

From Paper to Electronic: the IRWD Case Study on Remittance Processing

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Case Study: Irvine Ranch Water District



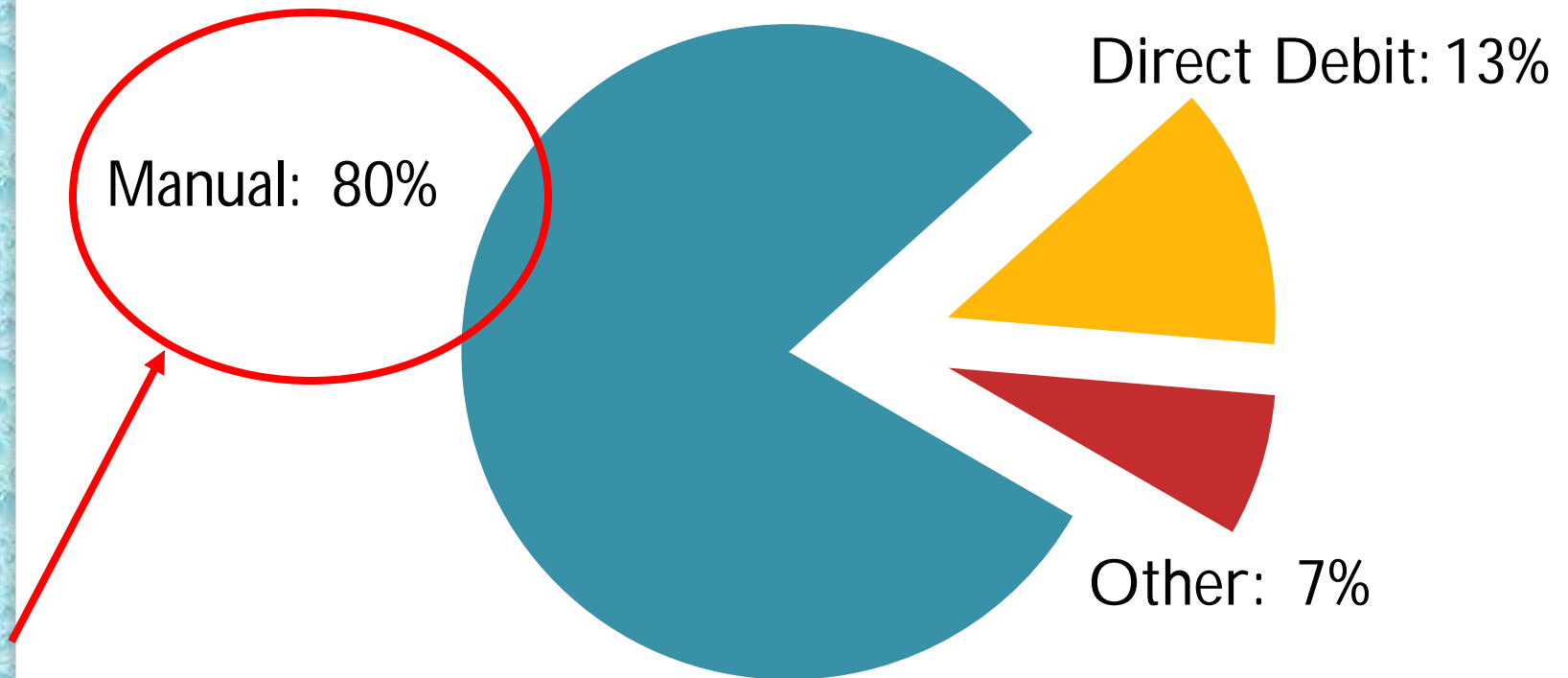
- Provides water and sewer services to a population of 330,000 in Orange County, California
- Approximately 95,000 water and 88,000 sewer connections
- Over 50% growth in last 10 years through development and through consolidation of some adjacent agencies



2002 to 2006: "Baby Steps"



- Automated Bill Payment (Direct Debit)
- Credit card / convenience fee-based transactions



Challenges faced in 2006



- Customer service
 - Expectations – both internal and external
 - Green initiatives – reduce paper and carbon footprint
- Finance
 - Challenges with home banking payments
 - Time delays in conversion to paper checks
 - Customer payment errors (\$2,000 instead of \$20.00)
 - High cost to process returns
 - Home-grown systems
- Recognized need to do more with less

2006: eBilling, Check 21 & Payment Consolidation



- Three major initiatives:
 - eBilling
 - Check 21/Image Cash Letter
 - Payment Consolidation
- Goals:
 - Meet customers' requests and expectations
 - "Electronify" as much as possible
 - Streamline processes and reporting
 - "No barriers" to revenue

eBilling & Check 21 Benefits

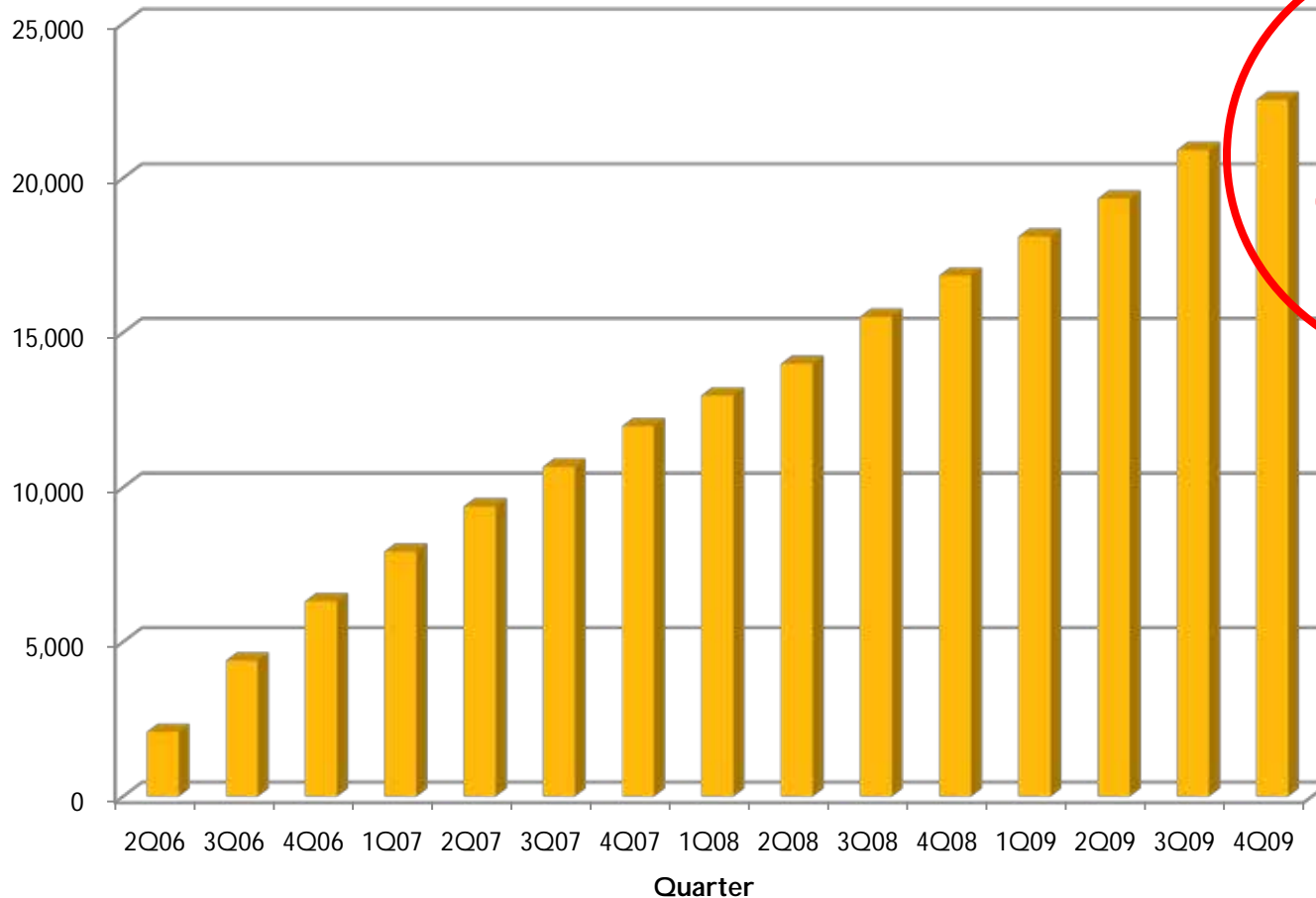


- eBilling Benefits:
 - Greener
 - Customer friendly
 - Reduced handling costs/staffing demands
- Check 21 Benefits:
 - Streamlined processing
 - Time cutoffs eliminated
 - Reduced expenses for courier and banking fees
 - Faster funds availability

Customer Adoption: eBilling Enrollment



eBilling Adoption



Over 20% have opted out of paper billing

Payment Consolidation Benefits

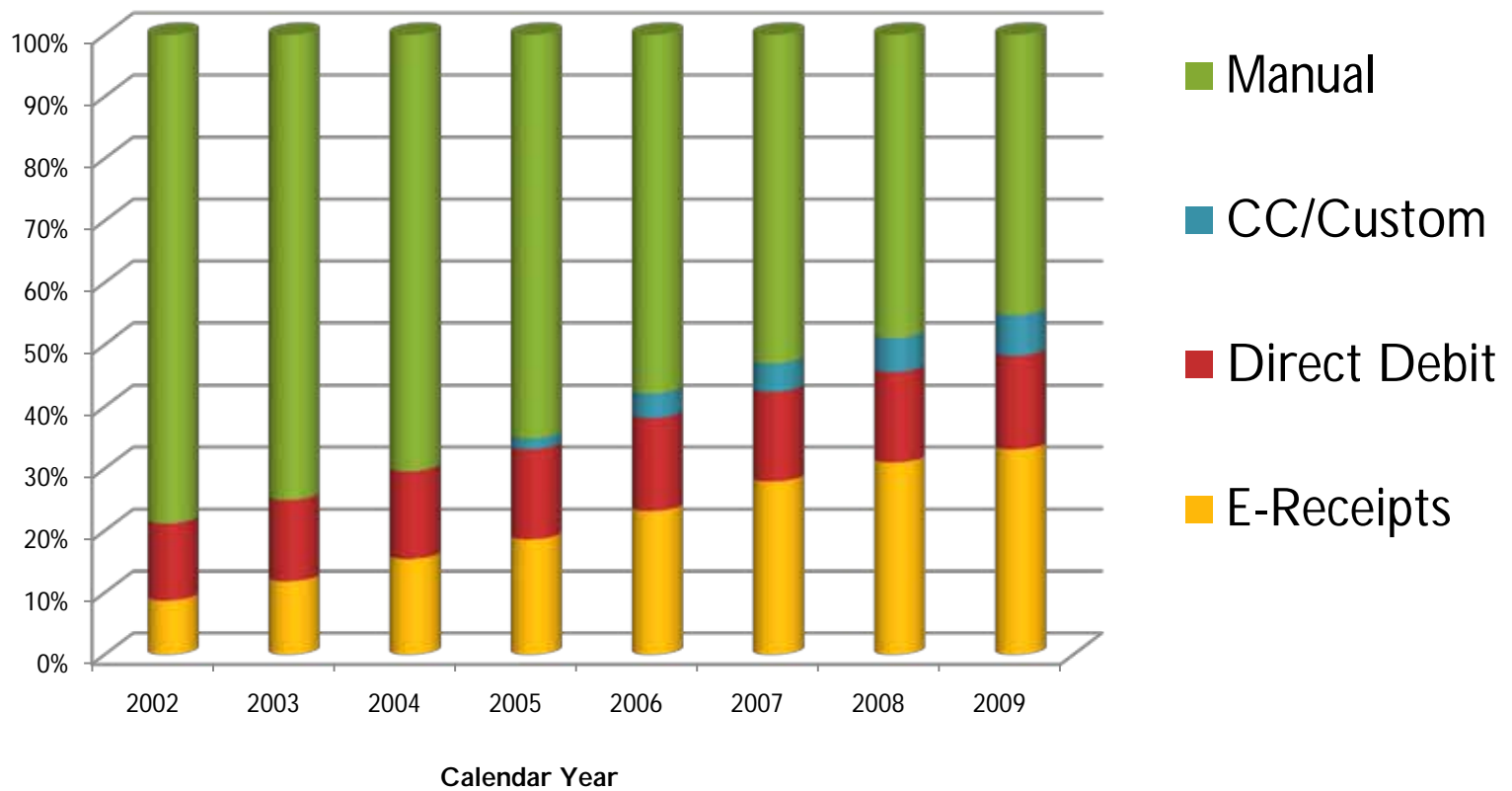


- Streamlined processing
- Reduced exceptions through account number validation process
- Integrated with home-grown Accounts Receivable processing system
- Detailed on-demand reporting
- Payment returns are simple, fast
- Reduced handling expenses

Migration to Electronic Payments



IRWD Remittance Distribution



Online Reporting



HOME PAYMENTS INVOICING **REPORTS** ADMINISTRATION PAYMODE FOR REMITTANCE HELP

Collector Payment and Remittance Report

Please specify the selection criteria below and click Submit to display the report.
You may generate this report for all of your PayMode accounts, or you may specify the accounts you want included in the report results.

PayMode Account: IRWD, Finance

Begin Date: 06/05/2008

End Date: 06/05/2008

Run Report By: [User]

Payment Status: All Statuses

Payment Amount: [Input]

DPA Number: [Input]

Disburser Payment Number: [Input]

Include Remittances Containing:

Invoice Number: [Input]

Buyer's Account Number: [Input]

Customer Account Number: [Input]

Customer Name: [Input]

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Company Name: Biller Sample 1
Collector Account ID: BillerSample.Collect1
Bank Account #: XXXX5664

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Company Name: Biller Sample 1
Collector Account: BillerSample.Collect1
Bank Account #: XXXX5664

DPA #	Payment Reference #	Payment Status	Disburser Account ID	Credit Date	Payment Amount	Attachment
123456		Scheduled	PayMode.Concentrator	12/10/2004	\$2,038.95	NO
	Remit Item #	Trace #	Payment Date	Customer Name	Customer Account #	Payment Amount Currency
	1	77777777712345	12/09/2004	TEST USER 1	1234567890	\$83.32 USD
	2	77777777712346	12/09/2004	TEST USER 2	1234567891	\$100.00 USD
	3	77777777712347	12/09/2004	TEST USER 3	1234567892	\$200.00 USD
	4	77777777712348	12/09/2004	TEST USER 4	1234567893	\$100.00 USD
	5	77777777712349	12/09/2004	TEST USER 5	1234567894	\$164.18 USD
	6	77777777712350	12/09/2004	TEST USER 6	1234567895	\$200.00 USD
	7	77777777712351	12/09/2004	TEST USER 7	1234567896	\$153.75 USD
	8	77777777712352	12/09/2004	TEST USER 8	1234567897	\$164.00 USD
	9	77777777712353	12/09/2004	TEST USER 9	1234567898	\$500.00 USD
	10	77777777712354	12/09/2004	TEST USER 10	1234567899	\$106.00 USD
	11	77777777712355	12/09/2004	TEST USER 11	1234567900	\$267.70 USD
123457		Scheduled	PayMode.Concentrator	12/10/2004	\$248.70	NO
	Remit Item #	Trace #	Payment Date	Customer Name	Customer Account #	Payment Amount Currency
	1	77777777745678	12/09/2004	TEST USER 12	12345678901	\$248.70 USD
Total Count and Sum for 12/10/2004						2 payment(s) for \$2,287.65
Total Count and Sum for BillerSample.Collect1						2 payment(s) for \$2,287.65
Grand Totals						2 payment(s) for \$2,287.65
Number of Remittances:						12 payment(s) for \$2,287.65
Grand Totals:						2 payment(s) for \$2,287.65

Lessons Learned ... Implementation



- Payment Consolidation implementation lessons learned:
 - Dedicated project management
 - Get your technical teams talking early
 - Clearly define the escalation processes
 - Test, test, test
 - Understand how your vendor is going to interact with you moving forward
- Applicable to almost any implementation!

2009: Still Facing Challenges



- eBilling services:
 - Clunky enrollment process
 - Customers don't want to be passed to another site
 - Email/marketing capabilities limited
 - Can't take one-time payments
- Separate eBilling vendor from payment consolidation vendor
- Some consolidators/clearinghouses still converting to paper checks

2010: Opportunities for Improvement



- Big leap to improve eBilling experience
 - Seamless site integration
- Eliminate “Barriers to Revenue”
 - Take one-time payments
 - Provide incentives for making recurring payments electronic
- Convert ACH/Direct Debit Customers
- Improve Reporting/History
- Leverage bills for customer messaging
- Integrate into new ERP implementation
- Mobile applications

Thinking about eBilling or Payment Consolidation?



– Ask:

- Where can I save direct banking costs?
- Where can I save indirect labor/benefits costs?
- Does my existing bank offer these services?
- If I have an eBilling vendor, do they offer payment consolidation services?
- If I implement both eBilling and payment consolidation with a single vendor, what kind of a “deal” can I get?

Thinking about eBilling or Payment Consolidation? (con't)



- Ask (con't):
 - Will you reach out to other banks/clearinghouses to correct customer information on my behalf?
 - Will you reach out to those vendors who are still sending me paper checks?
 - Do you have the right technical resources available to implement a secure transmission protocol?
 - Do you have to make changes to your existing software?

Questions?



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