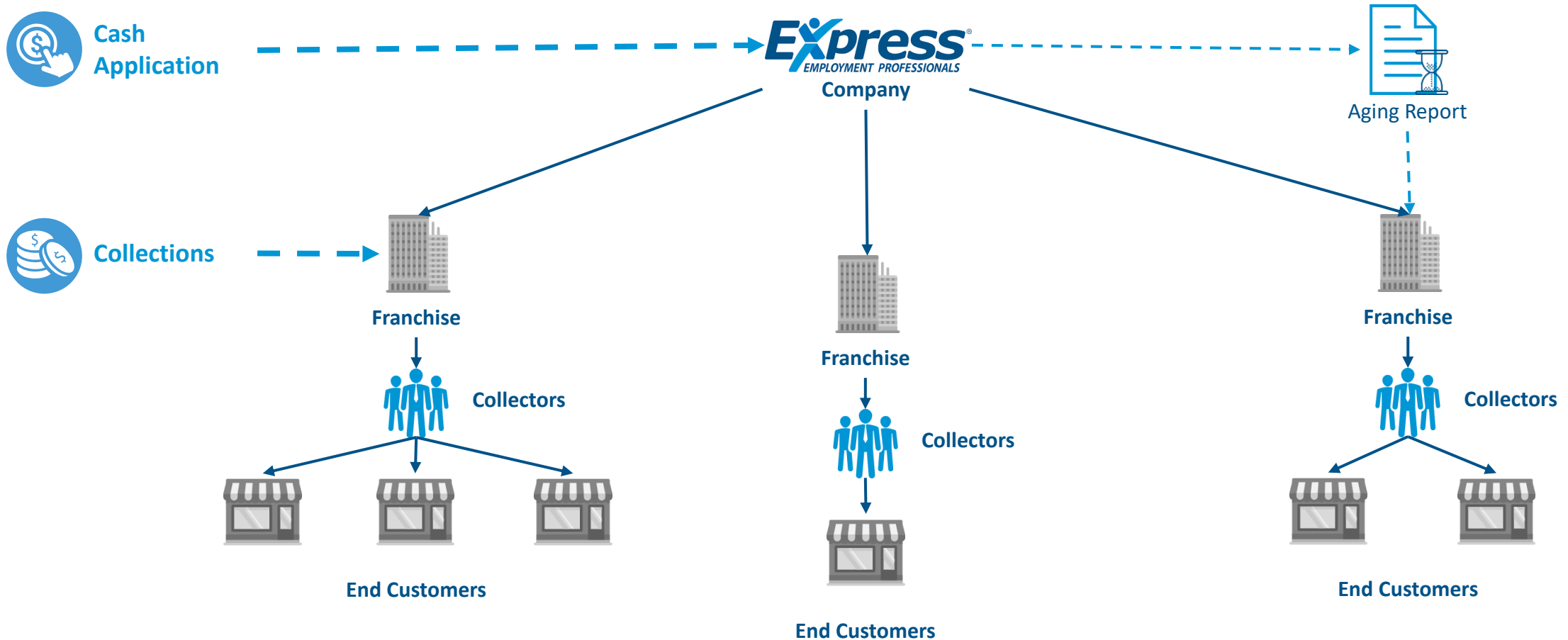
***Email, customer websites (5-10), and EDI files – multiple remittance sources***





# Challenge of Multiple Stakeholders

## Importance of Same-day Cash Posting





# Same-Day Cash Posting

## *Importance and Challenges*



### ***Working with multiple franchises***

Cash Application takes place at a company level but Collections happen at the individual franchises



### ***Important to update cash statuses by the end of the day***

Not being able to produce an updated aging report each day will create problems for Collections in franchises, such as collectors collecting twice



### ***Overtime required to handle seasonal peaks***

Number of invoices peak during seasonal events such as fall, resulting in overtime by employees





# Project Implementation: Objectives and Strategy



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# Key Objectives for Cash Application

## 1. *Avoid continuous onboarding of new resources*

Manual process meant that more people were needed to solve cash application as business/receivables volume continued to grow



## 2. *Stabilize man-power requirements to handle seasonal spikes in incoming payments*

Same day cash application for seasonal spikes meant the team had to put in extra effort



## 3. *Leverage a single process for both checks, ACH as well as any future payment formats*



## 4. *Eliminate the time/productivity lost in working with missing/incomplete remittance information:*

16-20% payments did not have accompanying remittances



## 5. *Lower lockbox costs:* Roughly \$7053.50/month was spent on keying-in charges





# Vendor Evaluation Process



## ***From the horse's mouth: Customer Satisfaction Survey***

Vendor assessment based on feedback from their customers on critical success factors like product competence, ease of use, service quality and post-implementation support



## ***Coalition with banking partners***

- Evaluated technology partnership opportunities with existing bank partners
- Leveraged research work of bank partners for better understanding

# Vendor Selection Criteria



## ***Strong ACH automation capabilities***

Robust solution for ACH automation that can eliminate our biggest pain point



## ***Dual-hatted role: Technology partner cum advisor***

Provide better understanding of required features and functionalities to suit our needs





## Major Concerns



*IT Involvement – Heavy Resource Requirement*



*Race Against Time – Quick Implementation Requirement*



*Integration between Banking Partners and the Solution*



*Decentralized Sensitive Information across Different Banks*

## How they were resolved



*Only 1 IT head involved in project.*



*On-time implementation under 4 months.*



*Seamless integration with all banks.*



*Single source of information, secured data.*





# User Training Methodology

## Plan Ahead

Consider training issues and planning as early as possible in the implementation process

## Phased Adoption

Conduct training in a phased manner so that different stakeholders and users are trained in different subsequent time slots

## Power User Training

Initial phase focused on training selective users of the solution – the “Power Users”

## Fission Training

The Power Users conducted training sessions for other users, who in turn trained the rest in different time slots for effective time management



# Automating Payments Processing



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# ACH Payments: Email and Website Attachment Capture

Payer Routing Number:

Payer Account Number:

Original HTML Remittance: [View](#)

Check Image:

Readable Payment File:

Received Data

Transformed Data

Remittance Amount: 1022.93 Net Amount: 1022.93

Page 1 of 1

| Reference Field | Total Amount | Discount Amount | Payment Amount | Reason Code | Reason Description |
|-----------------|--------------|-----------------|----------------|-------------|--------------------|
| 179618046       | 231.33       | 0.00            | 231.33         |             |                    |
| 18036864-9      | 791.60       | 0.00            | 791.60         |             |                    |

## Email Details

-----Original Message-----

From: Saddleback Church Accounts Payable Dept. [mailto:ap@saddleback.com]  
Sent: Monday, November 07, 2016 3:41 PM  
To: Atkinson, Mitch B.  
Subject: Accounts Payable Direct Deposit EFT Payment

Please find the details of the direct deposit EFT payment below.

Saddleback Church

Vendor: Express Services, Inc. (EXPRESSEMP) Deposit Date: 11/07/2016

Our Payment Number: 621801, Amount of EFT: 1,022.93

Invoice Number: 179618046

Reference Number: 205325

Invoice Date: 10/12/2016

Invoice Amount: 231.33

Amount Paid: 231.33

EXPRESSEMP Express 14.02 hrs 1: 231.33

Amount Taken: 0

Invoice Number: 18036864-9

Reference Number: 205113

Invoice Date: 10/26/2016

Invoice Amount: 791.60

Amount Paid: 791.60

EXPRESSEMP 40hr 10/23 Temp lab: 791.60

Amount Taken: 0

ACH remittance details sent over email gets fetched into the system automatically

# ACH Remittance Capture: Irrespective of Format



## Payment Order/Remittance Advice

### General Information

Transaction Handling Code : Handling Party's Option to Split Payment and Remittance  
Monetary Amount : 3951.79  
Credit/Debit Flag Code : Credit  
Payment Method Code : Automated Clearing House (ACH)  
Payment Format Code : Cash Concentration/Disbursement plus Addenda (CCD+) (ACH)  
(DFI) ID Number Qualifier : ABA Transit Routing Number Including Check Digits (9 digits)  
(DFI) Identification Number : 071000152  
Originating Company Identifier : 3356001673  
(DFI) ID Number Qualifier : ABA Transit Routing Number Including Check Digits (9 digits)  
(DFI) Identification Number : 103000017  
Account Number Qualifier : Demand Deposit  
Account Number : 00000003041917285  
Date : 9/20/2016

### Reference Identification:

Transaction Reference Number : 071000157756010

### Payee:

EXPRESS SERVICES INC. (Code assigned by the organization originating the transaction set:  
502633851)

### Payer:

INDIANA UNV

### Entity:

Assigned Number : 1

### Remittance Advice Accounts Receivable Open Item Reference:

Reference Identification Qualifier : Seller's Invoice Number  
Reference Identification : 17733447-1  
Monetary Amount : 3951.79



## Payment Order/Remittance Advice

### General Information

Transaction Handling Code : Handling Party's Option to Split Payment and Remittance  
Monetary Amount : 2456.6  
Credit/Debit Flag Code : Credit  
Payment Method Code : Automated Clearing House (ACH)  
Payment Format Code : Cash Concentration/Disbursement (CCD) (ACH)  
(DFI) ID Number Qualifier : ABA Transit Routing Number Including Check Digits (9 digits)  
(DFI) Identification Number : 022000046  
Originating Company Identifier : 2526002033  
(DFI) ID Number Qualifier : ABA Transit Routing Number Including Check Digits (9 digits)  
(DFI) Identification Number : 103000017  
Account Number Qualifier : Demand Deposit  
Account Number : 00000003041917285  
Date : 9/20/2016

### Notes

#### Note --

PAYMENT ADDENDA FORMAT ERROR SEGMENT DELIMITER MISSING STATE OF MARYLAND MD DEPARTMENT OF AGRICULTURE REMITTANCE NO. 504525263

Trace Type Code : Current Transaction Trace Numbers  
Reference Identification : 022000040964442

### Time Reference

Effective : 9/20/2016

EXPRESS SERVICES INC (Code assigned by the organization originating the transaction set:  
504525263)

### Payer:

ST. VENDOR PMTS.

Remittance information sent in non-standardized formats

Remittance details sent in a standard way

Remittance details sent in an unstructured way



# Summary



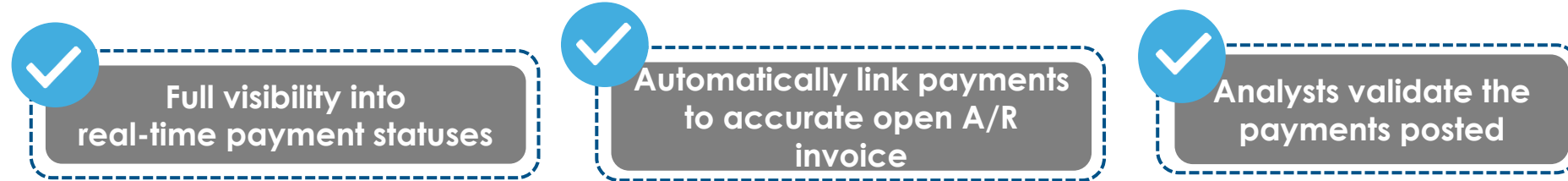
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# Cash Application Today

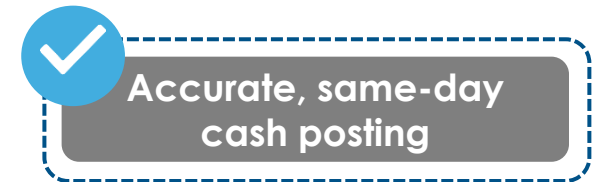
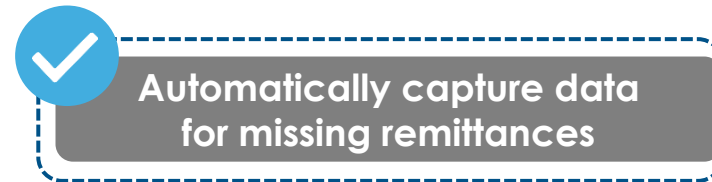
- Email
- PDFs, Excel file
- Websites
- EDI files

## Remittance



## Payments

- ACH
- Checks





# Past vs Present

**BEFORE**

**NOW**

*Check*



+



+



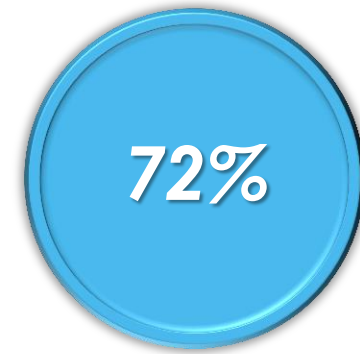
Hit Rate

Lockbox fees

Hit Rate

Lockbox fees

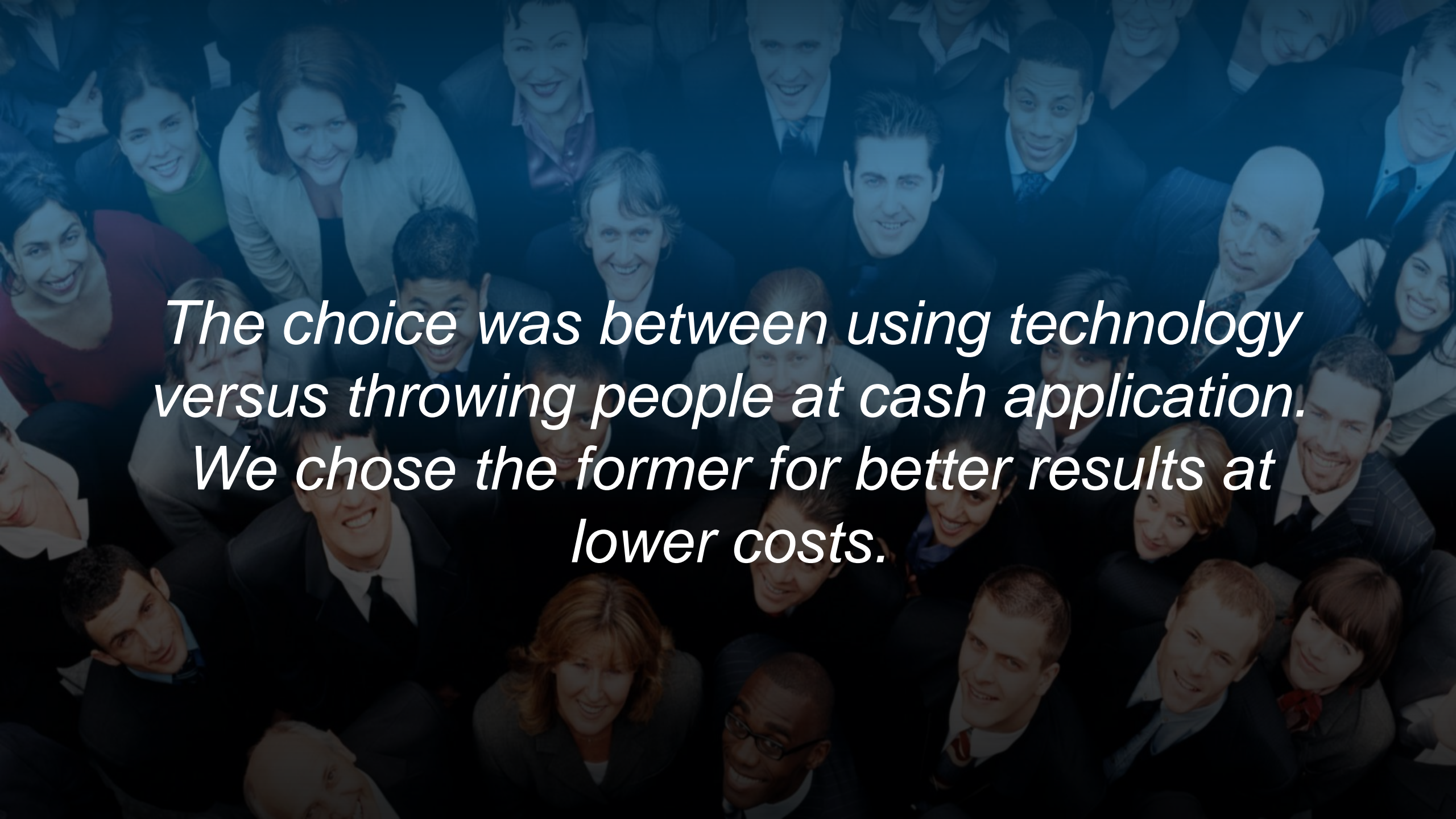
*ACH*



Hit Rate

Hit Rate





*The choice was between using technology  
versus throwing people at cash application.  
We chose the former for better results at  
lower costs.*



## Lessons Learned: Being Future Ready



Even though percentage of ACH payments was low in comparison to checks, more and more clients were moving to ACH. Banks provided no support in processing ACH, so automating that process was a pressing need to meet the demands of growing business.



In spite of having lockbox facility, the analysts still had to deal with exceptions. Moreover, it incurred a hefty sum. Automation was the key in reducing dependency with the bank and make significant savings.



Set realistic timelines and invest sufficient time in fit-gap analysis and testing. Ensure all details are thought-through in the design phase through an in-depth requirement analysis



Having a single source of data for different payment types across multiple geographies is a huge time saver and makes cash application future ready for tackling growing number of diversified payments.



Questions?



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