

Digital Payments for Businesses

Get paid on time



CONTENTS

- | | | | |
|-----------|--|-----------|--|
| 04 | Debit where debit's due with Jo Gibson | 08 | Case Study – Electricity experts Elexon |
| 06 | Remedy for late payments | 09 | Case Study – Employee benefits provider Caboodle |
| 07 | Future of payments Infographic | 10 | 4 simple steps to get paid faster |

You might regret going
out on a school night...
**But you won't regret
choosing PTX.**



Free yourself from
chasing payments
to focus on what
matters most



Take control
of your cashflow



Simply and securely
move money in and
out of your business



Add extra modules
as your needs evolve

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Welcome

It's a startling statistic, but recent research by Bottomline shows that 92% of financial decision-makers admit they've paid suppliers late. Between them, UK small and mid-sized businesses (SMB) are owed more than £50 million.

In 2017, a slow-payer ethic emerged as the biggest challenge to getting paid on time. In 2018, Bottomline explored this further and found that a surprising number of decision-makers were actively pursuing a late payment strategy to protect cashflow.

Government intervention, such as the Prompt Payment Code of 2008 and the Duty to Report (DTR) regulation introduced in 2017, is doing little to curb this unfair practice.

In fact, according to digital banking platform Tide, the average UK SMB is chasing five outstanding invoices at any one time, devoting 90 minutes a day to chasing the £8,500 they're owed on average.

The causes of late payments vary. For 35% of financial decision-makers, it's a deliberate policy to protect their own liquidity and cash flow.

When the blame is put on suppliers, 39% of decision-makers cite poor-quality service, while 33% point to incorrect invoice details.

Additionally, 40% admit their business has inefficient accounts-payable processes, limiting their ability to settle on time.

However, 17% of late-payment cases occurred because the supplier didn't



chase the invoice – a point that's certainly worth pondering.

So, how can businesses mitigate these problems?

Firstly, be sure to follow all of the customer requirements for invoicing, such as quoting a purchase order number if this is mandatory, and send your invoice to the right email/postal address.

Cloud-based solutions enable you to keep tabs on your invoices electronically. For example, if you notice an invoice email has not been opened or downloaded, you can send automated, proactive reminders.

Offer immediate online payment options, such as a link where the invoice can be settled immediately by credit or debit card. Accounts payable and credit control teams attest to how effective this can be.

Accounts payable automation

solutions make it easier to process and approve your own invoices more quickly. Efficient, timely invoice approval creates opportunities for businesses to partner with finance providers to put in place early payment programmes.

Such collaboration means payers can meet their own objective of not paying cash too early and minimising the use of overdraft facilities. At the same time, it helps suppliers improve their inbound cashflow and get paid more quickly.

Indeed, developing strong commercial supplier relationships could lead to competitive advantages. It places good payers in a better position to negotiate contracts with trading partners and create relationships that allow for more accurate cash forecasting on both sides.

Debit where debit's due

Jo Gibson started her career in the RAF, but as general manager of Bottomline's Small Business payment services, her current mission is to make sure SMBs are paid on time.

I f there's one thing that really bothers Jo Gibson, it's late payments. "They're a massive problem," she says. "If you're self-employed, you don't want to be spending every Wednesday chasing all the people who owe you money; and if you're in a service or manufacturing industry, you need to be growing your business, not worrying about the 10 people who didn't pay you last week. We're here to take that pain away."

Focusing on payment services for SMBs, this is her overarching mission. It hasn't always been the case – she was in the RAF for 13 years, specialising in communications – but it's what's occupied her since 2000, initially as data manager for a start-up, First Capital Cashflow. In 2017, multinational Bottomline Technologies acquired the firm. "We've been on quite a journey," she says.

Her role is to deliver a Bacs-compliant payment service, regulated by the Financial Conduct Authority, to thousands of small businesses around the UK. "We operate very specifically in the SMB sector," she explains. "We engage with an awful lot of start-ups

where the traditional or high street financial institutions are not able to support businesses at that early stage of their life because the risks are too high. We also deal with SMBs who are little more established, but we don't exclude what I would call the larger sized corporate either."

The magic concept here, which comes up repeatedly, is Direct Debit, a set-up familiar to every UK consumer. "It's tried and tested, people trust it and it's a really good tool in a SMB's armoury because it's automated, it's regular and they've only got to worry about the things that don't get paid, rather than the 99% of things that do," she says.

"The beauty of this service is that it can be fully outsourced and managed, so a larger organisation may want to collect by Direct Debit but may not want to employ a team to do that. We have customers who range from a one-man-band cleaning businesses, window cleaners, personal trainers, right through to larger organisations – some in local government, who simply want to outsource an area."

So, let's examine how this works.

"Direct Debit payments are tried and tested, people trust it and it's a really good tool"



When you use Direct Debit, says Gibson, your business is in control. With the agreement of each customer, you can dictate how much money you'll take from their bank account and when. At the same time, a powerful consumer guarantee protects the person whose money you're taking.

She adds: "Traditionally, you would have approached a bank and said, 'I would like to be able to collect the payments due to me by Direct Debit, please.' If you'd been trading for 20 years, had turnover in excess of £5 million and had a really long-term relationship with this bank, it would quite likely give your company sponsorship into the Direct Debit scheme.

"However, banks are very risk-averse. That's where we come in. We can

support small businesses who either can't get sponsorship from the bank or possibly don't want to – they want a more rounded service than the bank would give them. With Bottomline's regulated licence, we could replace the bank's service in that scenario.

"We do ask a small number of questions because we are a FCA – regulated entity. We're still obliged to do anti-money laundering checks, compliance checks and things like that. But we are able to take a much wider risk-based approach. In 99.9% of cases, we will sponsor you into the Direct Debit scheme, so we'd give you everything your bank would, but we go a little bit beyond that.

"We would give you the tools you need to collect money from your billers, from your payers, from the people that

you invoice. We'll fully manage all that on your behalf. We will handle all the people whose Direct Debits failed, or people who cancel their Direct Debits. We'll tell you all that through our cloud-based platform – and on the due date, we will collect the money, make sure it all balances to your expectations and send it to you."

Key to the process is the Service User Number, or SUN, that Bottomline provides. "That is your unique identifier, or your account number within the Bacs system and, if approached by your bank directly, they would ask for." Crucially, it means your company's name will appear on a payer's bank statements.

Moreover, Bottomline makes a point of asking every applicant about their business. "What service do they provide to their customers? How do they deliver that? Because their payments function has got to fit in." For instance, would collecting monthly or weekly work best? "And we'll talk about how you are going to get your customers signed up. Is a paper Direct Debit mandate appropriate? Do you service customers via an online shop? You might have a call centre or fully seamless electronic engagement. All of that we will help you to design, build and we'll host it ourselves, on your behalf, or give you the tools to do it yourself."

Her vision of a successful company, she adds, is "where the Direct Debit solution sits quietly in the background and works like clockwork". But the important point is that Bottomline has the solutions to fit any size and type organisation. "We will not prescribe how we deliver the service," she says. "We'll listen and we'll see how it is best going to fit for you."

Show me the money

Late payments are a major headache. What's the most effective remedy for you?

THE WAY WE shop has changed dramatically in recent years. As consumers, we can pay for goods and services in multiple ways, which can make it hard for businesses to know which method of collecting payments is best.

The popularity of Netflix-style subscriptions indicates how consumer attitudes to making regular, lower-value payments has changed. Under this model, paying via Direct Debit is convenient, simple and reliable for both the consumer and the business owner.

In the business-to-business world, however, many companies – especially larger ones – see paying late as entirely normal. This can hold back your growth, hinder your own payments to suppliers and staff and even threaten your company's survival when cashflow is tight.

Some businesses are terrible at chasing outstanding invoices.

Their owners may dislike confrontation or worry that they will damage the customer relationship. Being firm, persistent and polite – without letting late payers take you for a ride – is essential. But as more and more businesses are recognising, using Direct Debits can eliminate this friction considerably.

At the same time, it's essential that you understand your financial position. This can be challenging if you have multiple bank accounts or trade in different currencies, but Open Banking, and the ability to gather statements and balances from different providers in one place, has improved visibility tremendously.

Collecting payments

There are numerous ways to collect payments and choosing which is suitable for your business will depend on your circumstances.

- Invoices are simple and convenient, but payments can be late and chasing them up can be time-consuming.

- Standing orders involve a customer agreeing to pay you fixed sums at regular intervals using automated payments.
- Direct Debits are automated too, but debit variable amounts as payments become due, provided advance notice is given.
- Faster Payments are immediate and suited to urgent, low-value payments or supplier runs, payroll runs and staff expenses.
- Continuous payment authority from credit or debit cards gives businesses the ability to debit money whenever a sum is owed – though this practice has recently attracted negative press.

Tailor-made systems

Some companies use a customer relationship management (CRM) system to administer payments. But where something as business-critical as getting paid is at stake, you need to ask yourself if a generic solution is enough.

Does the existing system, for instance, enable bank account validation and owner verification? Does it allow for balloon payments or for multiple plans? And will it help you to stay compliant when legislation changes?

Bottomline can offer you a specialist Direct Debit management solution, providing in-depth capabilities that ensure the process is efficient, compliant and flexible.

Its technology also incorporates card payments and new payment methods such as offering a customer the option of paying directly from their bank account or sending a request for payment, both of which are powered by Open Banking.

Furthermore, the secure platform grows with your business, allowing you to add modules as you need them – making it a solution that is both futureproof and innovative.

So, if all goes to plan, your worst payment headaches will be a distant memory.



Future of Payments

63% of financial decision makers agree that regulatory changes will impact payment processing in 2020.

The majority of businesses don't feel completely ready for what's coming and have a lack of confidence/knowledge to do it alone. There is reliance on banks and solution providers for guidance.



SMALL ORGANISATIONS

Don't know how/benefits

- + OPEN BANKING
- + NEW OVERLAY SERVICES
- + ADOPTION OF ISO 20022 FORMATS
- + NEW PAYMENT ARCHITECTURE



ENTERPRISES

Don't know how/benefits

- + ADOPTION OF ISO 20022 FORMATS

No Urgency

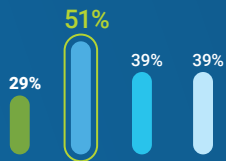
- ✓ OPEN BANKING
- ✓ NEW OVERLAY SERVICES
- ✓ NEW PAYMENT ARCHITECTURE

Payment Insight

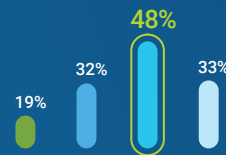
92% of businesses have paid their suppliers late.



INTERNAL

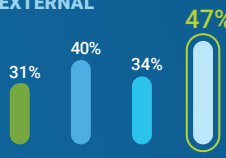


Accounts payable processes hamper our ability to pay on time

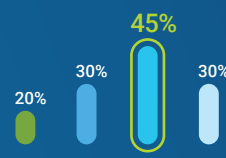


We pay late to protect cashflow etc./to prioritise other payments

EXTERNAL



Quality not as expected so we withheld payment



Incorrect invoice details or workflow routing

● SMALL ● MEDIUM ● LARGE ● ENTERPRISE

Will real-time payments help fix the problem and get suppliers paid on time?

53%

have already adopted real-time payments

37%

plan to in the next year

Compliance, Fraud & Sanctions

Companies are being **hit harder, losing more, and recovering less** as a result of payment fraud.



75% SMALL COMPANIES LOSE UP TO £50K



89% MEDIUM & 67% LARGE LOSE £10K TO £250K



17% OF ENTERPRISE HAVE LOST OVER £1M

87%

unable to recover more than half of fraud losses, raises to 93% for small/medium companies.

CASE STUDY



More power to their elbow

Installing Bottomline's PTX Payment Service proved to be a lightbulb moment for electricity market experts Elexon.

The Balancing and Settlement Code might sound boring and bureaucratic, but in practice, it keeps the UK's lights on.

A complex web of forecasts and contracts links electricity generators, power suppliers and the National Grid. Further down the line, it's Elexon's job to compare these figures with actual volumes and balance the books financially.

Annual payments total £1.5 billion. Daily payment volumes are £5 million on average. All of which means Elexon needs robust, secure payments technology.

As the utility company's finance systems and operations director for nearly a decade, Darren Draper manages transaction, payment and treasury processes. He's a strong advocate for Bottomline's PTX payment solutions, which Elexon uses for Bacs payroll payments and Direct Debit collections.

The problem that led Elexon to Bottomline originally was that it had too many demands for online banking.

It needed to be able to make indirect submissions to Bacs by sending payments via a bank or bureau.

Following a recommendation from Elexon's bank, Draper was won over by Bottomline's demonstration. "My evaluation showed that PTX matched our requirements closely," he recalls.

"I was impressed with PTX's flexibility and ease of use. As a cloud solution, PTX gives us operational agility to support our different business units. Additionally, we share many qualities with Bottomline, such as being trusted, independent and reliable experts."

Implementation went incredibly smoothly, he adds. "Bottomline experts were able to set up the different profiles, workflow rules and map the file types to get us into live testing in less than a day."

Security-wise, PTX's Multi-Factor Authentication plays an invaluable role in helping to meet General Data Protection Regulation commitments, he says, while adding a layer of authentication that is "particularly valuable when making high-value payments".

Favourite features

Having created the relevant payment files, Elexon's internal finance system saves them to a network location. "In a fraction of a second, PTX moves the file and uploads it for immediate processing," says Draper.

"This is one of my favourite features as the automation eliminates any possibility of the tampering with that payment file, which is important for sensitive data such as salaries."

PTX also verifies and validates payment files at the point of submission to Bacs. Any potentially suspicious items are flagged for investigation.

At the same time, it checks for duplicate payment amounts or beneficiaries. Together, these rules mitigate the risk of fraud or error.

"We have been able to progressively use the platform more over time," adds Draper. "It offers a single, secure platform to administer all of our payment requirements with dual control of admin charges, approvals, a full audit trail and all of our Bacs submissions in one place."

On top of all that, PTX has supported a major initiative to increase the number of Direct Debit collections. Moving away from paper-based forms gives Elexon more control over the Direct Debit mandate creation process.

As Draper explains, "Automating the Direct Debit process led to significant efficiency gains and time-saving benefits. By streamlining the Direct Debit process, we have been able to increase the number of Direct Debit collections by 40% without any change in our resourcing."

"We receive cash more quickly, reconciliation takes less effort and any changes to mandates are notified to us through Bacs and PTX."

All in all, secure, accurate payments are fundamental to Elexon's business. "PTX plays a major role in achieving this," he concludes.

CASE STUDY

'We just focus on what makes us great'

From a modest start, Caboodle has blazed a trail as a provider of employee benefits – but it couldn't have succeeded without Bottomline's help

"Absolutely essential to our business." That's what Catherine Bennett, Caboodle's founder, thinks of Bottomline's PTX Payment Service.

And she should know. As managing director of one of the UK's best-known employee benefits providers, she shudders at the very notion of a payments system that didn't function efficiently.

The aims of the business, which supports the changing needs of the HR industry, include reducing wage bills, encouraging a healthier, more motivated workforce and helping employees get on top of their finances.

"We started in 2009 as a group of die-hard cycle enthusiasts," recalls Dan Harrison, its head of sales and marketing. Before too long, however, the team's cycle-to-work initiative had grown into a comprehensive employee benefit scheme, known as Salary Exchange until the outfit rebranded in 2017.

A quick glance at Caboodle's website reveals the scope of its ambitions. ("We provide the whole kit and caboodle to reward and engage your employees," is how Bennett likes to explain it.) From holiday discounts to childcare vouchers, the sheer range of benefits is remarkable.

"We want to drive engagement between clients and their employees," adds Bennett, "by automating as much as we can, making it very self-served from their perspective."

What's more, Caboodle processes a huge number of Direct Debits every day

– and without Bottomline's technology, she says, "we would need a whole team of people to do this, because it's not just about collecting the payment, it's about chasing payments and credit control, which would take a massive amount of resource".

Jo Gibson, general manager at Bottomline Payment Services, has watched the two companies' relationship blossom. "Caboodle came to us at the beginning of their business life as a start-up and we've stayed with them and grown with them," she says. "They've kept us on board to manage and we've almost become part of their daily accounts function."

"Bottomline was a day-one obvious partner," adds Harrison. "We wouldn't have been able to grow to the size we are now, because we'd still be focusing so much time doing Direct Debits. We'd

have to handle every single payment manually."

In fact, he's happy to concede that the company couldn't manage without fully automated Direct Debits. "The amount of paperwork we would generate if we didn't have Bottomline, if we didn't have them doing this for us, would be nightmarish," he says.

"We're not a payment company. We just couldn't do it. We can focus on what we do, which is the product and the journey and the user experience. Bottomline, for us, means that we can take away the whole payment part and we just focus on what makes us great."

This applies to reporting, too. "We have a really sophisticated solution set-up with Bottomline to integrate the reports straight into our system," Bennett says. "This really reduces the amount of human intervention and therefore errors. But we've always got access to the payment platforms, so that we can go in and pull reports as and when we need to on top of that."

So, it's safe to say Caboodle appreciates Bottomline's services?

Bennett nods. "They actually are really, absolutely essential to our business."



4 simple steps to get paid faster

On average, small businesses are owed £6,000 at any given time, according to the Federation of Small Businesses. The good news is that understanding common hurdles and following best practices will ensure you get paid on time, every time.

1



Invest in a payments solution

The most popular, trusted way to pay regular bills in the UK is through Direct Debit, with 80% of households having at least one Direct Debit in place. With an automated platform, small businesses can avoid the hassle of chasing late payments by controlling when and how often they're paid.

Bottomline's PTX payment solution lets you set up Direct Debit mandates, payment plans and one-off transactions to collect variable amounts, subscription payments and fixed fees alike – and you can automate correspondence as required by the Direct Debit scheme rules.

Onboarding takes only a few days. Once set up, payments are automatically collected on your chosen date, leaving you free to focus on your business. What's more, PTX updates automatically to ensure you always comply with the rules.

2



Go digital

Customers who sign up to Direct Debit need to complete a mandate, authorising you to collect future payments. In turn, you can authorise future payments so you can collect any amount from your customer at any time. The Direct Debit Guarantee protects customers from payments taken in error.

If you are still using paper mandates, this process can be manual, time-consuming and prone to errors. The alternative – branded Direct Debit payment forms integrated with your website – make it quick and intuitive while keeping your customers engaged.

With the subscription economy booming, consumers increasingly prefer setting up payments online, with a growing shift to paperless Direct Debit. PTX ensures you can offer this service to customers, along with the highest possible completion and customer acquisition rates.

As failed payments can be costly, you should also consider using a provider who can verify and validate bank account and customer details at the point of sign-up.

3

Explore new ways to pay

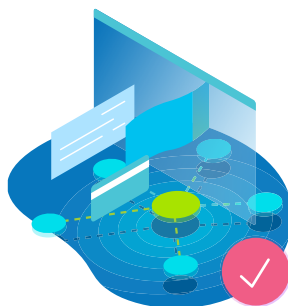
The introduction of Open Banking means you can now accept payments directly from your customers' bank accounts.

This is a great alternative to card payments, as you remove the middleman and save up to 2% per transaction. With every purchase correctly tied to an order reference, you'll avoid having to deal with incorrect references or manual reconciliation.

Your customers benefit too. They don't need to type in a long card number or address details at the checkout as it integrates with your existing website. Plus, they can check their account balance before approving payment.

Allowing customers to pay instantly, directly from their bank account means you can get paid quicker than ever before.

Payments work best when they're flexible. That's why PTX offers a range of payment options within the same platform, from Direct Debit to card payments.



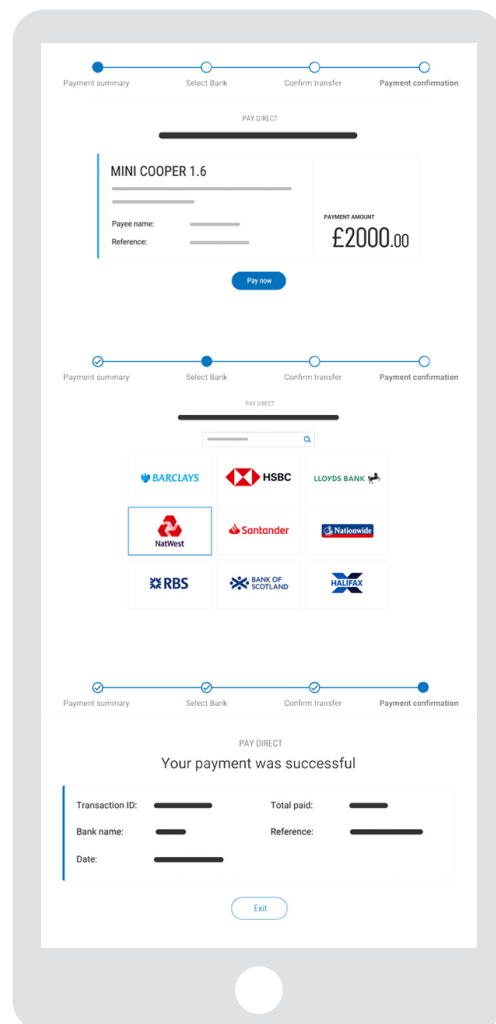
4

Keep your payments secure

Money is the lifeblood of an organisation, so protecting your ability to receive payments is vital. How can you safeguard your business payments to reduce the risk of error or fraud, or the impact of a malicious attack?

Make sure you select a Bacs-approved bureau and, more importantly, choose an accredited facilities management provider when looking to access the Bacs scheme and receive your own service user number (SUN).

PTX is an award-winning anti-fraud solution for payments. You can eliminate the risk of unauthorised access and tampering of payment data by encrypting payment information at the point of its creation. Built-in intelligent transaction monitoring analyses every payment for indicators of potential fraud and error.



The Bottomline process step by step.

About Bottomline

Bottomline Technologies is an innovative leader in business payment automation technology, helping businesses of all sizes to pay and get paid with its cloud-based Bacs-approved payment software.

The company's scale, talent and innovative platform serve thousands of companies across 92 countries, making business payments simple, smart and secure, and helping them to improve cashflow and wave goodbye to late payments.

You might regret rushing
to your meeting today...
**But you won't regret
choosing PTX.**



Free yourself from
chasing payments
to focus on what
matters most



Take control
of your cashflow



Simply and securely
move money in and
out of your business



Add extra modules
as your needs evolve

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PAYMENTS AT **PT-X.COM**