

# NONPROFITS SEE BIG BENEFITS BY



**SMB Group**  
Actionable Market Insights



# Executive Summary

If nonprofit organizations were to vote on a common theme that best characterized their operations, the winner might well be “doing more with less.” Although all organizations try to run as cost-efficiently and effectively as possible, the imperative to do so can be especially acute for nonprofits. No matter their size, these organizations often run lean so they can devote maximum resources to their core missions. But small and midsize nonprofits can be especially constrained when it comes to both operational budgets and staff expertise.

In recent years, proponents have heralded “digital transformation” as the solution for organizations seeking to become more efficient and successful, no matter their industry sectors or guiding mandates. Indeed, there is plenty of evidence to support these claims. The digitization and automation of core processes has delivered sweeping benefits across virtually every facet of business operations.

For many cash-conscious and staff-constrained nonprofits, however, the digital transformation concept can seem too abstract, too costly and too overwhelming to address their specific day-to-day needs. These nonprofits not only require affordable and targeted technology solutions; they need those solutions to be easy to deploy, learn and use, and they must be able to quickly deliver measurable benefits.

One of the best areas for nonprofits to boost efficiencies and cut costs is in their finance and accounting processes. Vendors have long offered accounting software packages and services designed to address the needs and budget of small-to-midsize companies. Unfortunately, these packages generally fail to sufficiently address one of the most manually intensive and costly of financial tasks: accounts payable.

Bill.com has created a sophisticated solution that digitizes and automates the full accounts payable process, from incoming invoices through approval workflows to release of payments. As illustrated by representative customer examples in this eBook, small and midsize nonprofit organizations are among the more than 100,000 customers who have embraced Bill.com’s solution. Its benefits include everything from greatly reduced payment processing times to reductions in errors to improved vendor relations.










# The Challenges—and Opportunities—Associated with Accounts Payable

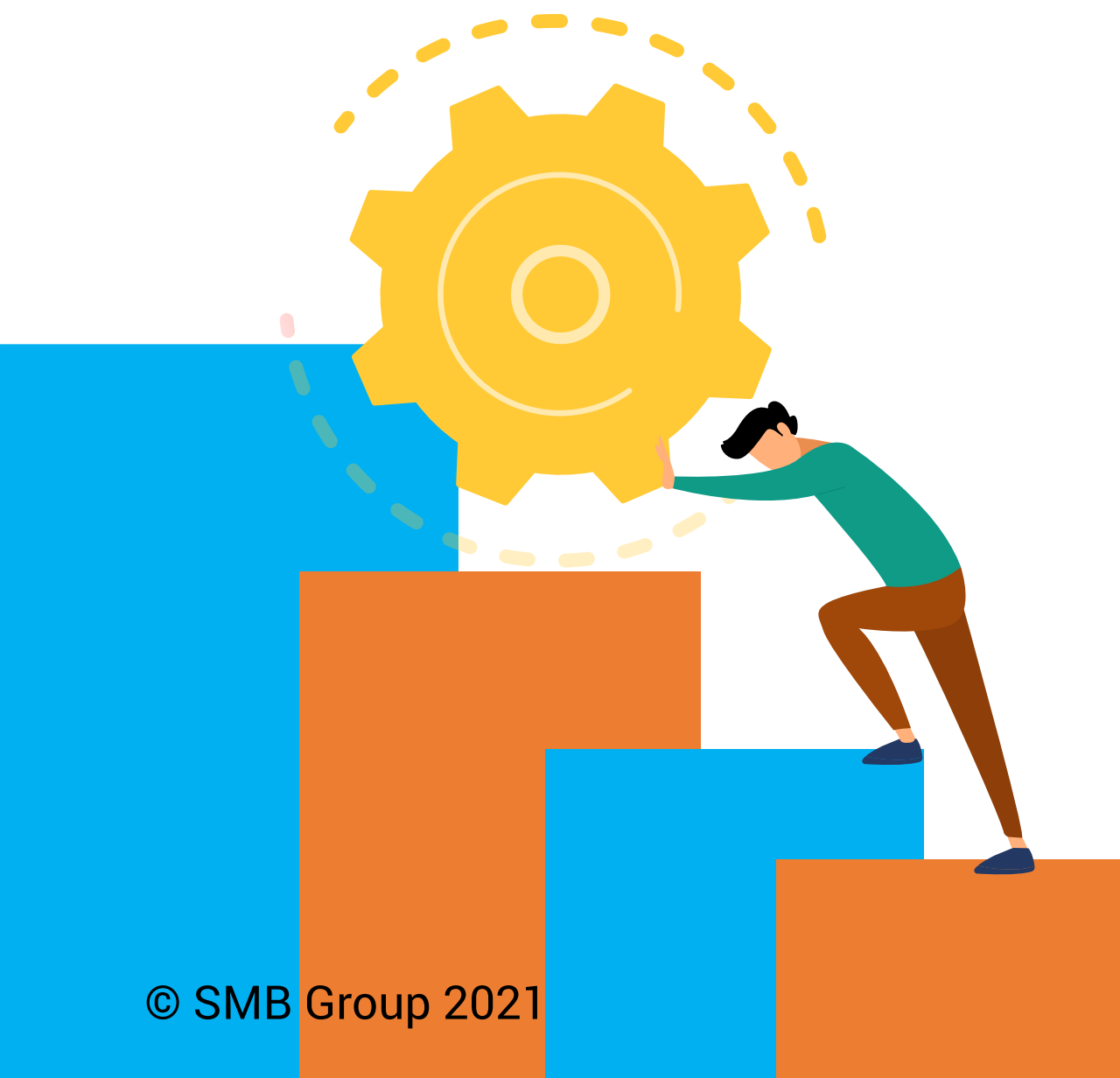
The accounts payable (AP) process has historically been both a time sinkhole and an endless source of frustration for many organizations. Invoices can arrive in a variety of physical and electronic forms, different invoices may require different workflow and approval processes, and all creditors want payment as rapidly as possible via whichever payment mechanism—paper checks or various electronic methods—they prefer. A common problem for many nonprofits is the need to get one or more approvers to sign off on payments, and those approvers can often be difficult to reach.

However, the challenges don't end once payments have been made. During annual audits, organizations must prove the accuracy of their AP processes and their compliance with regulatory demands, as well as that proper financial controls are in place. Demonstrating compliance can involve producing the audit trails for any number of representative AP transactions—an extremely labor-intensive process for organizations that rely on Excel spreadsheets, paper records and physical filing cabinets.

Solutions that can automate some or all of these traditionally manual processes can cut costs significantly, while also freeing staff members to perform higher-value tasks.

## Key Challenges in the Current Accounts Payable Process

-  Current AP processes are laborious, manpower dependent and inefficient.
-  Paper-based processes lack consistency and are very time consuming.
-  Data errors negatively impact reporting, audit and compliance requirements.
-  Manual invoice and paper check payment processes are labor and time intensive as well as error prone.
-  Late payment charges are incurred due to lack of payment tracking and alerts.
-  Invoice payment queries are very difficult to support and time consuming, leading to dissatisfied vendors.
-  Scalability relies on increasing finance staff size.



# Bill.com Brings Automation and Accuracy to the AP Process

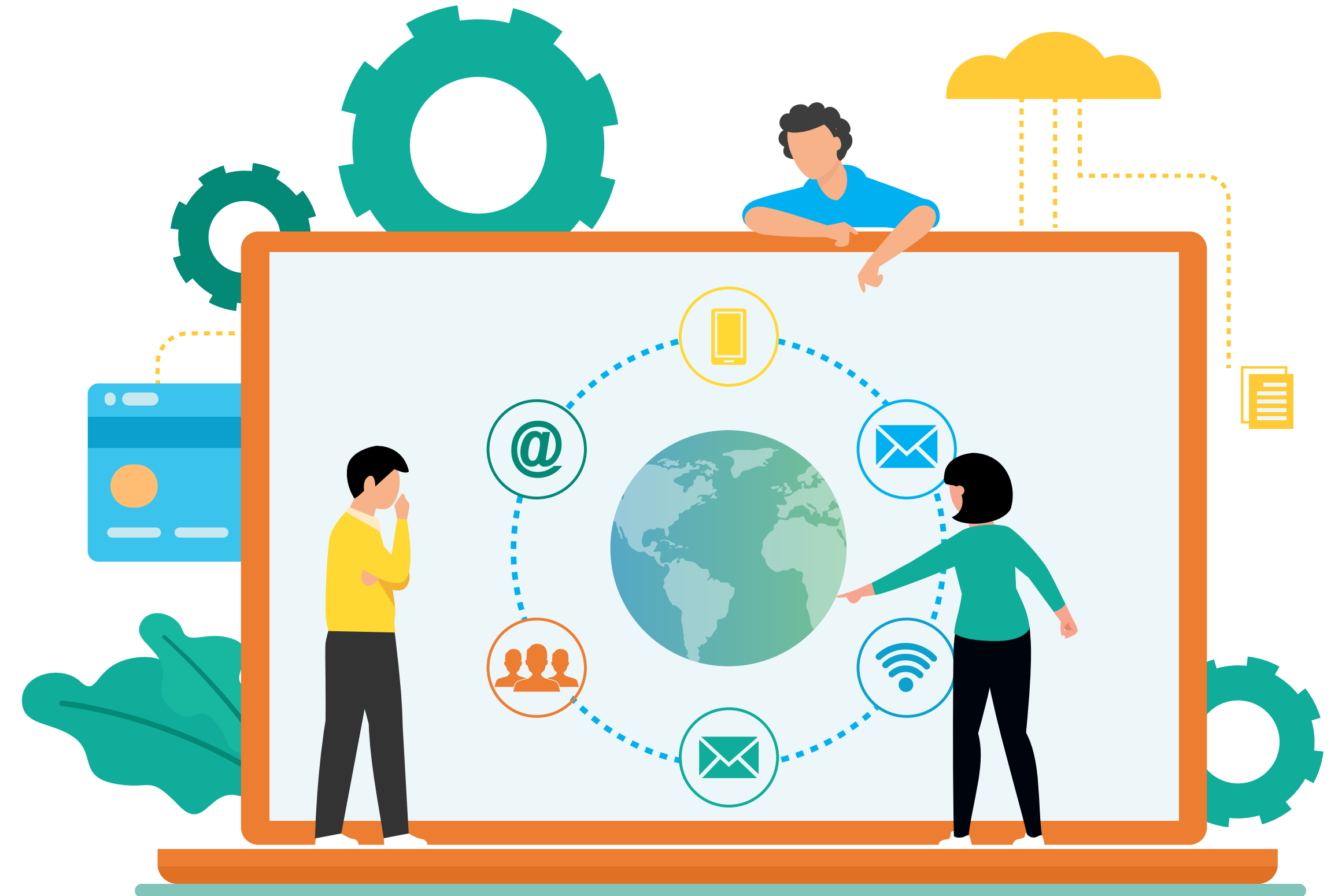
Bill.com has created a cloud-based accounts payable solution that can easily automate the financial interactions between organizations and their vendors.

Customers using Bill.com can receive invoices as email messages or attachments, as well as by other means. An artificial intelligence (AI)–powered Intelligent Virtual Assistant (IVA) automatically scans electronic invoices and extracts data from them to code the bill.

Next, Bill.com’s workflow features can route the bill through the organization’s internal approval process, with multiple bill approvers able to use any device, including their smartphones, to sign off on a requested payment. Once approved, payments can be made with a click and sent via ACH (Automated Clearing House) direct payments, virtual credit card or other electronic means, as well as via paper checks. The Bill.com transactions can then automatically sync with the organization’s accounting software, and the electronic records can greatly simplify the audit process.

Bill.com integrates with many major accounting software solutions, including Intuit QuickBooks, Sage Intacct, Oracle NetSuite, Microsoft Dynamics and Xero, as well as with most other accounting systems in the market today. It also has established partnerships with 80 of the top 100 accounting firms and six of the top 10 U.S. banks.

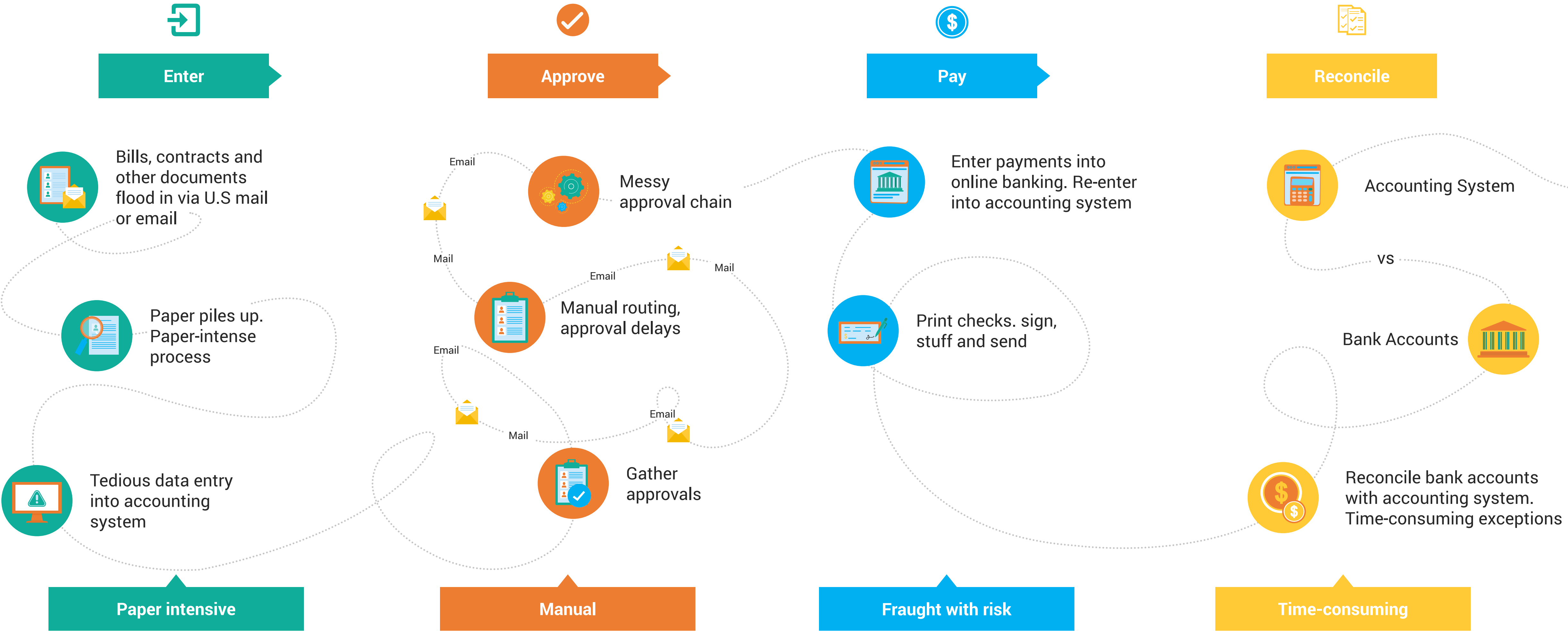
To gain insight into how this automated AP solution has helped small-to-midsized nonprofit organizations, SMB Group interviewed a representative group of these Bill.com customers.





# Bill.com Brings Automation and Accuracy to the AP Process(continued)

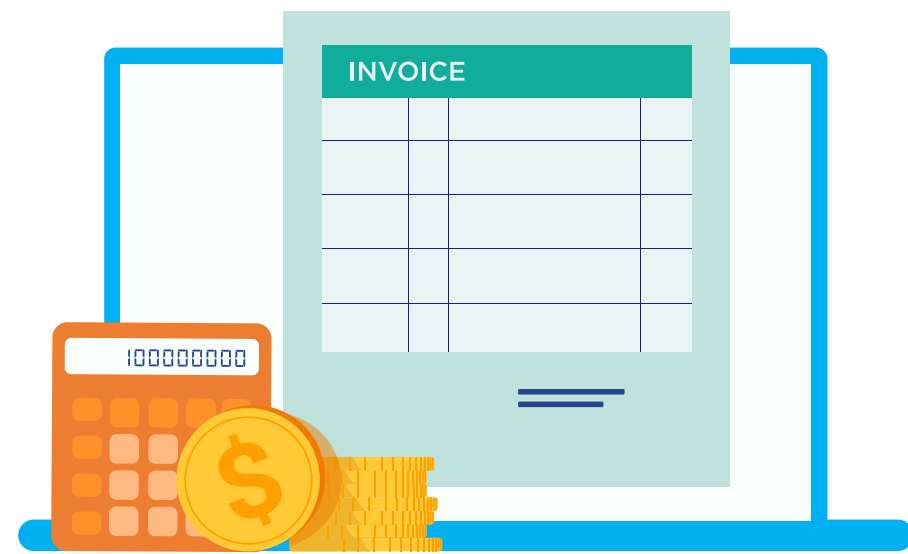
The typical manual AP process is inefficient and opens the door to risk



# The Maclellan Foundation

## Cutting AP processing time by 70%–80% frees staff to address other important tasks

Incorporated in 1945, The Maclellan Foundation provides financial and leadership resources to faith-based institutions both locally and globally, as well as Good Neighbor grants to recipients in Chattanooga, Tennessee, where it is based. The nonprofit employs about 25 people and expects to disperse about \$20 million in grants in 2021, more than half of that outside of the U.S.



The Maclellan Foundation processes up to 225 invoices per month. “We were committed to getting out of the paper check processing business,” says Lee Behar, the foundation’s director of finance. Since deploying Bill.com in the summer of 2020, the organization is now handling 90% or more of its payments electronically.



Behar is working with the foundation’s vendors to get them registered with Bill.com to further simplify the AP process. He also appreciates the ability of Bill.com’s Intelligent Virtual Assistant to automatically extract data from invoice fields, which has reduced the time to input and code an invoice to about one minute. The system is integrated with a QuickBooks Online accounting system.

Bill.com’s mobile app has proven especially popular with the foundation. “Our invoice approvers are busy people, and four of our five approvers use the mobile app almost every day, as do I,” says Behar.

Automating the AP process has resulted in about an 70%–80% time savings, Behar estimates, which has allowed The Maclellan Foundation to reassign approximately one-half to three-quarters of a full-time employee to other tasks—on the order of a \$60,000 savings. Also, the fact that Bill.com provides easy-to-access electronic records and audit trails “definitely makes the reconciliation process easier and helps us comply with our extensive tax reporting compliance demands,” he says.

**We were committed to getting out of the paper check processing business.**

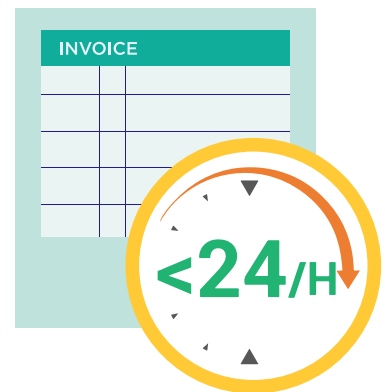
**— Maclellan**

*Maclellan*

# Equipment Leasing and Finance Association

## Faster payments and immediate access to payment records: “Our vendors love it”

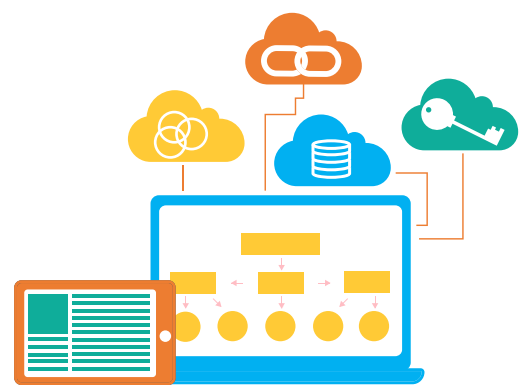
A 570-member trade association that celebrated its 60th anniversary in 2021, the Equipment Leasing and Finance Association (ELFA) has annual revenues of approximately \$10 million, generated by both membership dues and conference income. Paul Stilp, ELFA’s long-time chief financial officer, recalls: “I had been looking for an electronic AP system for probably a decade. Years ago, I had to FedEx checks to our treasurer for approval, and it could take 30 days to get a check through the system.”



With Bill.com, which Stilp deployed in 2018 after searching for a simple-to-use but functional cloud-based AP solution, “it can take less than 24 hours to process invoices,” he says. “Our vendors love it.”



ELFA uses an outsourced accounting firm and has integrated Bill.com with Sage Intacct. The automation provided by Bill.com “probably saves me a day per week of billing time with our accounting firm,” Stilp estimates. That benefit alone translates into a savings of from \$150–\$175 each week.



One benefit of Bill.com that Stilp didn’t fully anticipate was the impact of the solution on the trade association’s annual audit process. “Three years ago, we’d be pulling payments out of a file cabinet,” he says. “Everything is now electronic and cloud based.”

Having immediate access to payment records can also help quickly resolve vendor queries, Stilp notes. For example, he might pay three \$10,000 invoices from a vendor in a single payment, rather than writing three separate checks. If the vendor isn’t certain if one of those invoices was paid, Stilp can easily search the records to resolve the problem.

Stilp says that there were some missing features in Bill.com when ELFA initially deployed the solution several years ago, “but I’ve been impressed with the continual upgrading of the system.” He has recommended Bill.com to a number of his colleagues and says, “It’s beyond me that people are still printing and mailing checks.”

**Everything is now electronic and cloud based.**

— ELFA





# Apparel Impact Institute

## “Painless” international payments, better compliance and a more robust auditing process

The Apparel Impact Institute (Aii) was founded in 2017 by the Sustainable Apparel Coalition, The Sustainable Trade Initiative and Target Corp. Its mission: to work with brands, manufacturers and other stakeholders on initiatives to improve sustainability outcomes and encourage best practices within the apparel and footwear industry. Now, with 10–15 additional funders along with income from services it offers, Aii has annual revenue of about \$3 million and employs eight people, with four of them based in China.



Aii relies on the 50-employee Sustainable Apparel Coalition for many of its back-office accounting functions. Both organizations collaboratively adopted Bill.com and have integrated it with QuickBooks Online. Aii processes 50–60 bill payments each month, “and 98% of our invoices are handled electronically,” says Ryan Gaines, Aii’s director of finance and operations.

About half of its payments are made to international service providers, many in China. “We make payments in international currencies, and it’s pretty painless to do in Bill.com,” Gaines says.

Gaines needs to get payment approvals from different people based on the program area involved, with the same approvers typically required for specific vendors. “When an invoice comes in, Bill.com prepopulates the bill and pulls in the approvers from the previous invoice,” Gaines says. “Bill.com also has a built-in reminder for the payment approvers, and it shows me invoices that are waiting on anyone’s actions. I appreciate that email.”

The three main benefits Gaines attributes to Bill.com are financial savings, improved vendor relations and better compliance, leading to a smoother audit process. “Our auditor now views our AP process as much more robust,” he says.

**98% of our invoices are handled electronically.**

**— Apparel Impact Institute**

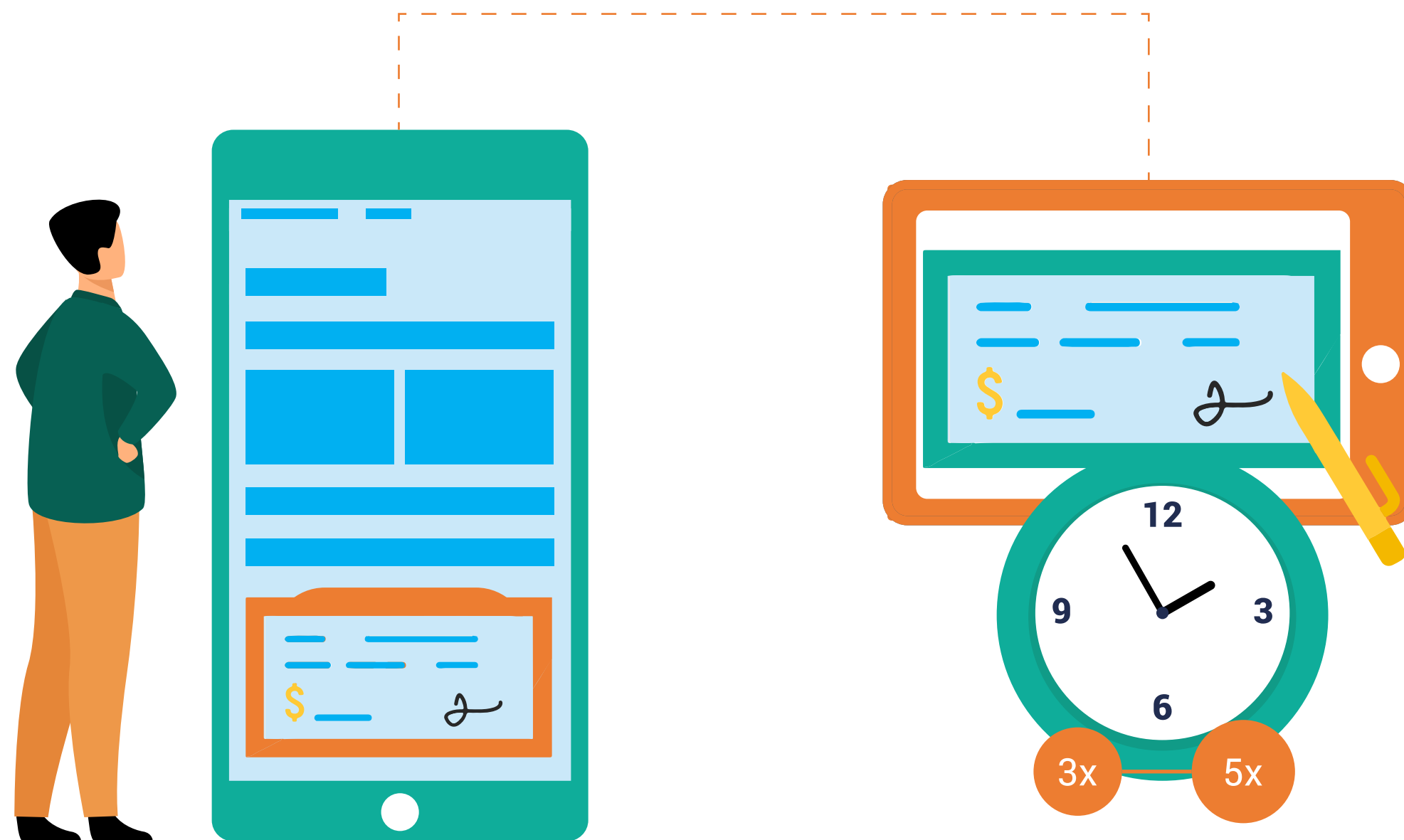


# BioscienceLA

## Speeding the bill payment process by 3–5x, and also positioned to scale up AP volume without adding staff

BioscienceLA is a small nonprofit founded in 2018 by Los Angeles County and various corporate, research and philanthropic partners to serve as a catalyst for innovation in life sciences and health technology in the greater LA area. To foster growth in this ecosystem, the organization has received about \$6 million in seed funding from its backers and currently employs just three people.

BioscienceLA's chief executive officer, David J. Whelan, who also currently functions as its de facto chief financial officer, joined the organization just prior to the office shutdowns driven by the COVID-19 pandemic. Before coming to BioscienceLA, Whelan worked as a strategy consultant and community builder, and he had been a Bill.com user and proponent for five years.



"I made an early decision to get Bill.com in place at BioscienceLA, which already had QuickBooks in place," Whelan says. He wanted to virtualize the check approval and signing process, which required his and a second person's approval for any invoice of \$5,000 or more.

"I especially like how Bill.com works on mobile devices," he says. "I can send an invitation to our treasurer to sign a check, and he can easily handle it with Bill.com's iPhone app. We've probably seen a 3–5x time improvement in the overall flow of a bill."

The nonprofit currently receives only 10 or so invoices each month, with virtually all arriving digitally. However, BioscienceLA expects to expand its staff and operations, including a planned move into an office building where it will have subtenants. "The number of our transactions will be ramping up, and it will be nice to be able to handle that digitally with Bill.com," Whelan says. "I can imagine us scaling up our AP processes significantly without having to bring on new staff to handle it."

**I especially like how Bill.com works on mobile devices.**

— BioscienceLA

**BioscienceLA**

# The Jefferson Economic Development Institute

## Easy reassignment of payments to different grants, and a 100% reduction in late payment penalties

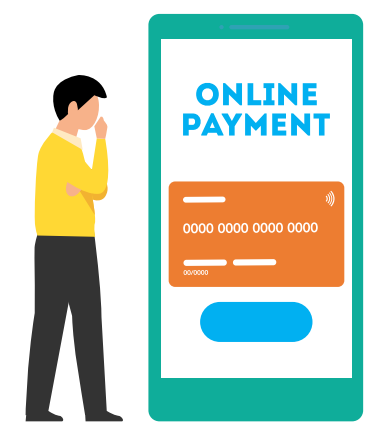
The Jefferson Economic Development Institute (JEDI) offers training, coaching, financial help and other services to foster entrepreneurship and business growth in the rural mountain communities of northern California. One of the key initiatives of the \$1.2 million nonprofit was the creation of the Women’s Business Center at JEDI, backed by the U.S. Small Business Administration and focused on “leveling the playing field” for female entrepreneurs.



With just four full-time and eight part-time employees, JEDI outsources most of its financial operations to a New York–based service provider, NonProfit Financial Managers (NPFM). A Bill.com user itself, NPFM introduced JEDI to the solution and uses Bill.com to track JEDI’s spending against its various grants, says Colleen Shelly, project assistant at JEDI.



Prior to adopting Bill.com, JEDI was using QuickBooks, printing checks and having its director physically sign them. “Now I can enter vendors and get them signed up on ACH, which is proving very popular,” Shelly says. Only about 10% of JEDI’s payments now go out as paper checks, although about 20% of the 40–50 invoices it receives each month are still paper invoices, but these can be scanned into Bill.com.



Introducing electronic payments and processes to its vendors—as well as to its internal staff—was initially challenging, Shelly recalls. “We have some very high-touch vendors and contractors. After some initial bumps, however, the effort has paid off.”

“We were so smart to adopt Bill.com,” Shelly says. “Our director can go in, see where a payment is, assign it to a different grant if necessary, and approve it. It’s much easier for us, and also for our interactions with NPFM.”

Having deployed Bill.com, JEDI has also seen a reduction in supplier discrepancies and disputes. Plus, JEDI is able to make all of its payments on schedule. “There has been a 100% reduction in late payment penalties,” Shelly says.

**We were so smart to adopt Bill.com.**

**— JEDI**





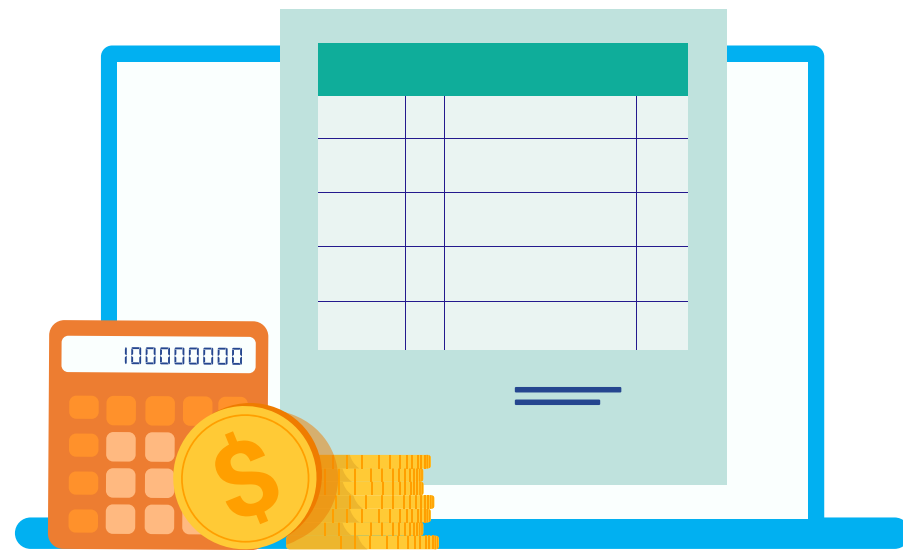
# Intercollegiate Studies Institute

## Getting rid of paper “as fast as we could” results in faster payments and access to vendors’ best rates

The Intercollegiate Studies Institute (ISI), founded in 1953 and initially led by William F. Buckley, Jr., offers programs and services designed to support, encourage and provide community for conservative college students. The 22-employee organization receives about \$7 million in foundational support annually. Paul Rhein, vice president of operations, has been at ISI for 24 years.



“The implementation of Bill.com has been revolutionary to my world,” Rhein says. The nonprofit’s prior AP process, which was very paper driven and customized and frequently broke down, “required a lot of babysitting,” he says. “Fast forward to today, and we got rid of paper as fast as we could.”



Another key incentive for adopting Bill.com was an audit that raised questions about how ISI was handling expense approvals, Rhein explains. To that end, “having an audit trail to easily document how things move through our process has been extremely helpful,” he says. “We’ve had no audit red flags since implementing Bill.com, plus the auditors never had to set foot in here during the pandemic to conduct our most recent audit.”

With from 200–350 invoices to process each month, and the ability to speed invoice processing by at least 50%, ISI has realized a range of benefits. “In the past, we talked a good net 30 payment game, but we couldn’t always live up to that,” Rhein admits. “We may have experienced 15% waste in late payment fees at times. Now those fees are negligible, and I’m no longer on the phone asking for extended grace periods.”

The improved performance means its vendors now trust ISI and give it access to their best rates, according to Rhein. “Plus, those in new relationships with us are impressed with our capabilities. We send out invites for them to provide their ACH data, so they know they’ll be paid promptly.”









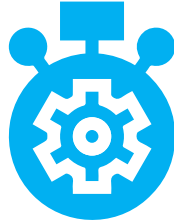
**The implementation of Bill.com has been revolutionary to my world.**

**— Intercollegiate Studies Institute**









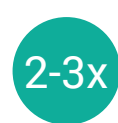










# A Summary of Key Performance Indicator Benefits Delivered by Bill.com

KPI benefits and improvements are estimates based on discussions with Bill.com customers.





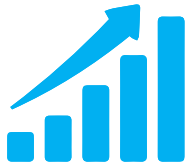


	Benefits Enabled by an Automated Accounts Payable Platform and Process	Improved Results
<div> Payment Processes and Visibility</div>	<div><div> Efficiency - The accounts payable process greatly improves the workflow, making it fully streamlined and efficient.</div><div> Full visibility - Management and staff have complete visibility into payments and vendor records, enabling full transparency and trust.</div><div> Integration - Integrating the accounts payable and accounting systems eliminates the data errors associated with manual processes.</div><div> Mobile support - Support is provided for mobile and remote workforces, including hard-to-reach check signers and payment approvers.</div></div>	<div> 3–5x reduction in time spent, with significantly improved visibility</div>
<div> Audit and Compliance Support</div>	<div><div> Annual audit process - Significantly improve speed, accuracy and efficiency by moving from paper to electronic process.</div><div> Regulatory and tax compliance - Supporting compliance and audit queries in a timely manner is much easier.</div></div>	<div> 5–10x faster with electronic processes and almost no paper involvement</div>

# A Summary of Key Performance Indicator Benefits Delivered by Bill.com(continued)

	Benefits Enabled by an Automated Accounts Payable Platform and Process	Improved Results
 Invoices and Payments	 Invoice input - Bill.com scans invoices, auto populating invoice data fields and providing greater accuracy as well as time savings.	 4–5x faster, ~80% reduction in time spent
	 Streamlined - The invoice payment process is streamlined, with the majority of payments made electronically through ACH.	 80%–90% payments made with ACH
	 Privacy, accuracy and visibility - Vendors set up ACH in Bill.com directly, providing greater trust and accuracy without sending their banking details. The vendor dashboard enables them to see what invoices have been paid and cashed.	 Greater accuracy and trust
	 Time savings - Payment approvals and processing yield time savings related to the electronic payment approval process and check signing.	 2–3x faster
	 Consolidation - Payments are consolidated to a single check, but each element is tracked as an individual invoice, which saves time.	 2–3x faster
	 International payments - Capabilities are provided to enable and process international electronic payments.	 Opens up new opportunities
	 Early payment discounts - Electronic tracking of invoices provides visibility into availability of early payment discount opportunities.	 ~3–5% of AP budget savings
	 Late payment charges - Electronic tracking of invoices enables avoidance of late payment charges.	 ~3–5% of AP budget savings



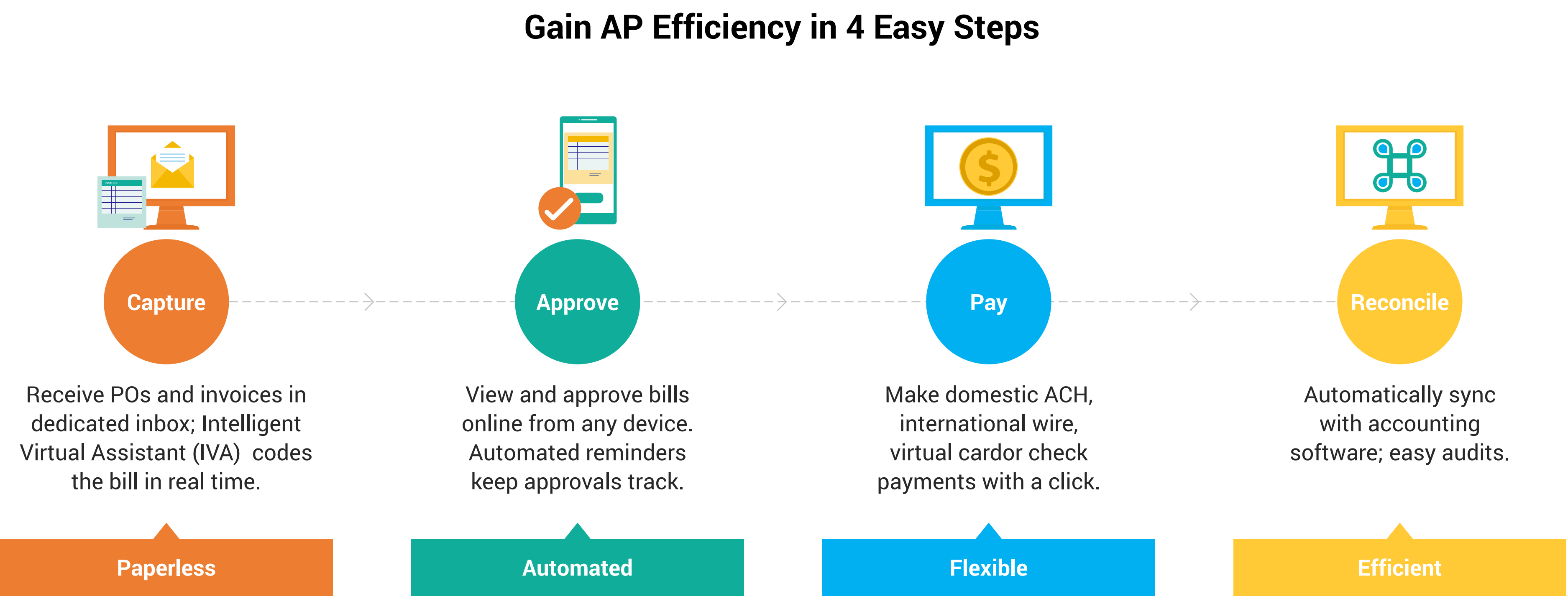
# A Summary of Key Performance Indicator Benefits Delivered by Bill.com(continued)

	Benefits Enabled by an Automated Accounts Payable Platform and Process	Improved Results
 Vendor Query Support	<div> Invoice payment queries - The number of queries is greatly reduced; staff can respond to queries with complete payment information at the click of a button.</div> <div> Vendor satisfaction - Significant improvement is realized due to faster payments as well as ready availability of complete invoice and payment information.</div>	<div> 50%–60% reduction in number of queries; Query response time reduced by 80%</div>
 Scalability and Finance Staff Size	<div> Reducing/reassigning some percentage of a finance/AP staff (internal and/or at CPA firm) - Cost savings are generated by reducing finance staff or enabling the company to increase its payables volume without hiring additional people.</div>	<div> 50%–75% finance staff reduction or 2x increase in invoices processed with same number of staff</div>

# Bill.com Addresses Nonprofits' Needs Through All Four Stages of the AP Process

As illustrated by the customer profiles presented in this eBook, nonprofit organizations of all types and sizes are realizing a wide range of benefits by adopting Bill.com's solution for their accounts payable needs. Many organizations initially deploy Bill.com to reduce paperwork and time-consuming manual AP tasks and have found the solution to deliver on those objectives. In many cases, additional advantages become apparent over time. As discussed, those advantages can include everything from reduced AP errors to improved compliance and audit outcomes to freeing up staff time for other operational tasks.

The illustration below summarizes the four stages of the AP process and the ways in which Bill.com makes this process more efficient, transparent and reliable. For further information about how Bill.com can help your nonprofit organization modernize your AP operations and extract value from them, go to <https://www.bill.com/industry/nonprofits>.



# About

---



Bill.com (NYSE: BILL) is a leading cloud-based platform that automates, connects, and streamlines back-office financial processes to help small and midsize businesses succeed. Over 100,000 customers trust Bill.com to help grow their businesses by managing end-to-end financial workflows, synching accounting systems, and connecting with suppliers and clients.



SMB Group is a research, analysis, and consulting firm focused on technology adoption and trends in the small and medium business (SMB) market. Founded in 2009, SMB Group helps clients to understand and segment the SMB market, identify and act on trends and opportunities, develop more compelling messaging, and more effectively serve SMB customers.

