

BMO's Payment Optimization consulting is delivering true value to **ATCO**



Like many large corporations, ATCO is focused on increasing operational efficiency, reducing costs, increasing profits, and gaining market share. However, with 20,000 employees and \$25B in assets globally the complexity of their organization poses significant challenges to achieving these goals. Their BMO Payment Optimization engagement helped ATCO overcome those challenges to a significant degree, leading the way for a very successful initiative.



How it started

In late 2019, as part of discussions surrounding renewing ATCO's Corporate Card program mandate with BMO—including onboarding a number of legacy programs previously held with other financial institutions—BMO had a comprehensive series of conversations with ATCO, reviewing ATCO's overall goals, objectives, and areas of operational friction. During this robust discussion, ATCO's Director Supply Chain Services, David Holman, outlined ATCO's key priorities including:

- Increase operational efficiency
- Reduce costs
- Stay leading-edge and optimize each business
- Increase scalability of their current source-to-pay processes and make them a strategic advantage to each of the ATCO businesses and suppliers
- Ensure supplier wellness
- Grow the business...looking beyond current borders
- Unlock working capital

This extensive list of objectives made it clear that the overall need was larger than what the BMO team had come together for in the first place, and the conversation grew into a larger source-to-pay discussion that explored how a BMO Payment Optimization initiative could help ATCO help reach its goals.

Solution for success

By early 2020, ATCO's Supply Chain team formally engaged BMO to execute a corporate-wide Payment Optimization initiative to help meet its objectives. ATCO chose BMO for its approach over other competitive proposals, both due to BMO's unique expertise, and because BMO was able to offer the initiative as a complementary part of its overall Treasury & Payment Solutions relationship. The BMO team kicked off the initiative by facilitating an in-depth discovery session. The meeting was attended by representatives from Finance, Procurement, Accounts Payable and Treasury from each of ATCO's nine (9) public-facing businesses. The key objective was for BMO to understand the source-to-pay initiative across the enterprise and to understand the processes and challenges at each of the ATCO business units.

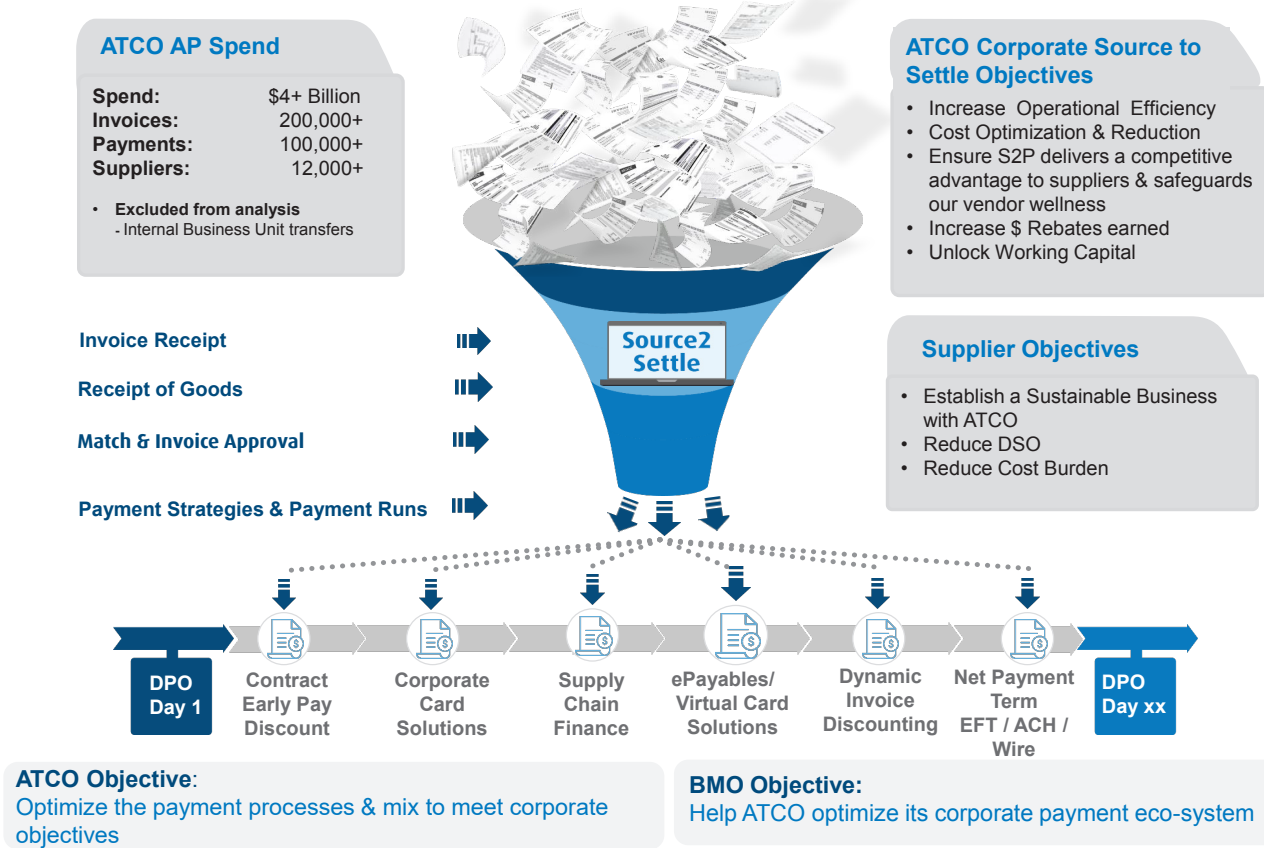
"Similar to many organizations, we faced a variety of challenges to increase the scalability of our source-to-pay processes and to convert them into a strategic ATCO advantage. Discovering that our bank, BMO, could and would step up to help us was a revelation. In my world, banks don't know the full life cycle of source-to-settle. BMO dove in to understand our objectives, challenges and processes and helped us 'solution' them. Our results and savings are overwhelming. Would I involve BMO again? Absolutely YES."

— David Holman, BA LLB
Director, Supply Chain Services, ATCO



Case Study: ATCO

BMO Payment Optimization pulls it together



Notes—S2P: Source-to-Pay; DSO: Days Sales Outstanding; DPO: Days Payable Outstanding

With the learnings from this meeting, and 12 months of spend data in hand, BMO performed an in-depth analysis and returned a well-informed and data-driven set of recommendations to ATCO. These multi-faceted Payment Optimization suggestions were integral to ATCO's 2020 source-to-pay business plan that ultimately generated several million dollars in annual savings.

BMO recommendations included

- Modernizing targeted Procurement Policies and Procedures
- Increasing efficiency of their Requisition-to-PO process
- Increasing scalability of invoice receipt and approval process
- Adding self-serve supplier portal to AP automation
- Adding new payment solutions, including ePayables, utilizing BMO Approve2Pay® (Virtual Cards)
- Adding supplier eCatalogues
- Shifting targeted spend to Corporate Card
- Increasing their volume of EFT/ACHs
- Reducing wire payment usage
- Reducing cheque payments to ~2% of AP spending

Case Study: ATCO

Key success factors

BMO executed and continues to execute a BMO Payment Optimization engagement with ATCO, which employs a holistic consultative approach to bring them the full strength of all BMO solutions related to their source-to-pay needs. This approach ensures that BMO:

- Understands and helps ATCO overcome its process challenges
- Evaluates and recommends new approaches and solutions
- Optimizes all payments to minimize costs and maximize benefits
- Helps ATCO attain its corporate objectives

The BMO team raised the bar to become key advisors to ATCO. Every year a new Payment Optimization is executed to ensure ATCO's payment mix and source-to-pay strategies are optimized to meet ever-changing market conditions.

Implementation and ongoing support

Corporate Card implementation

BMO's Corporate Card Implementation team engaged with ATCO to ensure a smooth adoption of the recommendations to transform their usage of their Corporate Card program. ATCO was assigned a dedicated Solution Delivery Consultant who was able to coordinate all the different stakeholders involved. After delivery of the physical cards, a Dedicated Client Service Advisor was assigned to the relationship to help coordinate any other functions within BMO to help support the program. Throughout implementation and training, the process was smooth and seamless allowing ATCO to feel comfortable with their expanded and refreshed One Card program, and supported every step of the way.

BMO Approve2Pay (A2P)–Virtual Card deployment

A key strategic plank of the new strategy involved introducing BMO Approve2Pay—a product within BMO's ePayables product suite, that leverages virtual cards to pay targeted vendors—into ATCO's payables ecosystem. Approve2Pay was implemented for ATCO on target in 2021. To further help simplify reconciliation and supplier invoice & payment inquiries, ATCO and BMO worked together to successfully move ATCO's virtual card reconciliation into their Oracle ERP environment, furthering their process efficiency gains.

Supplier enablement success

As part of the implementation of ATCO's Approve2Pay program, the BMO Supplier Enablement Services team worked directly with ATCO to develop and execute an ATCO-centric ePayables Supplier Enablement strategy to help:

- Increase rebate and improve supplier negotiations
- Increase supplier acceptance and level of data verification with Mastercard

- Assist ATCO in creating a value proposition to suppliers
- Manage and execute full outbound calling campaigns
- Increase supplier conversion rate
- Track supplier acceptance and provide status reports back to client
- Offer direct support, implementation assistance to client suppliers
- Offer ongoing support for supplier technical issues and troubleshooting

Working with ATCO, BMO leads annual refresh campaigns to identify and enroll new vendor partners for their Approve2Pay program.

ATCO results to date

ATCO is well along its path to achieving several millions of dollars in savings, annually. The savings were and continue to be achieved through:

Corporate Card (One Card)	Annual program spend and rebate is growing 20% year-over-year
Approve2Pay (Virtual Card)	Annual program spend and rebate is growing 30% year-over-year Annual campaigns contribute to the growth
Cheque/check	Reduced usage to <2% of total AP
EFT/ACH	Increased usage to 75–78% of total AP
Wire	Reduced usage to 18–20% of total AP
eCatalogue	10 catalogues in play...more planned
Supplier portal	Implemented early 2023
Invoice receipt and approval	A 2024 initiative

Looking ahead

Continuing to increase operational efficiency, reduce cost, increase profit, and gain market share will be an ongoing focus and journey for ATCO. As their partners and trusted advisors, the entire BMO Treasury & Payment Solutions team plans to be there with them in lockstep, providing ongoing Payment Optimization and Strategy support and recommendations—executing against key initiatives that address ATCO's evolving business environment.

