



## Virtual Pay Profiles

### Planning expedites payment integration

The introduction of a new payment process requires careful planning and coordination. Learn how a national financial services company added virtual accounts to its payables program. Their best practice approach ensured a successful launch in record time.



### Virtual accounts extend commercial card value

When a commercial card client wanted to improve payment efficiency, U.S. Bank recommended the addition of virtual payment accounts. Virtual payments are made with commercial card numbers generated for a specific supplier, payment amount and expiration date. Once processed, the account number deactivates and can't be used again. Virtual accounts provide

a higher degree of control and security than traditional commercial cards. This makes them ideal for higher-value purchases that typically require more oversight and control—purchases likely paid by checks and ACH.

The client's A/P department viewed virtual accounts as an opportunity to reduce check costs and build rebate spend while maintaining prompt supplier payments. Working with U.S. Bank, they crafted a comprehensive plan to gain buy-in, avoid service disruptions and ensure a smooth rollout. Advance planning, a collaborative approach and a strong supplier enablement program helped launch the program in record time.

## Planning success from the top down



Plan and prepare

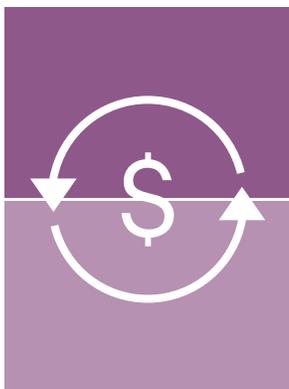
The project sponsor's first step was to propose the new virtual payment solution to senior management. Executive support was secured by demonstrating value both to the organization and to its suppliers. Senior management's backing lent credibility to the initiative. It also helped pave the way for collaborative participation from stakeholders throughout the organization.

The next step was to educate all internal groups affected by the new solution. U.S. Bank helped facilitate training and developed materials that prepared stakeholders to guide suppliers through the enrollment process. The corporate procurement and A/P teams worked together to ensure everyone was prepared to answer supplier questions in a consistent manner. Launch preparations also helped identify potential issues early in the planning stages, allowing swift resolution.

## Supplier enrollment strategies cover all bases

Maintaining strong supplier relationships was of paramount importance to the organization. The U.S. Bank Supplier Enablement team invested time to understand those relationships and developed a supplier enrollment strategy that reflected supplier needs and preferences.

U.S. Bank analyzed the organization's A/P file to determine program potential. They recommended a multipronged enrollment program that prioritized suppliers based on spend volumes and their likelihood to accept virtual payments. The first campaign targeted high-potential suppliers most likely to enroll. Within three weeks of kickoff, the organization was processing close to \$1 million in payments from the first wave of suppliers.



\$1 million processed

The next campaign targeted suppliers in the secondary spend tier. Enrollment specialists used a straightforward approach to explain the new payment initiative and its benefits. By being direct and clear, additional suppliers in this lower spend group were quickly enrolled.

## Custom approach wins over key suppliers

The third campaign targeted a select group of the organization's largest, most strategic supplier relationships. The A/P team leveraged established relationships between these suppliers and their internal business contacts. U.S. Bank and the A/P team crafted custom communications that the business partners could use to initiate conversations with key suppliers. The business partners then introduced the U.S. Bank Supplier Enablement team to guide suppliers through the enrollment process.

U.S. Bank took time to understand the concerns and expectations of each key supplier. In some cases, suppliers would only agree to accept virtual payments if offered more attractive payment terms. The organization was willing to negotiate terms with its most strategic suppliers. Other suppliers needed the ability to accept payment through their existing A/R processes, such as online payment portals or call centers. U.S. Bank had flexibility to accommodate non-standard processing requests.

Leveraging internal business relationships helped establish trust in U.S. Bank. The ability to meet supplier A/R needs resulted in the successful conversion of these highly valued suppliers.

## Favorable terms encourage ongoing enrollment

To continue momentum, the organization's procurement, A/P and contract teams agreed to position virtual payments as the preferred payment method to new suppliers. To that end, virtual payment was designated as the standard payment method in all new vendor contracts. Suppliers are incented with significantly shorter terms for virtual payment than for check.



Tailored approach



Best practices

## Key takeaways

The A/P team recommends the following best practices when introducing a new virtual payment program:

- Secure early endorsement from senior stakeholders.
- Align procurement, A/P and contract administration objectives, roles and responsibilities.
- Provide comprehensive training and communications to everyone who interacts with suppliers.
- Create consistent supplier messaging for all impacted departments.
- Segment and prioritize suppliers, then develop targeted tactics.
- Enlist vendor relationship managers to assist in supplier outreach.
- Designate virtual payment as the preferred payment method in vendor contracts.

## Results

- Nearly one-third of targeted suppliers were enrolled for virtual payments within four months of campaign kickoff.
- Rapid implementation resulted in close to \$1 million of processed payments three weeks into the supplier enablement campaign.
- First year rebate exceeded initial projections.

## Supplier enablement ensures continued success

U.S. Bank views supplier enablement as a continuous process. We provide the people, tools and strategies to help organizations transition their suppliers to virtual payments, then build and grow their programs over time. For more information about virtual payments, contact U.S. Bank at [intouchwithus@usbank.com](mailto:intouchwithus@usbank.com) or 866.274.5898.