



# The Internet Payment Platform

FMS Regional Financial Centers  
Payment Management Customer  
Conference





# Agenda

- IPP Overview
- Intra-governmental Buy/Sell Modernization Project
- Department of Interior
- Bureau of Engraving and Printing





# IPP Overview

Paul Lionikis – Federal Reserve Bank of Boston (FRBB)

- Internet Payment Platform - Agency Outreach
- FRBB set up and runs IPP for U.S. Treasury





# IPP Defined

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

- Accepts upload of purchase orders from an agency and allows suppliers to create invoices
- Permits business rules configuration
- Allows agencies to define invoice workflow for approval routing
- Enables email notifications for agencies and suppliers
- Provides automatic two-way matching of invoices to POs
- Interfaces via digital purchase order and invoice file exchange
- Presents remittance data (including offset information) to suppliers both online or via download





# IPP Defined

- Used with commercial vendors receiving electronic payments
- Selected Federal agencies and suppliers already using IPP
- Provided by U.S. Treasury FMS free of charge to all government agencies and their suppliers





# IPP Benefits

- Cost avoidance and work reduction:
- Reduces the volume of payment and Treasury offset related inquiries to your agency and Treasury.
- Decreases the effort required to ensure that invoices are correct and match their PO's.
- Improves Prompt Pay compliance and decreases interest penalties.
- Reduces paper document processing and associated costs (including postage and mailing expenses).
- Increases efficiency through invoice approval workflow and other process improvements.
- Improved security: provides a secure layer segregating suppliers from an agency's financial systems.
- Promotes standards: provides a common method for interacting with suppliers and exchanging data across Federal government.





# IPP Status

- IPP live in production since November 19, 2007
- 4 modules offered
  - Purchase Orders
  - Invoicing
  - Workflow (Invoice Approval)
  - Payment Notifications
- Payment Notifications currently provided to suppliers of 168 ALC's
- Over 16,000 suppliers enrolled
- 5 Agencies in production and 5 Agencies in deployment





# Agencies Using the IPP Today

- Bureau of Engraving and Printing
- Bureau of the Public Debt (BPD, CSB and IAF)
  - Shared Service Provider to 44 agencies and bureaus
- Department of Interior (BLM, BOEMRE, OSM & USGS)
- Holocaust Memorial Museum
- Small Business Administration

## *Agency deployments currently in progress*

- Department of Agriculture (Forest Service)
- Social Security Administration
- Government Printing Office
- Additional bureaus for BPD and DOI





# 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





# Intra-governmental Buy/Sell Modernization Project

## Project Goals:

- Facilitate a standard business process for agencies to transact and reconcile buy/sell activity
- Implement a digital version of the new standard InterAgency Agreement (IAA)
- Improve Buy / Sell controls
- Reduce reconciliation and elimination effort
- Support the complete process flow from GT&C to settlement confirmation in one central location
- Provide visibility for both trading partners throughout the transaction lifecycle





# Intra-governmental Buy/Sell Modernization Project

## Project Approach:

- Leverage the current IPP commercial capabilities and best practices
- Leverage IPAC's Intra-governmental transaction settlement capabilities
- Enhance and integrate the two platforms to allow IPP to serve as a frontend to IPAC and automate support for buy/sell transactions
- Support new standard IAA, initially via entry in IPP in Phase I, additionally via integration with agency systems in Phase II or III
- Proactive controls to ensure that only valid reference data values are used (BPN, TAS/BETC, etc.)
- Incorporate agency feedback on proposed changes
- Implement the new standard process and automated solutions government-wide





# Intra-governmental Buy/Sell Modernization Phases

## Multi-phased roll out:

|           |               |
|-----------|---------------|
| Prototype | November 2010 |
| Phase I   | May 2011      |
| Phase II  | December 2011 |
| Phase III | May 2012      |

## Nov 2010 - Prototype

- Created separate Intra-Gov (IG) type order and invoice capability with IAA data elements
- Online Orders and Invoices visible to both trading partners
- Trading Partner setup established
- Orders are created externally and uploaded
- Manual extract of draft IPAC bulk file from IPP by agency
- Ties transaction documents together in Related Documents & History views
- Implemented in IPP QA, not Production





# Intra-governmental Buy/Sell Modernization Phases

May 2011 Phase I:

IPP and IPAC integrated business process flow

- Full set of IAA standard data elements included in GT&C and Order
- Buyer or Seller may create / approve IAA GT&C online
- Buyer creates IAA Order from open GT&C
- Seller creates invoice from IAA Order
- IPAC Bulk File initiator may be either the Buyer or Seller
- Bulk File sent to directly from IPP to IPAC
- IPAC sends Confirmation File back to IPP
- Will be implemented in Production version of IPP





# Intra-governmental Buy/Sell Modernization Phases

Nov 2011 – May 2012 Phases II and III:

Enhanced IPP and IPAC integrated business process flow

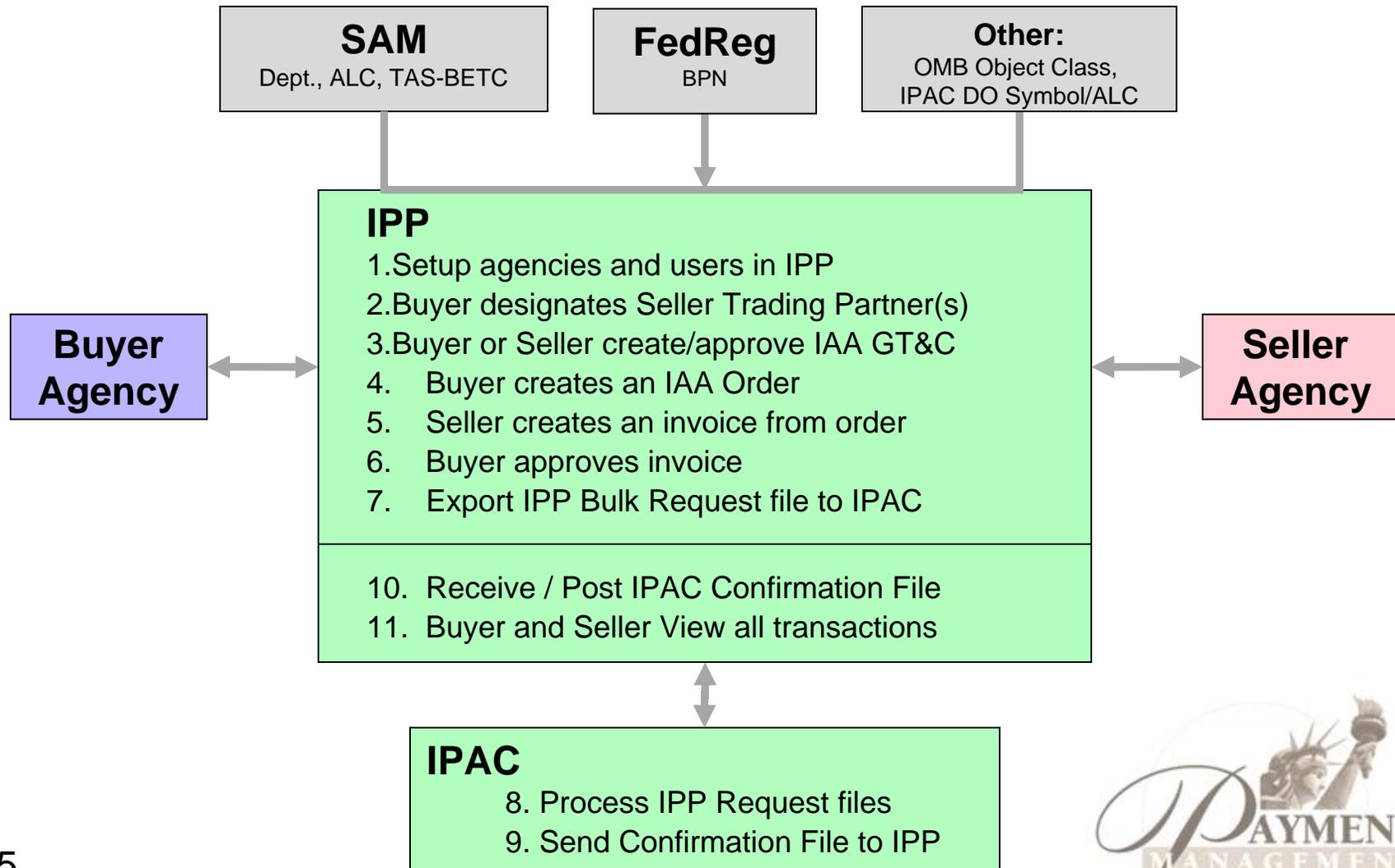
- File integration with agency Core Financial Systems
- Configurable invoice validation rules and transaction event notifications
- IG invoice workflow configuration
- IAA standard rules applied to GT&C and Order processing
- Recurring Invoice Setup and Processing
- GT&C cloning, modifications, automated status management
- IPAC request file records display and reporting

*Features will be assigned to a release based on Phase I agency feedback*





## IPP IPAC Phase 1 Information Flow (May 2011)





# Department of Interior

Rebecca Moore

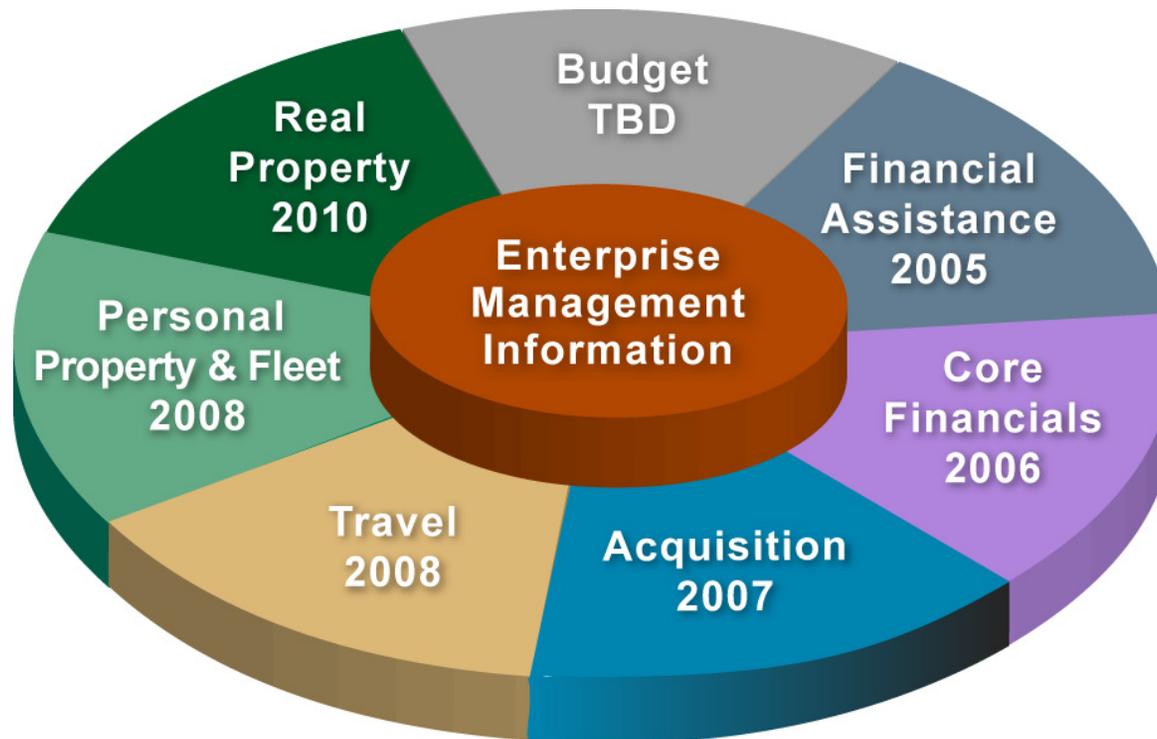
- FBMS Project, Core Financial Team, IPP Lead
- Participated in the DOI IPP pilot and is leading the IPP ramp-up project.





# FBMS Overview

FBMS replaces the Department's many administrative systems and results in a modernized, fully integrated enterprise-wide solution with standard processes. FBMS continues to implement incrementally the approved Financial Management Modernization Blueprint.





# DOI's Current Use of IPP

- The use of IPP is mandated by DOI policy
- We are piloting the use of IPP before Department-wide roll-out
- The pilot is being used:
  - To prove the concept of e-invoicing within FBMS and to get buy in from our customers
  - To determine if implementing IPP will have a positive impact on DOI workload
  - To validate DOI's configuration of IPP and interface designs





# DOI IPP Ramp-Up

- DOI will fully ramp-up IPP starting 4/1/2011
- Ramp-Up will affect all Bureaus currently using FBMS
- All new contracts awarded on/after 4/1/2011 will require invoices to be submitted via IPP
- New IPP Policy mandates the use of IPP for all new contracts starting 4/1/2011 that are awarded to any DOI vendor
- Vendors may submit a waiver request to their contracting officer
- Waivers will be approved/rejected by the DOI Office of Acquisition and Property Management (PAM)
- Contracting Officers will work with vendors to become compliant
- Once fully implemented, DOI will have the greatest volume of invoice transactions among agencies already using IPP





# DOI Future Use of IPP

## FBMS Deployment 6 (November 2011)

- Additional Bureaus will begin using IPP when they are deployed in FBMS
- New IPP Functionality
- Utilization of workflow within IPP for invoices against DOI Contracts administered on behalf of an agency external to FBMS
- Contracting Officer Representatives (COR) / Receiving Officials (RO) that are external to the FBMS will use IPP to review invoices and accept/reject goods and services.





# DOI Pilot Implementation - What Went Well

- FRBB had an assigned project manager who was our primary point of contact, secondary contacts were available when he was unavailable
- FRBB was willing to work within the FBMS project timeline and the creation of that timeline was a joint effort
- Interface specifications were provided in a timely manner and contained an appropriate level of detail
- FRBB was available by phone and during weekly meetings to answer questions
- A QA environment was configured, reviewed by FRBB, and extensively tested. It remains available for upgrade testing and troubleshooting





# IPP Product - What Works Well

- Vendors 'flip' PO line items rather than typing in the data.
- Reduces the possibility of typos
- Eliminates the ability to overbill
- Vendors notified of invoice approval steps and payment date
- Reduces calls to bureaus from vendors
- Vendors can tell on-line if a payment is accelerated
- Agency User Group
- Agencies meet several times a year with FRBB to determine content of upgrades
- Support for Agencies and Vendors provided by FRBB
- FRBB is available to support the DOI on an as-needed basis





# Pilot Implementation Lessons Learned

- Resistance to Change is significant
- Bureaus were reluctant to participate, fearing loss of control of the invoice process
- Use of the payment clause was inconsistent in field office
- Vendors did not know they had to enter invoices in IPP
- PMO had to review contracts and remind bureaus to follow new policy
- Many changes requested to software during pilot
- Bureaus participated in interface design process
- Bureaus performed integration and acceptance testing
- After production release many changes were requested and coded
- Define clear exit criteria from Pilot Phase
- Bureaus were tasked with defining a successful pilot then held accountable to keeping the pilot moving forward





# What we're doing differently for IPP Ramp-Up

Resistance to Change is significant

- Integrated Knowledge Transfer (KT) sessions are being scheduled for Accounts Payable staff, Contracting Officers, and COR/ROs. KT sessions will:
  - Clarify the electronic invoicing process to all parties
  - Explain each users role within the process, shedding light on areas in which problems occur and what may affect downstream processes
- Weekly IPP meetings are held with the bureaus to discuss business process changes





# What we're doing differently for IPP Ramp-Up

Use of the payment clause was inconsistent in field office

- Vendors did not know they had to enter invoices in IPP
- Vendors will be notified via email a minimum of three separate occasions prior to Ramp-Up
- PMO had to review contracts and remind bureaus to follow new policy
- Contracting Officers will be instructed during KT sessions to include IPP invoice submittal instructions in each contract, as well as solicitations
- A revised DOI IPP Policy Release will be disbursed to bureau

Define clear exit criteria from Pilot Phase

- Bureaus were tasked with defining a successful pilot then held accountable to keeping the pilot moving forward
- IPP Pilot success criteria was not measurable
- IPP goals and expectations are being defined and will be communicated to the Bureaus by DOI leadership.





# Bureau of Engraving and Printing

Len Olijar

- CFO and executive sponsor of IPP at BEP
- Participated in both the IPP pilot and roll out to the IPP production system





# BEP IPP Production Stats

|                               | 2008 | 2009  | 2010  | •2011 |
|-------------------------------|------|-------|-------|-------|
| Payments made                 | 410  | 1,330 | 1,860 | 2,450 |
| % of payments                 |      | 20%   | 27%   | 35%   |
| Payments (in millions)        | \$48 | \$146 | \$226 | \$260 |
| % of total goods and services |      | 40%   | 63%   | 70%   |

*\*Projected*





# How has IPP helped BEP?

- Better customer service – vendors love IPP for its transparency
- Savings – less staff, more discounts and fewer prompt payment penalties
- Less paper – less handling, no storage files and no missing invoices
- Full automation – reduce data entry





# Potential Cost Savings

| Manual Cost per payment          |                | \$82.41        |     |
|----------------------------------|----------------|----------------|-----|
| IPP Cost per payment             |                | <u>\$44.69</u> |     |
| <b><u>Undisputed invoice</u></b> | <b>Savings</b> | \$37.72        | 46% |
|                                  |                |                |     |
| <b><u>Disputed invoice</u></b>   | <b>Savings</b> | \$13.82        | 24% |





## Other benefits of using IPP

- It is not platform dependent. BEP is converting to Oracle and keeping IPP.
- Improved clarity of invoice data
- Improved reliability
- One day to reject, correct, and resend
- Faster delivery of goods and services
- Supporting documentation can be attached





# How BEP uses IPP information

- Digital retrieval – no more lost invoices
- Digital retrieval – on-line searches
- Stronger negotiating position with suppliers





# Conclusion

- Vendors love it
- In-house users love it
- Speed
- Transparency
- Great front end – no change for user when upgrading system





# Thank You!

For more information visit [www.ipp.gov](http://www.ipp.gov)

Please forward questions and comments to:

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