ERP Connections

Where does my bank fit in?

Meet our speaker

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Discussion points

- Public sector technology obstacles
- The bank and ERP relationship
- ERP connectivity – what it means
- Practical applications

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Obstacles impacting public sector payables

- Large check volumes remain a reality
- Legacy systems slowing seamless integrations
- Manual invoice handling and payment approvals
- Manual multi-layered approval processes delay payments
- Manual data entry = longer reconciliations

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Financial operations are evolving – are you ready?

Market disruption	Competitive pressure	Evolution of technology	Crisis response
Market conditions are evolving to meet consumer expectations for flexible payments, improved liquidity, and automated execution	With increasing needs and a shrinking pool of skilled labor, automation has become a critical facet of back-office function	Machine learning, deep learning AI, low code/no code development, etc., has expanded technology capabilities to new horizons	Automated fraud prevention coupled with automated BCPs take the guesswork out of incident response and business recovery

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When discussing change, leadership is looking for:

Visibility	Finance Officers and Treasurers are expecting *real-time* cash visibility– next day is often no longer adequate.
Transactional control	Controllers expect the ability to execute immediate, irrevocable payments on *their* schedule that meets *their* business needs.
Security	With the plethora of anti-fraud tools and programs available, fraudulent payments are no longer acceptable “shrinkage,” especially in a rising-rate market.
Flexibility	Transactional control isn’t just about timing– it’s about executing the payment type that furthers the goals of the organization.

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ERPs: Where does your bank fit in?

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Identify where bank integrations can occur

Understanding process flows and identifying your bank integrations today vs. what you could be doing is a critical first step.

Make the future a shared experience: engage your bank early in ERP conversations

Process discovery → **Process – options/ solutions** → **Defining the future vision**

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Where is your organization on your technological journey?

…… 01

- Unfamiliar with options
- File transmission or manual processing
- No set digital initiative

…… 02

- Basic understanding of options
- There is a set digital initiative
- You don’t need persuasion to adopt best practices

…… 03

- Digital first approach
- APIs used internally and/or with partners
- Continually seeking new opportunities to enhance your business practices

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Technology focal points

Data information management

- Easier connectivity
- Tools to gain visibility and control
- Leveraging new solutions/ways to explore

Payables & receivables

- Reduction of paper processes
- Security and authentication in payments
- New payment channels and enhanced choice

Seamless user interfaces

- Enables digital payee/payor experiences
- Offers an embedded API experience
- Creates a competitive advantage

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Payment information is evolving

Expectations are changing	Tech is progressing	Payment evolution
• Real-time clearing and settlement • Transparency • Immediate payment acknowledgement	• ISO20022 usage • Biller identity verification to protect you against fraud risk • Expanded data access methods	• Configurable alerts • Direct communication between biller and customer • Flexibility for customer to schedule future-dated payments

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Connectivity: what does it mean?

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How are you connecting with your FI partners today?

Manual processes

File upload

Secure transmission

Home grown infrastructure

TM software / ERP connectors

APIs

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The evolution of connectivity

	Digital	Transmission	API	ERP and TM Software
Benefits	• Online • Low digital complexity • No additional build required	• Automatic per defined batch schedule	• Very flexible • Real-time or scheduled • Integration available for most systems • Innovate for new products/ improve existing ones • Optimize your IT infrastructure	• Integration between bank and ERP system • Relatively small development effort required from you
Drawbacks	• Manual upload or initiation • Increased cost • No integration • One dimensional	• Set schedule • Testing (ISO 20022) • Creates a file every time • No integration • Implementation • One dimensional	• API integration skills required • Implementation for current services	• Capability is limited to ERP • Typically, best for cloud-based ERP systems

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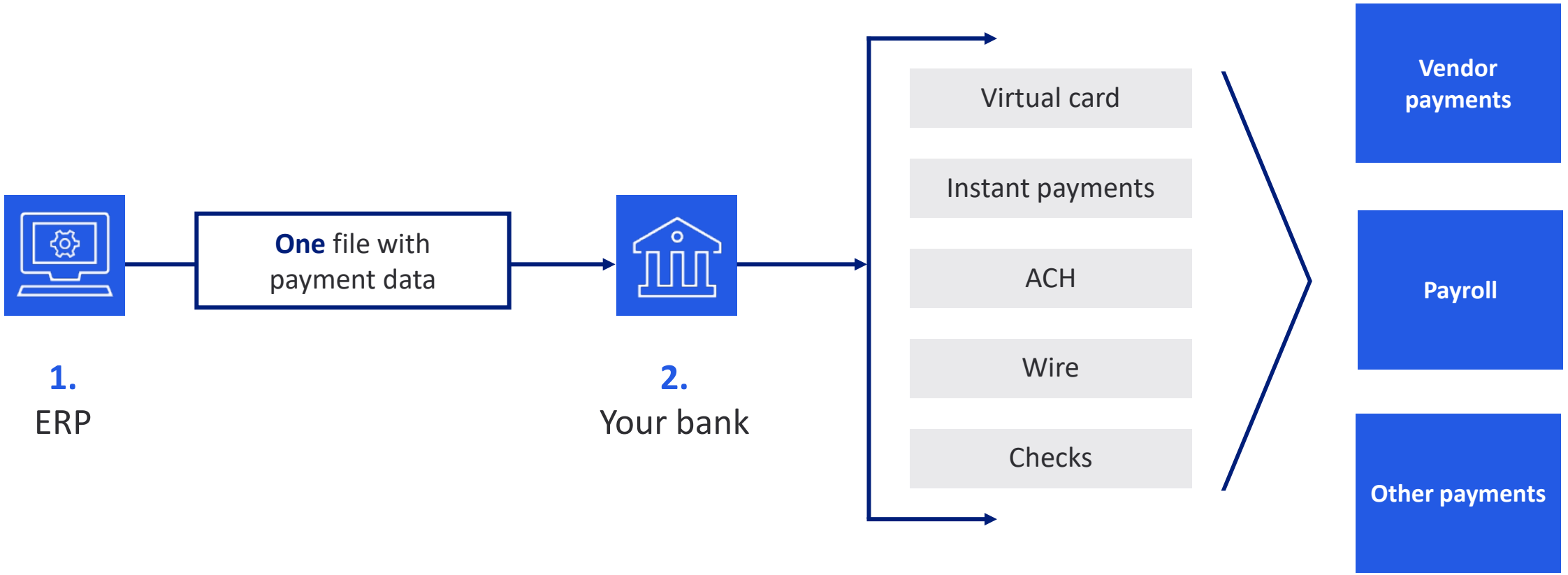
Payment optimization example

The journey to an automated payment process



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Practical applications

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Data and information

Go from tactical to more strategic with enhanced connectivity. Eliminate manual process with transmission and/or APIs.

Challenge

Employees spend hours each day gathering balance information from bank platforms.

Solution

Transmission of banking data daily can eliminate manually downloading reports.

APIs automatically pull data into your application, saving time and cost, while allowing staff to focus on more strategic tasks.

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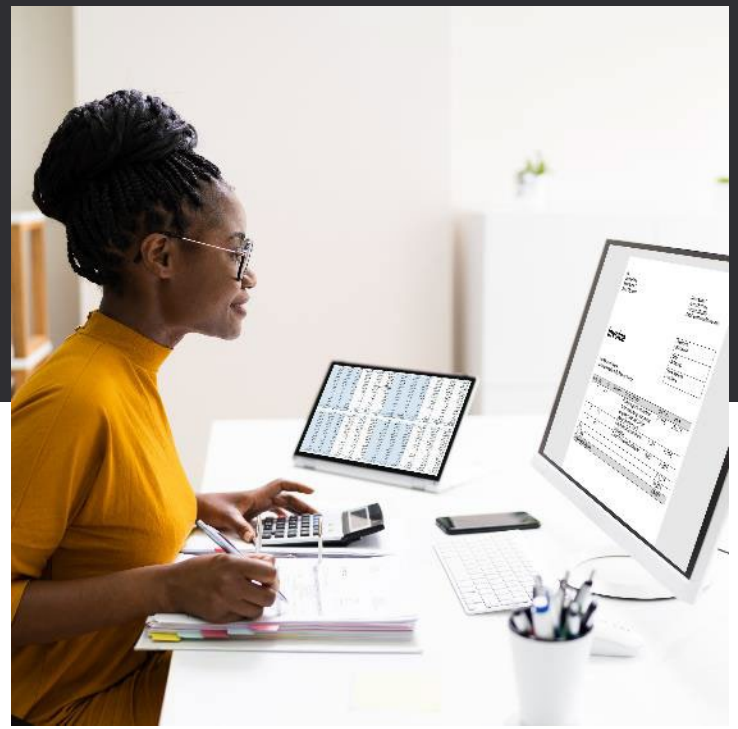

Payables

Embrace new ERP functionality and push toward a check-free payment ecosystem.

Challenge

An outdated ERP system, or other technological barriers, limited the adoption of electronic payment options due to the complexity of system integration.

Solution

Evaluate adding newer electronic payment options early in ERP evaluations, including consolidating the number of files sent to your bank – setting you up for more successful electronic payment campaigns once live.

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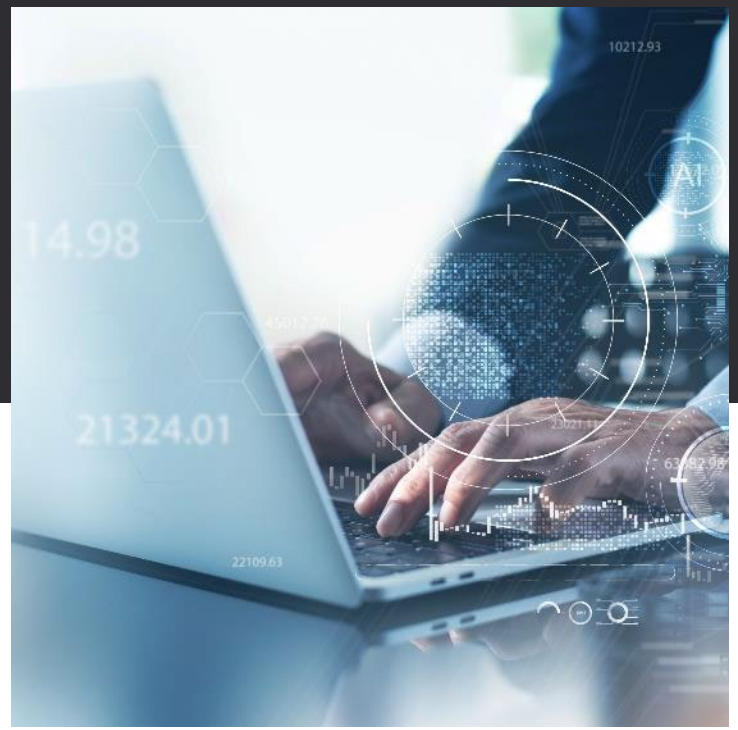

Receivables

Receive payment info, and the remittance data that accompanies them, directly to your ERP.

Challenge

Posting payments from checks received in a lockbox, is time consuming and requires manual review of remittance images.

Solution

Receive a single posting file transmitted from your bank to accelerate AR cash application from checks received at a lockbox or e-lockbox.

Further: explore adding other payment types received to the same file from your bank.

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Key technology considerations

- How can your treasury area use new technologies to digitize processes?
- How can a change of process increase speed and agility within your company's digital ecosystem?
- Can new technology accelerate connectivity with your banking partners?
- What could the impact be on your resource allocation?

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Recap

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Best practices in an ERP implementation

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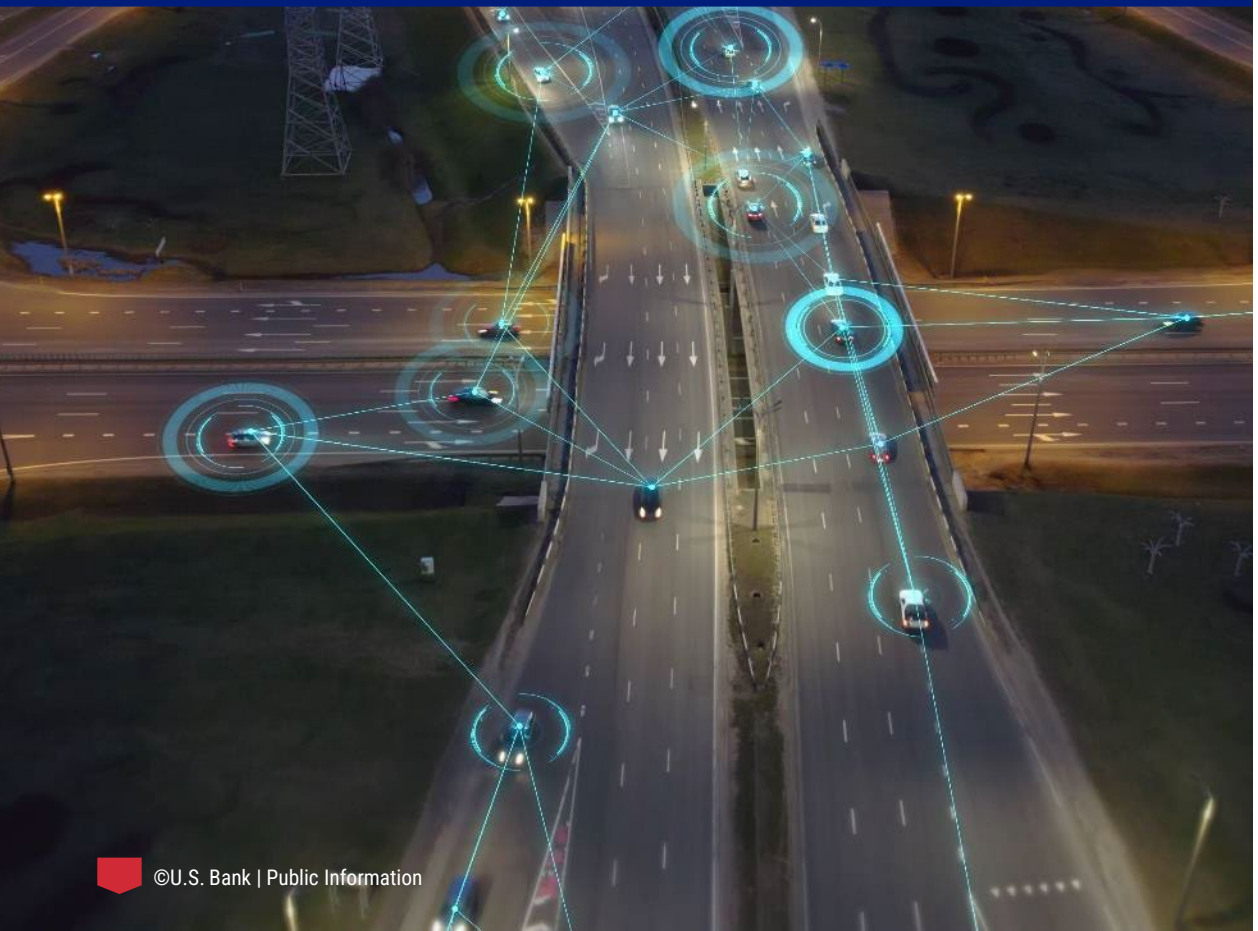
The road to success

The key is understanding where you are today and where you want to go.



Understand where you're at today

Account for steps already taken

Set short- and long-term goals

Confirm desired end state

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Thank you.

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