Global Supplier Payment Operations Trends
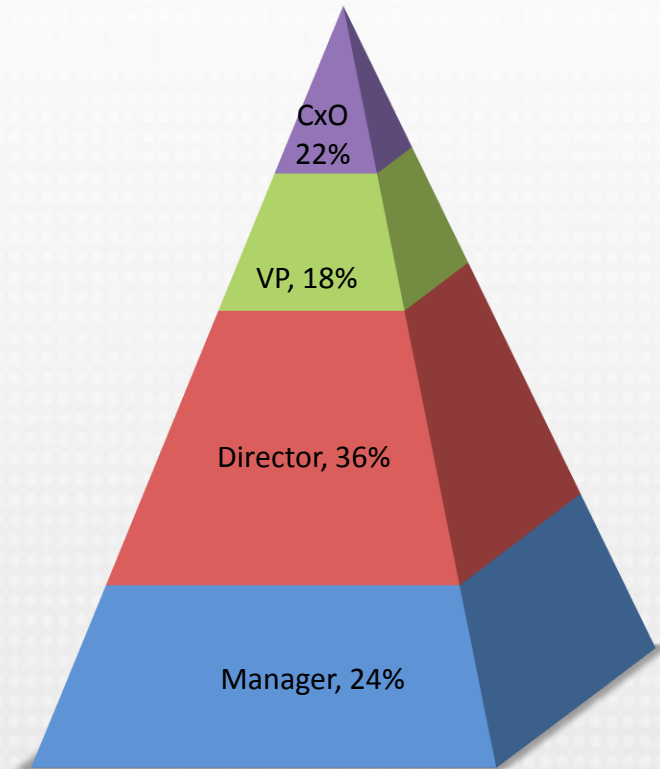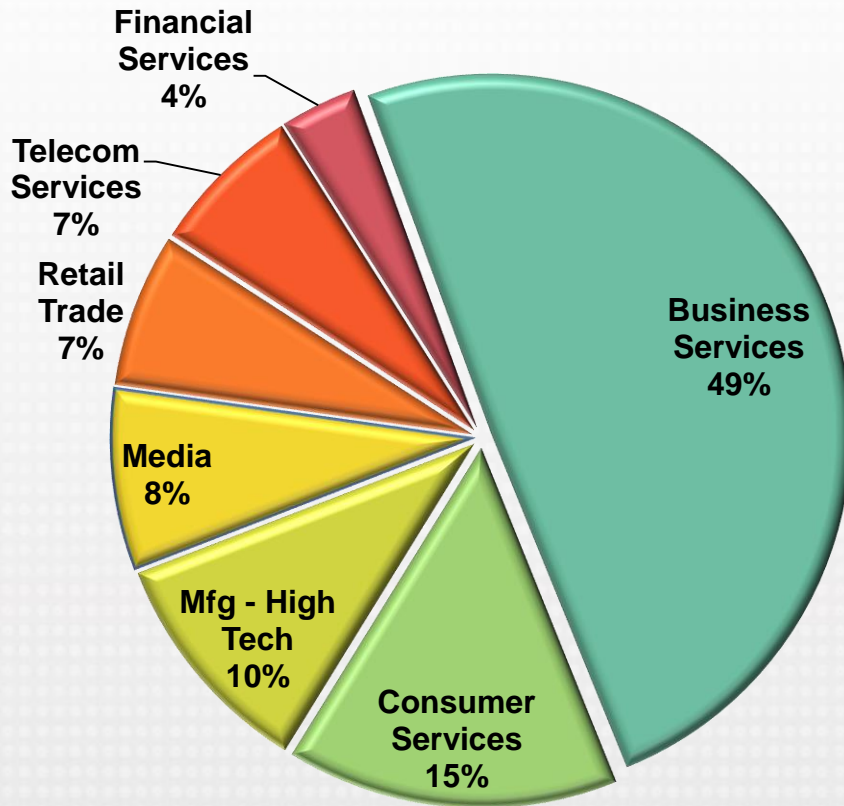
Tipalti

Program Overview

➢ Between February and May of 2016, Gatepoint Research invited selected finance executives to participate in a survey themed *Global Payment Operations Trends.*

➢ Candidates were invited via email and 100 executives have participated to date.

➢ Management levels represented are predominantly senior decision makers: 22% hold the title CxO, 18% are VPs, 36% are Directors, and 24% are Managers.

➢ Survey participants represent firms from a wide variety of industries including business services, consumer services, high tech manufacturing, media, retail trade, telecom services, and financial services.

➢ Responders work for firms with a wide range of revenue levels:

  – 3% work in Fortune 1000 companies with revenues over $1.5 billion;
  – 9% work in Large firms whose revenues are between $500 million and $1.5 billion;
  – 19% work in Mid-Market firms with $250 million to $500 million in revenues;
  – 28% work in Lower Mid-Market firms with $50 million to $250 million in revenues;
  – 41% work in Small companies with less than $50 million in revenues.

➢ 100% of responders participated voluntarily; none were engaged using telemarketing.
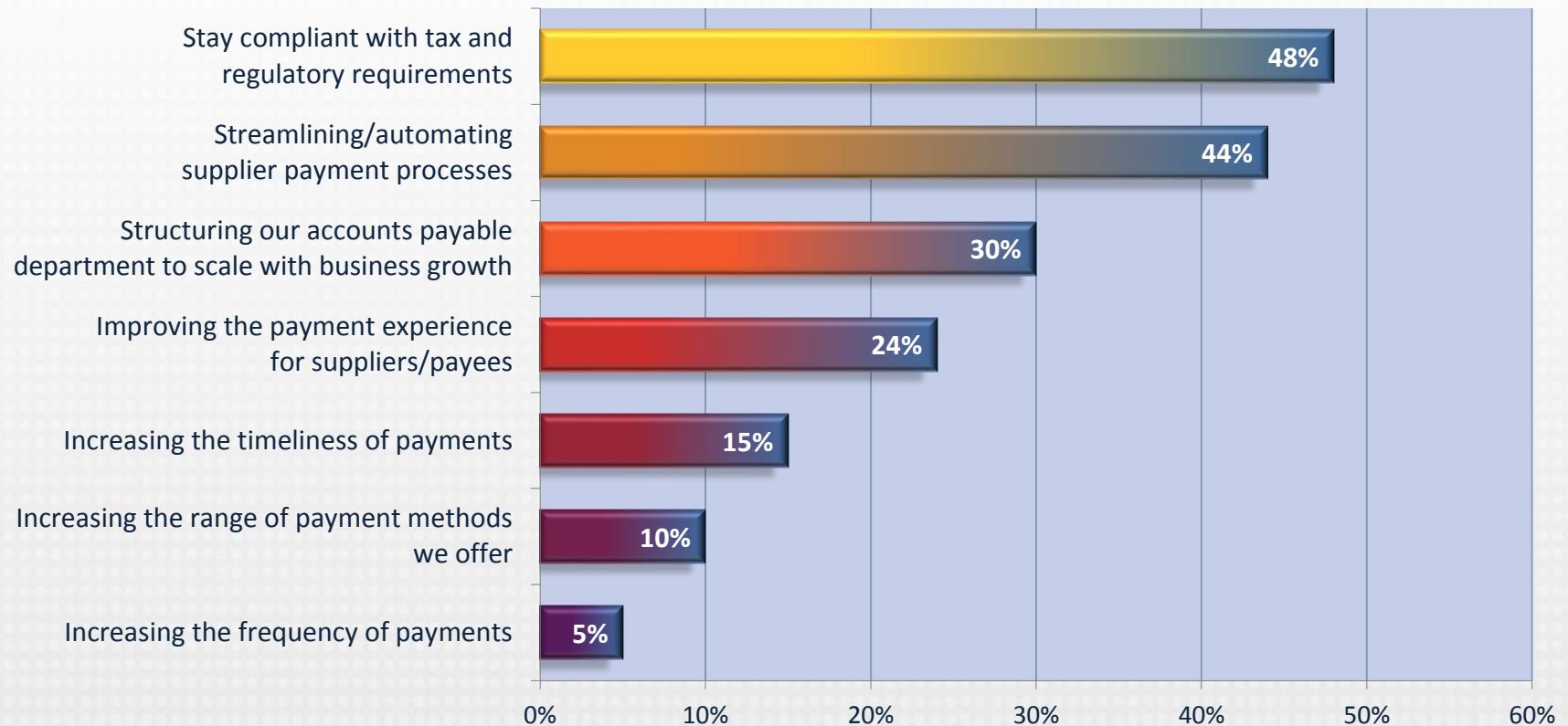
Profile of Responders:
Who Was Surveyed

Financial Services 4%

Telecom Services 7%

Retail Trade 7%

Media 8%

Mfg - High Tech 10%

Consumer Services 15%

Business Services 49%

CxO 22%

VP, 18%

Director, 36%

Manager, 24%

70% of responders hold executive level positions across a wide spectrum of industry sectors.

Profile of Responders: Revenue

- <$50 milion — 41%
- >$1.5 billion — 3%
- $500 million - $1.5 billion — 9%
- $250 - 500 million — 19%
- $50 - $250 million — 28%
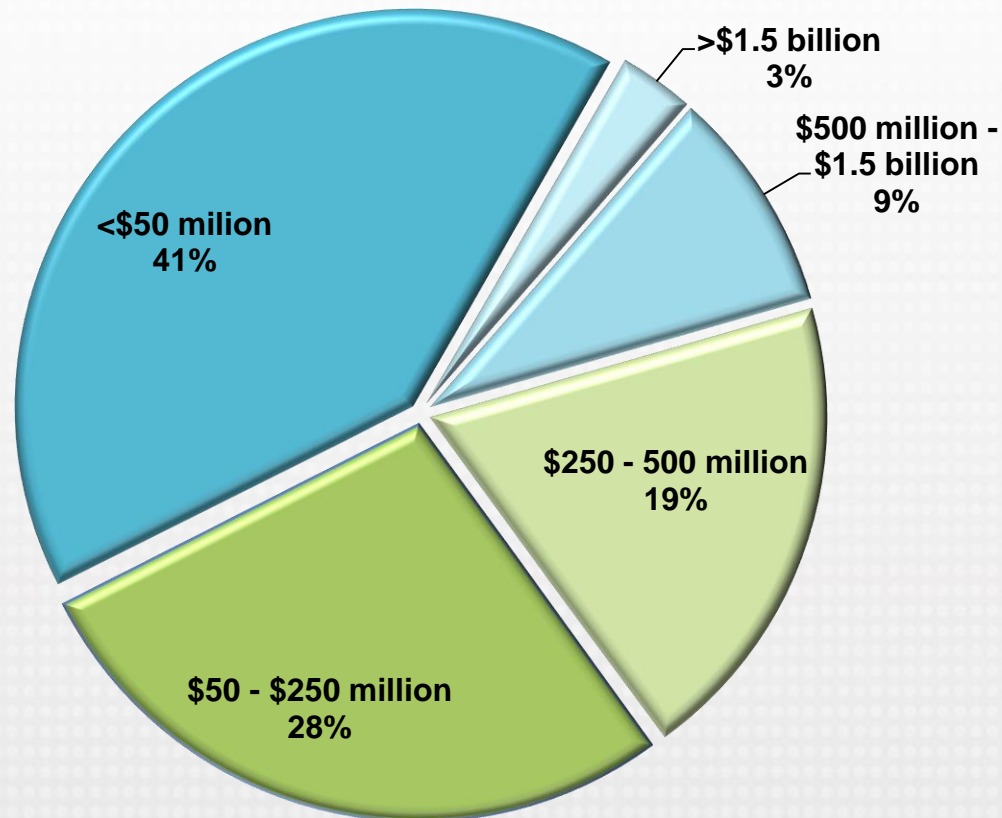
Survey skewed toward larger businesses based on revenue, compared to general company sizes.

What are some of your organization's business goals in the next 12-18 months?

| Business Goal	Percentage
Stay compliant with tax and regulatory requirements	48%
Streamlining/automating supplier payment processes	44%
Structuring our accounts payable department to scale with business growth	30%
Improving the payment experience for suppliers/payees	24%
Increasing the timeliness of payments	15%
Increasing the range of payment methods we offer	10%
Increasing the frequency of payments	5%

Staying compliant with tax and regulatory requirements and streamlining supplier payment processes are high priority. Remaining compliant with tax/regulatory requirements was top priority (48%). 44% of respondents gave streamlining these processes their second highest near-term business priority.

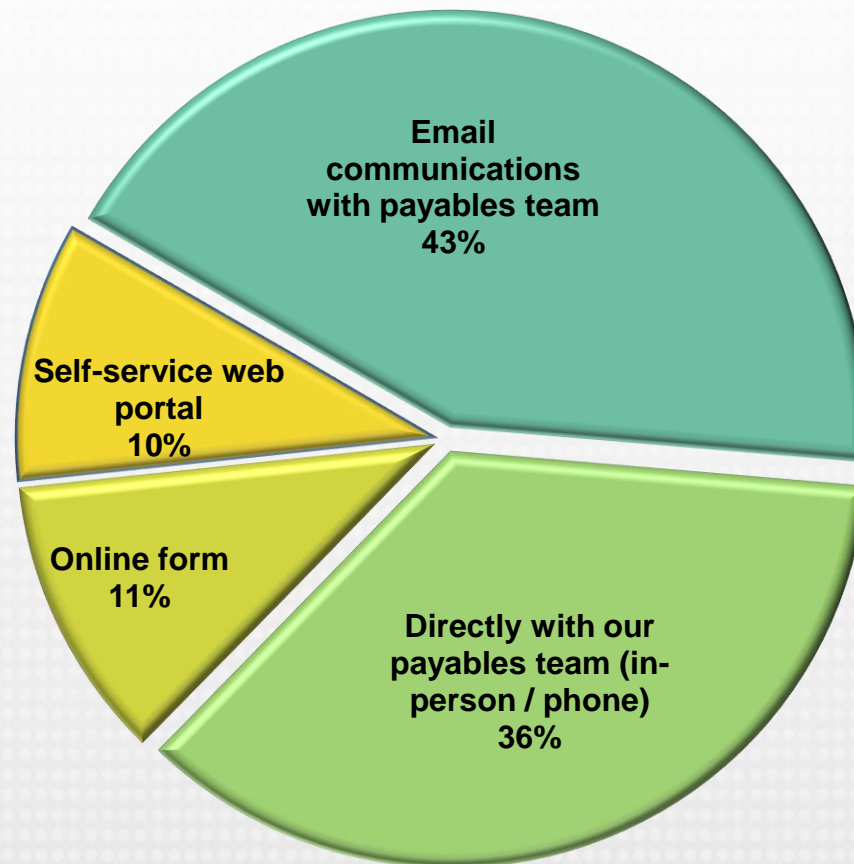# How many payments do you send to suppliers per month?
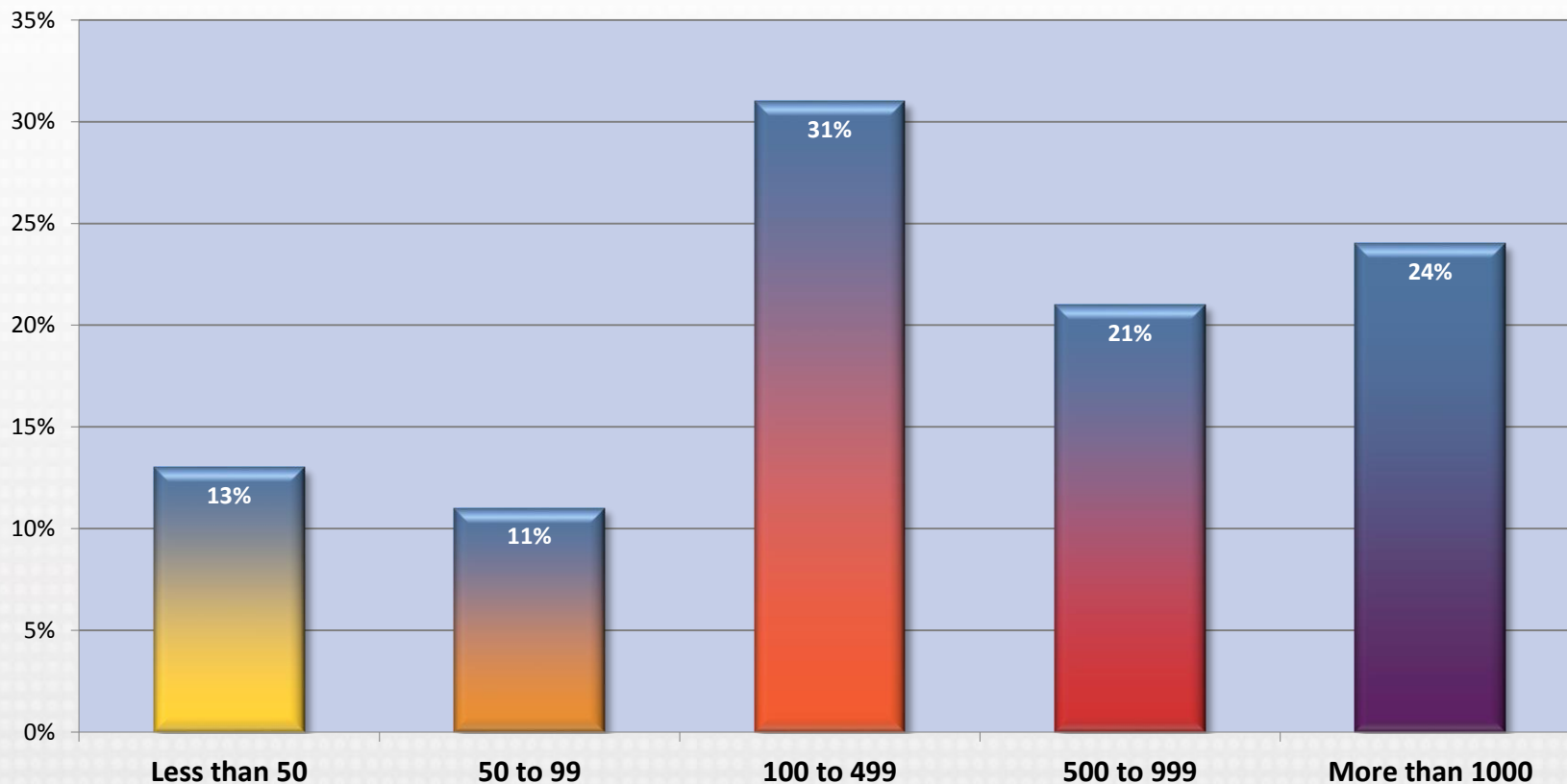
The number of payments made skews to higher volumes. *Among respondents, 76% send more than 100 payments per month.*

What is the average size of payment your organization sends to each payee (in US$)?
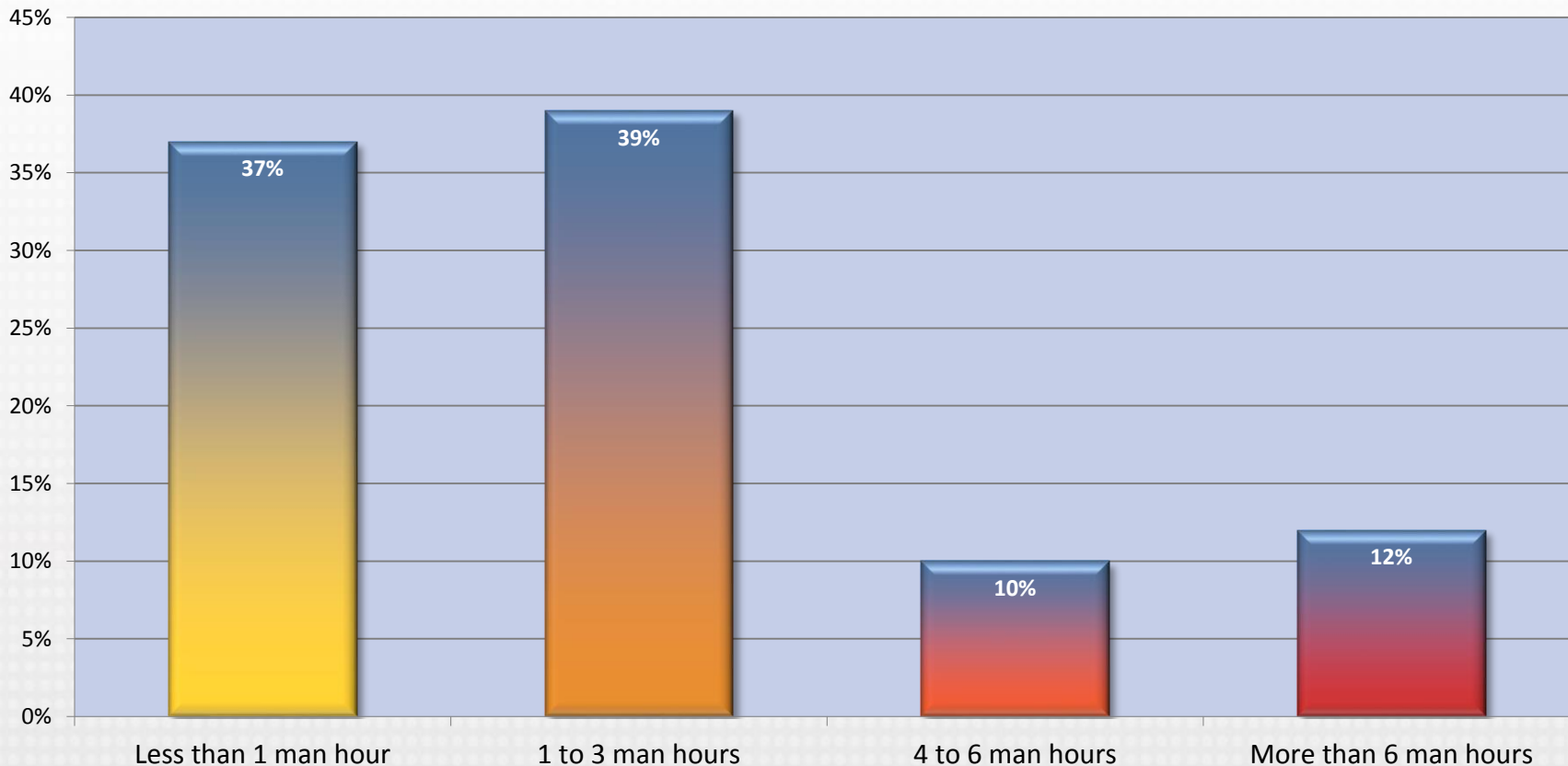
Less than $25 2%

$25 to $49 2%

$50 to $99 4%

$100 to $500 16%

More than $500 76%
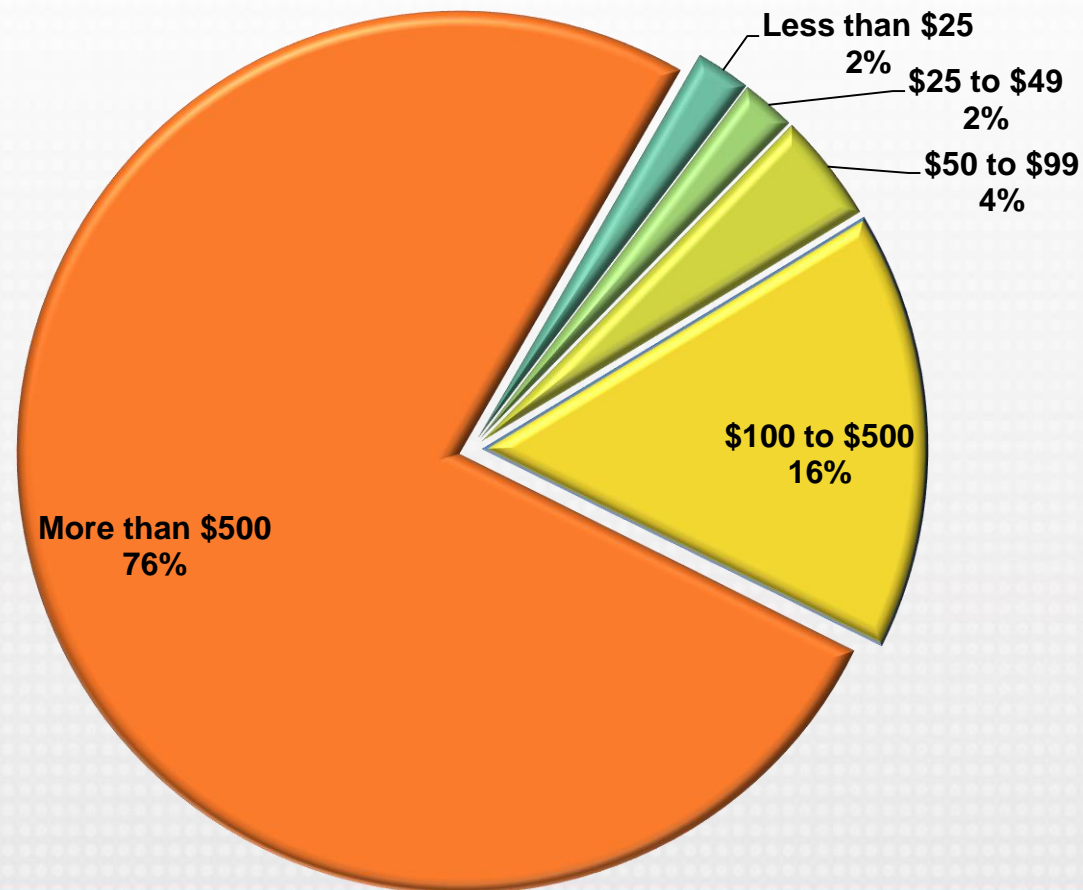
Most payments are in excess of $500. *76% of those surveyed report their average payment size is in excess of $500.*
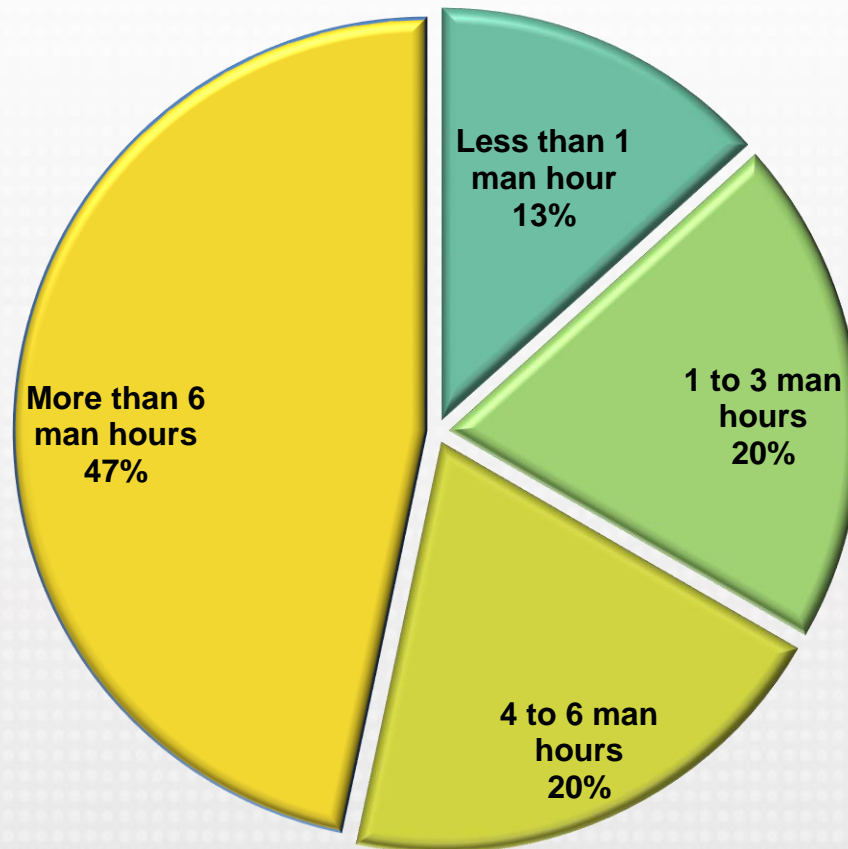
How are new payees onboarded at your organization?

Email communications with payables team
43%

Self-service web portal
10%

Online form
11%

Directly with our payables team (in-person / phone)
36%

Onboarding: email or direct contact. *79% involve manual data entry effort by accounts payable.*

For those onboarding more than 50 suppliers per month

Pie chart:
- Less than 1 man hour — 13%
- 1 to 3 man hours — 20%
- 4 to 6 man hours — 20%
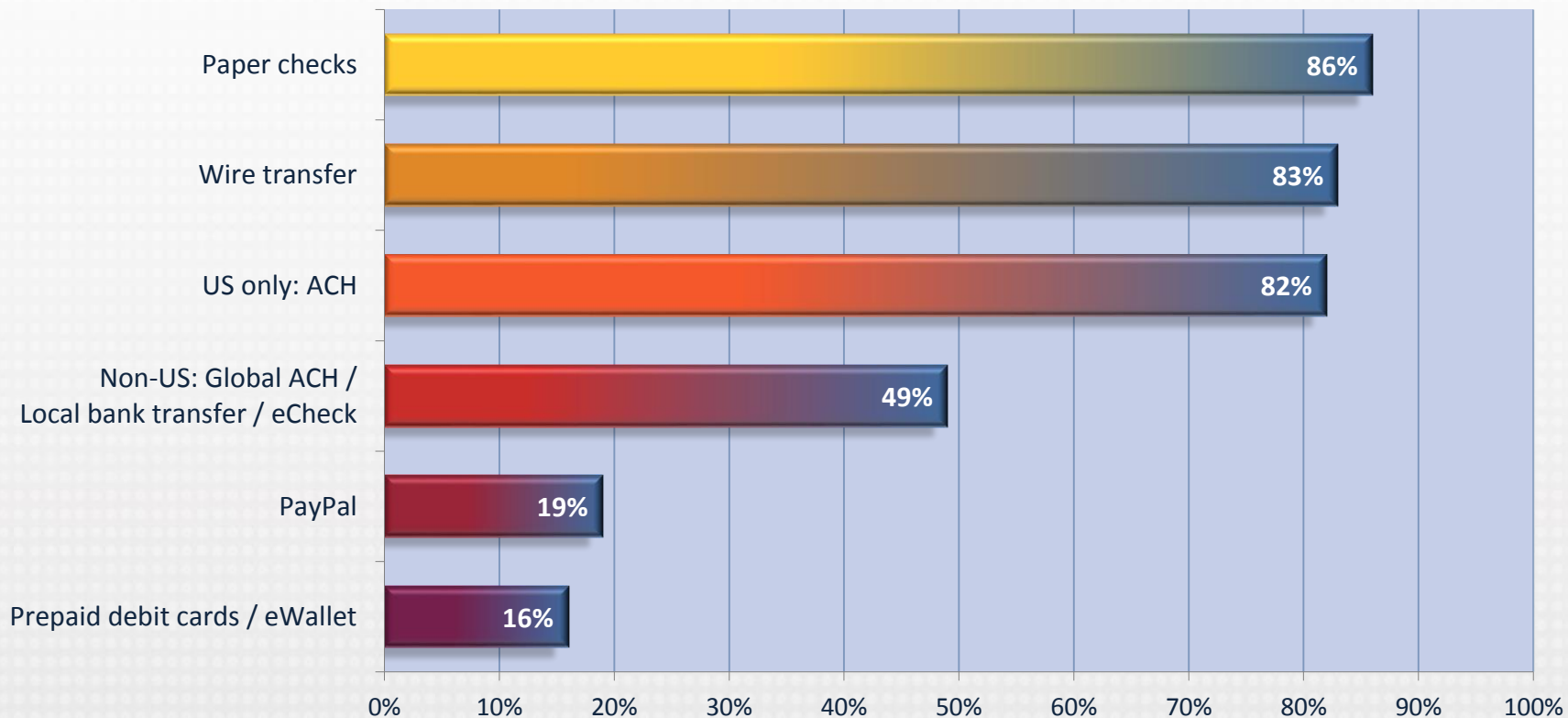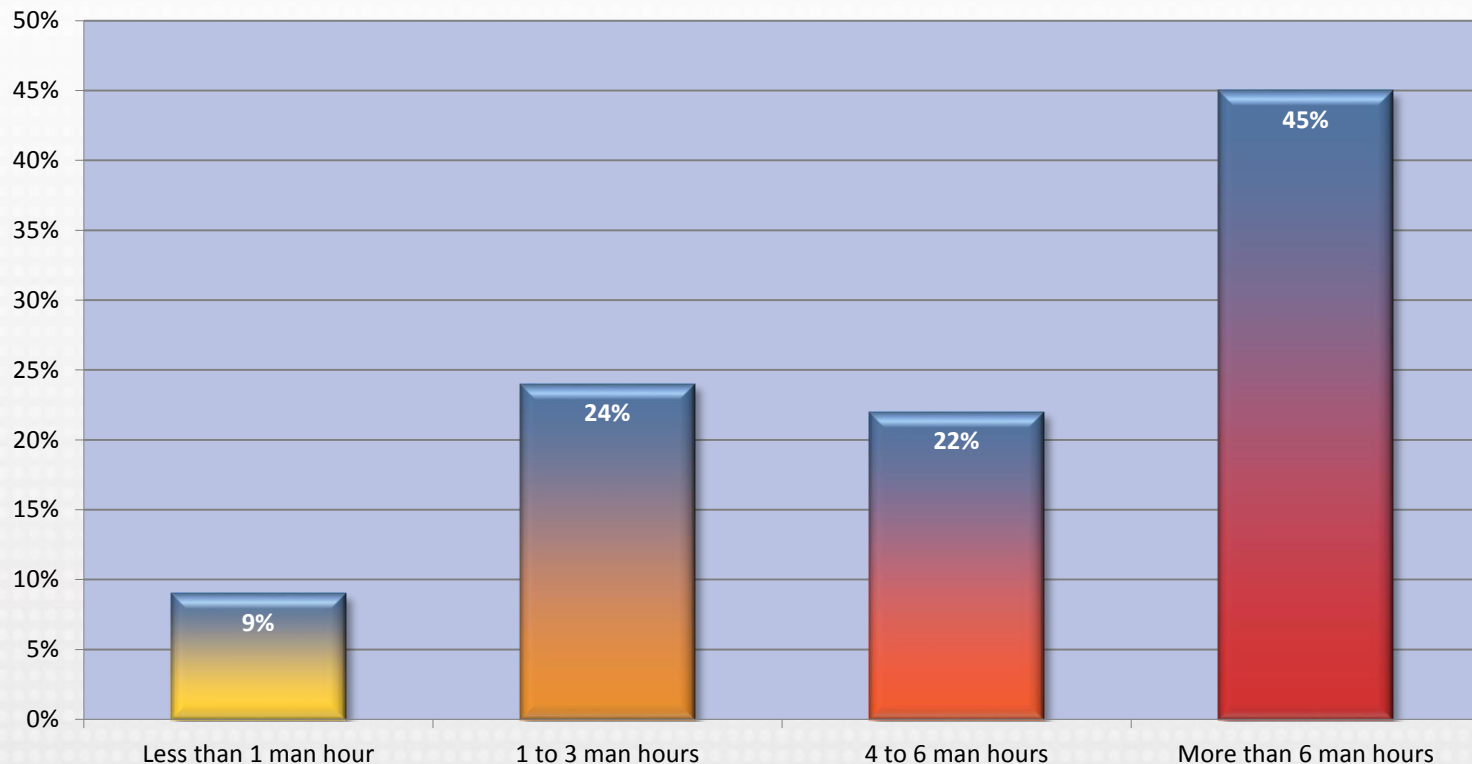- More than 6 man hours — 47%

Time spent onboarding can mount up. *67% of respondents spend more than 4 hours a week onboarding new payees; 47% in excess of 6 hours a week.*

How much time per week does your organization spend remitting payment to your suppliers?
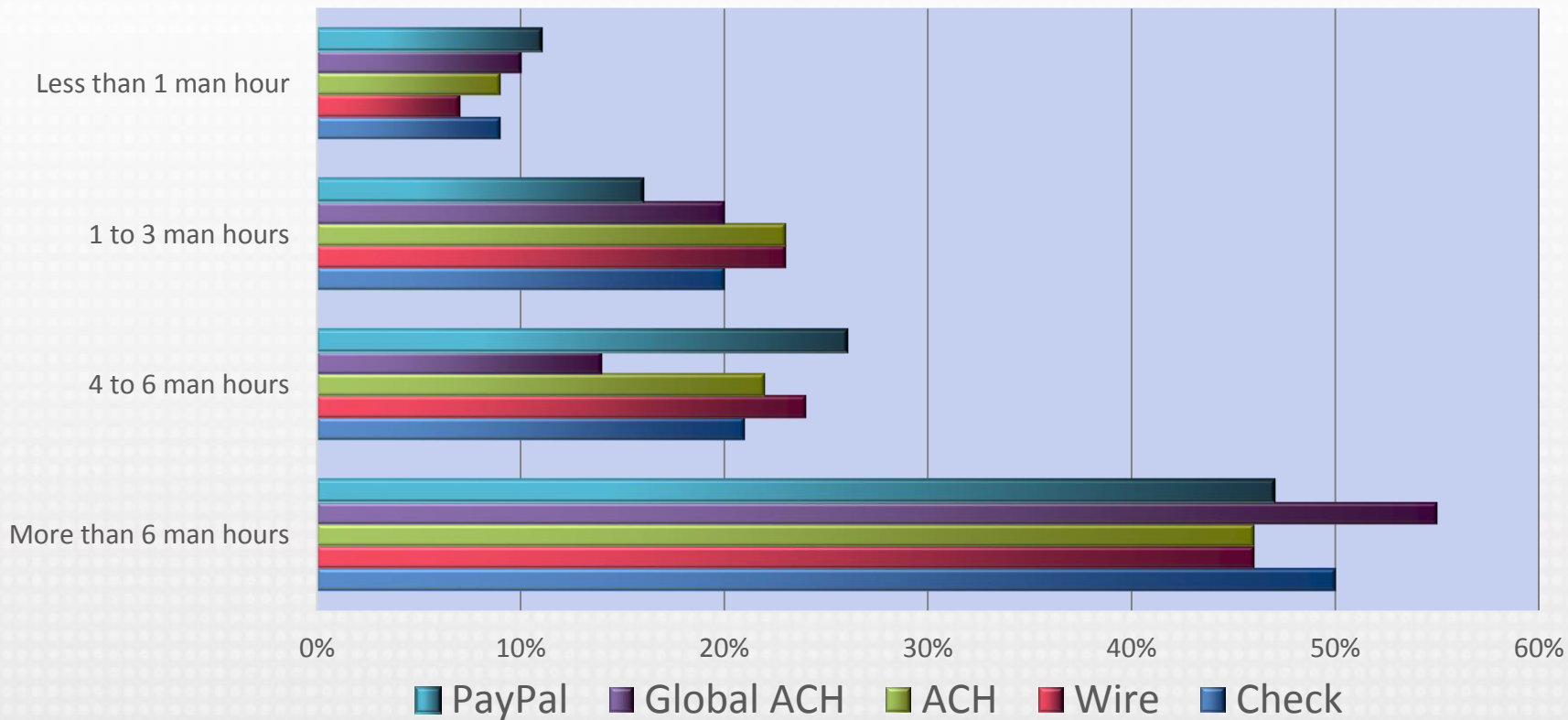
Chart data:
- Less than 1 man hour: 9%
- 1 to 3 man hours: 24%
- 4 to 6 man hours: 22%
- More than 6 man hours: 45%

Remitting payment really eats up time. *45% of those surveyed report spending more than 6 man hours per week making supplier payments.*

More Payment Methods Means More Time

Adding payment methods increases the time it takes to remit payment.
Payment processes also took longer for those who support Paper Checks and Global ACH

In which regions does your organization currently send payments to suppliers?
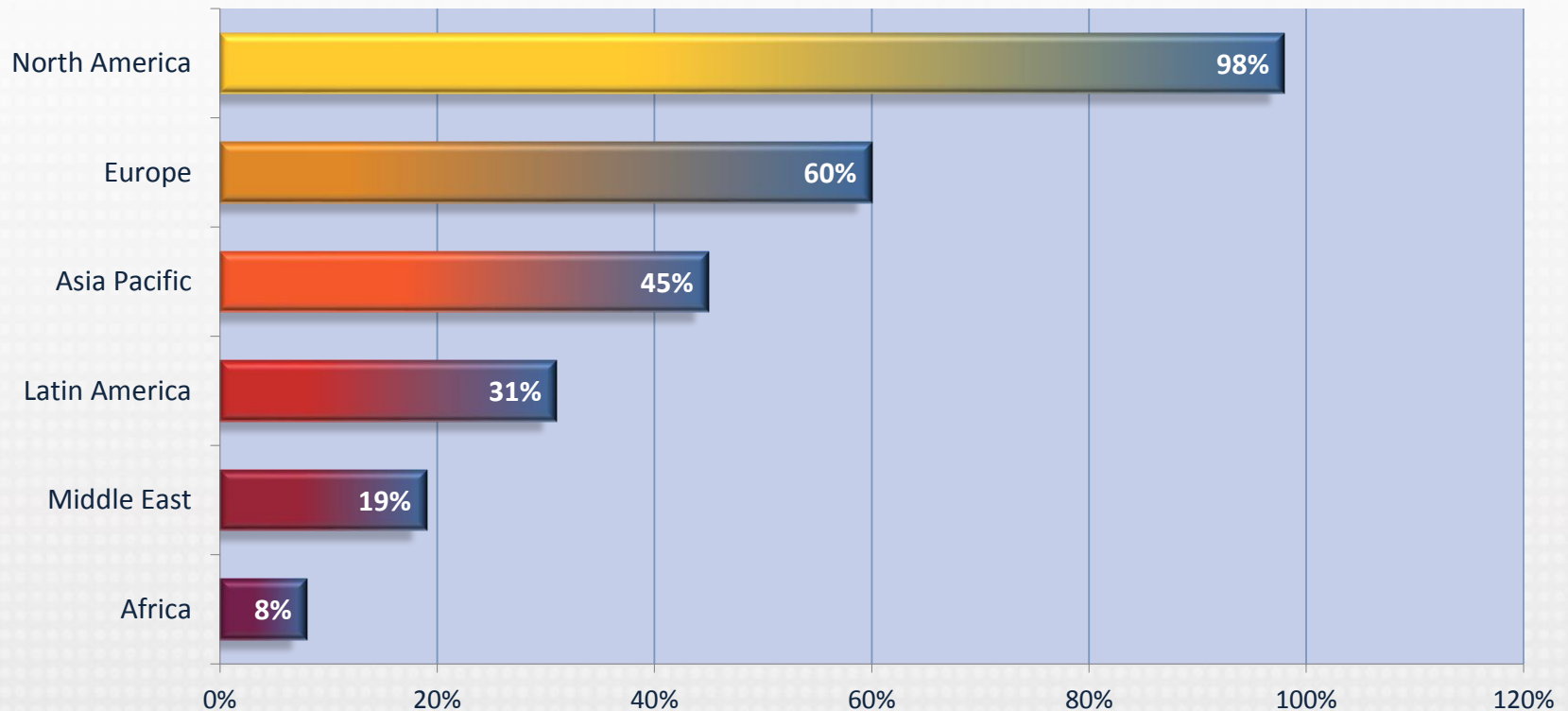
Region	Percentage
North America	98%
Europe	60%
Asia Pacific	45%
Latin America	31%
Middle East	19%
Africa	8%

Payments are worldwide. *98% of respondents organizations send payment to North American suppliers, but many also pay suppliers throughout the world.*

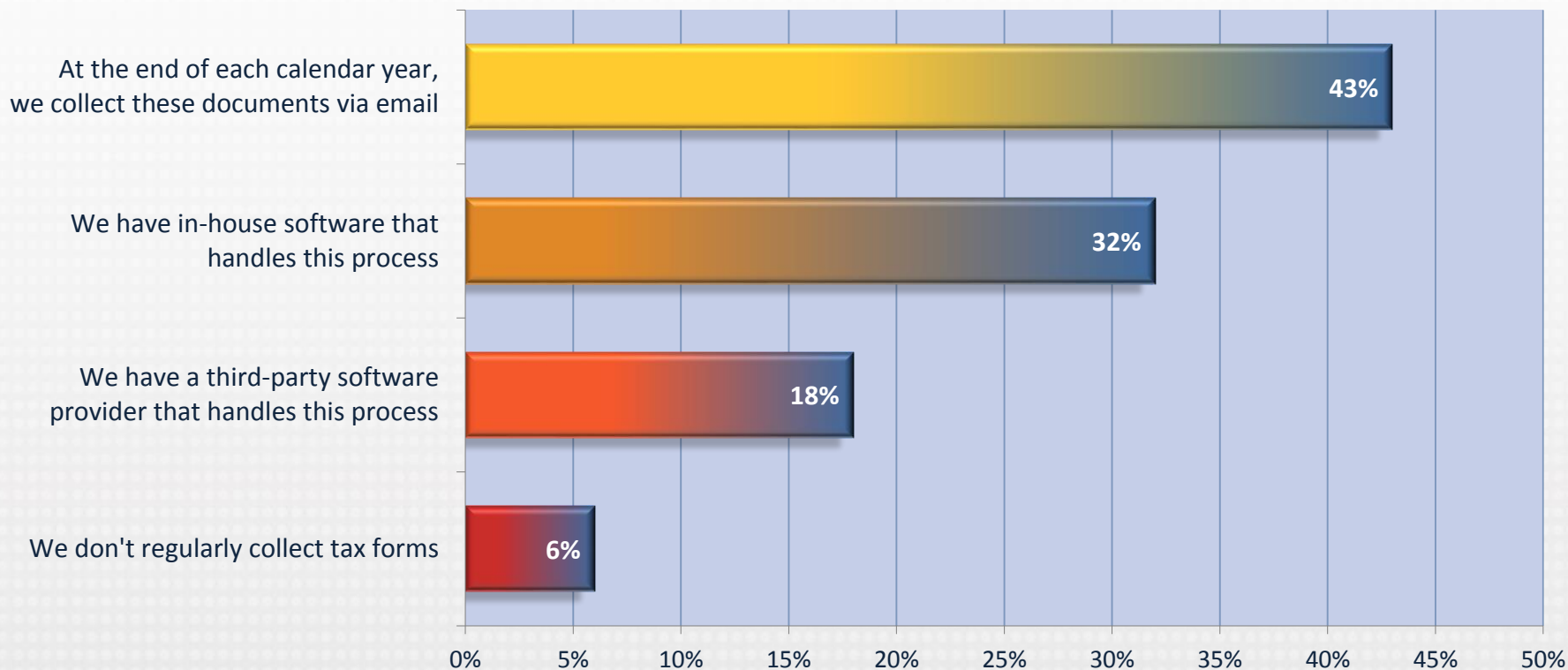In which regions does your organization plan to send payments in the future?
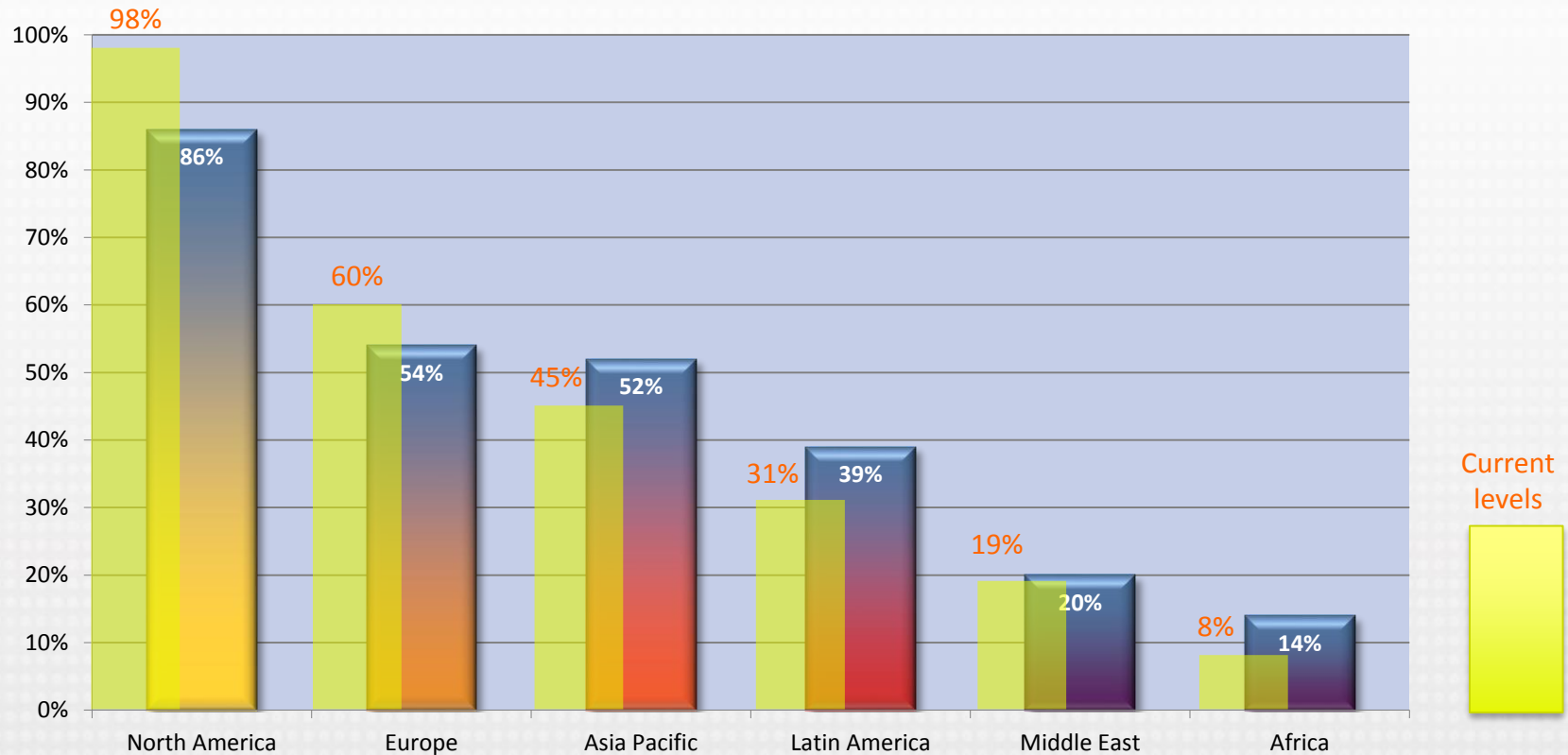
Growth in payments to other regions. Respondents foresee an increase in payments to Asia Pacific, Latin America, the Middle East, and Africa.

What process does your organization use to collect and prepare tax forms, e.g., W8s/W9s and 1099s/1042-S?

Response	Percentage
At the end of each calendar year, we collect these documents via email	43%
We have in-house software that handles this process	32%
We have a third-party software provider that handles this process	18%
We don't regularly collect tax forms	6%

Tax form collection methods vary. *Respondents report collecting tax information via email (43%), in-house software (32%), or third-party software (18%).*

Observations

- **Staying compliant with tax and regulatory requirements and streamlining supplier payment processes are high priority.** Remaining compliant with tax/regulatory requirements was top priority (48%). 44% of respondents gave streamlining these processes their second highest near-term business priority.

- **Payments made in myriad forms.** Respondents report making payments by check (86%), wire transfer (83%), ACH (82%)…even by PayPal and eWallet. 76% of those surveyed report their average payment size is in excess of $500.

- **Onboarding: by email or direct contact.** Typically, new payees are onboarded via email (43%) or by direct contact (36%).

- **Time spent onboarding can mount up**. 62% of respondents spend more than an hour a week onboarding new payees; 22% in excess of 4 hours a week.

- **Remitting payment really eats up time.** 45% of those surveyed report spending more than 6 man hours per week making supplier payments.

- **Payments are worldwide.** 98% of respondents organizations send payment to North American suppliers, but many also pay suppliers throughout the world.

- **Growth in payments to other regions.** Respondents foresee an increase in payments to Asia Pacific, Latin America, the Middle East, and Africa.

- **Tax form collection methods vary.** Respondents report collecting tax information via email (43%), in-house software (32%), or third-party software (18%).

Conclusions

➢ Added complexity of payments increases time and effort

➢ For companies looking to grow and scale their business, they will either need to hire more resources or identify technology to improve productivity

➢ Even in companies with basic automation, there are ways to improve areas that are company cost centers

➢ Taking a holistic approach to supplier payments can streamline much of the activity and reduce friction

Tipalti offers a cloud-based solution that streamlines all phases of the global supplier payment management lifecycle.

Learn more at Tipalti.com.