

CASE STUDY

Leading Discount Broker Discovers New Working Capital Solutions in Order-to-Pay

OVERVIEW

Already quite lean and efficient, the Payables department of a leading discount brokerage firm initially partnered with J.P. Morgan to automate payments via ACH. Seeking further efficiencies, the firm once again turned to J.P. Morgan. By implementing discounting capabilities within Order-to-Pay, a revenue stream has been created and vendors can access financial incentives to weather the recovering economy.

CHALLENGES

- **Improve an already-efficient Order-to-Pay process:** Already quite nimble before Order-to-Pay, the Accounts Payable department was seeking previously untapped benefits.
- **Free up staff:** Some routine tasks still remained, consuming valuable time.
- **Provide benefits to suppliers:** Rather than simply mandate extended payment terms, the firm wished to develop a program that would benefit all parties.

SOLUTION

J.P. Morgan's Order-to-Pay solution automates invoice and payment processing, and discount management by connecting buyers with their suppliers across a secure settlement network.

- Discounting capabilities support standard, prorated and dynamic terms to maximize savings potential.
- Order-to-Pay's related supplier portal offers visibility into order, invoice and payment status, as well as connection to various discount opportunities.

While Order-to-Pay only recently has been required as part of the new vendor sign-up process, nearly 20% of all firm suppliers are using it for either invoicing or payment. The total number of invoices processed via the system represents one-third of all lines going to the general ledger.

RESULTS

- **Revenue stream:** Dollar invoice discounts for 2009 were up 62% over 2008 figures. On average, J.P. Morgan's Order-to-Pay clients who follow discount management best practices realize about twice the captured allowances compared to those using e-invoicing alone.
- **Self-service:** Suppliers are able to take control of the process, which typically results in fewer exceptions and inquiries.
- **Vendor financing options:** More vendors than ever have been using the "Pay Me Now" feature – a 385% increase from 2008 to 2009. Such "dynamic cash acceleration" enables vendors to accelerate payments on approved invoices, leverage flexible discounts to meet funding requirements and improve cash forecasting.



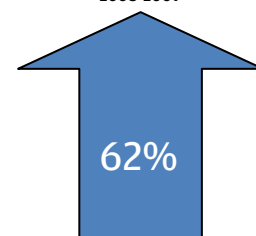
"With J.P. Morgan's Order-to-Pay, suppliers can easily check the status of their invoices online, which both reduces inquiries and enhances relationships."

ADMINISTRATOR
ORDER-TO-PAY

"More vendors than we ever thought have been using the 'Pay Me Now' feature – a 385% increase from 2008 to 2009. We are pleased to offer suppliers flexible terms via J.P. Morgan's Order-to-Pay Discount Manager."

MANAGER
A/P OPERATIONS

DOLLAR INVOICE DISCOUNT INCREASE:
2008-2009



For more information, please contact your J.P. Morgan Treasury Services representative or visit jpmorgan.com/ordertopay.