



J&B Software provides payment processing, imaging, document management, and capture solutions to businesses worldwide. The company works with over 150 industry leading organizations and government agencies. J&B Software is a wholly owned subsidiary of 3i Infotech, a global information technology company. J&B Software is a winner of the TAWPI Hall of Fame Award for technology innovation and excellence. For more information, visit the company website at www.JBsoftware.com.

Who's Investing in Payment Processing Innovations in a Declining Market? Lockbox Providers!

Market change creates opportunities and challenges.

By Bill Ensslen

Changes in the transaction processing industry show no signs of ending: Paper remittance transactions are decreasing, but we still need to process paper. Full-page imaging is a proven cost-reducer, and is growing every day. Check 21/Image Exchange adoption has accelerated, with remote capture as the 'killer application'. There is a need to capture all forms of electronic payment and ensure the payments are posted to the right account. Plus, the customers want on-line, near instantaneous access to their transaction data and images.

In addition, the exponential growth in payments complexity – from Check 21 and ACH to invoice scanning and EOB processing – has led to new technologies and tactics. The new technologies help operations managers better handle inbound and outbound transaction images and data across the enterprise. Other parts of the company like Treasury and business managers now have strategic business opportunities by offering the innovative services necessary to attract and retain clients.

How lockbox providers capitalize on economies of scale

This exponential growth in payments complexity, combined with the decrease in paper-based payments, often makes it difficult for in-house processors to justify the investment required to take advantage of these new technologies or sustain their existing paper-based processing operations. As a result, more and more companies that process transactions in-house are now outsourcing. Even some large bank lockbox processors have decided to outsource their payments processing operations because third party service providers can offer the ability to brand their services to the end client, as if the bank were still providing the services.

This is why lockbox providers are experiencing growth which, in turn, provides them with the economies of scale to justify ongoing investment in new technologies. This investment enhances their services offerings, and makes it even more attractive for in-house processors to outsource so that these same capabilities can be obtained via the lockbox provider.

How market change has impacted software providers

Market changes have affected payment system application software providers with increased consolidation and fragmentation. Metavante acquired AFS, and WAUSAU acquired DMP. Unfortunately for many customers, the core payments systems platforms provided by AFS and DMP have now been phased out, or even discontinued, by their new corporate parents.

As new technologies have emerged (e.g., remote capture, electronic clearing, etc.) many small companies are providing solutions, with no one dominant player in the market. This makes it difficult for a customer to obtain a comprehensive system platform without "gluing" multiple third party solutions to the core wholesale/retail payments platform. The challenge is to avoid a fragmented solution as a result of the disparate designs, development technologies, and limited market focus of different vendors.

J&B Software offers a comprehensive, cohesive payment systems platform

J&B Software offers and manages an comprehensive library of core applications and product modules utilizing open architecture software and hardware platforms. The company continues to make major investments in its core TMS Image payments system platform, which provides wholesale and retail processing capabilities.

J&B Software also offers an application suite that includes solutions for retail/wholesale lockbox, remote image capture, Check 21 electronic clearing, intelligent document recognition, healthcare EOB processing, and remote data entry, as well as full page document management, transaction archive, and customer transaction query.

J&B Software, the 2007 winner of the TAWPI Hall of Fame Award for technology innovation and excellence, and its 400+ employees are fully committed to improving operational effectiveness and profitability for its clients.

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