

Bill.Com – An On-Line A/P (Bill Paying) System

A key to saving money is to eliminate the intangible cost of receiving paper bills, writing and mailing checks, entering the information in your accounting system, and filing the bills for future auditing needs. We evaluated Bill.Com in light of this main requirement.

Overall Rating:

With the combined ratings of our five categories (Feature Set, Cost Effectiveness, Ease of Use, Competitive Advantage, and Vendor Credentials), the overall rating for Bill.com was 4.30. It scored highest in the area of competitive advantage. While we evaluated it as a stand-alone product for Bill-Paying, the fact that there is now an invoicing component only adds to our recommendation. We evaluate the Invoicing component separately in our A/R evaluations.

In the sections below, you will find the specific category analysis and ratings for Bill.com.

Related articles:

“Should I use on-line bill paying?” <http://www.spartina.com/items/8605-should-i-use-on-line-bill-paying>

Best Practices for paying vendors: <http://www.spartina.com/items/8607-best-practices-for-paying-vendors>

Category 1: Feature Set

Overview:

We particularly like the fact that all our vendors can send their bills to one email address or fax number that Bill.com sets up for us. We enter the information, route the bill to an approver, then pay the bill and sync to QuickBooks. All the invoices are stored on Bill.com for future review if needed.

By including the electronic receipt and storage of bills, the handling of paper disappears. In addition, they mail the checks, so you don't deal with the envelopes, postage, etc.

The calendar system includes payments that have been sent, and payments that are due. You can also track payments waiting for an approval.

Security is essential as you are providing your company's banking information as well as personal information about vendors and consultants. We found that the security was a main concern for Bill.com. They address it on their website under the headings of fraud prevention as well as security: they are SAS70 certified, use encryption, Verisign, firewalls, and have criminal background checks on employees.

Configurability is another factor to consider. With Bill.Com, you can configure the system to require bill approvals before payment. You can put your own logo on the software if you are an accounting firm, and you can configure multiple clients and users.

Category 1: Feature Set. Bill.com Rating: 4.77

Criteria	Score (0-5)
Unique e-mail address for vendors to send bills	5
Bills can be sent by email, fax or uploaded	5
Approval routing	5
Calendar for future payments	5
Ability to add users and assign roles	5
High level of security	5
Option to generate invoices	4
Reports	4
Configurability	5

Category 2: Cost Effectiveness

We like the fact that if you are an accounting firm, you can get multiple clients and manage them all from one dashboard. However, there is no free lunch with this product. The pricing is the same no matter how many companies are using the software. Whether it is just you, for your own business, or, if you are an accountant, your clients, the cost is \$25/month for one user and 10 bills. The next 2-10 users are an addition \$10/month. Each bill over 10 bills a month is \$.99. The one break comes if you are an accounting firm. In that case, you pay \$29 for a dashboard, and your own use of the product is free, and you are automatically a user in each of the companies you manage. Overall, we feel the pricing structure is a bit too complicated: we have to pay for users (over 10) and for bills over 10. A flat structure would be preferable.

The pricing is more expensive than Quickbooks Bill Pay for one client, which is \$15.95 per month for up to 20 payments, and \$6.95 for each 10 payments after that. However, note that Quickbooks Bill Pay does not interface with Quickbooks On-Line, and requires purchase of stand-alone Quickbooks.

(To compare the costs, assume you have 30 bills. Then Bill.com costs \$25 +19.80 or \$44.80 per month, while QuickBooks would cost \$22.90 a month. Assuming that you already own QuickBooks, then in fact Quickbooks Bill Pay is half the cost.)

Cost effectiveness also takes into account the set-up, conversion and maintenance costs, such as changes of names and addresses? Bill.com pulls names and addresses of vendors out of Quickbooks, so if you started with good data there, migration is easier. There was some time involved in synching the data, getting the bank set up correctly, but overall it was no more difficult than setting up our on-line banking.

In terms of the ROI, the amount of money that a full time bookkeeper would cost is far more than the \$25/month pricing, so there is no question that the return on investment is good.

Category 2: Cost Effective. Bill.com rating: 3.57

Criteria	Specifics	Score (0-5)
Basic Pricing	\$25/month	3
Multiple company support	Yes	5
Multiple company pricing	No	1
Price/transaction	\$.99/bill after 10	3
Price/user	\$10/month for 2-10	3
Appropriate for small to medium businesses?	Yes	5
Free Trial	30 days	5
Set-up/Conversion/Maintenance hidden costs	Easy to get started	4
ROI		5

Category 3: Ease of Use

Overview:

For us, the main ease of use feature we were looking for was the ability to integrate with our Quickbooks system. This turns out to be quite easy: with one click, the data is synchronized. However, the set-up can be quite confusing, as you must download their add-on software and install it into your copy of Quickbooks, running as administrator to set it up. A downside of this product would be if you are not using Quickbooks for your accounting. In that case, there is no automatic sync.

One of the nice features is that all of your Quickbooks categories are uploaded so that you can categorize your bills as you add them. A downside is that the bills are posted against a fictitious account Bill.com, and then, you manually transfer the funds from your checking account to the bill.com account. Reports for your business will need to include the Bill.com account. In some ways this is no different than the way downloaded AmEx charges work, so it is not a big negative.

Once the set-up of the company is complete, you also need to set up the access to your bank account, so that Bill.com can write checks against your account. This is not difficult but does put a delay in, as you must wait to check that they have access before you can begin using the software.

On the plus side, we found the help system, both on-line, by email, and in person, extremely helpful.

Category 3: Ease of Use. Bill.com rating: 4.66

Criteria	Details	Score
Initial Setup	About 1 hour to set up company preferences and accounting interface	4
Learning Curve	Easy to use	5
Help System	Excellent on-line documents	5
Data Entry	Image of bill available while entering data	5
Categorize bills	Categories from accounting are available as you pay bills	5
Integration with other systems	For Quickbooks, excellent; Also exists for Intaacts; Peachtree and Great Plains are in planning stages.	4

Category 4: Competitive Advantages

Overview:

In addition to using Bill.com to pay bills you have other options, including continuing to pay bills manually, or use other software. We compared Bill.com to these possibilities.

Manual:

Of course you can still receive bills by mail and give them to your bookkeeper to write the check, enter the information in Quickbooks or other system, print a mailing label, put the check in the envelope, stamp and mail. Then you will have someone file the bill and perhaps a copy of the check. The amount of time doing this is enormous, and the potential for errors, the difficulty in accessing information quickly, and the cost in manpower precludes this as a serious option.

Other SaaS solutions:

There are several bill paying systems, such as MyCheckFree.com and Choicepay.com. However, neither of these are comparable, as they geared to pay specific vendors.

Other on-line bill paying systems to consider are “Xpress Bill Pay”:<https://www.xpressbillpay.com/> and “Pay Trust”:<http://www.paytrust.com/> (owned by Intuit). These are reviewed elsewhere.

You could use the on-line banking feature provided by your bank. Here’s a quick look at the pros and cons.

Pros:

- Comes right out of your bank account, and shows up in your statement
- The bank transactions eventually get downloaded into your accounting system. Usually no extra fees are charged
- They do all the mailing

Cons:

- No automated approval process with other employees
- The transactions don’t show up in your accounting system immediately
- There is no record of what you are paying for; simply an amount and payee
- Doesn’t deal with filing the bills

Other (non-SaaS) Software

You could use accounting software such as QuickBooks to pay the bills. They do have a bill pay option that integrates directly with Quickbooks. However, this solution only works if you are using the desktop version of Quickbooks. It is not available for the On-line Quickbooks. Again, the pros and cons:

Pros:

- Direct integration with your accounting system
- Vendor information stored only once, in your accounting software

- They do all the mailing

Cons

- Costs \$15.95 per month for up to 20 payments, and \$6.95 for each additional set of 10 payments (in addition to paying for QuickBooks).
- Doesn't integrate with electronic bills; all information is entered manually
- Doesn't solve the filing of the bills

Other Product Reviews:

- a. <http://www.starreviews.com/Bill-Pay-Reviews.aspx>
- b. <http://www.consumersearch.com/online-bill-paying>
- c. Wall Street Journal
<http://www.filife.com/stories/easing-the-headache-of-paying-bills>

Category 4: Competitive Advantage. Bill.com rating: 5

Criteria	Specifics	Score (in comparison) 0-5
Manual Solutions		5
Software (non SaaS) solutions	Quickbooks Bill Pay	5
Other SaaS solutions		5

Other reviews,

PC World, 11/2007 <http://www.pcworld.com/reviews/product/30876/review/.html>

Category 5: Vendor Credentials

Overview:

When selecting the software you use, it is essential that the vendor is one that you want to have a relationship with. We look at the experience, corporate culture, transparency and willingness to help.

On the plus side, we found the Bill.com help system, both on-line, by email, and in person, extremely helpful. Calls and emails were answered promptly by people who have expertise in accounting. The support staff genuinely wants you to succeed.

In addition to support, it is important that the vendor be expert in Internet and SaaS, rather than a company that simply morphed its legacy products to run on-line. The mind-set of an Internet- focused company will be quite different.

At Bill.com, we find Rene Lacerte as the CEO. Rene has already proven himself well-versed in the SaaS business with his earlier product, PayCycle (which we review elsewhere.) He is an entrepreneur and understands businesses and their needs, and is committed to successful business, both for himself and his clients. His letter (<http://www.bill.com/about-us/lacerte-ceo-letter.php>) is a clear and open statement of his philosophy. In short, this is not a fly-by-night nameless company, but one led by someone with a vision directly related to succeeding in the SaaS marketplace.

In terms of reviews, we have only found one review so far, with PC World, and the product was well liked.

Category 5: Vendor Credentials. Bill.com rating 4.57

Criteria	Details	Score
Customer Satisfaction	Reviews show positive feedback	4
Live Support	Very responsive phone support	5
SaaS experience	Proven track-record of CEO	5
Corporate Focus	Single-product focus	5
Number of years in business	2 (founded in 2006)	3
Funding/Financial	Good Venture Capitalists invested	5
Management Team	CEO had great successes; see http://www.bill.com/about-us/management-team.php	5