EVERYTHING
YOU SHOULD
KNOW ABOUT
PAYMENTS





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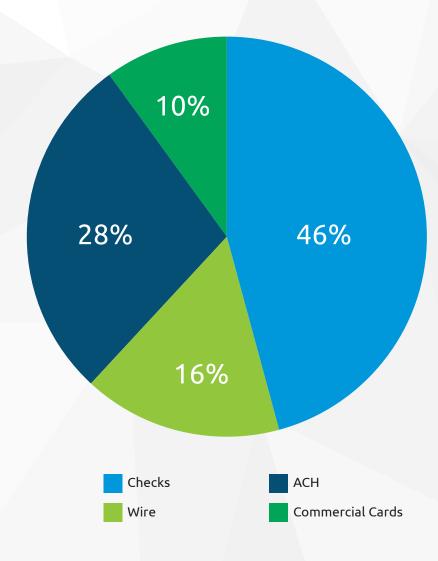
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SUPPLIER PAYMENT PROCESSING METHODS



Checks and ACH are the leading payment methods

INDUSTRY TRENDS

When managing accounts payable operations, one of the top goals for many companies is to make safe and secure supplier payments with minimal effort and maximum speed. However, many organizations spend more effort and time overseeing the process than they would like. While many different options are available to streamline payments, organizations typically end up using the tools and methods they perceive to be the simplest and safest to use. In most cases, these methods are check and ACH payments. However, check and ACH payments are not the most efficient, safe, or affordable methods among available payment options today.

According to <u>PayStream Advisors</u>, companies relying heavily on checks or ACH payment methods typically experience more processing challenges than those that employ a diverse mix, such as electronic payables platforms and commercial card programs. Comprehensive ePayment solutions, like AvidXchange's, streamline the tedious tasks associated with payment management. These tools enable organizations to reduce their reliance on manual methods that require heavy involvement and oversight, and to shift much of the processing burden to the provider.

AvidXchange offers a full-service payment offering that converts, on average, 40 percent of payments to electronic payments. This full-service offering includes virtual card and ACH payments, and the ability to approve and pay invoices with the click of a button. The service eliminates many manual processes associated with payments, such as maintenance of supplier payment data. The solution is bank-agnostic, which enables customers to maintain all their current banking relationships.

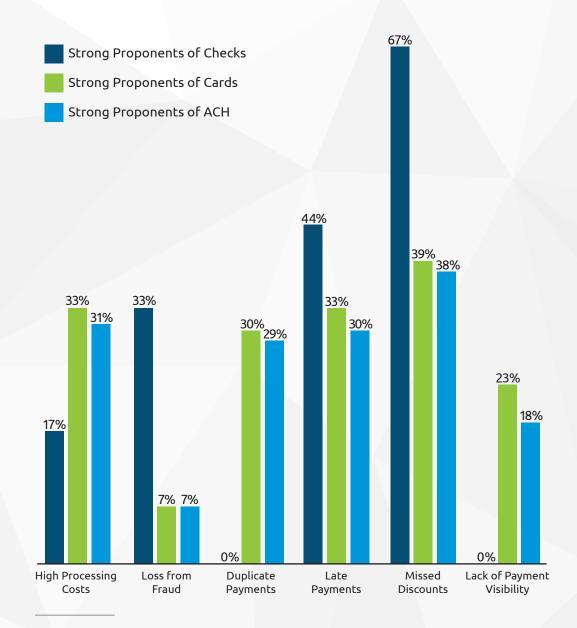
RISKS WITH PAPER CHECKS

In a paper-based workplace, your company's documents are constantly at risk. Physical copies of sensitive information can be easily misplaced, altered, or destroyed. If these files are lost or tampered with, then you no longer have access to the data necessary to effectively operate your business.

According to Let's Talk payments, increased security is one of the many benefits of turning to e-payments for businesses as cash is more liable to theft, loss, and fraud. In fact, "73% of organizations were reported to have experienced actual or attempted fraud, with non-electronic processes being the number one source of fraud."

AP and payment automation ensure that your company's invoice and payment information is secure in a cloud-based environment that can be accessed anywhere at any time. Automated fraud detection ensure that every invoice processed is legitimate before it's in your accounting system, which is a great line of defense against fraudulent and duplicate requests for payment.

CURRENT PAYMENT CHALLENGES



Strong proponents of checks experience the most missed discounts and late payments.



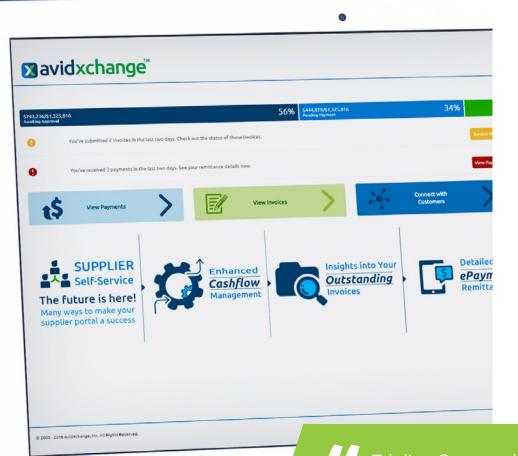
PERCEPTION IS REALITY

THE COMMON MISCONCEPTIONS PEOPLE HAVE REGARDING AUTOMATING THEIR PAYMENTS WITH AVIDXCHANGE

Misconception #1 – I won't be able to control my payments, or have visibility into my payment process.

One of the common myths of payment automation is that customers lose control in the process. However, automation provides more control over, and increased visibility into, the payment process. With a few clicks of the mouse, you can search for and retrieve invoice and payment information at any time and from anywhere you have access to the Internet.

AvidXchange Pay makes the payment approval process easier and more efficient for Controllers. Personalized business rules automate the routing, matching, and circulation of invoices, which are all configured to your company's specific needs. Once your workflow is established, the invoice is automatically routed to the appropriate people for approval when it's received into the system. The approver then looks at the invoice within the portal, and can either approve it or dispute it.

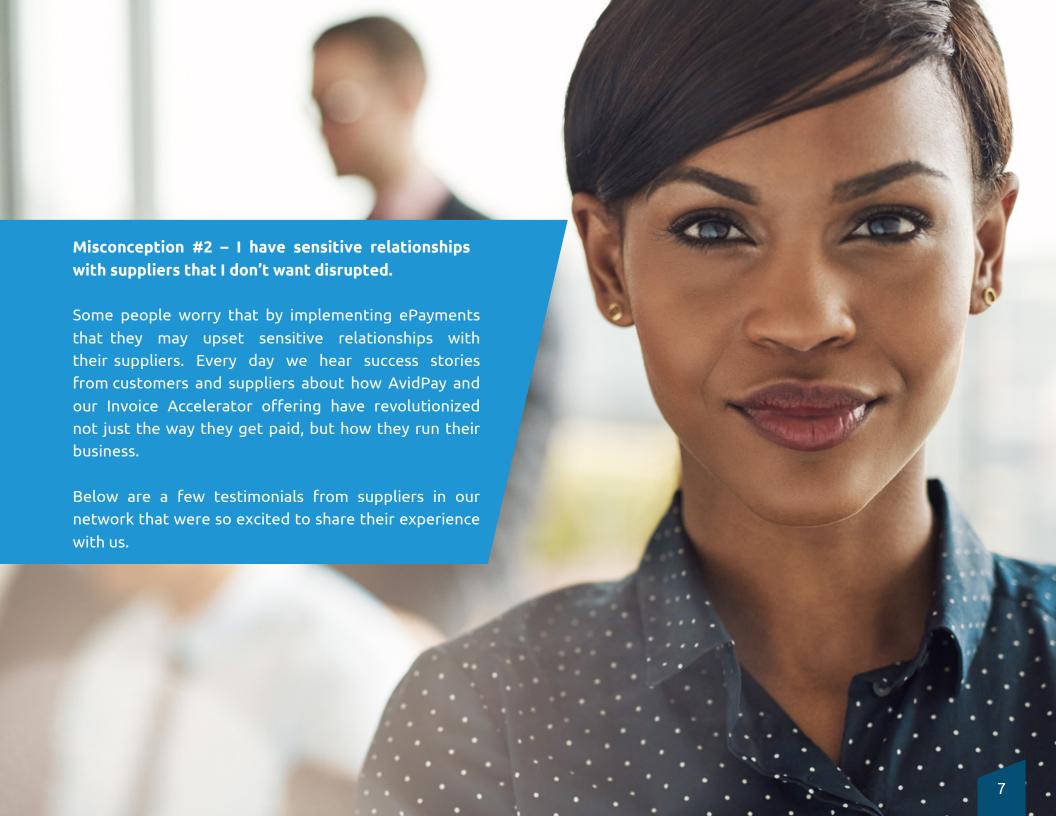


Organizations can use built-in controls to monitor and control users' card spending and trigger the appropriate workflows. These include transaction limits, merchant category codes (MCC), and additional options for mileage and personal transactions. Commercial card features also provide automated routing and alert notifications to managers and employees, dispute workflow, and management approval and compliance monitoring. AvidXchange offers ACH payment functionality through AvidPay Direct, which provides direct deposit (ACH) supplier payments with enhanced remittance data for easy reconciliation.

Payments made through the AvidPay Network deliver enhanced email remittance to suppliers for each credit made to their bank account. AvidXchange Cashflow Manager™, our supplier portal, enables suppliers to see the status of invoices and payments, and gives them access to financing options that enable them to get paid more quickly on invoices requiring approval.

Trinity Communities decreased check fraud, improved security and decreased check fraud, freed up time spent on signing checks, improved reconciliation with richer remittance data, reduced manual processes, and improved employee job performance after using AvidXchange Pay.

- <u>Kathy Dermer</u>, Staff Accountant, Trinity Communities



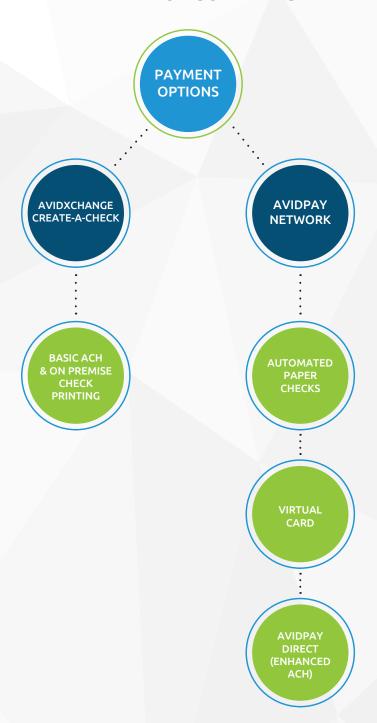
AvidXchange is the best thing to happen to me in the 11 years I've been in business. I now get paid 3 weeks faster than I did before. I don't have to go to the bank and the money is automatically deposited into my account. There are also no more holds on checks. With my bank, if a check is above a certain amount, then they put a hold on it for 7 days. However, with ACH it's guaranteed and the money is available immediately.

- Stuart Sobert, President and Owner of Magnolia Lawn Maintenance Before using AvidXchange, we would get paid in 28 or 29 days, or maybe five weeks (50% of invoices are net 30 days). Now, we get paid three times faster. We're always paid within two weeks. Previously, after we submitted invoices, we did not have any control or information on when we would get paid. We had some invoices that took us 4 months to get paid. We're so happy that our customer decided to work with AvidXchange, because now we're always paid on time.

- Malek Naser Akstari, Owner and President of Casper Construction.



VARIETY FOR SUPPLIERS



Misconception #3 – AvidXchange only offers ePayments, and some of my suppliers need checks.

Check payments have been a prominent B2B payment method for decades, and it is still the preferred method for many companies, followed by ACH payments. However, paper checks lead to a variety of challenges for organizations, including high processing costs, late payments, and missed discounts, which can cost companies millions each year.

During our outreach process to suppliers, we offer virtual card and ACH first, but for suppliers that can't accept those methods, we still pay them via paper check so they don't have to worry about payment distribution.

For suppliers that you would like to continue to pay inhouse we offer Create-A-Check, which is available as a self-managed payment option that integrates with over 100 accounting applications. You manage your supplier data and can facilitate payments via MICR check, ACH, EFT, and Wire transfers in-house, and encrypted digitized signatures securely replace the manual process of physically signing checks.

With Create-A-Check, simply choose the bank account you would like to issue payment from by selecting the account from a dropdown menu in Create-A-Check! Simple implementation can have you up and running in 24 hours if you are using a standard accounting system interface.

Misconception #4 – The process for activating and using AvidPay is too much work. We're too busy for an implementation, and we're perfectly content with our current payment process.

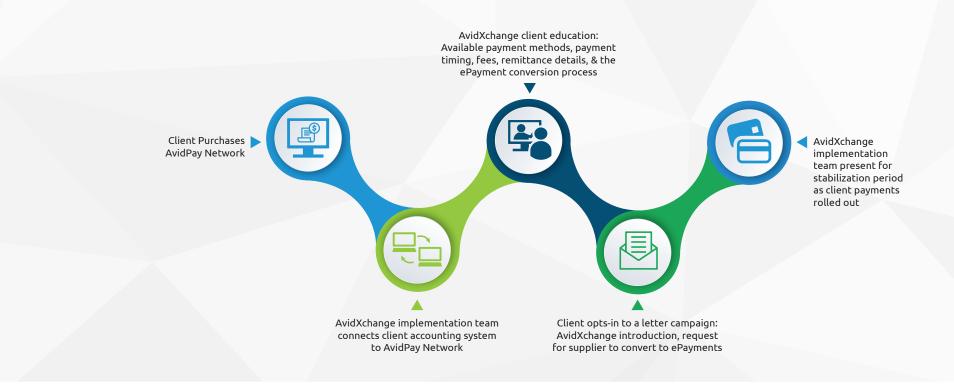
There's always a certain level of angst around transitioning to a new process, because it's new. That's why our team of Project Managers and Implementation Specialists are here to ensure that your transition to the AvidPay Network is easy, and that you're fully automated in 45 days, or less. In this case, since you're already an Invoice customer, implementation of AvidPay can be done in two weeks depending on the accounting system integration and client engagement.

The implementation process features data collection, configuration, integration, and training stages. We offer on-site and webinar training, and use a train-the-trainer approach. We also provide a user manual that companies can customize with their logo and nomenclature, as well as a training script and access to end-user training videos to assist in the process.

For ongoing support, customers are assigned a dedicated account manager after implementation. Customers can also access a support team, which offers a 15-minute response rate guarantee during business hours. AvidXchange's pricing structure is transactional, so customers only pay for what they use. The transactional price varies based on the level of service and solutions that the client selects.

For more information on the implantation process, check out our interview with AvidXchange Senior Project manager Josh Krogh!





Misconception #5 – My bank already provides the same services as AvidXchange Pay Services.

Many financial institutions have realized that it's very costly to build automation programs in-house, and that it's much more effective to partner with companies that have AP and payment automation as their core competency so that they can focus on taking care of you, their customer.

So, how does AvidXchange's solution differ from traditional bank services? AvidXchange partners with leading banks and financial institutions to support in expanding their treasury portfolio to the mid-market space. Through our partnership, financial institutions are able to offer their clients a complete end-to-end AP automation tool suite including invoice processing, approval workflows, payment processing, a vendor portal and integration capabilities with over 100 accounting systems.

Once a payment has been submitted to the AvidPay Network, AvidXchange does all the heavy lifting. Our service teams contact 100% of your suppliers to verify and update their information, identify their accepted payment types, and perform due diligence on any outstanding payments to get them resolved quickly. With banks, they may contact 10% of your supplier base, but this leaves it up to you to perform outreach to the majority of your suppliers to see what payment types they accept.

AvidXchange customers experience an average supplier conversion to electronic payments of 45%. Because banks only reach out to a small portion of your total supplier base, their electronic payment adoption rate stays between 5-15%.



Part of our success rate is due to the fact that AvidXchange works with unlimited banks and bank accounts and has different payment methods available, such as virtual card, check, and enhanced ACH. With few payment methods available to suppliers, you're often limited to only virtual card payments.

With banks, it can take up to four days for an ACH payment to post after the money is drafted from your account. And because our payment solution integrates directly with over 120 accounting systems, we ensure your software remains the system of record. With a bank, you'll have to manually enter updated payment information into your accounting system software, because there is not an integration in place.

We perform due diligence on any payment that is made and not processed by your supplier to resolve the issue and get your supplier paid. After payments are made by the bank, they do not have teams in place to perform due diligence on payments that have not been applied by your suppliers, which can lead to late payments and more time from your team to perform the due diligence.

With AvidXchange, there are fewer phone calls regarding payments and not as many lost invoices since vendors are sending more electronically. Board members are able to see invoices when they want and have the ability to approve them in a timely fashion!

- <u>Finance Professional</u>, Medium Enterprise Membership Organization Company



CUSTOMER FEEDBACK & TESTIMONIALS

"I like the fact the remittance emails are very detailed; it helps me keep my invoices up-to-date. The emails are very detailed. That's what I look for, especially when I have issues with my bank. I can just send them the email. They have the info there and they can resolve their problems at the bank. The emails provide them with the date, time, check number, check amount, and when it was deposited in my account," said Virginia Wilson, Owner of Virginia's Cleaning Service.

Ilike having an email trail of dates to see what has been paid and when. It's also much better than having to go to the bank. I know exactly what has been paid, because I receive email confirmations. Everything can be tracked more easily, and my records are better.

- Karen Santini, Accounting Manager for Master Security Corporation East



AvidXchange turned out to be everything that was promised during the sales process. We were able to launch a lot faster than we originally thought since everything was so simple!

- Kathy Dermer, Staff Accountant, Trinity Communities

HOW DOES IT WORK?

AVIDPAY DIRECT (Enhanced ACH) BENEFITS

- **x Faster Payment:** Suppliers receive immediate guaranteed funds vs. waiting on a check (5-7 days) resulting in reduced collection, bounced check and dispute costs
- **x Rich Remittance Data:** Receive electronic remittance data to properly apply payment to correct account
- x Lower Interchange Fees: 60% reduction in interchange fee compared to MasterCard, Visa, and American Express
- **x Security:** Suppliers do not have to provide bank account info to multiple customers
- **x No setup, management, or maintenance** required for additional AvidXchange customers to use
- **X Built-in Fraud Management:** All transactions are monitored 24/7 by AvidXchange
- **x AvidPay Direct transactions** are only for a specific supplier and specific dollar amount
- X Utilize One of Your Customer's Accepted Payment Methods: AvidPay Direct has been implemented by known customers as one of their preferred payment methods

THE BASICS

01 SUPPLIER DISCOVERY

- **x** Occurs during implementation & from payment files
- **x** Strategic campagins prior to client go live
- **x** Real time direct calling while payment in flight
- x No payments ever held!

03

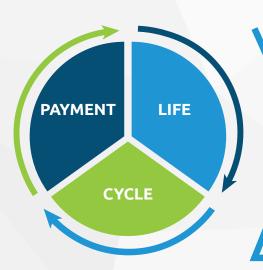
AVIDPAY DIRECT

- x Enhanced direct deposit offers detailed remittance receipt
 - x Targeted strategies by educated account specialists
 - x Great alternative for suppliers without merchant accounts or fee sensitive

02VIRTUAL CARD CONVERSION

- x 42% 44% supplier organizations accept virtual cards
- x Widely accepted method, no contract required, real time adoption

PAYMENT TIMELINE & DELIVERY OVERVIEW



DAY 1

- X Payment files must be received before 3pm EST
- x Payments are matched against our Global Supplier Database and Suppliers are contacted if they are out of Network
- × Funding for each payment is debited from your account and transferred to the trust account

DAY 2

- X Virtual Card remittance is sent to Supplier or to Payment team for processing
- X AvidPay checks are cut and mailed to Suppliers
- X AvidPay Direct funds transfer is initiated to the Supplier's bank account

DAY 3

- x AvidPay Direct funds are available in the Supplier's bank account
- X Payment remittance is emailed to the Supplier

PAYMENT TIMELINE & DELIVERY FOR VIRTUAL CARD

DAY 1

- X Batch received via AvidPay by 3pm EST
- X AvidPay initiates ACH debit from client bank account

DAY 2

- Virtual card information available to supplier
- X Supplier contacted by email or a payment specialist

DAY 10

X If Virtual Card isn't authorized by day 10, a check is sent for the payment

AvidXchange initiates an ACH Debit onto your individual AvidPay bank accounts for each payment (if there are 100 payments in your batch there will be 100 separate debits). When initiating the ACH Debit, AvidPay passes your original accounting system check number to your Bank Institution for easier reconciliation.

Virtual Card payments are created same day and initiated to the Supplier next day either through a remittance rich email directly to their work or personal email or they are contacted by one of our Payment Specialists located in Charlotte, NC. The vendor has 10 calendar days to complete payment or we send a check for the payment.

PAYMENT TIMELINE & DELIVERY FOR AVIDPAY DIRECT

DAY 1

- X Batch received via AvidPay by 3pm EST
- X AvidPay initiates ACH debit from client bank account

DAY 2

X APD payment initiated to supplier bank account

DAY 3

- **x** Funds available in supplier account
- x Detailed email remittance sent

DAY 5

- x Bill detail is sent to vendor by Treasury team
- X APD Fee initiated via ACH debit on supplier's account

AvidXchange initiates the ACH debit for each individual payment (payments all start the same on day 1). Day 2, the AvidPay Direct payment is initiated into the vendor's account which isn't visible until day 3 of the payment timeline. On day 3, the Supplier also receives a remittance rich email containing the pertinent information regarding the payment (see next slide). On day 5 of the APD Timeline, the fee for the payment is debited from the Supplier's account. They will also receive an email from our Treasury team alerting them to the fee debit.

PAYMENT TIMELINE & DELIVERY FOR CHECKS

DAY 1

- X Batch received via AvidPay by 3pm EST
- X AvidPay initiates ACH debit from client bank account

DAY 2

X AvidPay checks mailed to supplier from Florida or Oregon

DAY 14

X 1st follow-up with UTILITY supplier

DAY 21

X 1st follow-up with NON-UTILITY supplier

Day 1: Avid debits your accounts for each individual payment; checks are cut same night. Day 2: AvidPay Checks are mailed from Jacksonville, FL or Beaverton, OR. Check Process Change: After thorough analysis of check clearing times across all Vendors, 93% are clearing by day 21 meaning that when AvidXchange contacts them after day 14 they are either in the process of clearing the check or are going to receive the payment within a week. By contacting the Suppliers after day 14, we run the risk of stopping payment on the original check when the Supplier would receive it before we have a chance of initiating the reissued check as well as cutting down on unnecessary vendor communication. Beginning May 23rd, AvidXchange will begin contacting Non-Utility vendors after day 21 but due to the time sensitivity of utility Supplier, these payments will continue to follow the two week follow up.

THE AVIDXCHANGE SUPPLIER SERVICE TEAM

Our Supplier Service team contacts 100% of your suppliers to verify and update their information, identify their accepted payment types, and perform due diligence on any outstanding payments to get them resolved quickly. Learn more about our Supplier Service team here!

