

# Case Study

## Straight-through processing



## Water and payments: essential services for all



The water industry is vital to the health and wellbeing of citizens, the environment and the economy. In the UK, Wessex Water supplies water to 1.3 million customers and treats the waste of 2.8 million. The company has a hard-earned reputation for going the extra mile, constantly looking to innovate and improve.

Wessex Water, part of the YTL Group, works closely with its supply chain to support growth opportunities. Its business-to-business (B2B) payment offer is a key component in its success.

The company is a long-standing HSBC client with a Visa commercial card programme that is fundamental to the timely procurement of goods, empowering partners throughout the supply chain.

Wessex Water has also partnered with payments-as-a-service (PaaS) provider, Adflex, to expand, optimise and future-proof its accounts payable (AP) processes and commercial card programme by using Adflex PushPay, a straight-through processing (STP) service. Taking a phased approach to rollout based on the number of transactions and suppliers' existing capabilities, Wessex Water is now reaping the rewards.

# What is straight-through processing (STP)?

**Straight-through processing is an automated B2B payment process. It enables the issuance of payments to suppliers directly from the buyer's back-office ERP system using a commercial credit card (purchasing or virtual).**

## The Challenge

Before migrating to STP, Wessex Water had a team of accounts payable staff calling suppliers every week to provide their HSBC card details once an invoice was approved. Not only did this mean that control sat with the supplier rather than the buyer, but when they processed the card payments, raw card data was shared with each supplier, posing challenges to data compliance management.

The process was time-consuming and open to risk. There was no guarantee that the supplier would process the payment correctly or even answer the phone call on the first, second or third attempt.

While the setup did fulfil its basic function, onboarding more suppliers to

the traditional card programme resulted in yet more administration for both the buyer and the supplier.

Wessex Water also had a need to facilitate better control of large-ticket transactions as many suppliers had single transaction ceiling limits of £99,000 with their respective payment gateway or acquiring bank. In most cases this reverted payments to BACS and contracted terms of EOM + 30 days.

While this approach is familiar to many businesses, stretching standard payment terms can cause some suppliers serious cash flow issues and harm business relationships. As a business committed to treating all partners, customers and stakeholders with respect, Wessex Water wanted to fundamentally transform this process to benefit all parties and ensure payments do not act as a barrier to growth.

## The Solution

Wessex Water noted that a number of its suppliers already worked with Adflex to help convert unsuccessful projects into successful ones by simplifying B2B payment processes, making them

straightforward and fast.

The company wanted to save time and money with digital payments built on easily integrated, flexible APIs. It decided to work with HSBC and Adflex to help flip its payments process on its head and start automatically 'pushing' payments to suppliers.

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Following an in-depth AP consultation, we were able to work alongside Adflex to help achieve the customer's B2B card programme objectives. This is a great example of how a collaborative approach with financial technology providers can truly transform a customer's experience with their commercial card programme.

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**Erwan Le Grand**

European Head of Commercialisation and Account Management, Commercial Cards, at HSBC



Adflex PushPay is an automated straight-through processing service designed and built in the cloud. It delivers a seamless and secure experience, allowing Wessex Water to automatically 'push' payments to its suppliers, increasing security and control, speeding up payments and significantly improving supplier relationships that are crucial to better business.

Wessex Water could choose whether to use file or API instructions with Adflex, and the process it now operates is much more straightforward:

- 1 Wessex Water approves a supplier invoice.
- 2 Once an invoice is approved, Wessex Water sends a payment instruction to Adflex, listing each supplier and payment amount.
- 3 On receipt of the instruction, Adflex will authorise the supplier payment in real-time, and the supplier will receive the funds via its acquiring bank within 1- 3 days.
- 4 A transaction response is returned to Wessex Water, while the supplier receives an email remittance to aid reconciliation.

In addition, Wessex Water took advantage of Adflex's next-generation supplier enablement service, which helped migrate to the new process. This included:

- > AP / supplier matching.
- > Assistance with supplier outreach and associated communications.
- > A bespoke microsite for supplier registration and information.
- > Proactive supplier outreach via telephone and email.
- > Regular reports with supplier updates.

## The Benefits

Since migrating to STP, the Wessex Water team is **saving hours per week** by not having to call suppliers repeatedly. Previously, each call to suppliers was consuming 1-5 minutes of valuable time that can now be better spent elsewhere in the business.

Calling suppliers on a weekly basis was also previously resulting in an average drop off of 30% and if there was no response from the supplier, there was quite simply no payment made or received.

For suppliers that have migrated to STP, **payment is guaranteed** and **completed far more quickly**.

This is because **STP enables real-time payments**. Once the instruction is sent to Adflex, payments are distributed to the supply chain and Wessex Water is notified in minutes. This significantly enhances the ability to perform **prompt payment**, in line with regulations and exceeding contracted payment terms. For example, a supplier paid by BACS will likely have a payment term of end of month (EOM) + 30 days; whereas **STP offers weekly payment** for Wessex Water suppliers.

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I would like to acknowledge the continued prompt payments received by Wessex Water, which has only grown since the introduction of Adflex PushPay, and which now sees invoices paid on average just nineteen days after the date of invoice. This reliability and improved process, adhered to on both sides, is ensuring all aspects of the account run smoothly.

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**John Woodward**

Financial Director at MGF Ltd.  
One of Wessex Water's suppliers

It also enables **automatic transaction splitting** to **support large ticket transactions** and **avoid acquirer ceiling limits (typically around £99,000 in the UK)**. This removes barriers that were previously hindering Wessex Water's ability to conduct business at scale.

Adflex also helped Wessex Water **improve key supplier relationships** by reviewing its merchant service fees with its acquiring bank.

For example, Adflex reviewed the charges associated to card acceptance for one supplier, across the whole business, and **identified an annual saving** of over £50,000. Because suppliers do not directly handle the Wessex Water card, Adflex also enables them to **reduce administration time**, Payment Card Industry Data Security Standard **(PCI-DSS) scope**, and gateway charges.

## A platform for Sustainable Growth

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Working with Wessex Water and HSBC has been a pleasure. The internal buy-in from stakeholders at Wessex Water has brought tremendous value, enabling the business and its supply chain to set an excellent standard for others to follow. We look forward to extending this partnership to unlock further business value with B2B payment APIs.

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**Ben Thurlow**

B2B Issuing & Acceptance,  
at Adflex

Having STP in its arsenal means Wessex Water can now recommend payment by card to existing suppliers, as well as those applying for new contracts and tenders. It can meet the expectations of regulators and ensure prompt payment to all suppliers willing to accept and participate.

STP now powers a large proportion of Wessex Water's commercial card programme with HSBC and the business aims to expand its use of the payment technologies and benefit other business units.

One of these is Turnbull Infrastructure & Utilities, also part of YTL Group, helping clients save money, reduce waste and add long-term value to local communities and the wider economy as part of utility and infrastructure projects.

“ We have been delighted with the improvements to our B2B payment processes resulting from our collaboration with Adflex, supporting our commercial card programme with HSBC. The service enables quicker payments while reducing the burden on our team and was integrated seamlessly into our existing setup and back-office system. Our improved ability to make multiple large ticket transactions has the potential to speed up important development projects, driving forwards our core commitment to innovation and delivering for our customers, community and environment.

David Kitchener

Group Treasury Manager at Wessex Water



[www.adflex.co.uk](http://www.adflex.co.uk)

