

Virtual Pay *Profiles*

Start-up virtual payments program delivers rapid results

Janney Montgomery Scott (Janney) is a full-service financial services firm that is an independently operated subsidiary of Penn Mutual Life Insurance. It is one of the largest regional broker-dealers in the country, providing a wide range of customizable financial products and services. Headquartered in Philadelphia, PA, Janney serves over three hundred thousand client accounts.



Janney and U.S. Bank began working together in late 2012 when Janney was looking to strategically expand its lending partner mix. During the formation of the lending relationship, the U.S. Bank account team took the extra step to identify other payment related pain points and propose an automated virtual payment solution to improve Janney's Accounts Payable (A/P) process.

Fast ramp up to significant savings

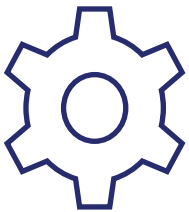
With U.S. Bank's help, Janney transitioned from 100% check payments to a modern, automated virtual payment system. Virtual payments are cardless account numbers set to a specific supplier, payment amount and date range. These highly secure electronic payments offered Janney superior control over invoice payment timing, a streamlined reconciliation process and working capital benefits. In less than three months, nearly one-third of targeted suppliers were enrolled for virtual payments, **reducing check volume by 75%**. At the conclusion of the first full calendar year, supplier conversions and program spend volume dramatically exceeded initial projections. The A/P department realized significant cost savings and emerged as a profit center through earned rebates.



Challenge
Reduce Manual Processes

Transform a manual check payment process and free up resources for higher value activities

With over 100 locations across the U.S., Janney was processing an average of 125 payments per day exclusively by check. The small A/P department relied on a completely manual invoice and check writing process which required extensive staff hours and drove up the department's operating costs.



Solution
Virtual Payment Automation

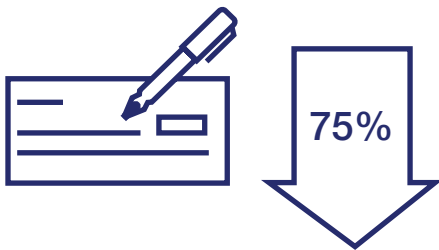
Introduce process automation

Mike Hricko, Janney's Director of Finance, had a vision to modernize the A/P department. He sought a solution that would reduce check use, processing time and resource hours, in addition to cutting overhead costs and department paper flow.

U.S. Bank recommended Payment Plus, its virtual payment solution. Janney had looked at payment alternatives from other banks, but quickly concluded that U.S. Bank offered a streamlined program with the features needed to automate the payables process and reduce total check volume and paper flow. Virtual payments also provided Janney the opportunity to generate new revenue from program rebates.

Create revenue while reducing costs

Per Mike Hricko: "Our former process was almost entirely manual with 100% checks – and no rebate! U.S. Bank helped us discover a whole new way of doing business with their virtual payment solution. We were able to reduce the number of daily checks processed by over 75%. Once we began to realize the savings from automating payments, we converted all our Corporate Travel, Declining Balance and CTA programs to U.S. Bank."



Fast implementation and seamless supplier enrollment

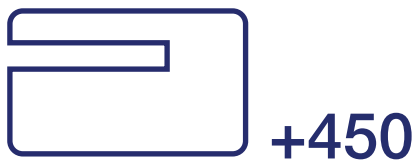
U.S. Bank worked with the Janney A/P team to build the virtual payment program from the ground up. U.S. Bank guided Janney through the implementation process in record time, including IT file set up, systems integration, and A/P team training.

U.S. Bank led the supplier enablement efforts and managed all enrollment communications to provide a seamless transition for Janney's vendors. U.S. Bank views supplier enablement as an ongoing process. The dedicated staff continually uncovers new opportunities for increasing acceptance through periodic supplier enrollment campaigns. U.S. Bank's commitment throughout the program lifecycle ensures that the virtual payments solution delivers maximum value as supplier relationships evolve.

Mike Hricko recalls: "The implementation could not have been easier. Transitioning to virtual payments had minimal impact on the processes used by our expense owners in headquarters and in the field, so the change required very little communication. The simplicity further allowed our small working group to quickly execute our automation strategy. We went from a July contract to transactions in late September."

"We have been able to realize savings in so many ways across our payables process that when we recently renewed our contract with U.S. Bank, we did not request a revised rebate structure."

-Mike Hricko



Expanding payment programs

Following the successful implementation of virtual payments, Janney decided to expand its relationship with U.S. Bank. During the first half of 2014, Janney added 450 U.S. Bank declining balance cards as well as corporate T&E and event planning card programs.

Janney's virtual payment program continues to grow with an average transaction size exceeding \$5,000. The company has also made several transactions greater than \$100,000 and views large transactions as an on-going trend with certain vendors. Janney continues to work with U.S. Bank to find innovative strategies to expand virtual payment acceptance with large national vendors.



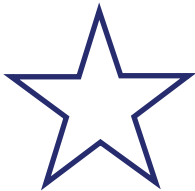
45%
**Exceeded
Spend
Projections**

High impact payment transformation

U.S. Bank worked with Janney to develop an entirely new virtual payment program to replace as many check payments as possible. With U.S. Bank's ongoing service and support, the program **exceeded spend projections by 45%** in the first full calendar year.

Ultimately, the Janney program has achieved the following results and benefits:

- Reduced check volume by over 75%, the equivalent of nearly \$185,000/year¹ in savings
- Converted approximately one-third of the targeted supplier base to virtual payments resulting in nearly 20% of the total A/P spend volume qualifying for and earning a rebate
- Achieved 100% YOY spend volume growth from year 1 to year 2
- Improved the reconciliation process between Accounting and Accounts Payable, allowing staff to focus on more strategic business initiatives
- Decreased lost, late and voided checks resulting in more efficiencies and reduction in operations overhead across Cash Management and A/P departments
- Improved cash flow, gaining an average of 15 days additional float



100%
**Spend
Growth**

By reducing total costs and realizing a program rebate, the Janney virtual payments program helped create a net positive return and transformed the A/P department into a revenue generator for the company.



+15
**Days
Float**

**For more information about virtual payments, contact
U.S. Bank at intouchwithus@usbank.com or 866.274.5898.**

usbpayment.com

¹ RPMG 2015 EAP Benchmark Survey Results - \$22/check savings with virtual payments
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