

internet payment platform

The Internet Payment Platform

FMS Regional Financial Centers
Payment Management Customer Conference



Financial Management Service

Agenda



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

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 Considerations



- Used with commercial vendors receiving electronic payments
- Complements existing agency systems and processes
- Hosted within the Treasury Web Application Infrastructure (TWAI)
- Compliant with relevant Federal standards (e.g. FAR) and requirements
- Provides a modular platform: agencies select functional options when and if needed
- Customer service for both agencies and suppliers provided by FRB
- Shares a central supplier directory across agencies
- Selected Federal suppliers already using IPP
- Provided by U.S. Treasury FMS free of charge to all government agencies and their suppliers

- IPP live in production since November 19, 2007
- 4 modules currently offered
 - Purchase Orders
 - Invoicing
 - Workflow (Invoice Approval)
 - Payment Notifications
- IPP Intragovernmental Transaction Pilot in progress:
 - Bureau of Engraving and Printing
 - Bureau of the Public Debt
- Payment Notifications currently provided to suppliers of 168 ALC's
- Over 12,000 suppliers currently enrolled
- 5 Agencies in production and 3 Agencies in deployment

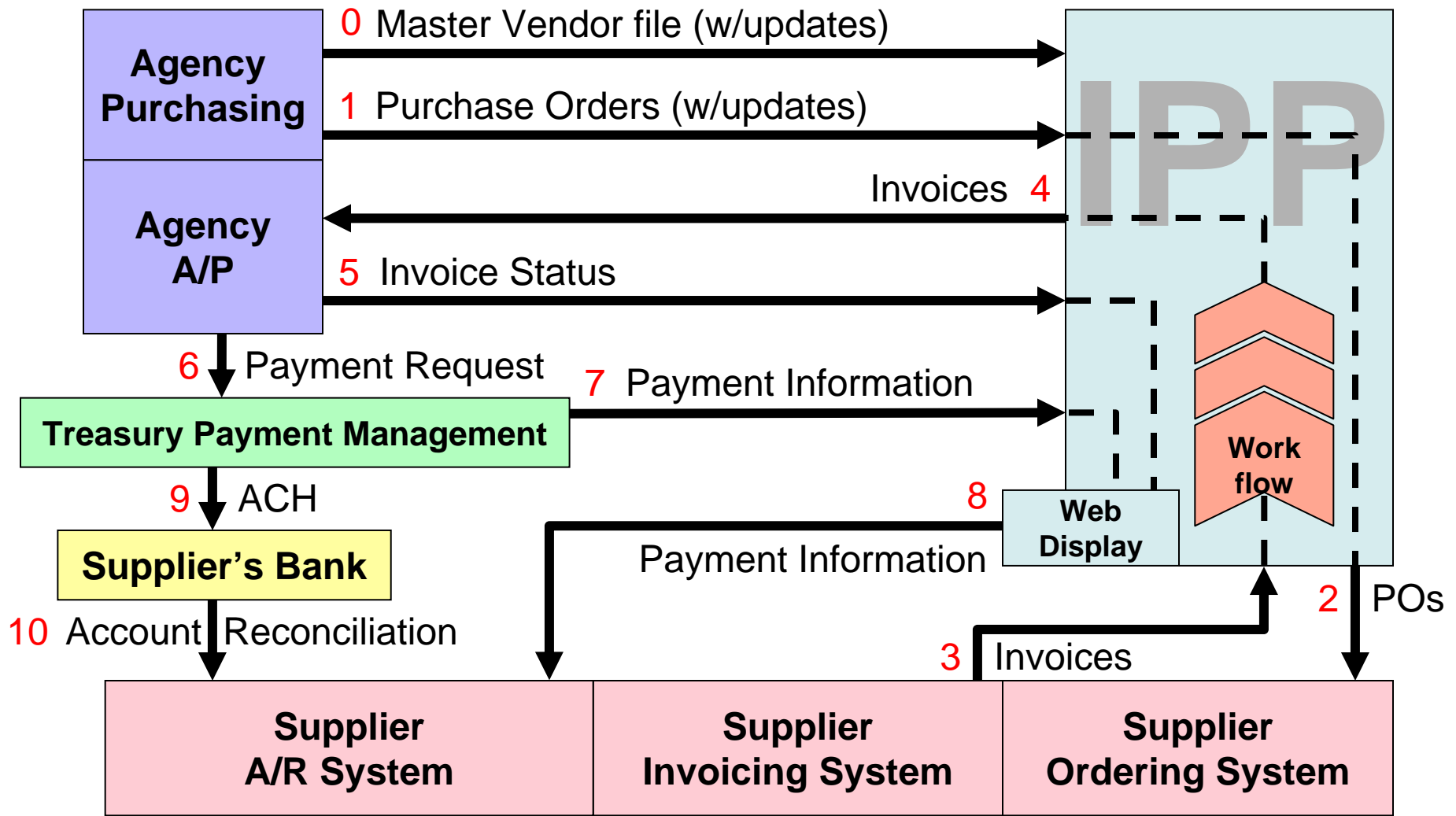
Agencies Using the IPP Today

- 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 FBMS (BLM, MMS and OSM)
- Holocaust Memorial Museum
- Small Business Administration

Future Agency Deployments

- Department of Agriculture (Forest Service)
- Additional bureaus for BPD and DOI
- In discussion with many additional agencies

IPP Information Flow Overview



Intra-governmental Buy/Sell Modernization Project



Efforts underway to enhance existing IPP functionality to support intra-governmental buy/sell transactions. This project will:

- Facilitate a standard business process for agencies to transact and reconcile buy/sell activity
- Incorporate agency feedback on proposed changes
- Automate support for the standard process through IPP and IPAC integration and enhancements
- Implement the new standard process and automated solutions government-wide

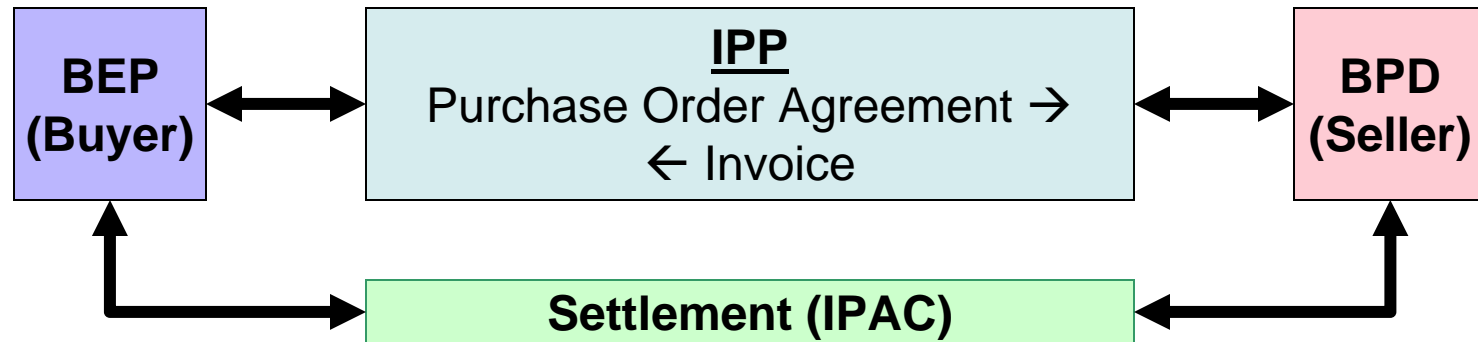
Intra-governmental Buy/Sell Transaction Issues



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

- GAO 2008 audit found significant differences (\$31B) 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

Current IPP Intra-governmental Pilot



- Pilot began in October 2008 between BPD and BEP
- Benefits:
 - Associates invoices with the InterAgency Agreement
 - Provides better visibility into transactions
 - May help address issues raised in audit findings
 - Reuses existing Treasury investments

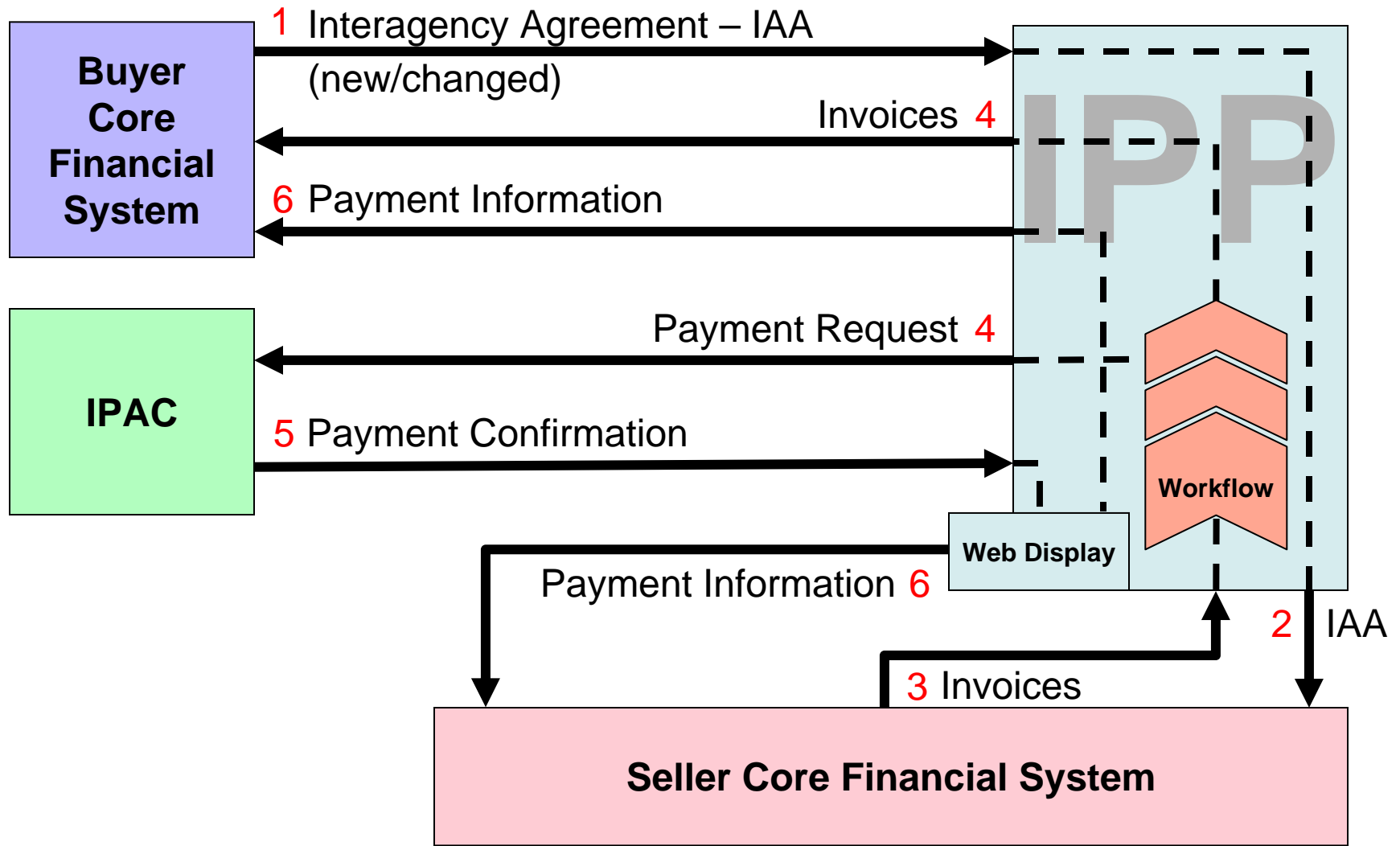
Intra-governmental Buy/Sell Modernization Phases



Multi-phased roll out of support in IPP and IPAC:

- Prototype front-end processing based on current IPP functions that demonstrates a simplified standard business flow:
- Addition of standard IAA data elements to IPP
- Information exchange between trading partners using PO's and Invoices
- Manual download of IPAC bulk file from IPP for submission to IPAC
- Phase I releases (IPP and IPAC) of enhanced business process support automation, including:
 - Automated IPP bulk file submission to IPAC
 - IPAC confirmation file to IPP
 - Workflow automation of the approval process
- Phase II releases (IPP and IPAC) with enhanced business process support automation, including integrated validation services

IPP Intra-governmental Information Flow



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
Payments made (20% of payments)	410	1,330	1,800
Payments (in millions) (40% of total goods and services)	\$48	\$146	\$190

**Projected*

How has IPP helped BEP?

- Provide better customer service
- Increase potential for taking discounts
- Reduce late payment – prompt pay
- Reduce: paper; paper handling; storage
- Reduce data entry
- Reduce phone calls
- Operate with fewer people

Potential Cost Savings



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

Other benefits of using 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
- Customer service answering “Check’s in the mail”

Roberta Bennett

- FBMS Project, Core Financial Team

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 Use of IPP



- The use of IPP is being 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
 - Initially included 12 vendors (varying sizes) who do business with MMS and OSM and then added vendors for BLM starting in late February
- Following the pilot
 - Full ramp up in Summer 2010 for Bureaus already using FBMS
 - Additional Bureaus begin using IPP when they are deployed in FBMS
 - IPP will be mandatory for new contracts generated out of FBMS
 - 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

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, contained an appropriate level of detail, and remained constant throughout the development life-cycle
- 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

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

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

Thank You!



For more information visit www.ipp.gov

Please forward questions and comments to:

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