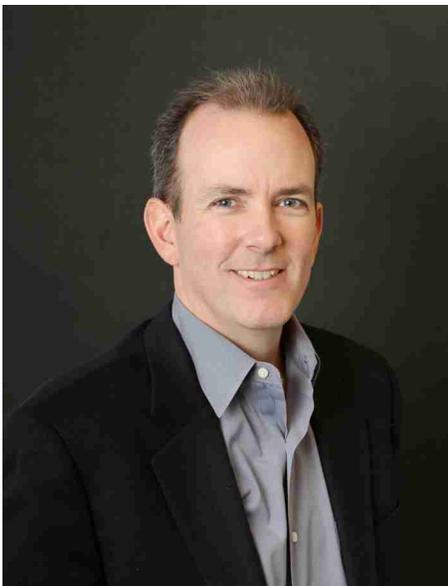


With Customers Saving 50 to 75% of the Time and Getting Paid Two to Three Times Faster, more than 100,000 Users are Getting Paid and Paying Millions of Bills using Bill.com

**Technology - Cloud
 Integrated Bill Payment
 Cash management
 Accounts Payable & Receivable
 (Private)**



René Lacerte
Founder and CEO

BIO:

René founded Bill.com in April 2006, bringing with him more than 20+ years experience in the finance, software and payments industries. Built from a legacy of four generations of entrepreneurs, René developed the concept for Bill.com based on his personal experience in growing new businesses. He recognized the need to improve the lives of business owners by simplifying, consolidating and automating all the critical data and transaction capability into a personalized mobile command and control center that works for all businesses.

Prior to Bill.com, René co-founded America's #1 online payroll service PayCycle in 1999, which was acquired by Intuit in 2009. PayCycle received numerous 5-star awards from PC Magazine and accounting trade publications. At PayCycle, René developed an industry leading customer service organization that provided an unparalleled customer experience.

René spent five years at Intuit, creating and managing the company's bill presentment team and growing its bill payment and credit card businesses 30% in one year. He also launched Intuit's first connected payroll product, growing the team from two employees to 300 in 18 months.

René received a Masters of Science degree in Industrial Engineering and a Bachelor of Arts degree in Quantitative Economics from Stanford University. In his spare time, René likes to throw his two boys in the air, play ultimate Frisbee, run, bike and bake. What excites René most about Bill.com is the idea of replacing the static Excel spreadsheet allowing businesses to streamline the way they make decisions and take action.

Company Profile:

Bill.com is a cash flow command and control system that manages accounts payable and receivable for businesses of all sizes. Offering online bill pay, custom invoicing services, unlimited document storage, collaboration tools, and mobile access, Bill.com's services easily syncs to users' accounting software programs and online bank accounts to better control company financials. Bill.com guards against errors and

employs enterprise-class fraud protections that current methods cannot match. More than 100,000 users are now getting paid and paying millions of bills, worth billions of dollars, using Bill.com. Financial institutions can now offer these benefits to their business customers by integrating Bill.com with their banking platform.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Lacerte, what was your vision when you started Bill.com and where are you today?

Mr. Lacerte: The vision was for the first time making it really easy for businesses to manage their cash. Bill.com is meant to be the simplest way for businesses to manage their cash flow and a single place to manage your payables, your receivables and your cash forecasting. Having all of this in one place with a simple interface means that businesses do not have to keep spreadsheets, have filing cabinets they had to drag around, or hassle and harass people in their office or their accountant about outstanding bills and payment timing all the time.

CEOCFO: What is the difference in what you are providing?

Mr. Lacerte: I am a fourth generation entrepreneur so I heard from my dad and grandfather every weekend at the dinner table about how important cash was and that you have to stretch out payables and pull in the receivables.

One of the most common reasons business fail is that they cannot manage their cash flow and they cannot manage paying their vendors after

they have collected their funds. Part of the problem is that there are a great deal of processes that businesses need to manage the cash flow that they did not have before. If you think about a consumer as a consumer, you are probably paying five to fifteen bills a month, you probably understand what they all are and they are pretty consistent. They go up and down a little bit, but they are always the same vendors. As a business, you might have ten or twenty percent of your bills that are the same every month, but all the others change. The process involves people writing some type of note, sticking it on there and shuffling it around the office, trying to get people to approve the bill, trying to file it. Many companies do not do a very good job of filing.

One of the ways I like to think about this is transactions are like an iceberg.

The tip of the iceberg is the transaction that you see in your accounting system and banking system. All the stuff below the water line is all the decisions about whether you want to pay this bill or not, or whether you need to harass a customer to pay you or not, and what your forecast is going to look like over the next three months. We are solving this by focusing on collaboration across people, systems, and documents. We are helping you to collaborate with the people in your office, the vendors, customers, and accountants, and supporting collaboration with the documents that could be a bill or an invoice you have sent out, a contract that you have signed, or even notes shared between all parties involved. We help you integrate your accounting system and banking system.

In sum, what makes cash flow management so hard is the process, so we take all of that and simplify it into one user experience where you can drill in and drill down to whichever part of that process you want from any mobile device or any internet-enabled device.

CEOCFO: When a company starts working with your system, what information do they need put into the web-

site and how does the process work on your end?

Mr. Lacerte: Paper is a part of the process and it is always going to be a part of the process. You do not make the transition from a paper-based workplace to a paperless workplace over night. Let's just say a bill has arrived on your desk. You can take your phone, take a picture of it, and upload it into Bill.com. From there we will do the data entry, we will assign that bill to the correct vendor, we will assign the amount and you will get an email asking if you want to approve it or pay it. If you have multiple people that usually approve that bill, they will all get an email when it is their time to approve it. Notes can then be attached so person "A" can add a question they want to ask, and person "B" can then reply to that question. By the time you get it, you see this collaboration happening and you can make a

What our customers tell us is that, overall, they are saving fifty to seventy-five percent of the time and they are getting paid two to three times faster. These are major benefits when you are able to spend half the time and get paid twice as fast. Bill.com enables them to stretch out and control their cash.

- René Lacerte

decision about when to pay. On the receivable side, you might be thinking you need to invoice somebody to create the invoice from any internet-enabled device, so then we automatically create a process around selecting those funds for you, between you and your customer. Your customer now would get a free Bill.com portal where they can log in, see all the invoices that you have sent them in the past, and have the ability to pay you via electronic payment or credit card right then and there. What our customers tell us is that, overall, they are saving fifty to seventy-five percent of the time and they are getting paid two to three times faster. These are major benefits when you are able to spend half the time and get paid twice as fast. It enables them to stretch out cash and control the cash.

CEOCFO: What is the range of people that are using your services?

Mr. Lacerte: One of the things that I love is that our customers are as small as one employee and as big as a multiple franchise locations. It ultimately depends on the complexity of your own business. If you are doing three to five bills a month you are probably not going to need us necessarily, but with more than ten bills or invoices a month, there tends to be complexity. We skew a bit larger than the US demographic, and I think that is because as you have more transactions, there is just more complexity. One of our customers owns nine McDonalds in Iowa and because of the amount of time and efficiency gained from Bill.com, he was able to add his tenth McDonald's store in the last year without any additional cost, saving about 2500 hours a year.

CEOCFO: Are people still concerned about security?

Mr. Lacerte: I think there are people that are concerned about security but they are not our customers. The ultimate point is that I have people on our team whose job it is to think about security and we think about it all the time. But think about it, if I put all of my contracts into a filing cabinet, does that filing cabinet

automatically get locked after ten minutes? No. If I walk away and go to the bathroom, and forget about it, that filing cabinet is left open all night and anybody can look through it, whereas if you are using our service and you're logged in and you don't do anything over a certain period of time, you get logged out and you have to log back in. The security is much greater on the internet. Anytime you write a check today, anybody who sees that check has all the information needed to commit check fraud against you and that is the most common form of fraud. We protect against that type of check fraud.

CEOCFO: Recently, Bill.com teamed with Mercantile Bank of Michigan. Is the banking industry a new growth area for you?

Mr. Lacerte: It is a new area of business. When I started the company I was very focused on three different channels: the direct channel, the ac-

countant channel and the financial institution channel. The Mercantile Bank was the first bank we partnered with. We launched payables and receivables about eighteen months ago. We made our cash forecasting tool available this year so now that we have all three offerings, we are in a position where banks can use us as a primary vehicle delivery mechanism for their online banking abilities for business. We are having a great deal of positive conversations with banks. Our customers are very active--they log in on average twice a day and eighteen percent log in more than one hundred times a month. Any financial institution would love to have that much activity going on with their customer.

CEOCFO: How do you ensure that your system is truly user-friendly?

Mr. Lacerte: The first thing you have to do is listen to customers. My dad and granddad taught me you have to listen, you have to always have your ear to the ground and hear what customers are saying and what they are thinking. Part of that listening is you have to have a great support team. We have an amazing support team. We answer all of the questions quickly and have very high satisfaction with support. That is a huge funnel of information into the product and about what they can do better, so it is a better experience for the customer. Hiring people that are just talented designers is also very important because it is not something that everybody has the skill to do. You need to make sure you have good people doing it.

CEOCFO: How do people find out about Bill.com?

Mr. Lacerte: On the direct side we have a number of programs. We have traditional web marketing so that would be the SEO and SEM maximizing the search capabilities that point to us. We also do webinars, banner ads, and other types of tradeshows where we generate leads. We buy lists, nurture the leads so that the direct side has a traditional software-to-service model of having a very detailed pipeline about where the leads are and how you nurture them into success. On the accountant side,

we've partnered with a firm called CPA to Biz, which is a division of the American Institute of Certified Public Accountants. They market our products to CPAs across the country as a way to be more efficient at their book-keeping and that outsourced accounting is a good way to grow their revenue. That partnership is making a difference and is growing rather nicely and moving customers through. Customers also hear about us is through the financial institution channel that we just talked about. We receive many referrals as well. When the accountant signs up with us, they do not just add one client, they quickly add two to four clients and can have as many as 155 clients.

CEOCFO: Was it difficult to lock up the Bill.com URL?

Mr. Lacerte: When somebody who was connected with the company found out what we were doing, he offered it up, so we did not waste time, we just negotiated and paid a fair price and got it. It was not difficult and we were very clear what we were willing to pay, so it was rather simple--but it was lucky that it came our way.

CEOCFO: Bill.com has received many awards in technology and other areas. Does that help you as far as new business or is it just a nice thing to be recognized?

Mr. Lacerte: I believe it helps build credibility for our customers that the problem that we are solving is real and that we have solved it nicely. Today, people manage their cash with a manual process that is not really a clear process, it is just somehow done. If you think about what we are doing, we are defining a category similar to what ADP did for payroll, which is payroll processing. We are saying that there has to be cash processing, that you have to manage it, and that you have to have a thoughtful opinion about how you do that. When you define that category, all the awards and accolades show people that what is being done is interesting and you can take a look at it, and it is validated that it has been done well. We think it helps the overall brand awareness and the comfort that businesses have in looking at new stuff.

CEOCFO: Are there services or tweaks you would like to add?

Mr. Lacerte: It is like doing a jigsaw puzzle with your kids. The first thing you do is the four corners and then you work your way in, so at this point I would say we have the four corners done, we have solved the main problems, and now there are a lot of enhanced features we can add to the middle. In addition, the connectivity between businesses through customers and vendors is something that is going to become more and more prominent now that we have accounts payable, accounts receivable, and cash flow forecasting. That type of collaboration across all three of those will become more center stage for us over the next few years.

CEOCFO: What is the revenue model for Bill.com?

Mr. Lacerte: We charge a minimal user fee, which can be as low as \$24 a month, and a transaction fee, which for any paper payment that goes out is \$1.29, and for any electronic payment it is \$0.49. It's meant to be simple, you cannot get a check out the door for less than \$2.00 by our calculations, so we are cheaper than what you can currently do, and if you go electronic, we are much cheaper and you have a way of storing all your documents. We have unlimited storage and automatic backup and disaster recovery functionality. We have the ability for you to collaborate from anywhere. We have businesses and accountants tell us all the time that it is the first time they can go on vacation in years because of the flexibility of being able to manage the back office when they are on the road.

CEOCFO: How is business?

Mr. Lacerte: Business is great; we have been growing fast. We track how much money we are moving, and how many businesses are connected in the network and how many documents and bills they are paying. We have hundreds of thousands of businesses that are doing business with us, that are paying bills and getting paid. They are doing this with millions of bills worth billions of dollars. Currently we are managing more than \$5 billion a year in bills for our clients, across 3 million bills. Those numbers

are growing somewhere between ten and twenty percent a month depending on the month. We are doing great and are very excited about what is yet to come.

CEOCFO: Why should investors pay attention to Bill.com?

Mr. Lacerte: Folks should pay attention because 80 percent of B to B payments are checks and what we are doing is changing that—and nobody else is changing it the way we are changing it. If you think that businesses should stop using checks, then you need to look at the businesses

out there that are going to make that happen. We have had many folks tell us they feel that we are on track to be the Check-Free for business, which will be pretty interesting.

CEOCFO: What should people remember most about Bill.com?

Mr. Lacerte: One of the things that is really important about building a great company is building a great service infrastructure to support the customers. Therefore, one of the things that we track is our Net Promoters score, which is a ranking of how successful and highly recommended your cus-

tomers position you within their friends and family. We have a world class team which is in the same ballpark as what you would see from Amazon. What is interesting about cloud technology is that it is an enabling service provided through an interface that is much more efficient, and when you do that, you create more customer loyalty and a better customer experience.

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