

Veterinary Supplier Saves Money and Enhances Service with ETran

PVP Consolidates Credit Card, ACH and Check Payments on a Single Platform with Accounts Receivable Integration

In 2009, Professional Veterinary Products (PVP) was an uncommon company with an all-too-common challenge. The firm was the only veterinarian-owned distributor in the animal health industry, offering a one-stop source for more than 20,000 products from 350+ manufacturers. They prided themselves on offering expertise and advice in addition to products. PVP offered continuing education programs in inventory management and practice management to help veterinarians with the two greatest investments they make: inventory and people.

If their business model was unique, PVP's experience in payments processing was much like that of other small and midsize firms. The company did business with thousands of clinics and noticed that an increasing number of their clients were choosing to pay for products with a credit card. The costs associated with those payments became a growing concern to PVP management. When the company turned to FTNI for help, they began a process of discovery that ultimately helped them reduce the cost of handling all payment types while simultaneously improving customer service.

“We researched several companies and FTNI was ready, willing and able to work with us on both how we wanted and how we needed the process to work,” said Diane Winters, PVP's Manager of Accounts Receivable & Sales/Use Tax.

First card payments, then ACH

Working with FTNI, PVP learned they could qualify for reduced rates on their business-to-business credit card transactions by providing more cardholder information and by going direct to their merchant acquirer through FTNI's ETran payment platform. Called Level 2 and Level 3 rates by the card associations, the lower rates are specifically aimed at B2B transactions where the merchant has the capability of providing additional purchase information, e.g., a product ID or purchase order number.

Clearly, the savings were going to be significant, but as is often the case, PVP learned that by improving their credit card processing arrangements, ACH processing would also be impacted. As they evaluated the implications of making changes to both their credit card and ACH systems, PVP managers decided to step back and take a broader look at how they accepted and processed all payment types.

“After realizing this new method for the processing of credit cards was going to work and would also eliminate manual steps, we decided to move the ACH process to the same process,” said Ms. Winters, who spear-headed the project for PVP.

From silos to centralized

Payments arrived through the PVP call center as well as through their accounting department, with each using different payment systems or “silos” for processing. This is a common fact of life in many businesses, where time and cost pressures make it a challenge to integrate each internal system with the next, and the next.

While credit card and ACH transactions represented a significant portion of the payment types that PVP handled, they also accepted checks. As their work with FTNI continued, it became clear that using a single technology platform to process all non-cash payment types – whether received through the mail, over the phone, through their web site or even in person – could deliver real value to PVP’s business. Not only would they reduce the costs associated with duplicate systems, but having a consolidated view of payments would allow them to enhance service and capture operational efficiencies for even greater cost savings. As a result, PVP established a plan to adopt a consolidated model for payments processing.

“Moving credit cards and ACH process to FTNI was a decision based on the compatibility of our systems working together. The fact that they are always readily accessible to help us resolve any issues certainly helped seal the deal,” said Ms. Winters.

Accounts receivable integration

PVP relied on a manual process to enter payments information into their accounts receivable system. This was another procedure they discovered FTNI could simplify with ETran.

PVP learned they could create an electronic file each night that contained all outstanding invoices, organized by customer. They could download the file to the ETran secure server, where it would be available the next morning as payments processing began. As each credit card or ACH transaction was initiated – either in the call center or by the accounting staff – Etran would display a pop-up screen showing all outstanding invoices tied to that customer. With a simple click of the mouse, PVP employees could highlight the invoices that were to be linked to each payment, and the payment was released for processing.

ETran would record these actions and, at the end of the day, forward an electronic file to PVP’s core accounting system, where customer records would be programmatically updated to reflect payment activity. As a result, PVP could enjoy the efficiency of having credit card and ACH payment activity reflected in their accounts receivable system with no manual intervention.

Streamlining check processing

PVP managers confirmed they could receive substantial savings in credit card processing fees, as well as in the posting of credit card and ACH payment activity to their accounts receivable system. They focused next on their process for handling check payments.

PVP invoices were printed without a remittance stub, so matching check payments with customer records had remained a manual process, as had the depositing of those checks in their bank branch. PVP learned they could match the bank and account information on each check to a unique customer's account by taking advantage of ETran's MICR matching process.

The first time ETran receives a check from a given bank account, the PVP staff manually associates the account with a customer using information available in the nightly download. Once that initial association is established, each subsequent check payment received from that bank and account number is automatically associated with that customer account. The bank and account matching process provides PVP with the same benefits as if they were processing the check with a remittance stub.

As with credit card and ACH payments, ETran provides the ability to link check payments with outstanding invoices and to send electronic updates to the PVP accounts receivable system at the end of each day, eliminating the need for manual data entry.

Enhancing customer support

One remaining PVP concern dealt with customer service. With multiple payment systems, the company's employees found it difficult to handle customer inquiries about historical payments. Each inquiry could lead to a laborious investigation into a variety of payment silos to determine what payments had been made, when, and how.

PVP discovered that ETran's unique search feature could greatly simplify customer service – an additional benefit of consolidating payments to one platform. Customer inquiries could be easily addressed by searching on the customer's name, account number, invoice number or other defined search criteria. With this confirmed, the final decisions regarding PVP's implementation of ETran were completed.

Summary

PVP's initial focus was on lowering credit card fees. By taking a broad view and partnering with FTNI, they captured substantial benefits in the way they manage all non-cash payments.

- They reduced credit card processing fees, qualifying for Level 2 and Level 3 rates by supplying additional information at the time of authorization.
- They further reduced costs by eliminating disparate silos for payments processing in their call center and accounting department.

- They streamlined internal workflows using the ability to associate a payment of any type with customer information from their core accounting system, and to attach any payment type to selected outstanding invoices.
- They eliminated the need for manual data entry by programmatically updating their accounts receivable system to reflect the receipt of all non-cash payments.
- They established a single, consolidated repository of historical information containing all non-cash payment activity, regardless of payment type or the channel through which it arrived. This, combined with a powerful search capability, allowed PVP to improve the speed and accuracy of responding to a variety of customer inquiries.

“I would highly recommend FTNI. They have excellent customer service, they have listened to exactly what we wanted and how we wanted it to work, and they made it work for us,” said Ms. Winters.

About PVP

PVP was established in 1982 and remains the only veterinarian-owned distributor in the animal health industry. See the company online at www.pvpl.com.

About FTNI

Financial Transmission Network, Inc. (FTNI) streamlines payments and minimizes risk by consolidating remote check capture, ACH and card payments on a single platform in a managed services environment. Read more about the company’s ETran solution at www.ftni.com.