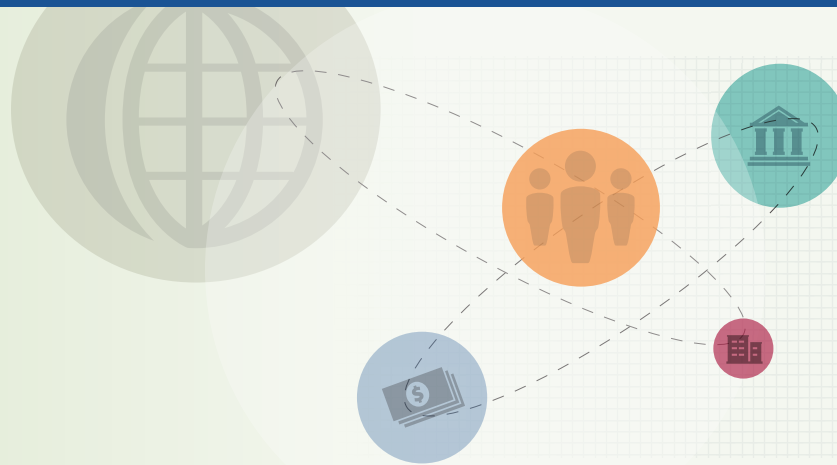


“ If you have the ability to make a payment electronically, you have absolute control over the timing of settlement and, in fact, you’re taking less risk as to when a check may clear, so you have more control over check float.”

- Andrew Bartolini
The Aberdeen Group



Dispelling the Myths About “Lost Check Float” with Electronic Payments – *When to Pay by Check, Wire or ACH*

Introduction

While most organizations recognize the potential for cost savings when moving from paper to electronic forms of payment, misperceptions persist about “lost check float.” This misunderstanding keeps some companies from realizing the cost savings that can be achieved by making electronic payments.

In the case of frequent and recurring payments to established key suppliers, the cost savings gained from paying electronically outweighs the money you would earn on check float at today’s interest rates.

In 1981, the prime rate was 20 percent. Flash forward to 2010 – we are in a near-zero interest rate environment. These days, companies cannot collect the same levels of interest by holding funds for payment longer. While check float still plays a role when considering payment method, it’s not the boon for business it once was and what many do not realize, electronic payments can be scheduled by setting internal approval protocols. You can still hold money in your account for as long as you would with check float, if the situation calls for it.

Here, Bottomline Technologies offers guidance on choosing the best payment method for any situation - so businesses can realize the benefits of electronic payments while still controlling settlement dates.

Which Payment Method Is Right?

ELECTRONIC PAYMENTS (ACH)

When frequent payments are made to an established business supplier for their goods or services, ACH payments are the most cost-effective method. Mailing a printed check every time is an error-prone, labor-intensive process that costs significantly more than automated, secure electronic payment and remittance. A hotel chain paying their food distributor for their weekly shipments would be wise to pay the supplier electronically, especially because four weeks worth of goods they are paying for at the end of a month could be detailed in an electronic remittance file. By scheduling regular electronic payments a company capitalizes on efficiencies and reduces costs while holding money in its account until the date settlement is required. Regular suppliers benefit from the increased predictability of cash flows that receiving electronic payments can provide.

CASH, CHECKS AND CREDIT CARDS

There are situations where checks, credit card or even cash payments are advantageous. For instance, for occasional suppliers or exception payments – situations where you might only be purchasing something from someone this one time, a cash, check or credit card payment makes the most sense. The vendor would have no interest or perceived benefit in setting up to receive electronic payments for this one-time event.

WIRE TRANSFERS

Because of the high bank fees involved, wire payments only make sense in scenarios where same-day settlement is required. In a merger or acquisition for example, a wire transfer or bank check is the most logical choice for payment. Another instance in which a wire transfer makes sense is a company transferring money from one of its bank accounts to another to avoid being short of funds at the end of the day.

How To Pay Different Types of Suppliers:

Supplier Relationship	Examples	Payment Method
Occasional supplier	Buying custom tables for a trade show Paying a stonemason to build a brick wall at your facilities	Cash, check or credit card
Third party in a one-time, high-dollar transaction (acquired company, IRS, etc.)	Acquiring or merging with another company Making corporate tax payments	Wire transfer or bank check
Established suppliers with regularly occurring invoices	A clothing manufacturer paying for its monthly shipment of materials A hospital paying for medical supplies	ACH

About Bottomline

Bottomline Technologies (NASDAQ: EPAY) provides collaborative payment, invoice and document automation solutions to corporations, financial institutions and banks around the world. The company's solutions are used to streamline, automate and manage processes involving payments, invoicing, global cash management, supply chain finance and transactional documents. Organizations trust these solutions to meet their needs for cost reduction, competitive differentiation and optimization of working capital. Headquartered in the United States, Bottomline also maintains offices in Europe and Asia-Pacific. For more information, visit www.bottomline.com