

The business of e-money

Companies are coming around to the electronic approach with their customers. But there are also huge opportunities in b-to-b solutions. By Alison Steed

Businesses embracing the electronic age can make significant savings when it comes to dealing with not only their customers, but their service providers too. The savings to be made are significant, with the UK soft drinks business Nichols plc, which dis-

tributes Vimto in the UK, reportedly saving more than £100,000 each year thanks to using Version One's software solutions, which take all of the paperwork related to running a business offline and put it online.

Allan Doyle, IT Manager from

Nichols plc, says: "The efficiency and cost savings as a result of using Version One's solutions, including savings of over £100,000 each year, have always been clear. However, the environmental benefits of using Version One's software have proven more difficult to measure – up until now.

"With Version One's green meter linked to our document management and imaging solutions, we have calculated that to date, our paperless processes have saved us 454 trees, 3,786,332 sheets of paper and 973.35 tonnes of carbon, which is a remarkable achievement."

However, when you take not only the paper processing into an electronic environment, but also put the authorisation and payment of invoices, for example, into an automated system, the efficiency and savings made will increase even further.

One company, Invapay, is integrating payment and invoicing systems to such an extent that it can provide procurement services to companies and process vast numbers of one-off vendors at a low cost to the company itself. The set-up also means that cashflow can be maintained, because even though the invoice raised may have a 30- or 60-day payment term, it will honour the invoice payment within 10 days, helping small businesses especially when they are trying to get themselves through the recession.

The company joined forces with AirPlus earlier this year, so that customers can now request estimates, confirm orders, raise and pay invoices through a facility which requires internet access only.

Sid Vasili, CEO of Invapay Payment Solutions, explains: "The AirPlus Invapay Settlement Solution was developed to help organisations manage the 'long

tail' of infrequent and one-time-only supplier spend through a simple and cost effective way. It is particularly helpful to UK organisations in meeting the Government's promise of paying SME suppliers well within 10 days. By partnering with AirPlus International, we will be able to offer more cost-effective and innovative cash flow and liquidity solutions for our clients and their suppliers."

There is no cost to joining the scheme, and it provides a way for small businesses in particular to increase their workload, as companies signed up to the system can opt to access services from other companies on the system, and the payments and processing are dealt with automatically.

Mr Vasili says: "We act as a bridge, and we then settle with the buyer on the agreed terms. We provide each buying organisation with a credit line, and then as they transact we will send an e-invoice to the buying organisation, and they will settle with us at an agreed time."

Making payments to suppliers and partners overseas can be a costly exercise if you are simply using a merchant bank account, as the currency exchange and transaction fees will quickly add up. So using a specific e-money transfer service to take the pain and the cost out of the process can be beneficial.

Envoy Services processed more than \$3 billion in payments for over 400 merchants in the last year, and allows companies to deal in more than 20 currencies

worldwide. The global banking transfers generally happen next day, and because of the volume the company is dealing with, businesses can usually access better currency exchange rates than they could by trying to transact alone.

Phillip McGriskin, director of Envoy, says: "We remove the headache of reconciling and settling payment services spanning a range of currencies, time zones, and dealing with non-uniform system notifications, statuses and exceptions. This helps businesses wanting to operate on a cross-border basis.

"We are seeing a lot of internet portal companies going cross-border. We have FTSE 100 companies using our services, and much smaller companies, to pay their bills. We are Financial Services Authority regulated, we have to have security of deposits, which include dealing with anti-money-laundering issues, and 'know your customer' requirements. So we are very secure."

Despite the wide-ranging customer payment methods available, and the possibility inherent within that for fraudulent transactions, the fraud rate is currently 0.01 per cent, says Mr McGriskin.

The future for online business transactions is already starting to go mobile, with nearly half of all UK small businesses using smartphones for business to make their companies more profitable, according to the Quarterly Survey of Small Business in Britain by The Open University Business School, Barclays and ACCA.

Professor Colin Gray of The Open University Business School says: "Britain needs to kick-start and sustain our economy on a longer term basis and technology could provide the answer."

The continuing development of mobile business applications looks set to move the ability for businesses to transact online even further forwards.

Steve Cooper, managing director of Barclays Business, said: "Businesses are motivated by the ease, decreasing costs and the exceptional increase in power we're seeing in handsets.

"We've reached a point where smartphones are running many of the applications that once needed a decently powered laptop. Businesses can log-on, make payments, send through an invoice, do their word-processing and catch up on emails while standing at a patisserie in Lille."

"There need to be better and simpler alternatives for all the main uses to which cheques are put"

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