Payment Automation: Faster, Safer, Smarter

Save time, reduce costs, and stay one step ahead of fraud with automated payments.

Nov '24 | Computer Guidance and Corpay

Agenda

01	Introductions and Partnership Overview
02	Fraud! Realities and Risks
03	Going Digital While Eliminating Fraud
04	eCMS + Corpay Integration
05	Case Study

Introductions

Corpay^

COMPUTER GUIDANCE CORPORATION

Grant Cowles
Director of Sales, Construction

Holly Arnett
TBD

Jennifer Spragg
Client Success Manager

Victoria Satran
VP of Marketing

Our Partnership

Computer Guidance Corporation and Corpay have been strategic partners since 2010.

2010
Virtual Card Integration → **2012** Expense Management Integration → **2021** Full AP Integration

30+ eCMS contractors using Corpay

» Corpay is official licenses partner with eCMS

» Integrated Corpay Solutions
   » AP Automation
   » Stand-alone Virtual Credit Card Payment Option
   » Expense Management

» Seamless, direct integration via web services between eCMS and Corpay

» Information synced on schedule or run on-demand

Who Is Corpay?

COMDATA CORPORATE PAYMENTS

accrualify

nvoicepay

Cambridge Global Payments

Corpay^

Payments Automation

Invoice Automation

Procure-to-Pay

Multi-Card

Expense Management

Cross-Border

Corpay, a Fortune 1000 company, **brings business payments solutions together.**

| 5

Payment Fraud Landscape

AKA: "Is that really my vendor?"

Corpay^

Payments Have Never Been Easy…

Since the beginning of time, transferring value has always included logistics, costs, and risk during the exchange

- 3000 BC: Bartering and Commodities (e.g. Gold)
- 1100 BC: Coins
- 1000 AD: Paper money
- 1400s: Checks
- 1862: Early wire payments (Western Union)
- 1950s: Private electronic payment networks
- 1959: Credit card
- 1972: ACH network
- 2009: Cryptocurrency
- 2013: Peer-to-peer networks
- 2023: FedNOW

Key Factors Affecting Payment Methods

- Physical requirements
- Time to prepare/track
- Time to exchange
- Accounting
- Payment size limitations
- Fraud security
- Transaction security/insurance
- Fees
- Rebates
- Working capital (credit lines)

Key Payment Method Features

1. Cheap

2. Quick

3. Secure

Now Pick 2

Each payment type has pros and cons

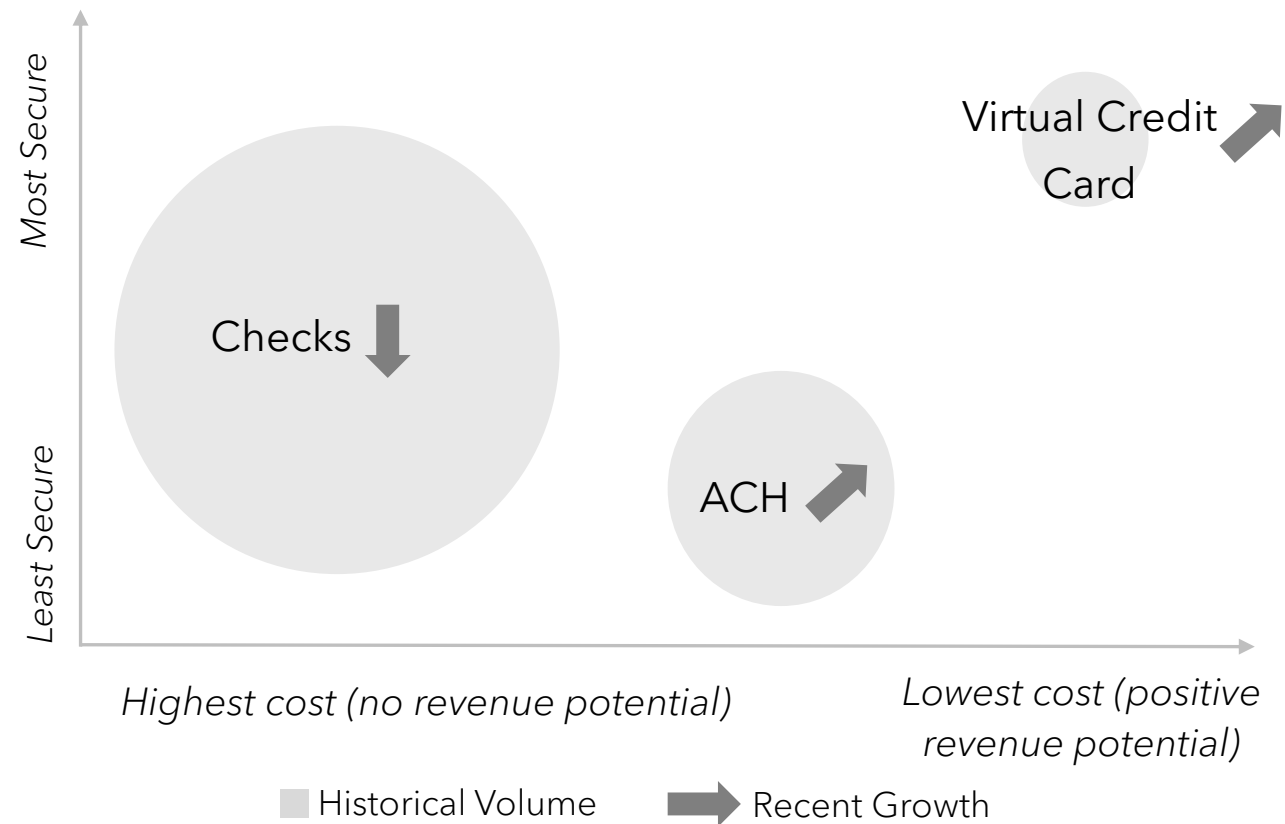Challenge is how to maximize positives of each method, minimize negatives, and *integrate into workflow*.

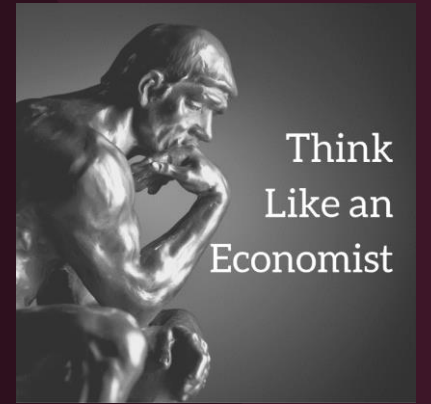**Checks:** Tried and true, *exceptionally* inefficient, rampant fraud

ACH: Seemingly cheap, but unrecognized costs to collect and manage, extremely fraud susceptible

Virtual Card: Lowest cost, most secure, rebates, hard to manually manage, low vendor acceptance

Most Secure

Least Secure

Virtual Credit Card

Checks

ACH

Highest cost (no revenue potential)

Lowest cost (positive revenue potential)

☐ Historical Volume   ➤ Recent Growth

Ponderings of an Economist…

- What is the value of a successful payment? (Dollar amount? Percent of transaction?)

- Would you rather have payments require hard costs or soft costs?

- Who should cover the costs of a payment – the payor, or payee, or both?

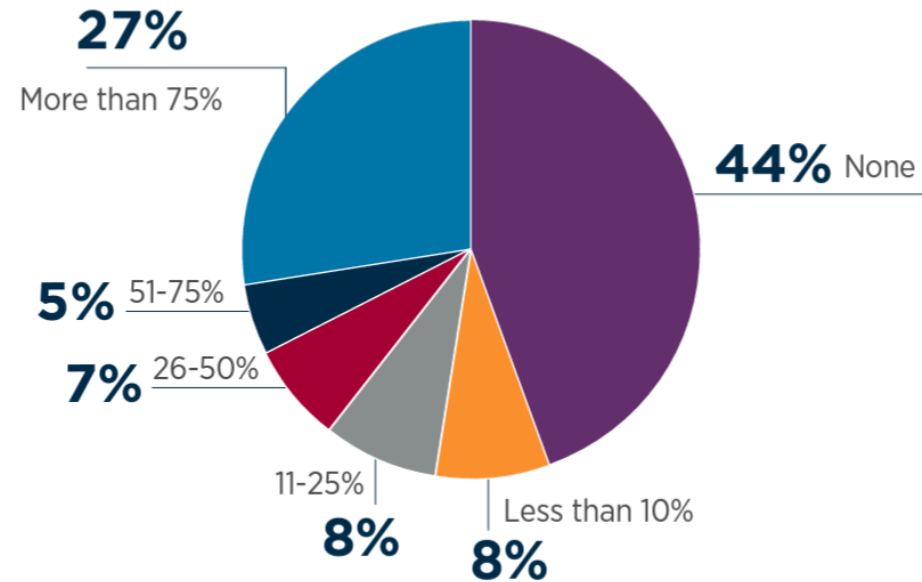# Fraud increasing and rare to recover

Check Fraud attempts **up 161%** *YOY* in 2023

ACH Fraud attempts **up 67%** *YOY* in 2023

Dollars Lost
For Those That Reported a Loss In 2023

- >$1M 6%
- $250K-1M 6%
- $100-250K 12%
- $50-100K 12%
- <$25k 43%
- $25-50K 21%
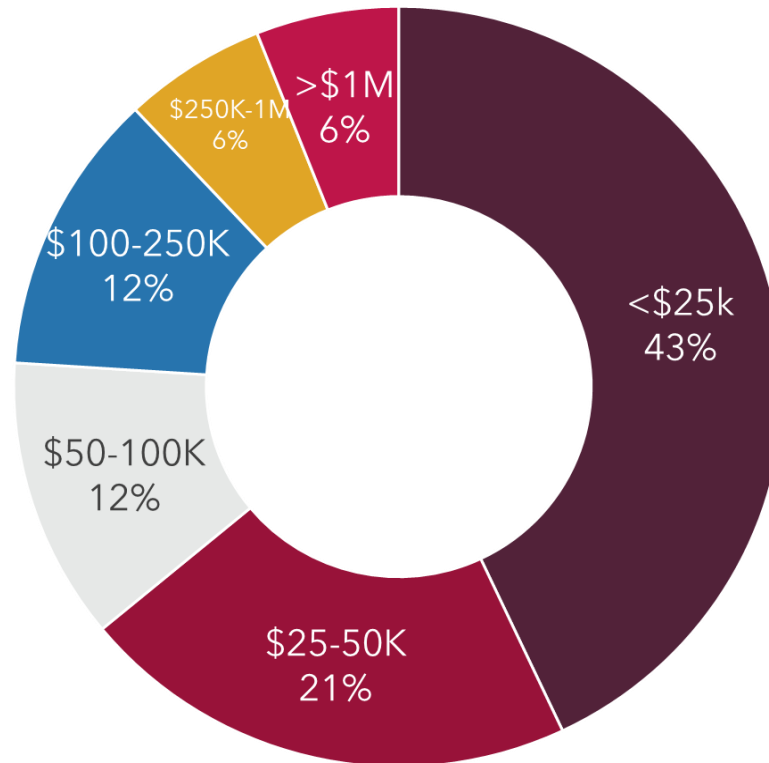
Funds Recovered From Fraud

- **27%** More than 75%
- **5%** 51-75%
- **7%** 26-50%
- **8%** 11-25%
- **8%** Less than 10%
- **44%** None

Construction #1 Industry Hit by Cybercriminals

Construction
93

Manufacturing
86

Finance
69

Healthcare
64

Education
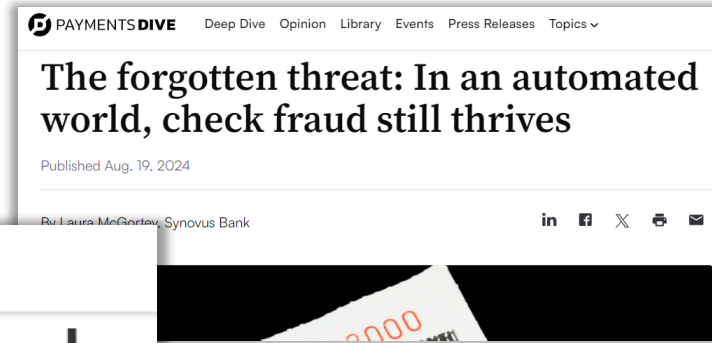63

Technology/IT
62
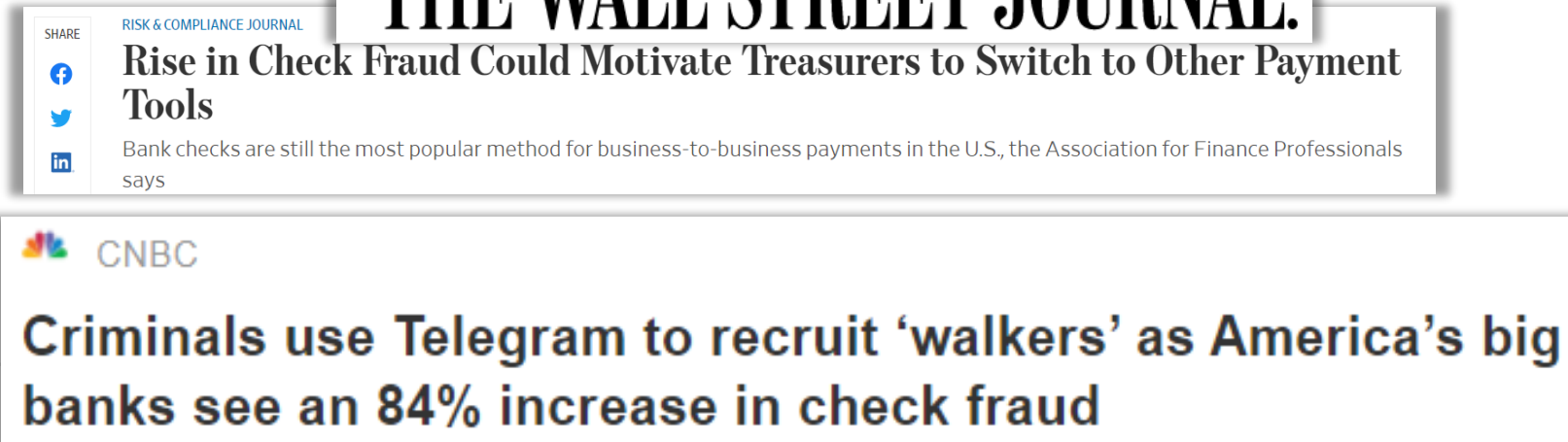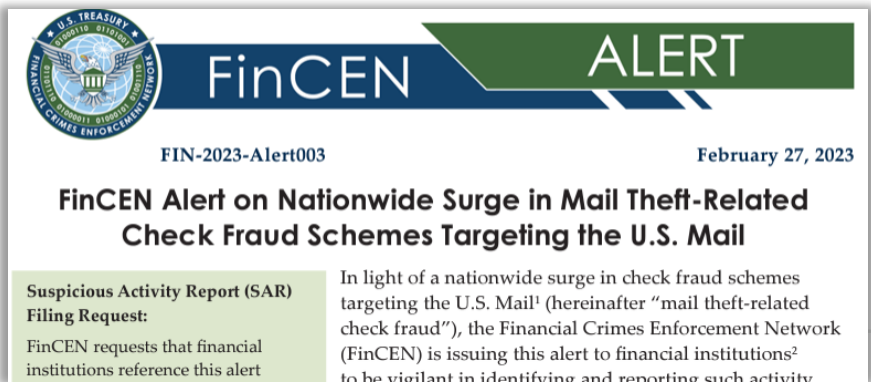
Contractor Payments are Perfect Fraud Target

1. Lots of vendors
2. New vendors regularly added
3. Lots of invoices and payments
4. Lots of dollars
5. Typically old technology for ERP and payment process
6. Typically relies on emails for vendor communications
7. Payments often in high-pressure settings
8. Payment usually by check – opportunity for check fraud or fake ACH setup

Check Fraud for Contractors

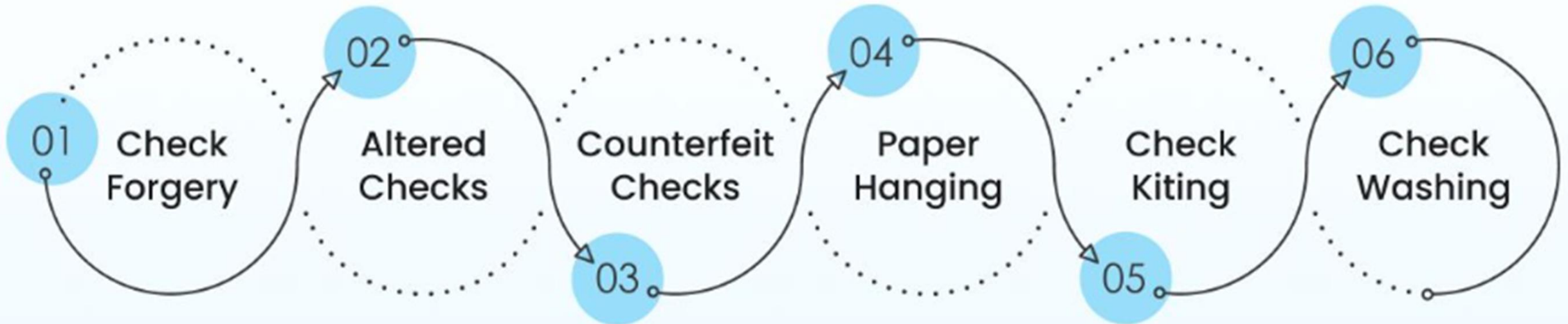Checks are the most common payment method for payment fraud by number of instances.

PAYMENTS DIVE | Deep Dive | Opinion | Library | Events | Press Releases | Topics ∨

The forgotten threat: In an automated world, check fraud still thrives

Published Aug. 19, 2024

By Laura McGortey, Synovus Bank

Instances of Fraud — Number of Checks

Source: U.S. Financial Crimes Enforcement Network, FinCEN Alert, Feb 27, 2023.

AMERICAN BANKER

Rampant check fraud pits banks against other banks

By **Kate Berry**   September 01, 2022, 9:00 p.m. EDT   8 Min Read

THE WALL STREET JOURNAL.

RISK & COMPLIANCE JOURNAL

SHARE

Rise in Check Fraud Could Motivate Treasurers to Switch to Other Payment Tools

Bank checks are still the most popular method for business-to-business payments in the U.S., the Association for Finance Professionals says

FinCEN ALERT

FIN-2023-Alert003   **February 27, 2023**

FinCEN Alert on Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting the U.S. Mail

Suspicious Activity Report (SAR) Filing Request:

FinCEN requests that financial institutions reference this alert

In light of a nationwide surge in check fraud schemes targeting the U.S. Mail[1] (hereinafter "mail theft-related check fraud"), the Financial Crimes Enforcement Network (FinCEN) is issuing this alert to financial institutions[2] to be vigilant in identifying and reporting such activity

CNBC

Criminals use Telegram to recruit 'walkers' as America's big banks see an 84% increase in check fraud

Check Fraud for Contractors

Common Types of Check Fraud

01 Check Forgery

02 Altered Checks

03 Counterfeit Checks

04 Paper Hanging

05 Check Kiting

06 Check Washing

Check Fraud for Contractors

100K In-clearing Checks

10 Fraud Attempts

Check Fraud Detection System

80% detection
100:1 Good-to-Fraud Alert Ratio

2 fraudulent checks missed

1000 Alerts

8 Fraudulent Cases Alerted,

Fraud Operations Team

3 fraudulent checks missed

900 Released

5 fraudulent checks correctly caught
50% prevention rate

96 wrongly stopped

ACH is #1 Largest Fraud Loss for Contractors

COMPUTER GUIDANCE CORPORATION Corpay^

Means
- Easy to steal - change a few numbers
- Anyone with an internet connection can steal
- Ability to hack or imitate becoming easier, more sophisticated, and scalable

Motive
- Tons of money in transit, ACH volume rising rapidly
- Once stolen, difficult to recover - 5 days or less

Opportunity
- Nearly impossible to defend with 100% certainty when setting up/changing ACH data
- Contractors payables are ripe targets - lots of vendors, changing vendors, lots of money
- Contractors are easier targets - typically rely on internal systems, old technology, relationships (trust), and email/phone

Fraud strategies:

- Business Email Compromise (BEC)

- Vendor/Executive Impersonation

- Spearphishing

- Pharming

- Data Compromise

Most Prevalent Types of Business Email Compromise Fraud in 2022
(Percent of Organizations)

73%	57%	54%
Spoof email	Domain lookalike	Legitimate email that was taken over by a fraudster

Recent ACH Fraud Examples

- Fraudster stole <u>$14M</u> from construction projects in North Carolina and Texas.

- Primarily used BEC to convince construction companies to change ACH banking details for legitimate invoices.

- Fraudster was from overseas and used advanced BEC techniques, including creating similar website domains and bank account names.

ENR
Engineering News-Record

Justice Served: Scammer Sentenced in Major Construction Payment Fraud

Another member of fraudulent funds transfer ring gets seven years in jail

By James Leggate

A dual British-Nigerian citizen who posed on the internet and through email as American contractor employees to defraud project owners will spend seven years in prison, a federal judge in North Carolin ruled Oct. 1. Prosecutors say the scheme netted $14 million, which could have been much higher, if suspicious banking activity had gone unnoticed.

Oludayo Kolawole John Adeagbo, 45, was a leader in a conspiracy to commit wire fraud and launder stolen funds using what authorities call a business email compromise, or BEC, scheme, according to

ACH Fraud for Contractors

To send an ACH, contractor simply collects routing/account number. <u>But how can you be *certain* the information is correct?</u>

ACH data can never be 100% risk-free

CHANGE MY MIND

Stump the Professor: Can anyone provide a **100% foolproof** way for a contractor to pay a new vendor by ACH without potential for fraud?

Fraudsters growing in sophistication, patience and numbers

Criminal's approaches are **becoming more sophisticated**.

- *Technology* – AI, Deepfakes, Chat GPT, Machine Learning, Web Scraping

- Advanced Email Hijacking

- Patiently Studying Victims

- Fake Websites, Phone Lines, even Offices

- Fake Bank Accounts in Names of Legitimate Businesses

Strengthening Security: Layered Approaches to Fraud Prevention

Implement Robust Internal Controls

- **Segregation of Duties:** Ensuring no single employee is overall all aspects of a financial transaction
- **Access Controls:** Role-based access to systems
- **Regular Audits and Reconciliation:** Periodic internal and external audits

Adopt Advanced Technology Solutions

- **Two-Factor Authentication:** Implement this practice for an extra layer of security
- **Encryptions:** Ensuring all financial transactions are encrypted
- **Secure Payment Channels:** Leverage third-parties to process secure payments

Educate and Training

- **Training:** Provide comprehensive training to employees on recognizing fraud indicators.
- **Educate and Enforce Protocols:** Establish security protocols and test them regularly

The Total Cost of Payment Fraud

Fraud Losses

Funds stolen from accounts

Stolen goods and services

Chargeback costs

Tools and Headcount

Costs of detecting and mitigating fraud

Internal systems and vendor tools

Human resources

Vendor Impact

Vendors who do business elsewhere

Suppliers impacted by strict controls

False positives

Fraud Losses + Tools and Headcount + Vendor Impact = TCOF

Payments Automation Journey

INTELLIGENT AUTOMATION

PROGRESS

Manual
- Paper-based
- Paper checks

Reactive
- Low volume of electronic payments, typically in response to vendor request
- Ad-hoc, manual workflows

Selective
- Automation for selected payment types
- Multiple workflows, still supporting physical checks

Optimized
- Single workflow, end-to-end automation
- Secures against fraud
- Approaching 100% electronic payments

Payments Guaranteed From Fraud with eCMS + Corpay

We set up and guarantee all electronic payments from fraud – including collecting and validating ACH banking data. *Approve payment and you're done!*

➢ Corpay accepts payment liability for any misuse or error

➢ Corpay guarantees successful completion of payments

➢ All payments bonded and insured

➢ Corpay manages all vendor information

➢ SOC 1 Type 2 and SOC 2 compliant with yearly audits; GDPR ready

How's it work
in eCMS

Corpay^

Traditional Invoice Payment Process

Select Invoices for Payment in eCMS

Separate Payments by Payment Type

Print Checks > Sign Checks > Mail Checks

Approve ACH Payments > Prepare NACHA File > Send File to Bank > Prep & Email Remittance

Approve Card Payments > Create File > Send File to Bank > Prep & Email Remittance

Field Vendor Questions

Manage & Reconcile Payment Exceptions

Reconcile Payments by Type

Reconcile Individual Checks

Reconcile ACH Payments

Reconcile Card Payments

Corpay's Automated Invoice Payment

Improve workflows, automate processes, and offload payment risk.

Select
Selected invoices sent to Corpay with eCMS button

→

Approve
Once approved, Corpay sends payment via check, ACH, or credit card on your behalf

→

Reconcile
Automated payment update and next-day reconciliation

Vendor services and continuous enrollment

Payment fraud protection & secure supplier data
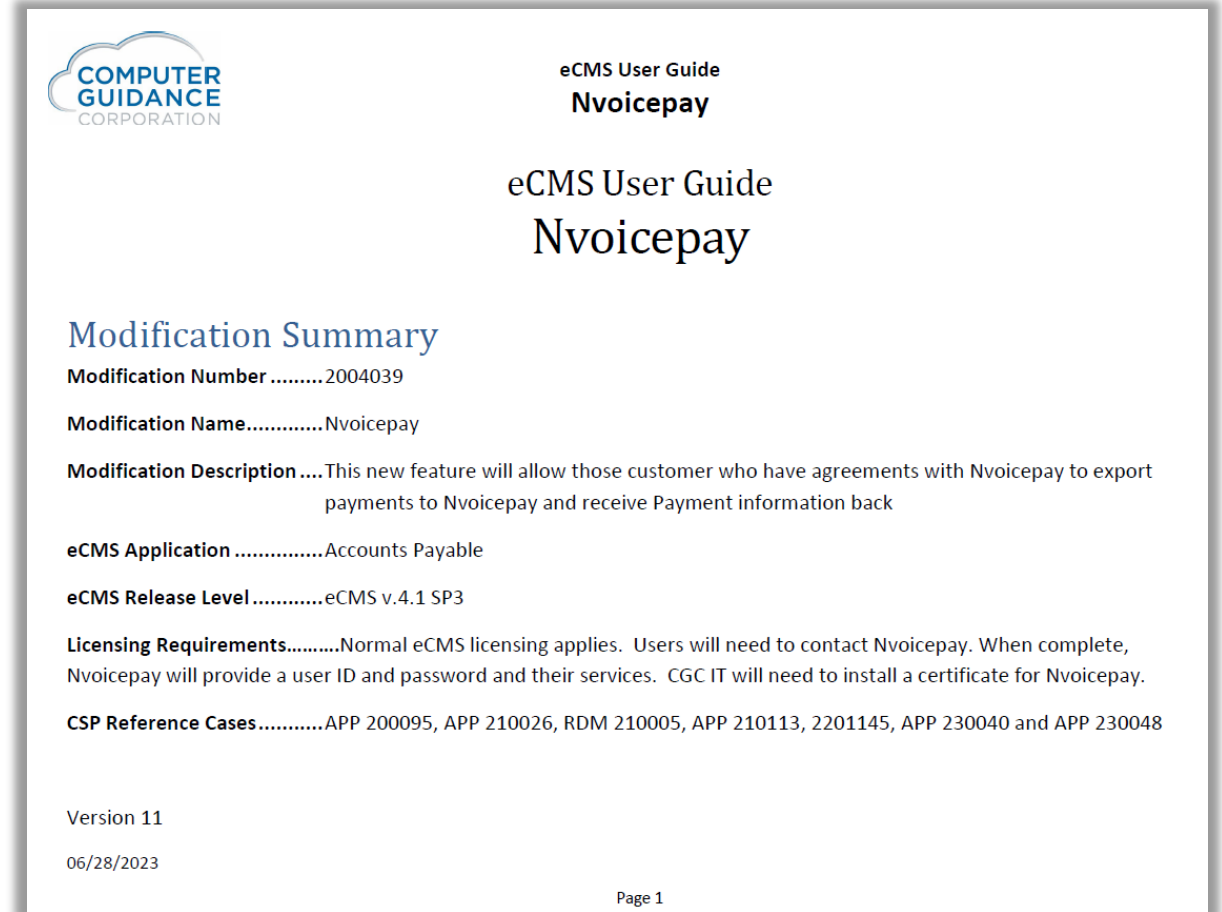
eCMS Corpay Seamless Integration and Payments Process

Select invoices for payment as normal in eCMS

Select "Corpay" payment button

Corpay optimizes payment methods

Review and approve payments

Funds pulled from your accounts

Corpay sends funds via Virtual Card, ACH, Check

Corpay follows up on any payment issues

eCMS Setup - No Integration Needed

eCMS Setup - No Integration Needed

To Setup eCMS Connect for Corpay: Admin → Application Installation → eCMS Connect Setup

1. Under SETUP INSTANCE tab, add Corpay and enter Corpay-provided credentials

2. Under SETUP NOTIFICATION tab, confirm desired notification settings.

3. Under PORTFOLIO MAPS tab, add Corpay from the dropdown selection.

4. Under SETUP GROUPS tab, add Corpay and select Corpay from dropdown.

5. Under SCHEDULER tab, add Corpay

eCMS Setup

Turn on Corpay as a default EFT Payment Type under Admin → Application Installation → Setup Defaults

eCMS Setup

Select Vendors to be paid by Corpay as Default.

Note: you always control who gets paid by Corpay and can always pay through other methods, but most clients will set 100% of vendors to Corpay method.

Under AP → Maintenance → Vendor Master → Select Vendor → General 2 tab → Select "V" EFT type

eCMS Process – Normal, Native eCMS Workflow

1. Enter invoices as normal.
2. Use Pay Selection as normal.
   - Review Cash Disbursement report as normal. Selected Corpay vendor invoices will be on report.
3. Process AP through Cash Disbursement Update as normal.
4. Submit Corpay invoices through eCMS Connect
   - Admin > Application Installation > eCMS Connect Setup (Scheduler)

Application Installation — Setup Schedule — webserviceschedul

| Setup Instance | Field Mapping | Setup Notification | Portfolio Maps | Setup Groups | Scheduler | Logs | Manage Scheduler | Viewpoint Setup | Manage Keys | | | | | | | | | | Initial Load |

Action	Portfolio Name ▲	Scheduler Group ▲	Start Time (hrs) ⇕	End Time (hrs) ⇕	Recurring Interval ⇕	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Day of the Month ⇕	Repeat Interval (mins) ⇕	Active ⇕
▶	Nvoicepay	NVoicepay	null:null	Not Used	Daily									0	N

5. Verify transmission of Corpay payments.

Application Installation — Logs — webservicelogs

| Setup Instance | Field Mapping | Setup Notification | Portfolio Maps | Setup Groups | Scheduler | Logs | Manage Scheduler | Viewpoint Setup | Manage Keys | | | Initial Load |

Action	Group Name ⇕	Service Name ⇕	Execution Time ▼	Execution Type ⇕	Status ⇕	Total Count ⇕	Success Count ⇕	Error Count ⇕	Log File ⇕	Report ⇕
	NVoicepay	NvoicePay - Payment	11/10/2020 01:40:04 PM	ADHOC	SUCCESS	23	23	0		

eCMS Process – Normal, Native eCMS Workflow

Payment approvers are notified by email that payments ready for approval. Log in to Corpay to review and approve payments.

From: Nvoicepay Support [mailto:techsupport@nvoicepay.com]
Sent: Friday, June 08, 2020 1:55 PM
To:
Subject: Payments Awaiting Approval - Action Required

Payment group **12345** was uploaded on 6/8/2020. Please log into AP Gateway to review and approve the below payments.

Payments Awaiting Approval:

Vendor #	Vendor Name	Check #	Amount
10012345	ACME CO	00012345	$109.08
10012351	COMPANY INC	00012346	$40.00
10012365	GENERIC	00012347	$17022.95
10012387	ACME INC	00012348	$62.48
10012416	GENERIC CO	00012349	$1282.45
10012556	COMPANY CO	00012350	$2080.85
10012613	ACME CO	00012351	$5700.00

Thank you,

Nvoicepay Support
877-974-1752

Payment Batch Details

eCMS-Payment-7638

Date: 12/2/2021
Status: Awaiting Approval

[Approve Batch] [Hold Batch] [Cancel Batch]

[Export ▼]

Method	Account	Count	Settlement Amount
Awaiting Approval		4	$1,301.30
Total		0	$0.00

Payments I Can Approve   Payments Needing Action   **All Payments**

☐	Vendor #	Vendor Name	Amount	Remittance	Reference	Check Date	Scheduled	Status	Payment Method	Account	Location
☐	93640	Universal Nvoicepay	$310.31	📄	9186	12/02/2021	12/02/2021	Awaiting First Approver	PrintCheck	Test Bank 2	112233448-123456789
☐	93640	Universal Nvoicepay	$320.32	📄	9187	12/02/2021	12/02/2021	Awaiting First Approver	PrintCheck	Test Bank 2	112233448-123456789
☐	93642	Nvoicepay Ven 3 w loc	$340.34	📄	9189	12/02/2021	12/02/2021	Awaiting First Approver	PrintCheck	Test Bank 2	112233448-123456789
☐	93642-1	Nvoicepay Ven 3 w loc 1	$330.33	📄	9188	12/02/2021	12/02/2021	Awaiting First Approver	PrintCheck	Test Bank 2	112233448-123456789

|◀ ◀ **1** ▶ ▶| 1 - 4 of 4 items

eCMS Process – Normal, Native eCMS Workflow

After payments are approved and sent by Corpay, the payment details are updated in eCMS through API return file, with info in "Disc2" field.

Secure and Remote-friendly Payment Approval

JP CULLEN
THE TOUGH JOB EXPERTS

Industry: Construction
ERP: eCMS Connect for Corpay

Payments Automation Efficiency Improves Construction Processes

Corpay^

COMPUTER GUIDANCE CORPORATION

"Our systems talk to each other. It's nice to push a button and send a payment file right over to Corpay."

Orlando Boatner, Senior Accountant, JP Cullen

Challenge

JP Cullen faced challenges with their original payment process, which relied heavily on physical checks. Orlando Boatner, Sr. Accountant at JP Cullen, shared the primary problems, "We had issues with checks being stolen out of vendors' mailboxes, checks being intercepted through the U.S. postal service, and people trying to fraudulently case them."

Solution

To tackle these challenges, JP Cullen adopted Corpay's AP Automation solution, which integrated seamlessly with Computer Guidance Corporation's eCMS Connect for Corpay software. This API-based integration facilitated smooth communication between the two systems.

Results

Implementing Corpay's AP Automation solution brought improvements to JP Cullen's payment processes.

- **Achieved 48% electronic payments by the end of the first month and 60% by the fourth month**
- **Streamlined payment workflows by eliminating paper checks, reducing overall processing time**
- **Improved vendor and subcontractor relationships with quicker payment receipt and optimized payment methods**

📅	Direct integration with eCMS Connect for Corpay ERP
⏱	Multiple hours of AP time saved per week
🖊	48% electronic vendor payments by month one

ERP: eCMS

Specialty: General Contractor focusing on Commercial, Education, & Healthcare

Invoice Payment Volume: $600M

Annual Payment Quantity: 16,000

Active Vendors: 2,100

Using Corpay's eCMS Payment Automation for 4 months:

✓ Fulfilled over $210M

✓ Averaging **$2.8M** virtual card per month

✓ 100% digital process, zero fraud exposure

Payment Mix in Millions
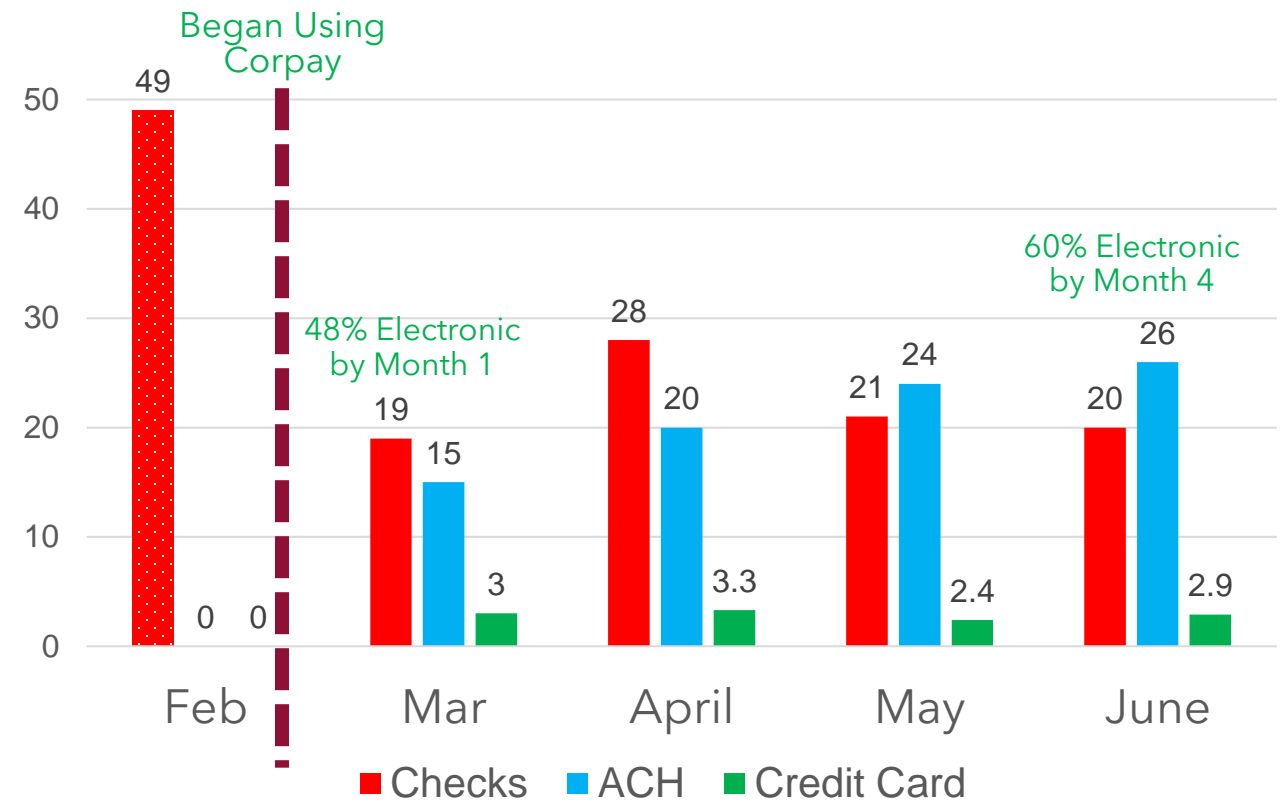
Began Using Corpay

48% Electronic by Month 1

60% Electronic by Month 4

	Feb	Mar	April	May	June
Checks	49	19	28	21	20
ACH	0	15	20	24	26
Credit Card	0	3	3.3	2.4	2.9

■ Checks ■ ACH ■ Credit Card

APC

Industry: Construction
ERP: eCMS Connect for Corpay

Payments Automation Efficiency Improves Construction Processes

Corpay^

COMPUTER GUIDANCE CORPORATION

"The integrated solution works well, and we are greatly benefiting from the increased efficiencies and productivity.

Jessica Tolentino, Accounts Payable Manager

Company Overview

Established in 1979

Construction Services: Gas Distribution and Transmission, Power Distribution and Transmission, Traffic Control, Trenchless Technology, Engineering and Design, Fiber Optics, and Vacuum Excavation.

Locations: Arizona, Nevada and California.

# of employees: 1,186.

Headquarters: Corona, CA

Solution

Using Comdata Expense Track since 2019

Had been using Corpay virtual card payments since 2016

Switched to Corpay Full AP Automation in January 2024

200 vendor payments weekly

390-400 credit cards to vendors go out monthly

Results

- No manual processing
- No paper checks
- Less liability on vendors bank information
- Easier tracking of field expenses
- Ability to resend remit details quickly
- Savings on administrative expense
- Streamlined process
- Visibility on approvals and status on invoices
- Dashboard is available

Corpay^

Thank you!