



Get ahead with Embedded Payments

How we help AP/AR providers deliver the
ultimate payments journey, powered by Modulr



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Innovating in a competitive market: **It's a tough gig,** but AP/AR software providers have to do it.



The accounts payable and accounts receivable software market is evolving into a highly competitive, price sensitive space. Providers are under growing pressure to innovate and deliver value so they can attract and retain customers in a fast-paced business environment.

Those that offer the largest range of integrated products and services will undoubtedly benefit from the most traction in the market but delivering the high level of payments flexibility that users would like requires AP/AR providers to have total control of a complex financial ecosystem. AP/AR platforms need to be able to facilitate and receive payments into any UK or EU account, while handling potentially complex reconciliation. Many AP/AR providers are challenged with the high cost and risk of building and managing payments in house. They lack access to instant payments, causing users dissatisfaction as traditional payment processes are slow and inefficient, with manual errors causing major problems. Few AP/AR platform providers have the right regulatory or technological infrastructure to quickly issue customer accounts and provide a seamless, truly embedded AP/AR experience. In an attempt to overcome these challenges, many AP/AR providers choose to work with payment partners to plug them into the relevant schemes but not all payment partners are equal - if yours is still relying on traditional

transactional banking and Bacs, then your payments won't be as fast or efficient as they could be.

One feature which has the potential to set any given software provider apart from the rest is embedded payments – seamless payment and account functionality integrated directly into their platform. But most providers don't have (or know they need) embedded payments as part of their proposition. Every AP/AR provider wants ultimate seamlessness in their software, but a lack of capability, specialist knowledge and the necessary regulatory permissions associated with offering payments inhouse stands in the way. As a result, it's difficult to offer a truly end-to-end solution.

But, if you're looking to create a differentiated customer experience and add more value to your long-term customer relationship, then you need look no further.

In this guide we'll show you how to become the ultimate pain-free AP/AR software provider (spoiler alert: the trick is to partner with an embedded payments provider!).



The **demand** for the perfect payments journey



Nowadays, we're all used to joined-up user experiences, both in our personal and professional lives. We want our processes and interactions to be as friction-free and intuitive as our last (and best) customer experience, and accounting is no exception.

But the reality is that making and managing supplier payments out, and receiving and reconciling payments in, is still a headache for many accountants and accounts departments. Manual workflows increase pain points and time-consuming processes carry a heavy administrative burden. This is simply unacceptable for businesses and SMEs for whom cashflow is critical.

In a world where our customer journeys are increasingly joined-up, it seems counterintuitive that users often have to bounce between accounts payable and accounts receivable platforms, and banking portals.

Payment files are traditionally used to bridge the separate systems because they are the only compatible method of exchange with legacy bank accounts, but the system is fraught with inefficiencies. Bacs payments themselves take three working days to clear which can result in late payments and cashflow shortfall.

It's a long process even before we consider the manual time taken to fix file errors, incorrect value inputs, doublechecking, duplicates and dealing with payment rejections resulting from inaccurate data capture. The lack of approvals workflows on many platforms further increases the risk of inaccurate

payments, and there's a higher risk of fraud due to supplier bank details not being verified before an invoice is paid.

Reconciling the many individual supplier pay-outs and pay-ins against multiple bank statement entries and invoices becomes time consuming and onerous, and the manual nature of data-input increases the likelihood of error.

It's a solution that's far from ideal.

Any accounts payable and accounts receivable software provider that can remove these pain points and offer customers a straight through link to Faster Payments as part of a seamless, hassle free one-stop shop solution could have a distinct competitive advantage. But many software platforms are challenged with delivering this level of payments integration and functionality. That's because there are huge costs and risks associated with building and launching payments in-house, let alone the regulatory and operational burden they bring.

Most AP/AR software providers have just accepted payments will never be a part of their tech stack.

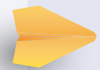
Until now.



How to **stand out** from other providers with embedded payments



Imagine if you could easily embed payments directly into your proposition. They'd be fully integrated meaning your customers could send and receive payments seamlessly and easily from within your software, eliminating file uploads and the associated security risks. You'd also give users that 'end-to-end' brand experience that they're looking for, while using automation to cut down on admin hassle. You could also provide customers with 100% cashflow visibility and access to payment solutions not easily accessible via traditional transactional banking.



Eliminate payment complexity: By embedding payments, you'll save your customers valuable time by removing manual processes and the risk of error; enable them to focus on running their business or developing value-added services; and help them to easily meet the expectations of their changing business demands.



Enable real-time payments: With the right provider, embedded payments are almost instant. Customers get access to networks such as Faster Payments and SEPA Instant, allowing them to make and amend payments right up until the deadline.



Create an all-in-one solution, directly within your software: Embedded payments eliminate the need for your customers to bounce between systems. Being able to stay in one place to complete all tasks is the 'one-stop' level of ease your customers are looking for, making your proposition stickier, and adding value to the customer relationship.

The key to getting your accounts payable/receivable platform to this level of slick is partnering not just with an embedded payments provider, but with the right embedded payments provider.



What should you look for when partnering with an **embedded payments platform?**



They should carry the weight of regulation for you

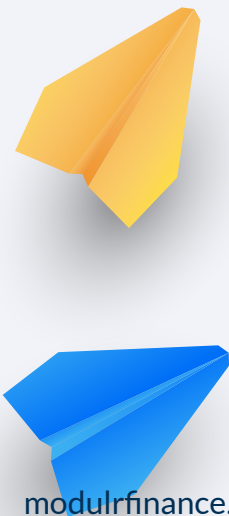
The payments landscape is, understandably, a highly regulated space. And, for many AP/AR platforms, the investment, time and expertise required to meet the raft of regulations and gain access to the payment schemes directly is just too costly and laborious. Instead, they look to partner with authorised payments providers that have done the regulatory heavy lifting for them.

Ideally, you'll find a payments provider that has direct settlement access to the Bank of England and the payment schemes like the Faster Payments network. Having direct access means they're not reliant on a third party or a directly connected commercial bank to submit payments or settle payment obligations on their behalf. Which means more efficiency, less cost and complexity, and fewer points of possible failure for you.

They should free your customers from the lengthy Bacs clearing cycle

However slick a payments services provider appears to be, if it's still ultimately relying on Bacs then it's not fast enough! That's because Bacs payments are not same-day payments, they're subject to three day clearing cycles. What's more, payments can only be made on working days so they can actually take longer when you factor in weekends and bank holidays.

Partner with a payment services provider that can plug directly into the Faster Payments scheme, the only UK payment system that's available 24/7, 365 days per year. As the name suggests, Faster Payments are payments that clear almost instantly, with funds showing up in the payee's account in a matter of seconds. Faster Payments don't have a cut off time and they clear even on weekends and bank holidays. And invoice payments can be set up to transact on the day they fall due, making managing emergency or ad-hoc supplier payments easier than ever before. And, look for a provider that makes creating and managing bulk payments easy for your customers.



They should make your CX even more competitive

One of the biggest commercial advantages a software provider can leverage is its customer experience. After all, users interact with the product daily, and they'll migrate elsewhere if they experience too many pain points. The right embedded payments provider will help you to deliver fully integrated, invisible and instant payments that support rather than obstruct the accounting workflows they have been designed for. For this to work in practice, they need to be based on rich APIs, making the underlying payment systems accessible through a single point of integration and with a considerable degree of flexibility. Only then will you be able to separate the user journey from the underlying process of making the payment – turning manual process and file uploads into something automated, joined-up and intuitive, while keeping them fully engaged within the customer experience.

They should enable you to monetise payments

Adding payments onto an AP/AR proposition could be a very effective monetisation lever, allowing software providers not only to take advantage of new market opportunities but also to increase revenue and profitability by selling more to their existing customers (if payments were to be offered as a chargeable upgrade, for example). This added functionality can also serve to make your proposition stickier – that's to say it could become so indispensable that it would mean a considerable investment for users to switch. And that's even if they'd want to switch, considering how convenient it would be to have all their accounting tools in one place.

Offering a one-stop AR/AP solution in a market proliferated by multi-step processes will likely set you apart from all the competition: you'll be delivering a level of ease and efficiency your customers will have only dreamed about, which could be very lucrative for you.



Why partner with Modlr?

At Modlr, we make it easy for software providers, like you, to incorporate payments into their platforms, without the need to become payments experts or regulated themselves. That's because we're one of the few non-bank payment service providers to have direct access to the Bank of England as well as access to other EU and UK payment schemes. We package up this payment scheme access together with our regulatory permissions and API infrastructure to enable software providers to embed payments directly within their propositions, as part of a unified and integrated journey. In this way, managing, making and reconciling payments can finally be merged into a simple, cost saving and streamlined process, without manual exports, file uploads or even the need to leave your platform and brand experience. Your customers can centralise and pay their invoices on time, every time and with minimal effort, for optimum cashflow management. Our API also enables multiple payments to be managed together so users can import, view, approve or cancel payments in batch.

And, we deliver all of this alongside a partner experience that is second to none, which has resulted in us becoming the digital payments partner of choice for leading accounting software providers like Sage, BrightPay and IRIS. When you partner with us, you receive support throughout the whole implementation process – we include dedicated project management and marketing assistance to ensure that your enhanced proposition is positioned in the most impactful way, and that your customers understand how you can meet their needs.

We integrate with

Sage

 brightpay

IRIS



The lowdown on Modulr's platform

Underpinning this game-changing solution is Modulr's bespoke payments and accounts infrastructure, all of which is managed through a single, flexible and scalable API, which enables the creation of unlimited payment accounts for each customer. Automated reconciliation of data between your software and our payments platform removes complexity, creating exact matching values per accounting entry with no errors between the two. When users are ready to make payments, they simply need to fund their payment account (which can be done smoothly and efficiently via a prepopulated, user-friendly Open Banking Payment Initiation link) and approve the payments. And, thanks to our pan-European presence, users can benefit from price discounts by paying suppliers in up to 11 local currencies. Payment accounts are connected to all the major payment schemes, for maximum payment connectivity. This enables users to receive FPS, Bacs & CHAPs payments in (all alternatives to expensive card payments) with notifications on receipt and payments automatically reconciled to invoices.

Our direct participation in the Faster Payments network means that payments are made in real time, 24/7, 365 days a

year (unlike Bacs which takes days as opposed to seconds), making late payments a thing of the past and enabling users to manage emergency payments more efficiently. Payments can even be future dated and scheduled to be sent automatically when invoices are due and users can pay, manage and track bulk payments as a batch. You can also offer your users payment innovations such as Confirmation of Payee, the name checking service which helps avoid payments being accidentally or maliciously misdirected. We can even help you to offer virtual or physical cards so you can provide your users with total payment control at an individuals or team level.

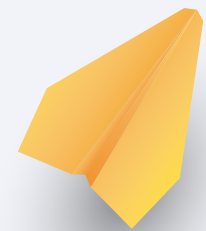
With Modulr, payments can quickly become a service that's easy and profitable to deliver. With so much time saved, your customers will be able to focus on what matters to them – running their business and developing new value-added services. And as a software provider, that's good news for you, because it means they're going to view your solution as invaluable, and indispensable.

Deliver a premium experience to your customers, with Modulr

Without the ability to offer embedded payments, many accounts payable/accounts receivable software providers are still missing the crucial part of the process. With our payments functionality fully integrated into your platform, we'll help you to create a truly end-to-end solution and a differentiated customer experience. We'll help you to improve customer retention and add more value to your customer relationships, and all far more cost effectively and efficiently than you could do alone.

Together, we can deliver propositions for your customers that generate new revenue streams and increase efficiency, so your customers will have plenty of time to explore the full potential of your growing software suite.

Traditional payments might have always been a pain but, with Modulr as your embedded payments partner, your platform can be part of the solution.



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www.modulrfinance.com

We integrate with

Sage

 brightpay

.IRIS



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