

# DIRECT INSITE CORP. (DIRI) INVESTOR PRESENTATION



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**Direct Insite provides cloud-based, ERP agnostic solutions that automate Accounts Payable (AP) and Accounts Receivable (AR) invoice processes.**

- Blue-chip customer base: IBM, HP, Siemens, St. Gobain, Shell Oil, Hyatt
- First-of-its-kind private-label AR solution for banks
- Best-in-class AR transformation solution for global enterprises with shared services centers
- Ability to accept any invoice, in any format, from any source
- No hardware or software capital expense due to cloud-based SaaS business model
- Transaction-based pricing and recurring revenue business model
- Growing global network of 450,000+ suppliers and companies and plans to monetize
- Board/management/associates squarely aligned with shareholders

## The AP Market

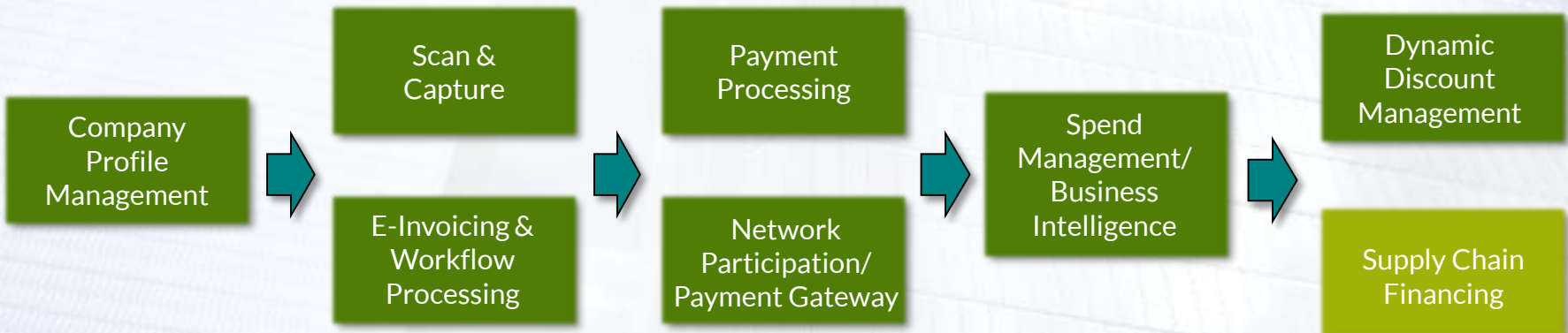
- Target market: companies with large shared-service centers, heavy invoice volume, and multiple legacy financial/ERP systems.
- In the Global 3000, only 40% have implemented automation tools.
- Even large companies with automation suffer from multiple legacy ERP systems with inconsistent automation capabilities requiring rework. Direct Insite estimates the market is only 10% penetrated.
- 90% of global companies manually enter invoice data and pay invoices with \$30 trillion of paper checks.
- Global regulation, anti-money laundering, and tax requirements accelerating move to electronic record keeping.
- As tax and additional regulation move into the US (starting with healthcare), incumbency is critical for long term and significant growth.

**Conclusion: Automation is not an “if,” it’s a “when.”**

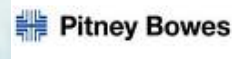
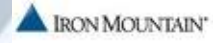
## Invoices On-Line™

Migrate from manual paper-based AP processes to SaaS-based automated processes

Procurement → Shared Services → Treasury



Direct Insite Company Network:  
450,000+ Suppliers and Customers Transacting over \$130 Billion Annually



# SIEMENS

## Customer Profile:

- Shared services environment for the global powerhouse
- Supports more than 50 Siemens business units
- Processes over 2.4 million invoices per year
- 60,000 suppliers
- 5,000 internal users

## BUSINESS GOALS

- Automate AP invoice processing
- Reduce inquiries from suppliers
- Improve relationships with suppliers
- Save money

## BUSINESS RESULTS

- **Reduced Costs** – Reduced average cost to process an invoice by 24%
- **Improved Staff Efficiency** – Receives 73% of its invoices electronically and posts payments for 63% of its invoices without operator intervention
- **Increased Productivity** – Reduced work flow time from a more than four days to less than 12 hours for electronic invoices and less than 2.5 days for paper invoices
- **Enhanced supplier relationships** – Reduced supplier inquiries by 67%

*“Invoices On-Line has proven to be an effective tool in the transformation of our Accounts Payable automation initiatives with a goal of reducing paper handling, invoicing costs and supplier inquiries.”*

-Roderick Fields, GSS NA Director of Disbursement Services

## The AR Market

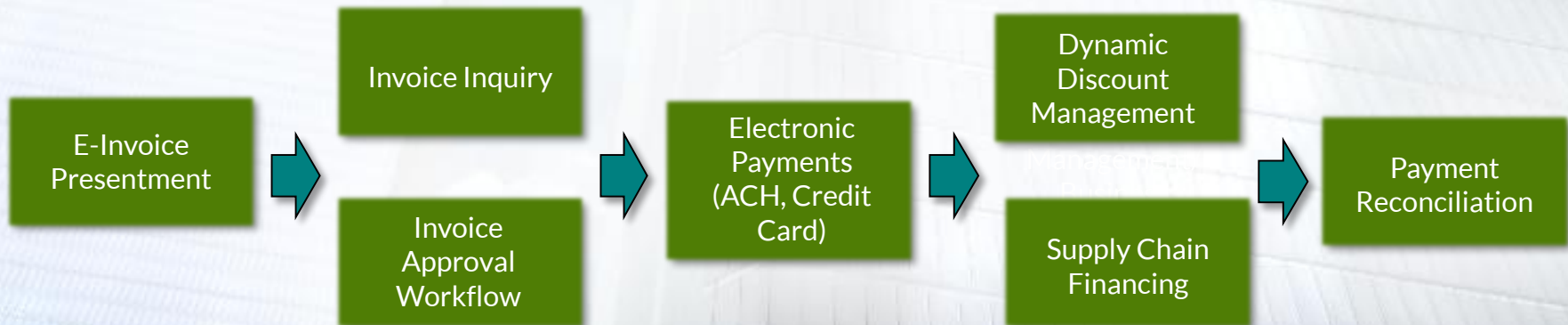
- Receivables management is a \$1.3 trillion market worldwide
- >14 billion paper B2B invoices generated in the U.S. annually
- 60% of corporations are dissatisfied with their receivables and payments processes
- Only 50% of receivables post without human intervention
- 75% of corporations say they have too many receivables with incomplete or inaccurate data
- 74% of corporations say their number of receivables requiring human intervention is rising

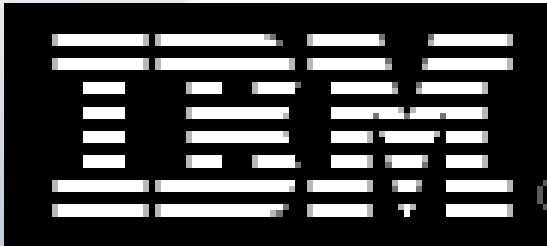


## Invoices On-Line™

Migrate from manual paper-based A processes to SaaS-based automated processes

Procurement → Shared Services → Treasury





### Customer Profile:

- 100 year-old company with approx. \$100 billion in revenues
- Generates millions of invoices each year across over 100 countries and 15 languages
- Selected Direct Insite's IOL platform to provide: Web-based line item presentment; dispute management; attachments

### BUSINESS GOALS

- Automate AR processing
- Enhance customer service
- Improve overall invoice processing efficiency
- Reduce Day's Sales Outstanding (DSO)

### BUSINESS RESULTS

- **Reduced Costs** – Reduced paper invoices by 75%, slashing the cost per invoice on these items from between \$600 - \$1,500 per invoice to less than \$25 per invoice
- **Improved Staff Efficiency** – Reduced invoice disputes by 65 percent
- **Reduced DSO** – Reduced DSO by approximately four days, resulting in a \$50 million increase in treasury cash available and \$4 million in annual savings in interest expense on these DSO funds
- **Enhanced supplier relationships** – Customer satisfaction with IBM's invoicing process jumped from 27% to 72% within six months of implementation

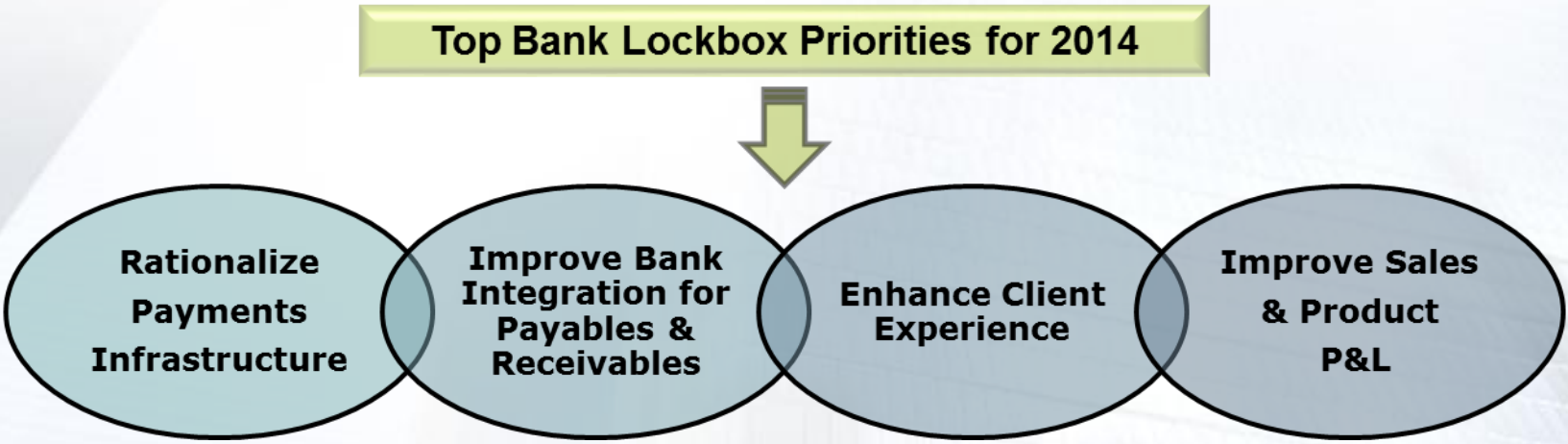
*“Transforming IBM's AR processes with Invoices On-Line™ resulted in a 90 percent reduction in transaction costs, 65 percent fewer billing disputes and calls, and a 10 percent reduction in DSO. These benefits have annually delivered tens of millions of dollars in savings to IBM.”*

–Ellie Mahoney, Invoices On-Line Americas E-Business Advocate for IBM

## The Bank Market

- Target market: top 100 U.S. banks
- Leverage existing bank paper lockbox customers
- Virtually all of the top US banks provide lockbox services
- Lockbox is a \$1 trillion business (fees, float, deposits)
- Second-most lucrative bank treasury product behind lending
- 70% of large corporates use a lockbox
- 35% of all businesses use a lockbox
- Percentage of lockbox users is growing

**Virtually all of the top banks are investing in AR services**



**Top Bank Lockbox Priorities for 2014**

**Rationalize  
Payments  
Infrastructure**

**Improve Bank  
Integration for  
Payables &  
Receivables**

**Enhance Client  
Experience**

**Improve Sales  
& Product  
P&L**

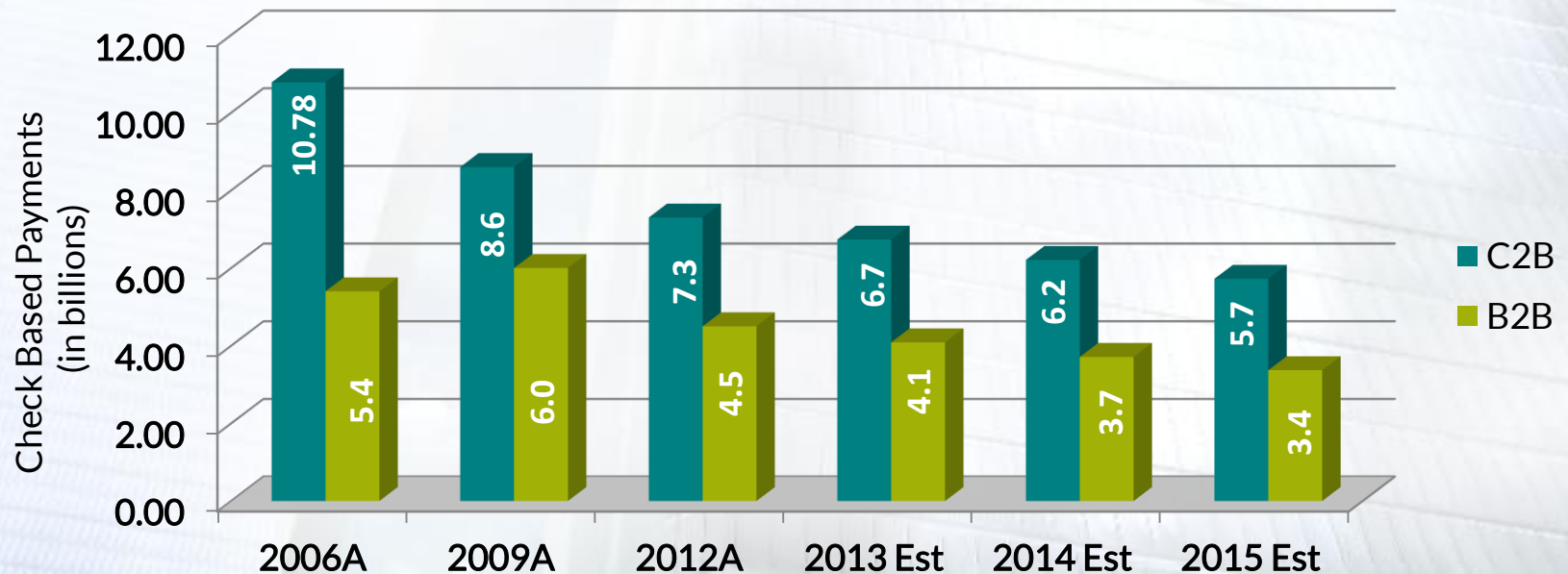
*Source – CEB Tower Group*

### How PAYBOX™ Addresses Top Bank Lockbox Priorities:

- Replaces lockbox revenues lost to declining check volumes
- Improves customer “stickiness” with AR services
- Increases operational efficiency through use of invoice file
- Creates new revenues through p-card utilization
- Provides downstream supply chain financing & AP opportunities

Banks must replace revenue lost to declining B2B check volumes - and find a way to preserve their lockbox franchise.

### Check Based Payments - Volume Trends

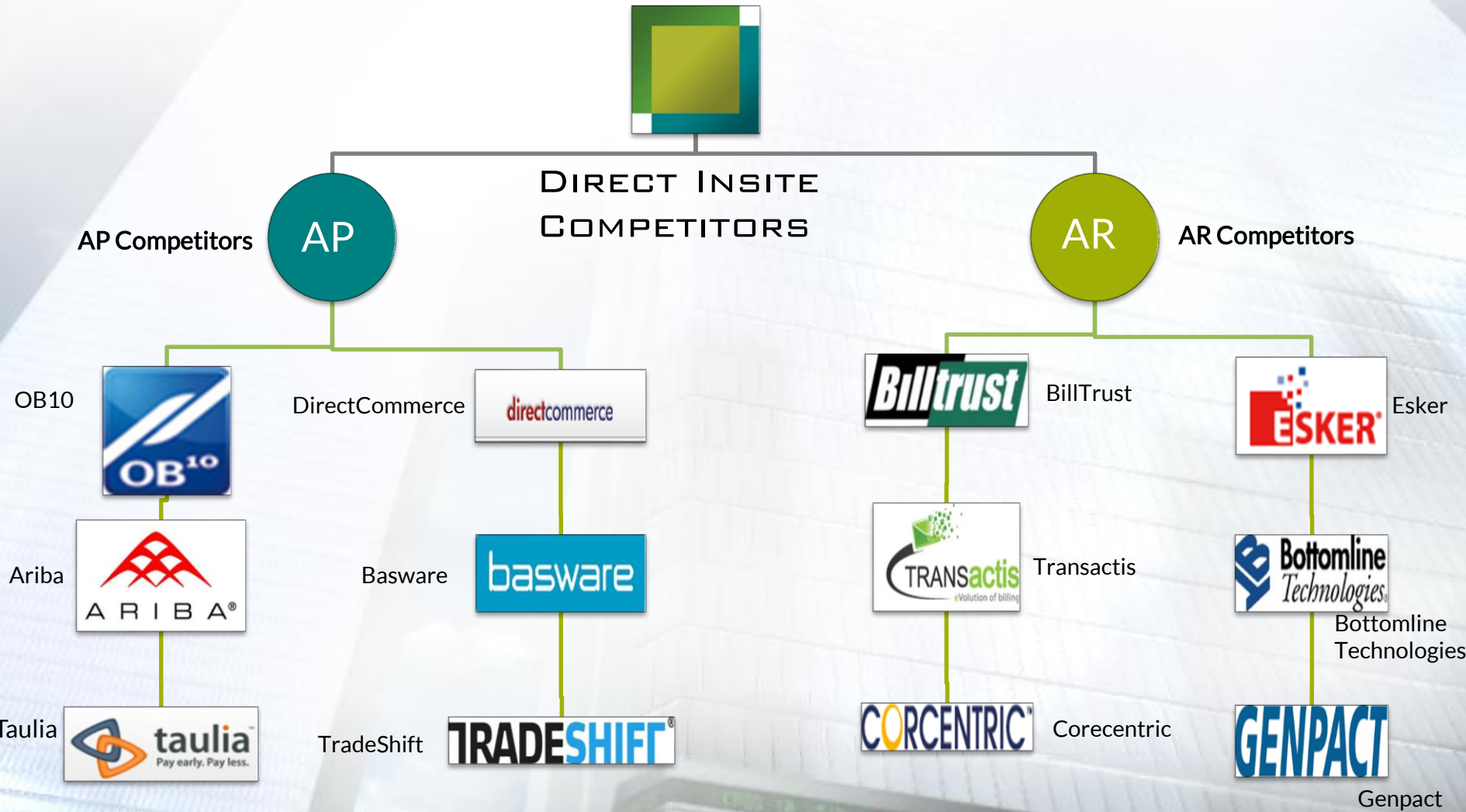


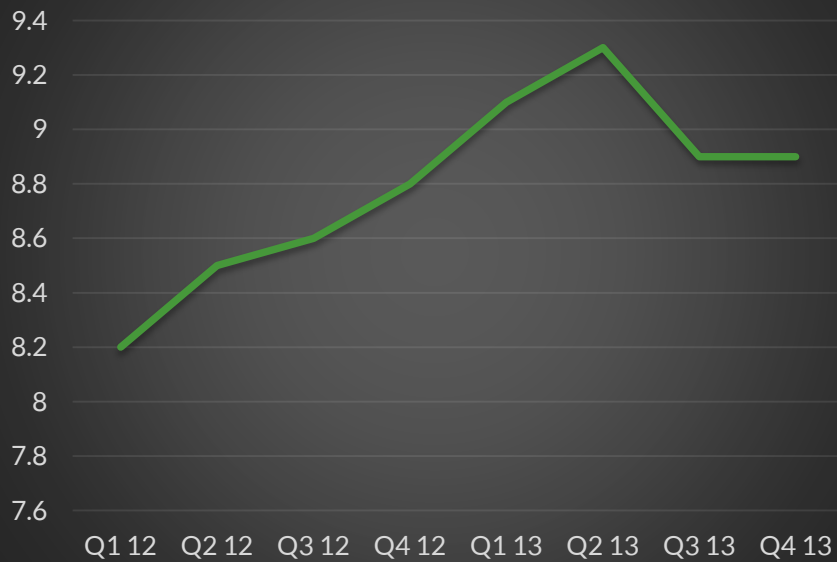
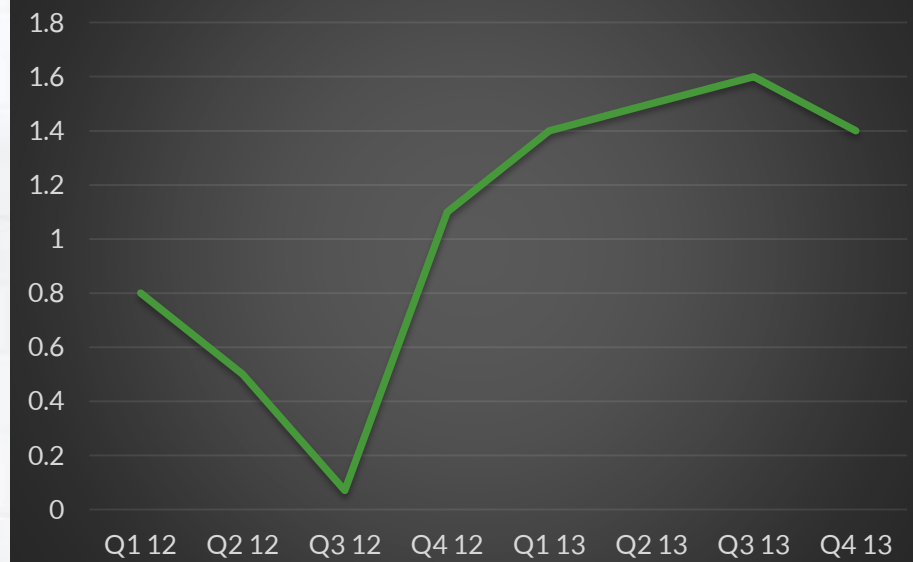
Source: 2013 Fed Payments Study  
'13-15 estimates extrapolated using CAGR's (DJO)

First-of-its-kind private-label AR solution that extends a bank's treasury services with:

- Electronic invoice presentment
- Adjustments & approvals
- Electronic payments
- AR file delivery
- Downstream financing

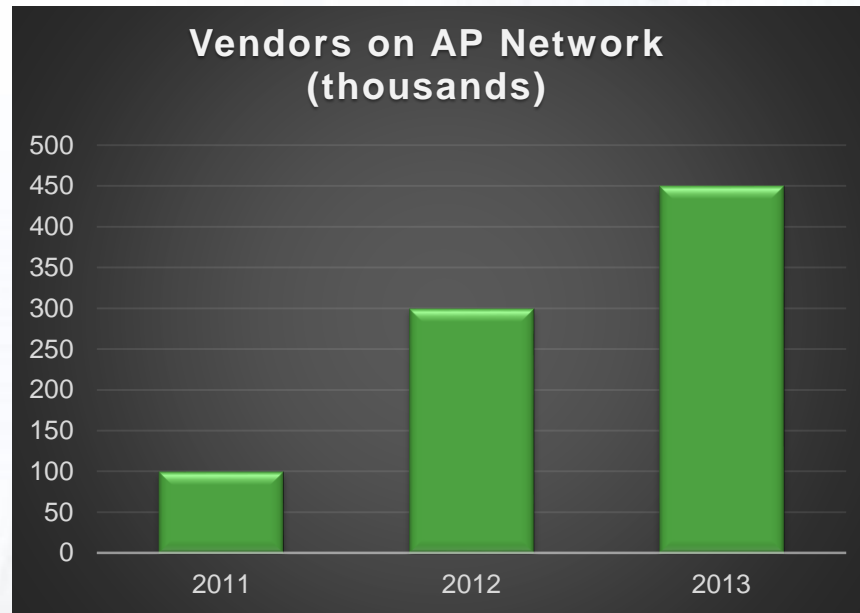
**PAYBOX™**



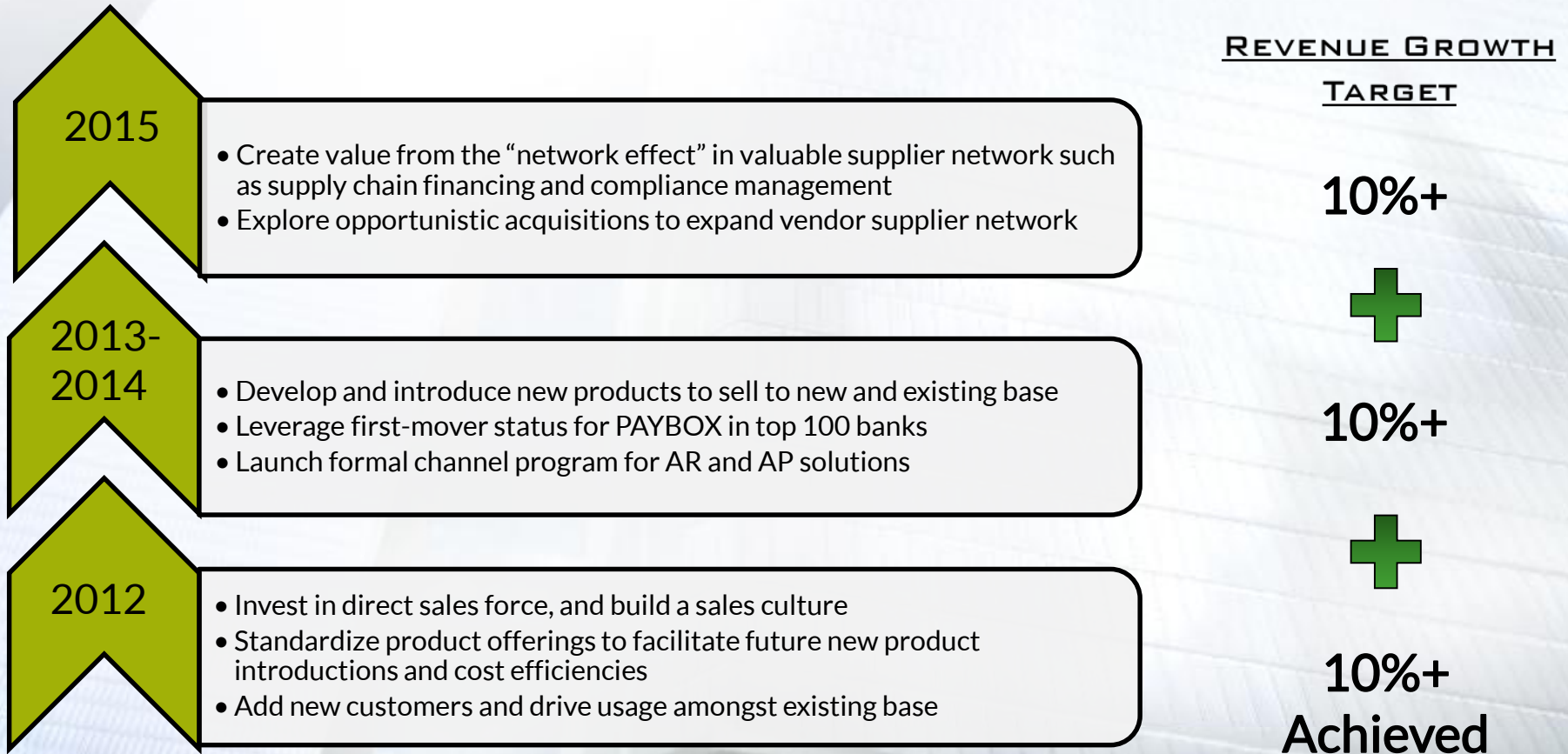
**Customer Wins Providing Current Growth**
**TTM Revenues (\$M)**

**Growing Cash Balance for Future Flexibility**
**Cash Balance (\$M)**




Over 450,000 vendors



\* 2011 and 2012 Invoices Processed are quarterly averages



Company goal is to reach and exceed 30% top line growth by 2015.

## WHY INVEST IN DIRECT INSITE NOW?

- Recurring revenue SaaS business model
- First-of-its-kind private label AR solution for banks
- Trades at lower multiple to peers, but with stronger core customers and offerings
- New products & functional extensions coming to existing product suite
- Big spending from venture-backed startups to evangelize the market
- Robust and growing vendor network and plan to monetize
- Automation is a given, financial supply chain will be automated
- Opportunity to invest with public company visibility, Global 3000 customer list, and a growing Global Vendor Network with revenue opportunities growing out of the core business
- Industry is fragmented and will continue to consolidate, own a benchmark company in the space today with upside tomorrow

**Matthew Oakes**  
President & CEO

matthew.oakes@directinsite.com  
631-873-2932

www.directinsite.com

