

Immediate Funds Transfer

Implementation considerations for Small and Medium businesses

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For 2.5 million small and medium sized businesses in the US

Accounts Payable and Cash Management

are

ad hoc,paper-based,manual processes

hampered by poor security and inadequate controls.



What is MineralTree?

A private label

bank-branded

cloud solution that delivers

Automation, Simplicity, Security

to SMB Accounts Payables and Cash Management



During the summer of 2011, MineralTree collected approximately 1000 survey responses from SMBs across 10 market segments:

- Focus on \$500K to \$50M annual revenue
- Mostly phone based
- Some online



Survey questions and focus

- Annual revenue
- Size, nature of AP team
- Payables process, tools used, degree of automation
- Monthly total payables volume
- Payment types and relative percentages (check, ACH, wire, credit card, PayPal)
- Awareness of payables fraud, risk, loss



SMBs are distinctly different from other market segments

Micro 23+ million "non employer" businesses, revenue up to \$500K per year

Small and Medium

2.5 million small and medium businesses, revenue from \$0.5M-\$50M

Corporate

50,000+ "corporate" businesses, revenue over \$100M

27 million US businesses

- 10-50 payables per month
- Informal, "consumer-like" payables process
- Payment trend: increasing use of credit card, debit card, online bill pay; diminishing use of checks; limited direct use of ACH (e.g., payroll)
- 100 2500 payables per month
- 70%-90% paper checks
- 5 segments represent 60% of the SMB market
- 150 banks serve 80% of the market
- Semi-formal, manual payables process
- Payment trend: continued use of checks; some use of non-payroll ACH, wire

- Large # of payables
- Formal, increasingly automated payables processes
- Payment trend: aggressive adoption of ACH

Source: US Census Data 2007



Checks dominate, likely to persist

- Payables process forces check writing
 - AP staff does weekly "check run" from QuickBooks
- Difficulty in obtaining payment information for payee
 - RTN, Account Number
- Remittance advice is a huge issue
 - Has to work end-to-end, and across payment types
 - (not just an EDI/ACH issue)



SMB: perception of electronic payments

- Very little knowledge, awareness of multiple electronic payment types
 - ACH, Wires often seen as the same thing: "EFT"
- Very little incentive, appetite for more immediate, or real-time payments
- Cost conscious, and unlikely to pay higher transaction fees
 - Must easily see clear business benefit





Backup slides