

CASE STUDY

Regional Hospital



SITUATION

- Regional hospital had been attempting to automate payments for approximately seven years with a traditional bank.
- During this 7-year time span, only 10% of their payables volume had been moved to credit cards or ACH.
- As a result of the failed conversion rate, hospital estimated they had suffered losses of approximately \$56,000 due to their known costs associated with more manual methods of payment disbursement.
- Hospital challenged Juvo to help optimize cost savings through automation, to find greater system efficiencies, and to help generate cash flow through better vendor acceptance of virtual card payments.



INITIAL FINDINGS

- Estimated growth of spend on virtual card alone: 75%
- Bank had classified at their own discretion, more than 50% of current card payments as Large Ticket Interchange transactions. This classification, which the hospital was not aware of, had resulted in a significant loss of revenue from a rebate standpoint.
- Only 10% of suppliers had been actively pursued with the intent of getting them to accept electronic payment.



THE RESULT

- Juvo presented two supplier options to this hospital. Having jointly vetted the terms and conditions of each provider, the hospital chose a supplier with a slightly lower rebate on card purchases, but with a well-defined plan to ensure maximum participation in the program by suppliers.



THE BOTTOM LINE

- Hospital is now realizing a **\$486,000 per year net benefit.**

Interested in learning more about this case study? Read the [extended study](#) on page two for more details.

STATEMENT OF CONFIDENTIALITY

Saving money is nice. Streamlining processes means good things are happening within the walls of the organization. Turning an A/P department into a revenue generator is a story worth telling. Despite the positive connotations that these things have, we at Juvo are cognizant of the fact that not every organization wants to go around yelling at the top of their lungs, "we were overspending by about 25% on our telecom bill, and until Juvo stepped in, we just simply took it on the chin." Within the "e-payables" space, very few CFOs want to publicize the fact that their very progressive company was still using paper checks for the vast majority of their invoices until Juvo showed them a better way. With this in mind, we don't ask our clients to let us use their name in case studies that we make public. Our customers trust us with sensitive information and the manner in which we safeguard that information extends to our marketing efforts.

Should you want to learn more of about the outcomes described within this document, please don't hesitate to reach out to us. This is a real, evolving case study from a current client who we are proud to work with and it should be noted that every situation is different. Juvo's ability to generate similar results depends on many factors, all of which we hope to soon be discussing with you in detail.



CASE STUDY

Regional Hospital: Extended Study



SITUATION

When Juvo first began discussions with this regional hospital, they were still trying to make the most of a bank sponsored virtual card program. The amount of check "spend" converted to virtual card had been significantly less than they believed would be achieved, and therefore, the finance department had been left feeling underwhelmed by the entire process as they were still initiating most payments by check.

In addition to the low conversion rate from check to card, their card rebates were significantly less than expected because they agreed to a tiered rebate schedule which carried a much lower rebate when categorizing certain suppliers as Large Ticket Items according to the bank's criteria. Initial discussions revealed that they felt there was still an opportunity to reduce costs by minimizing the number of checks they were initiating in favor of lower cost electronic payments, but their bank had fallen short in assisting them with further efforts to move providers to virtual card and ACH.



INITIAL FINDINGS

After a recommendation from another CFO, this hospital engaged Juvo to perform an audit of their existing A/P environment with the intent of providing an independent assessment of the effectiveness of the virtual card program, and to provide recommendations on how to maximize rebates on spend which had already been converted to virtual card while also converting more check related payments to electronic payments.

Once engaged, Juvo reviewed the company's master vendor file and created a report identifying suppliers who remained a good fit for conversion to electronic payment, detailed the underlying reasons why the virtual card program had not converted suppliers to electronic payments, quantified the lost opportunity cost of the virtual card program, and provided a framework for successful completion of the conversion to electronic payments. Additionally, Juvo determined that the bank estimates of what spend could be converted to virtual payments were overly optimistic and based on the bank's minimal understanding of vendor enrolment. When combined with a tiered rebate structure that was applied to approximately half of the converted spend, there was simply no chance of the hospital achieving the level of success they initially envisioned by working with the bank.

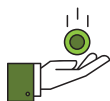


THE RESULT

As Juvo works with a variety of suppliers within the e-payables space, we were able to recommend a supplier more focused on e-payables than the traditional bank that had been used previously. As an example of this need for a singular focus, the bank had actively engaged with only 10% of suppliers, relying on mostly ineffective, passive engagement via physical mail for the vast majority of suppliers. Consequently, there was an opportunity to engage with more than 3,800 card capable suppliers who were unaware that the hospital was interested in paying them electronically – by either card or ACH.

This company combined the supplier enablement and file processing services to create an electronic payment enablement solution guaranteed to convert 75% of their check payments to electronic payments in less than 90 days. Additionally, the solution guaranteed to successfully convert a minimum of 30% of the company's check spend with targeted suppliers to virtual card during the same 90 day period.

The company increased the number of checks converted to electronic payments by an additional 72% as a result of this engagement. The hospital increased the check spend converted to virtual card by more than 100%.



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