



Kansas City Financial Center

Customer Advisory Board

The Internet Payment Platform

**Kansas City Financial Center
Customer Advisory Board
July 28, 2011**



Financial Management Service





Agenda

- “As-Is” State
- Concept Overview
- Potential Cost Savings
- Internet Payment Platform
- Common Data Standards
- Help Support
- Bureau of Public Debt Administrative Resource Center
- Questions





“As-Is” State

Standard procedures for most federal agencies to process commercial vendor invoices are considered successful -- paying approved and certified invoices. However, the current paper-based and manual processes are inefficient and costly.

Challenges associated with high costs across the government:

- Paper processing is expensive and inefficient.
- Agency-specific invoicing and payment processing does not utilize government-wide economies of scale.
- Lack of standardized vendor invoice data leads to inefficient payment processing and government-wide reporting and analysis.
- Loss of invoice and invoice data.





Overview of Government-wide Concept

Vendor invoice and payment processing begins with a vendor submission of an invoice for goods or services and ends when this invoice is successfully paid to the vendor and the agency's core financial system is updated.



1. **Submit Invoice.** Vendor creates and submits invoices to the federal agencies with which they are conducting business.
2. **Access Invoice Data.** Federal agency accesses the invoice data submitted by the vendor.
3. **Approve Invoice for Payment.** Federal agency performs workflow approval and several matches of the invoice against other forms of documentation.
4. **Submit Payment Schedule.** Agency creates a bulk file to be submitted to the TDO/NTDO. TDO/NTDO releases payment to the vendor and sends a confirmation acknowledgement to the agency.
5. **Record Payment Confirmation.** Agency updates the payment status in their core financial system ledger.





Cost Savings

Centralized, Web-enabled Portal with Vendor Reporting and Integrated Workflow has numerous benefits:

- Treasury estimated the Federal government would reduce the cost of entering invoices and responding to invoice inquiries by \$450 million annually by adopting IPP
- Average cost for the government to process a vendor invoice will decrease from \$25 to \$15
- BEP potential cost savings for undisputed invoices is 46% and a 26% savings for disputed invoices
- ROI and other metrics support this initiative, as the estimated cost savings outweigh the estimated investment costs





Internet Payment Platform (IPP)

A Web-based network to process transactions between agencies and suppliers from Purchase Order through Payment Notification

- Accepts upload of purchase orders from an agency and allows suppliers to create invoices
- Uses agency defined business rules to screen incoming invoices
- Allows agencies to define invoice workflow for approval routing
- Enables email notifications for agencies and suppliers
- Presents remittance data (payment notifications) to suppliers, including Treasury offset information





Agencies Using IPP Today

- Bureau of Engraving and Printing *[Oracle]*
- Bureau of the Public Debt *[Oracle 11]*
 - Bureaus implemented to date: BPD, CSB, IAF, SIGTARP, TIGTA
 - Shared Service Provider to 44 agencies and bureaus
- Department of Interior *[SAP]*
 - Bureaus implemented to date: BLM, BOEMRE, OSM & USGS
- Social Security Administration *[Oracle 12]*
- Government Printing Office (Non-Treasury Disbursed) *[Oracle]*
- Holocaust Memorial Museum *[PeopleSoft]*
- Small Business Administration *[Oracle]*





Agencies Currently Deploying IPP

- Department of Agriculture (Forest Service) *[SAP]*
- Architect of the Capitol *[Momentum]*
- Additional BPD bureaus *[Oracle 11]*
 - Treasury Office of the Inspector General (August)
 - Community Development Foundation Institutions Fund (August)
 - Alcohol and Tobacco Tax and Trade Bureau (August)
 - Financial Management Service (October)
 - DC Pension Fund (December)
- Additional DOI bureaus *[SAP]*
 - National Business Center (October)
 - Fish and Wildlife Service (October)





Central Entry Point

IPP creates a single point of entry for vendors to submit invoices to the federal government.

Benefits:

- Reduces the time of agency personnel answering payment status questions by allowing vendors to view and download payment information online
- Provides visibility into agency invoices
- Increases transparency in the invoicing and payment processes
- Creates a standard set of data to submit invoices to the federal government





Reusable assets

An interface between the agency's core financial system and the IPP is required to send PO and receive Invoice data to and from the portal. Assuming agencies are using major core financial systems (Oracle, SAP, Momentum), these interfaces can be leveraged and re-used for future agencies who implement IPP.

Benefits:

- Economies of scale are realized
- Cost avoidance and work reduction
- Increases implementation efficiency
- Promotes standard implementation





Common data standards

The IPP and OFIT promotes data standards government-wide via the Data Standards Policy. The Data Standards Policy is a policy that documents the agreements on the representations, formats, and definitions of common invoice data.

Benefits:

- Improves data quality
- Reduces data redundancy
- Increases data compatibility
- Reduces the size and complexity of data clean-up and conversion





Help support

IPP is supported by Financial Management Service's Fiscal Agent, Federal Reserve Bank of Boston.

Services and support include:

- Agency implementation
- Customer support
- Application design and enhancements
- Agency outreach
- Supplier outreach assistance





Intra-governmental Buy/Sell Transaction Issues

Current issues with intra-governmental buy/sell transaction processing:

- GAO 2010 audit found significant differences (\$25.7B) in intra-governmental buy/sell activity and balances
- Reconciliation process for buy/sell transactions is difficult and labor intensive
- Limited visibility into buy/sell transactions between government agencies

Solution?

- New IPP capability! Front end for IPAC with digital version of the new standard InterAgency Agreement (IAA) and improved controls





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ARC's IPP Project





KFC Customer Advisory Board

Internet Payment Platform



Administrative
Resource Center

July 2011

Debra Carder

IPP



Why IPP?

- Offered by FMS at no cost to agencies
 - no software licenses, implementation, transaction or maintenance fees for agencies
- Provided both vendor portal and workflow functionality
- Expected to be more acceptable to vendors since it is a government-wide system
- Highly configurable; opportunity to influence development





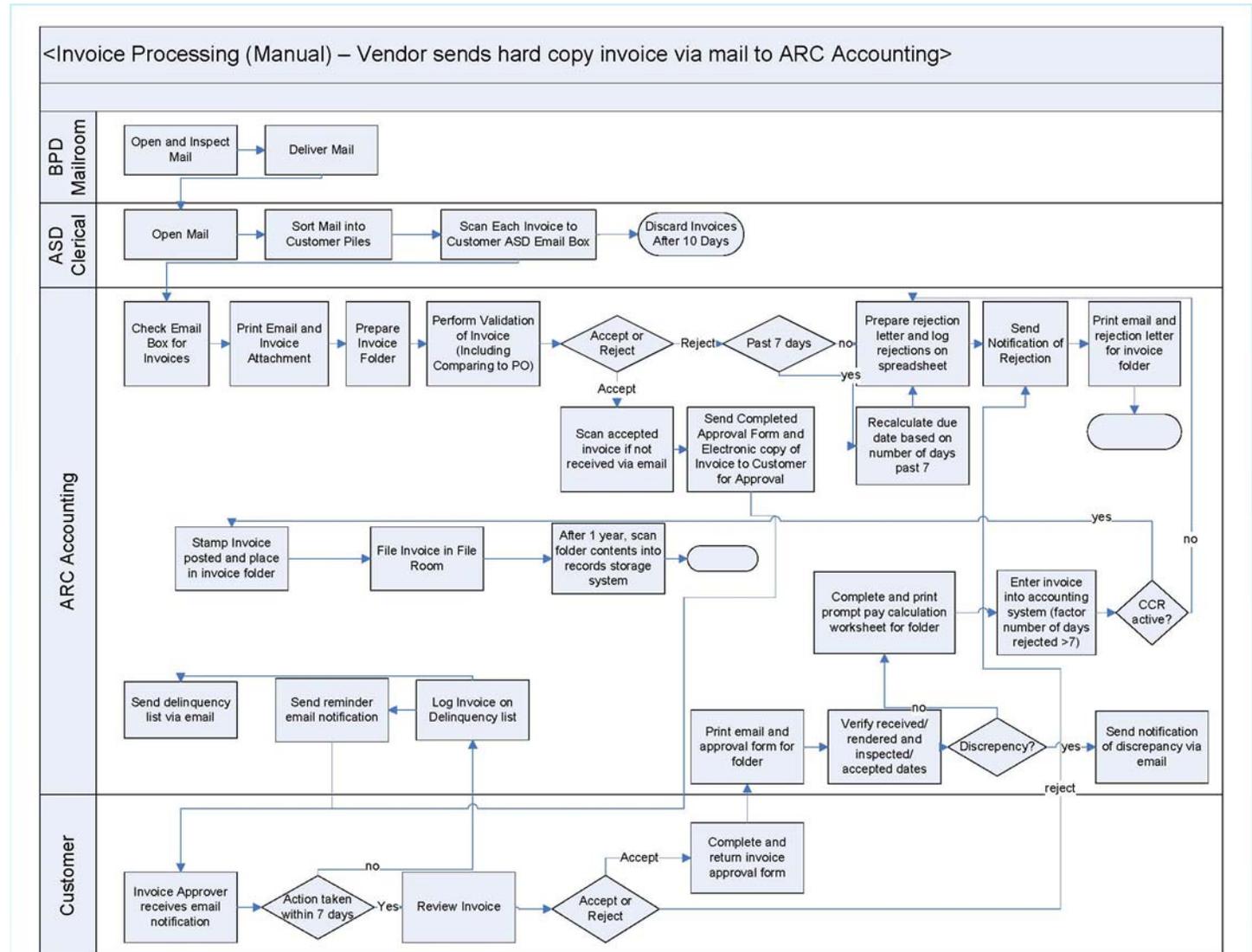
Our Approach

- Clear vision (end-to-end paperless process)
- Pilots (CSB, IAF, BPD)
 - small volume to learn IPP
 - clarify/help identify requirements
- In-depth analysis
 - 100s of requirements identified
 - gaps and development prioritized
- Workflow and e-invoicing
 - both were determined to provide efficiencies for ARC





Before IPP





After IPP

<Invoice Processing (IPP) – Vendor creates electronic invoice from existing PO via workflow application>





ARC's IPP Business Case

- Expected savings based upon industry standard benchmark of 50%
- Evaluated 7 different process components
- Projected costs and savings for next 5 years; net savings by year 3
- Established benchmark for future analysis
- Identified areas of staffing that would be affected





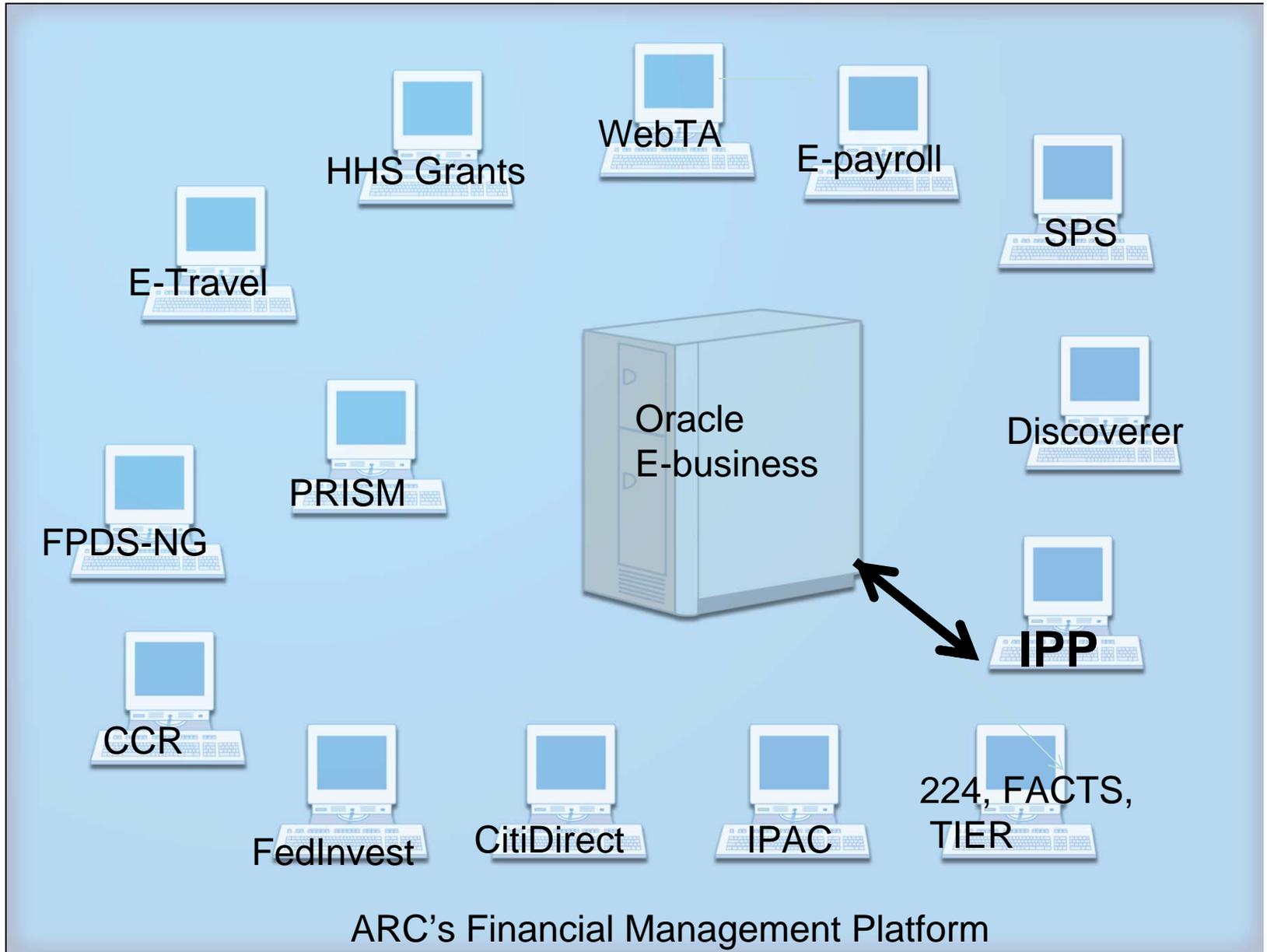
Organizational Changes

- Centralized accounts payable
 - from 3 branches to 1 branch
- New functions for IPP
 - daily interface duties
 - vendor recruiting and assistance
 - invoice approver training and assistance
 - sampling/quality control
 - system testing, change management
- Strategy to address staffing
 - downsize with attrition and growth
 - monthly tracking to monitor





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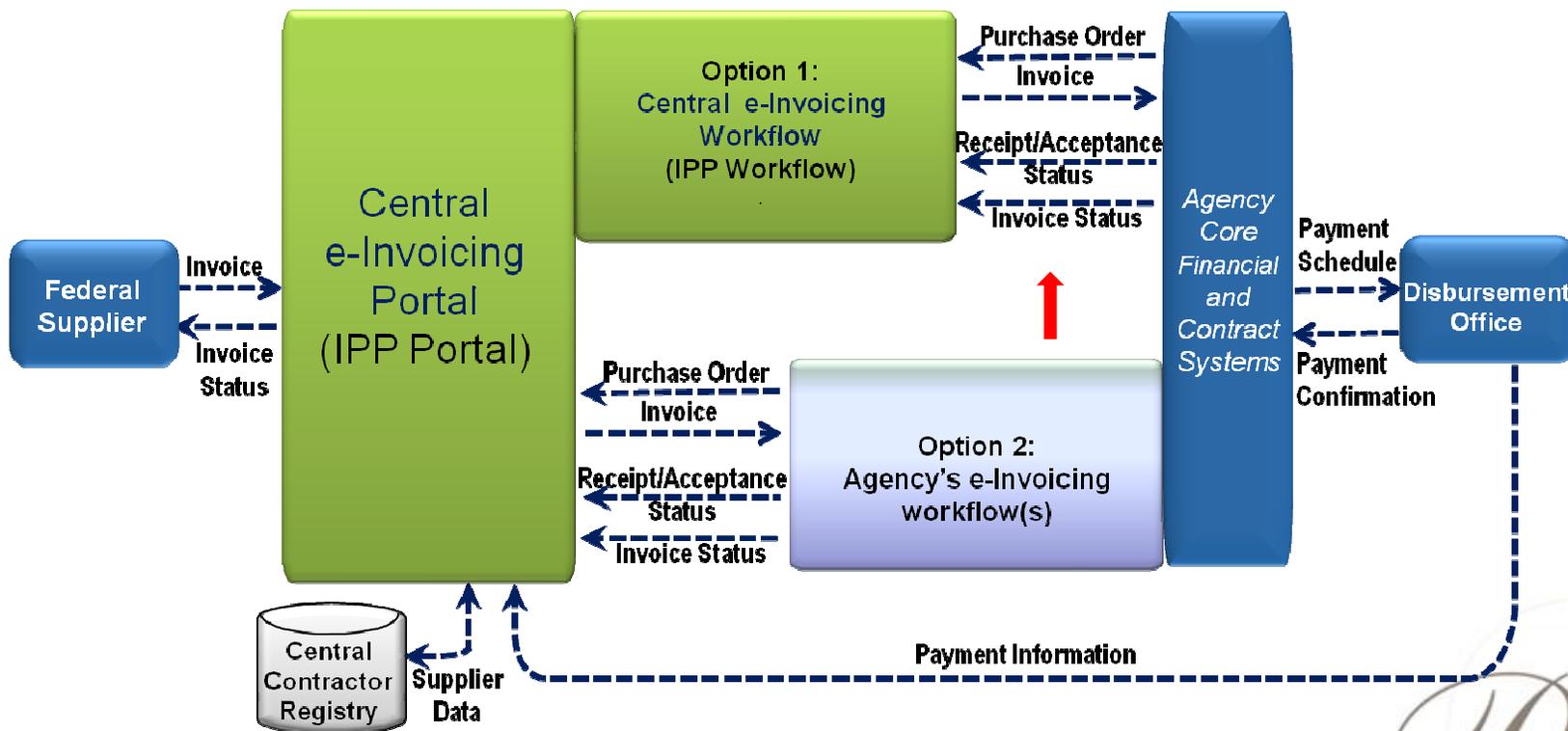
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Vendor Phase

Government Phases



Treasury FIT_003





Current Status

– Treasury mandate

- all bureaus required to implement in FY12
- all vendors required to submit invoices in IPP in FY13

– Interface/system enhancements

- due date calculations

– ARC's deployment strategy

- phased by customer agency (5 agencies deployed)
- all invoices through workflow first
- vendor recruitment begins voluntarily
- mandate vendor use following year





Lessons Learned

- PMO support helpful during development
- SME involvement critical to analysis (AP, Procurement, Systems)
- Use phased-in approach when deploying
- PO data quality important
- Designate responsible invoice approvers
- Make training mandatory
- Most vendors receptive to change





Recommendations

- Consider shared service provider
 - use what is already available (no development cost)
- Use ARC's implementation checklist
 - quick list of key decisions to implement, based upon ARC's implementation experience
- Make it fun
 - create excitement around the change
 - celebrate small successes





ZIPPY



"Making vendor payments fast and efficiently"



Thank You!

For more information visit www.ipp.gov

Please forward questions and comments to:

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