

Making Accounts Payable a Valuable Contributor to the Bottom Line

Anybill, Inc. is delivering a Software-as-a-Service solution that Automates and Streamlines the Invoice Receipt to Payment Process for Businesses in the Commercial Accounts Payable Arena

**Business Services
Bill Payment**

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Peter Bepler
President and Co Founder

BIO:

Peter directs Anybill business strategy, focusing on the company’s marketing, sales channels and communications. His efforts have helped the company experience a 10-fold growth in clients, 1000% percent increase in revenues and a quadruple rise in sales per client since its founding.

Before co-founding Anybill, he was Associate Director of Business Development for UniverseONE, Inc., a pioneer of online marketing. There he

developed and implemented web marketing strategies for clients and spearheaded the development of online marketing best practices. He also helped develop the Internet strategies for Charles Schwab and Quick & Reilly. Peter holds a Bachelor of Arts degree in Economics from Kenyon College.

About Anybill, Inc.:

Built on the premise that all payments are critical, Anybill was created in 2001 to transition any AP transaction to an automated solution. We combine our proprietary technology with unmatched customer service to deliver a complete Software-as-a-Service solution. Clients retain efficient workflows while gaining greater visibility and control, better cash flow management, streamlined approval processes, 24/7 accessibility, and increased auditor confidence. Anybill works with clients ranging from non-profit associations to some of the largest multinationals. We are headquartered in Washington, DC, and are SSAE 16 SOC 2 compliant.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Bepler, what was the vision when you founded Anybill and where are you today?

Mr. Bepler: The vision for Anybill was quite simply to use technology to automate and streamline the invoice receipt to payment process for businesses in the commercial accounts payable arena.

CEOCFO: What are some of the major challenges in that area?

Mr. Bepler: There are a host of challenges, but if you boil them down, the traditional accounts payable process is a manual labor-intensive paper based process. We are talking about paper and people. Anything that is paper based is inefficient, is very open to errors and that goes as well with a manual based process. You get the human factor in there and we make mistakes, it is just a reality. In order to streamline that, automate and make it more reliable, you have to figure out a way to address those two primary factors, paper and people, and as much as possible mitigate them.

CEOCFO: Who is a typical customer for you?

Mr. Bepler: We have two main solution offerings and our target audience for each is a little different. Our primary solution offering is our end-to-end accounts payable automation where we provide a fully integrated invoice receipt to payment solution. That is mostly targeted to small and mid-sized businesses and we are talking about companies with annual revenues on the low end of \$5 to \$10 million and on the high end \$ 100 million and up a bit. We are looking for organizations that on average are receiving and paying anywhere from three or four hundred invoices a month and up to several thousand even ten thousand or twenty thousand a month. Invoice volume is our key metric when we are targeting potential customers. Our other solution offering is targeted at the Fortune 500 market and that is a very specific niche payment processing solution geared toward the indirect tax payment needs of large Fortune 500 companies. By

indirect tax I mean sales use, and excise taxes for example. We also do some property tax payment processing for these clients. It is a very niche, very specialized type of payment processing and a part of our Critical AP solutions geared toward large enterprises.

CEOCFO: Where is the major part of the business and do you see growth in both areas?

Mr. Bepler: Right now we have about 60/40 split between our end-to-end AP automation and our tax payment processing customer base. We have seen a ton of growth on the tax payment side over the last year and it may actually be closer to 50/50 now. A large part of that is due to an acquisition that we did that closed at the end of last year that more than doubled our business on the tax side in a matter of six months. On the AP side, our growth has been more consistent and not as rapid but we are actually looking to invest more in the sales and marketing and development of the AP solution. We want to grow that more and we see many cross-sell opportunities between our tax clients and our AP automation solutions. Over the next year or two, we are looking to sell up into that target audience since we already have our foot in the door, if you will. We are working with their treasury people on the payment processing side and we have already seen it begin to happen. I would say that on the tax side, we will still see healthy growth and we are looking for rapid growth opportunities in the marketplace, but that is more of a short to mid-term horizon. On the AP side it is more of a long-term opportunity for steady growth and that's where we see the real long-term big picture potential for Anybill.

CEOCFO: What sets Anybill apart?

Mr. Bepler: When we started this company back in 2001 and came to the market to offer an end-to-end AP automation solution for the small and mid market, I believe we were ahead of the curve. At that point in time, the idea of AP automation was a very nascent thing, especially in the small

and mid market. The enterprise market had for several years, if not a couple of decades, been automating their back office accounting functions in one way or another and many had invested a great deal of money in that. Whereas the small to mid market had never even heard of AP automation or knew what it might mean for them or their business. So I think the fact that Anybill was in many ways a pioneer of AP automation for the SMB market sets us apart. I would add to that that we have been doing AP automation from the get-go, we are not the company that was doing something else, for example document management software, and then said, "hey let's package this for accounts payable." So our singular focus on accounts payable and the fact that we were a pioneer in industry really sets us apart. In addition, Anybill is one of the only providers offering a true end-to-end solution. What I mean by end-to-end is that if you want to automate accounts payable,

"They understand that accounts payable is no longer the cost center of years past but can be, with the right technology, a valuable contributor to the bottom line." - Peter Bepler

there are three main components you have to address. There is the entry piece, which is getting invoice and related data into any sort of system you are going to be using. There is the approval piece, which is the need to be able to provide a platform where users can review that information and data, make any adjustments if need be, and then ultimately approve it for payment. You need to audit and track that whole process. The third component is payment, getting the funds to the vendor in the most efficient way possible whether that is electronically or via paper-based checks or some other type of payment. I think Anybill is unique in that we put those three pieces together, whereas many providers only address one, or maybe two, of those pieces. Perhaps they did the entry piece first or they started with payment and now they are trying to add those other pieces. Anybill put the puzzle together to begin with and said "We solved it, here is the platform and solution, and are you inter-

ested?" This is another thing that I think makes Anybill unique and special on the AP side. On the tax side, we are talking about a very burdensome, tedious, and painful process. Every tax jurisdiction is different when it comes to the indirect tax and if you are a large business that is doing business all over the country and keeping track of the various rules and tax regulations from jurisdiction to jurisdiction, that is not an easy task. On the payment side, we decided that we were going to roll up our sleeves and figure out how we can streamline this payment process into every tax jurisdiction in the country and then build a solution that is leveraging the latest hardware and software to streamline that process but also make it a compliant process. As anyone who has paid taxes late knows, if you are late on your taxes, you pay a penalty. Unlike vendor based payments where the terms are thirty days and it doesn't really matter if you are a week or two late—let's face it, the vendor just wants to get paid—there is no grace period with the government. These tax jurisdictions want to get paid when they want to get paid, so there is risk involved

there. We are using the technology as much as possible and eliminating as much of the manual intervention to make sure that the right payment is going to the right jurisdiction with the right return accompanying it. That was not a small task, but we figured it out and the market recognizes that Anybill does it very well. This builds confidence and peace of mind with our customers.

CEOCFO: Do you find that more jurisdictions are coming up with these indirect taxes given the financial conditions of states and cities?

Mr. Bepler: Indeed, you hit the nail on the head. The burden placed on businesses from a taxing perspective is not decreasing, if anything it is increasing. The terms have tightened up because these jurisdictions are revenue starved primarily due in part because we have had a relatively weak economy and it has taken a while for it to turn around. Of course we hope the economy will begin to

pick up some real steam soon, but no question jurisdictions have said they are cash flow tight and they need to get the money ASAP, they have tightened down on the terms, they have been less lenient on the penalties. It has made our job a little harder, but at the same time, it has amplified the value that we deliver to our customers where that is concerned. I am sure you heard of the internet tax that many people are talking about, this is going to be another type of indirect tax payment. We have been tracking that closely just to see how that develops and making sure that we are in a position to help our customers when that becomes a reality, because it definitely looks like it will.

CEOCFO: How do you reach perspective customers?

Mr. Bepler: Almost all of our tax business comes from channel partners. It actually goes back to how we even got involved in this business back in 2006. We were approached by a Big Four public accounting firm who was doing compliance work in this area for several clients who had been helping out with the payment processing, but because of Sarbanes Oxley, they realized this is not good. We need to get out of the funds handling business; it is a huge risk exposure for us. So they began to look for someone out there that we can bring in that can work with us in a seamless fashion to provide that payment processing. We were introduced to one of these firms in 2006 and we showed them our solution, they thought it could really work. We started working with them and their customers and six months later, we got a call from another big public accounting firm. They said, "Hey we heard about you guys and we are interested in working with you." Months after that, we got another call from a public accounting firm. We developed a reputation in that niche marketplace for doing a terrific job, we built relationships with all of the big public accounting firms and we have now started to build relationships with the national accounting firms. They work with these clients to do the compliance piece to make sure their calculations are correct. They bring us in to process the payment.

On the AP side, we have channel partners there that are more on the regional level. We work with CPA firms on the regional level. Mostly we are working with customers and often times they are providing an outsourced CFO or accounting function for their customer and client. They want an AP solution as part of that. We come in as a sub-contractor or they refer us customers. We are starting to move upstream, to the national accounting firm level, to provide that same type of AP solution for their customers. We also have a direct sales and marketing strategy on the AP side as opposed to solely a channel or indirect sales strategy as we currently do with our Tax business. So we are on the web and we do search engine marketing and optimization so that when people go online, we pop up there. I think our ranking is quite high in the key words and we started that effort years ago because I said I want to be on page one. We do email marketing, webinars and trade-shows, as well.

CEOCFO: When people are working with channel partners do they care that it is Anybill?

Mr. Bepler: Up until recently, branding and name recognition was not something where we invested a lot. Now we have a name that people recognize especially in the nonprofit space because we have a great deal of not-for-profit customers here. They are always looking to reduce and minimize their overhead. Within that audience and community, we are a known entity. On a national level, we have not gone out there and spent big money on a branding or advertising campaign. However, we recognize the importance of a strong brand if you want to grow and we want to start investing in our brand. Earlier this year we kicked off a re-branding exercise. Up until then branding was something we had only dabbled in and we did not put much money into it. We decided to get out in the marketplace more. We are going to be investing more in our sales and marketing efforts. We are working with higher profile clients especially on the tax side. The time is right for us to start investing in our brand. Our website, our name and

brand and logo and messaging and positioning is quite new and we launched that new brand this past October. So it is fresh and new for us and we are very excited about it. I believe branding actually really matters. A brand is important to our future sales and marketing efforts. People are not going with AnyBill because of our name brand yet, I hope that changes and I expect that it will. I think people are going because they see our service, the value and when they talk to our existing customers, they like what they hear. On the tax and AP side, our channel partners continue to be that stamp of approval and say we are vouching for Anybill. We have several clients and customers in common that we do a great job for.

CEOCFO: How is business these days?

Mr. Bepler: Business is good. The company has gone through a ton of growth in the last two years. From a head count perspective, we have more than doubled in size in the last two years and we have about fifty people in the company now. I would say that I expect us to repeat that growth if not exceed it over the next two years. Going back to my point about Anybill being a pioneer, the market is starting to catch up with us and the market maturation curve is beginning to steepen a little bit. In particular in the last two years, we have noticed that we are getting much more inbound interest in our solution. That speaks to reason given how much education has taken place in the marketplace over the last 5+ years. The fact is that people are starting to get wise to AP automation. They are hearing more stories about how it has been a successful solution. The benefits of AP automation are becoming better known and as a result, organizations are starting to see it as a strategic business imperative rather than just a tactical business function. So business is good and we are very excited about the future here, both on the tax and the AP side. If anything, the challenge for us is how we manage the growth and do not get too far ahead of ourselves and continue to deliver to the customer.

CEOCFO: Why should the business and investment community pay attention to Anybill?

Mr. Bepler: People should pay attention because we have been a pioneer in the AP automation space and AP automation is only going to continue to increase in adoption. Any business out there that wants to be as efficient as possible, that wants to get better

visibility, transparency and control over their spending and expenses and wants to optimize their working capital, needs to look at AP automation. The laggards out there that are continuing to do things in the traditional fashion of paper and people are failing to realize that accounts payable is no longer a tactical business function but because of the technology and

solution providers like us, it is becoming a strategic function. I think the smart companies out there are seeing this and recognize it. They understand that accounts payable is no longer the cost center of years past but can be, with the right technology, a valuable contributor to the bottom line.



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