# INVOICE MANAGEMENT PROCESS

## FIELD OF THE INVENTION

The present invention broadly relates to a method for managing payment for the supply of goods or services, and a method for managing the supply and provision of credit to purchasers.

## BACKGROUND OF THE INVENTION

A significant cost to many businesses which supply goods and services is debtor management. Commonly, businesses provide goods and services and invoice the recipient of those goods and services for payment. In the case of utility companies, invoices are rendered periodically to recipients of the utility services. Significant costs are incurred in processing unpaid invoices, re-issuing and tracking reminders, chasing debtors and sometimes halting and recommencing the supply of goods and services. There is therefore a need for a system which reduces the costs associated with debtor management.

Reasons that consumers or purchasers of goods and services fail to pay invoices on time, therefore increasing the supplier's debtor management costs, include a temporary lack of financial resources and difficulty in keeping track of the billing cycles and invoices from the various organisations from which they receive goods and services.

## SUMMARY OF THE INVENTION

According to one aspect of the present invention there is provided a method for managing payment for the supply of goods or services to a purchaser by a supplier, the method comprising the steps of:

an intermediary maintaining a credit arrangement with the purchaser for enabling credit to be extended to the purchaser;

the intermediary receiving a record including invoice details of the payment to be made for the supply of the goods or services to the purchaser;

the intermediary automatically paying at least part of any outstanding amount indicated in the record on behalf of the purchaser before any time indicated in the record as the last day for payment, thereby increasing the credit extended to the purchaser by the amount paid.

The intermediary may be comprised of one or more legal entities which operate in concert to execute the method.

The step of automatically paying at least part of any outstanding amount may involve paying the amount one (1) or more days before any time indicated in the record as the last day for payment. Preferably this step involves automatically paying the amount one (1) day before any time indicated in the record as the last day for payment. Automatic payment may also be made within 7 days of receiving the record. It is most preferred if the step of automatically paying at least part of any outstanding amount involves automatically paying the amount upon receipt of the record.

The step of maintaining a credit arrangement with the purchaser preferably involves assigning a credit limit to the purchaser. Where a credit limit is assigned to the purchaser, preferably the step of automatically paying at least part of any outstanding amount occurs only if increasing the credit extended to the purchaser by the amount paid will not cause the credit extended to the consumer to exceed the credit limit assigned to the purchaser.

Preferably the purchaser is notified of the payment made on behalf of the purchaser. This notification may also involve notifying the purchaser of all of the payments made on behalf of the purchaser within a preceding time period. Preferably the purchaser is also notified of the total amount of credit extended to the purchaser.

The step of notifying the purchaser of the payment preferably involves requesting payment of at least part of the total amount of credit extended to the purchaser.

Preferably an estimate is made of the amount to be paid of the next record from previously received records. It is also preferable if an estimate is made of the credit that will be extended to the purchaser after increasing the credit extended to the purchaser by the estimated amount to be paid of the next record.

Preferably the purchaser is contacted if the estimated credit that will be extended to the purchaser is greater than a predetermined amount. The predetermined amount is preferably the credit limit assigned to the purchaser. The purchaser may be contacted by letter, telephone, electronic mail, short messaging service or other electronic alert.

According to another aspect of the present invention there is provided a method for managing the provision of credit to a purchaser for the payment of a record including invoice details issued by a supplier of goods or services provided to the purchaser, the method comprising the steps of:

maintaining a credit arrangement with the purchaser for enabling credit to be extended to the purchaser, the credit arrangement including a credit limit assigned to the purchaser;

estimating the amount to be paid of the next record from previously received records;

estimating the credit that will be extended to the purchaser if the credit extended to the purchaser is increased by the estimated amount to be paid of the next record; and

contacting the purchaser if the estimated credit that will be extended to the purchaser is greater than a predetermined percentage of the credit limit assigned to the consumer.

Preferably the purchaser is contacted if the estimated credit exceeds the assigned credit limit.

The consumer may be contacted by letter, telephone, electronic mail, short messaging service, or other electronic alert.

## BRIEF DESCRIPTION OF THE FIGURES

In order to achieve a better understanding of the nature of the present invention preferred embodiments of methods for managing payment for the supply of goods or services, and for managing the supply of credit to purchasers or consumers, will now be described but by way of example only with reference to the accompanying figures in which:

Figure 1 is a schematic representation of a method for managing payment for the supply of goods or services according to an embodiment of a first aspect of the invention; and

Figure 2 is a schematic representation of a method for managing the supply of credit to a purchaser according to an embodiment of a second aspect of the invention.

## DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

In a preferred embodiment of a first aspect of the present invention, an intermediary enters into arrangements with suppliers of goods or services and purchasers of those good or services.

The intermediary enters into arrangements with suppliers of goods or services, for example utility service providers, whereby the suppliers send a record to the intermediary indicating details of a payment to be made for the supply of the goods or services to the purchaser or consumer. The record in this embodiment includes an extract of corresponding invoice details sent from the supplier to the purchaser or consumer. The invoice details include a last day for payment of the invoice by the purchaser or consumer. Subject to the purchaser not exceeding a credit limit with the intermediary, the intermediary pays the supplier at least a part of the amount stated in the invoice before the last day for payment, thereby increasing the credit provided by the intermediary to the purchaser by the amount paid.

The process for this embodiment of the invention is illustrated in figure 1. Whilst in the preferred embodiment the suppliers of goods or services are utility providers, providers of goods or services can be any supplier, for example a supplier of telecommunications services, local council services, education, healthcare services, pay TV, insurance etc.

During its normal billing cycle, a supplier or utility company will issue their invoice to a purchaser or consumer for goods and services supplied to the purchaser, or consumer. In the preferred embodiment of the present invention where the intermediary maintains a credit arrangement with the purchaser, the supplier also provides to the intermediary the record indicating details of the payment to be made for the supply of goods and services to the purchaser. The record may be in the form of a paper invoice, but is preferably an electronic record provided as part of a data feed from the supplier to the intermediary. Upon receipt of the record, the intermediary checks to see whether payment of any part of any outstanding amount indicated in the record on behalf of the purchaser to whom the goods or services were supplied, thereby increasing the credit extended to the purchaser by the amount paid, will cause the credit extended to the purchaser to exceed a credit limit assigned to the purchaser. If the credit limit will not be exceeded, the intermediary automatically pays at least part of any outstanding amount indicated in the record on behalf of the purchaser and increases the credit extended to the purchaser by the amount paid.

Preferably the process of checking the credit limit and paying at least part of an amount indicated in the record takes place automatically and shortly, typically less than 7 days, after the intermediary receives the record. In any case, payment by the intermediary to the supplier is effected before a time indicated in the purchaser's invoice as the last day for

payment , preferably one (1) day before the last day for payment. It is preferable that the full amount indicated as outstanding in the record is paid by the intermediary. This has the advantage of providing the supplier with certainty of payment, and generally accelerated payments, reducing the supplier's outstanding debtors and debt collection costs.

The intermediary enters into the credit arrangement with the purchaser or consumer, extending credit to the purchaser on specified terms and conditions. The line of credit provided to the purchaser is, in the preferred embodiment, for a specific purpose, that is the payment for utility goods or services from utility companies (water, gas, electricity providers etc.), although it may of course be provided for the supply of other goods or services.

The purchaser or consumer may repay the intermediary via their bank account which is directly linked to the purchaser's account with the intermediary. The purchaser can nominate to pay a minimum amount payable under the credit facility, the full balance of their account, or any amount between those amounts. The purchaser may set up an automatic payment instruction with the intermediary.

The intermediary periodically sends a statement to the purchaser notifying the purchaser or consumer of payments made on behalf of the purchaser since the previous statement or within a preceding time period. The statement also indicates the total amount of credit extended to the purchaser, and requests the purchaser to repay to the intermediary at least a proportion of that credit. The following activity and purchaser statements are examples of statements which the intermediary provides to the purchaser.

**Intermediary Activity**

| JAN | FEB | MAR | APR |
|---|---|---|---|
| Payments made: | Payments made: | Payments made: | Payments made: |
| Electricity.....$150<br>Telecom.....$100<br>Council.....$250<br>**Total .....$500** | Gas.....$120<br>Water.....$200<br>Telecom.....$250<br>**Total.....$570** | ISP.....$100<br>Mobile.....$150<br>Foxtel.....$ 90<br>**Total.....$340** | Electricity.....$150<br>Telecom.....$100<br>Council.....$250<br>**Total.....$500** |

**Purchaser Statement**

| FEB | MAR | APR |
|---|---|---|
| Statement date: 10-Feb-05<br>Billing Period: Jan 1 - 31 | Statement date: 10-Mar-05<br>Billing Period: Feb 1 - 28 | Statement date: 10-Apr-05<br>Billing Period: Mar 1 - 31 |
| Prior month balance:.....$0<br>Total Credits.....$0<br>Total Debits.....$500<br>**Ending Balance.....$500** | Prior month balance:..$500<br>Total Credits.....$25<br>Total Debits.....$570<br>**Ending Balance.....1045** | Prior month balance: $1045<br>Total Credits.....$150<br>Total Debits.....$340<br>**Ending Balance.....$1235** |
| Minimum amount due:.$25<br>Due date: 24-Feb-05 | Minimum amount due: $52.25<br>Due date: 24-Mar-05 | Minimum amount due: $61.75<br>Due date: 24-April-05 |
| **[Purchaser pays $25]** | **[Purchaser pays $150]** | **[etc]** |

In an alternate example the supplier, such as an insurance company, may send the invoice to a customer or purchaser for an extended service period, such as a yearly invoice. The customer may elect to make periodic payment which the intermediary makes on their behalf. For example, the intermediary may effect monthly payment to the supplier on behalf of the customer who may repay a portion of their credit by utilising a monthly direct debit facility.

The second aspect of the invention can be used in conjunction with the first aspect, and relates to managing the credit account with the purchaser or consumer. The steps in this embodiment of the process are illustrated in figure 2. It should be appreciated that this second aspect of managing the provision of credit need not be dependent on the preceding first aspect of managing payment for the supply of goods or services.

From the purchaser's billing history (or spending history), the intermediary estimates the outstanding amount that will be indicated in future records to be sent from the supplier to the intermediary. If payment by the intermediary of the estimated outstanding amount on behalf of the purchaser or consumer (thereby increasing the credit extended to the purchaser by the amount paid) will cause the credit extended to the purchaser to exceed the credit limit assigned to the purchaser, the intermediary contacts the purchaser to inform the purchaser that it may not be able to make any further payments for goods or services on behalf of the purchaser. The intermediary invites the purchaser to make a payment to it to reduce the amount of credit extended to the purchaser (thereby enabling the intermediary

to pay the amounts indicated in records it receives from suppliers in the future). Alternately, the intermediary may agree to increase the credit limit assigned to the purchaser so as to meet the increase in supplier billings. The purchaser may also be contacted if payment by the intermediary will exceed a predetermined amount being the maximum exposure limit for purchasers with whom the intermediary has a credit arrangement. This predetermined amount is generally a percentage of the assigned credit limit, such as 80 to 90%.

The purchaser or consumer may be contacted by any means including by letter or electronic alert. In the preferred embodiment of this aspect of the invention the purchaser is contacted by rapid means such as telephone, email or Short Messaging Service (SMS).

Now that preferred embodiments of the various aspects of the invention have been described in some detail it will be apparent to those skilled in the art that this methodology has the following advantages:

1. The supplier such as the utility company will receive certain and accelerated payment from the intermediary on behalf of the purchaser improving cash flow for the supplier;

2. The supplier has reduced collection costs as a result of the intermediary providing certainty of payment of their record; and

3. The intermediary proactively manages the supply of credit to their customer by forecasting expenditure based on historical spending.

It will be appreciated by persons skilled in the art that numerous variations and/or modifications may be made to the invention as shown in the specific embodiments without departing from the spirit or scope of the invention as broadly described. For example, the intermediary need not send a statement to the purchaser or consumer. The present embodiments are, therefore, to be considered in all respects as illustrative and not restrictive.

## THE CLAIMS DEFINING THE INVENTION ARE AS FOLLOWS:

1. A method for managing payment for the supply of goods or services to a purchaser by a supplier, the method comprising the steps of:

an intermediary maintaining a credit arrangement with the purchaser for enabling credit to be extended to the purchaser;

the intermediary receiving a record including invoice details of the payment to be made for the supply of the goods or services to the purchaser; and

the intermediary automatically paying at least part of any outstanding amount indicated in the record on behalf of the purchaser before any time indicated in the record as the last day for payment, thereby increasing the credit extended to the purchaser by the amount paid.

2. A method as claimed in claim 1 wherein the step of automatically paying at least part of any outstanding amount involves paying the amount one (1) or more days before any time indicated in the record as the last day for payment.

3. A method as claimed in claim 2 wherein the step of automatically paying at least part of any outstanding amount involves paying the amount one (1) day before any time indicated in the record as the last day for payment.

4. A method as claimed in any one of claims 1 to 3 wherein the step of automatically paying at least part of any outstanding amount involves paying the amount within 7 days of receiving the record.

5. A method as claimed in any one of the preceding claims wherein the step of automatically paying at least part of any outstanding amount involves automatically paying the amount upon receipt of the record.

6. A method as claimed in any one of the preceding claims wherein the step of maintaining a credit arrangement with the purchaser involves assigning a credit limit to the purchaser.

7. A method as claimed in claim 6 wherein the step of automatically paying at least part of any outstanding amount occurs only if increasing the credit extended to the purchaser by the amount paid will not cause the credit extended to the purchaser to exceed the credit limit assigned to the purchaser.

8. A method as claimed in any one of the preceding claims also comprising the step of notifying the purchaser of the payment made on behalf of the purchaser.

9. A method as claimed in claim 8 wherein the step of notifying the purchaser of the payment involves notifying the purchaser of all of the payments made on behalf of the purchaser within a preceding time period.

10. A method as claimed in either of claims 8 or 9 wherein the step of notifying the purchaser of the payment involves notifying the purchaser of the total amount of credit extended to the purchaser.

11. A method as claimed in any one of claims 8 to 10 wherein the step of notifying the purchaser of the payment involves requesting payment of at least part of the total amount of credit extended to the purchaser.

12. A method as claimed in any one of the preceding claims further comprising the step of estimating the amount to be paid of the next record from previously received records.

13. A method as claimed in claim 12 additionally comprising the step of estimating the credit that will be extended to the purchaser after increasing the credit extended to the purchaser by the estimated amount to be paid of the next record.

14. A method as claimed in claim 13 further comprising the step of contacting the purchaser if the estimated credit that will be extended to the purchaser is greater than a predetermined amount.

15. A method as claimed in claim 14 wherein the predetermined amount is a credit limit assigned to the purchaser.

16. A method as claimed in either of claims 14 or 15 wherein the purchaser is contacted by letter, telephone, electronic mail, short messaging service, or other electronic alert.