

Supplier Payment Automation Strategies



Summary Results | Q4 2017

Survey Summary

- ▶ **Between February and October 2017, Gatepoint Research invited selected executives to participate in a survey themed *Supplier Payment Automation Strategies*.**
- ▶ **Candidates were invited via email and 105 executives have participated to date.**
- ▶ **Management levels represented are predominantly senior decision makers in finance and operations: 8% hold the title CxO, 40% are VPs, 26% are Directors, and 26% are Managers.**
- ▶ **Survey participants represent firms from a wide variety of industries including business services; manufacturing (general, primary and high tech); media; financial services; telecom services; wholesale and retail trade; consumer services; and public administration.**
- ▶ **Responders work for firms with a wide range of revenue levels:**
 - **21% work in Fortune 1000 companies with revenues over \$1.5 billion;**
 - **20% work in Large firms whose revenues are between \$500 million and \$1.5 billion;**
 - **59% work in Small and Mid-Market companies with less than \$500 million in revenues.**
- ▶ **100% of responders participated voluntarily; none were engaged using telemarketing.**

Executive Overview

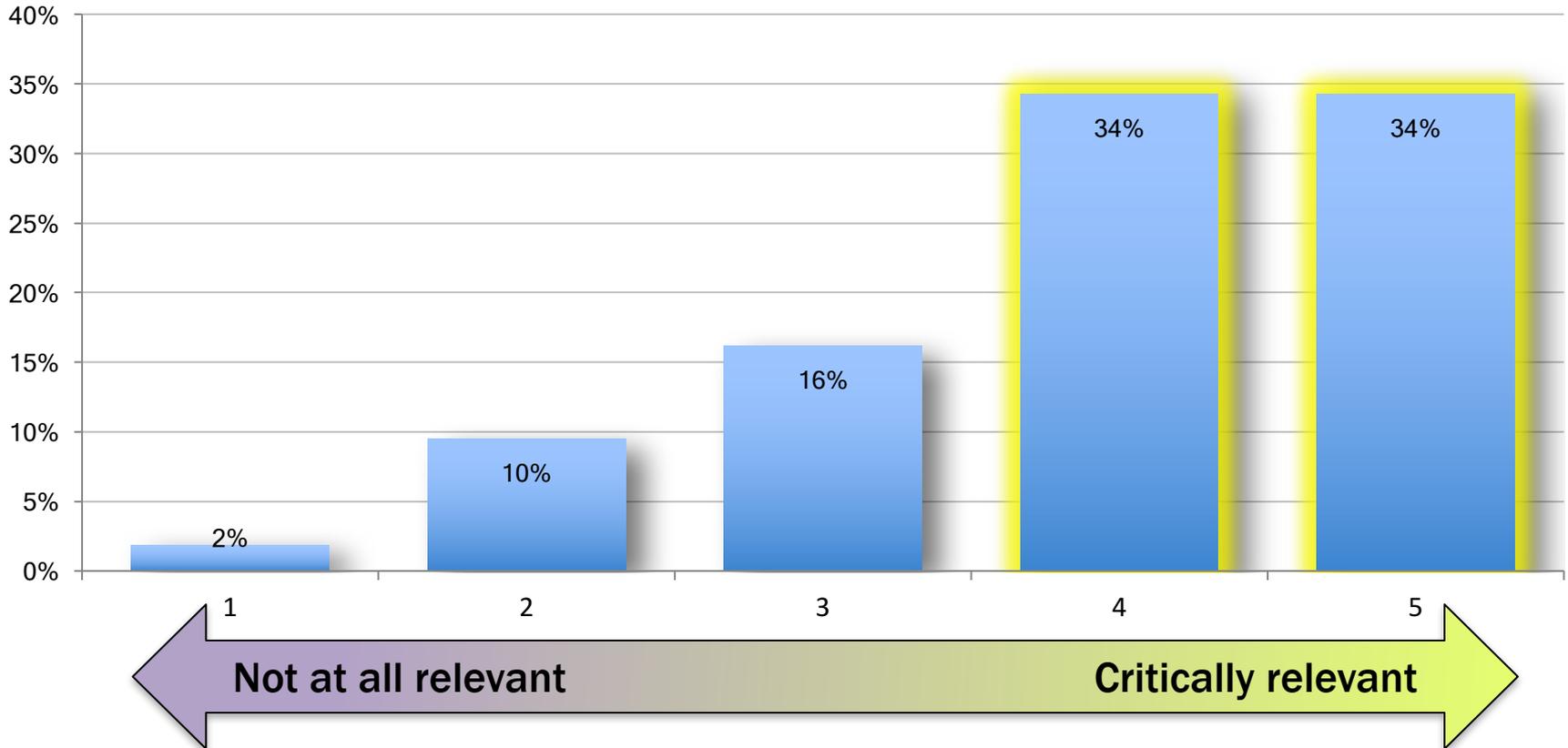
Paying suppliers can be time consuming. And if the process is manual or inconsistent, mistakes and processing errors can quickly lead to relationship problems with suppliers, which in turn requires more time spent onboarding new suppliers and rectifying errors. How do organizations manage supplier payments and keep the process running smoothly?

This survey asks respondents to report:

- ▶ How many payees are they onboarding monthly? Are they being screened for compliance with federal anti-crime and terrorist requirements?
- ▶ Is retaining payees critical to their business, or is their payee network transient?
- ▶ Are they making payments to international payees?
- ▶ How many payment transactions do they execute in an average month? What forms of payment do they use?
- ▶ Which activities consume most of their time on a monthly basis?
- ▶ When do they plan to upgrade or automate their payment system?

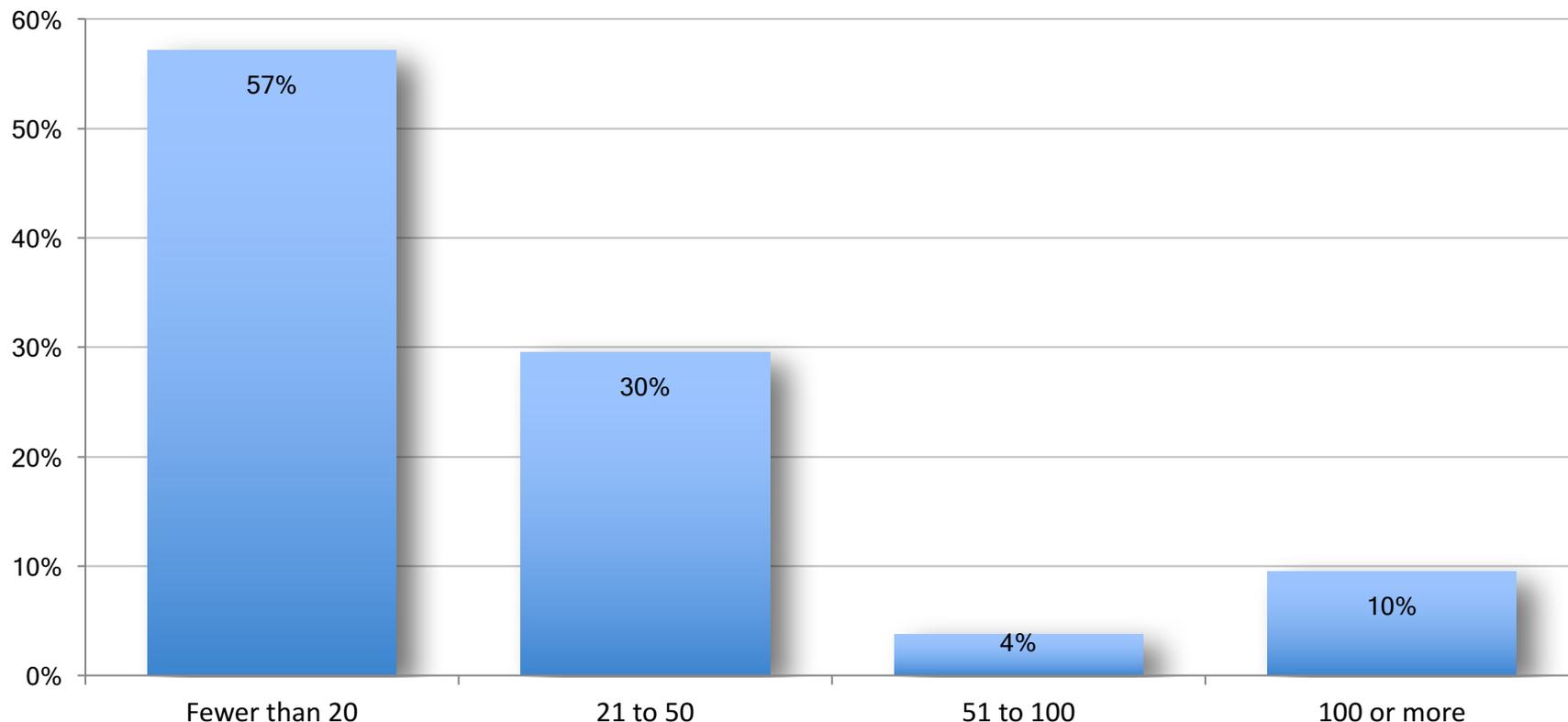
How relevant is it to your business to retain payees?

(Rate 1 to 5, 1 = not at all relevant: our payees network is primarily transient, 5 = critical: we prefer to build long-term relationships with our payees)



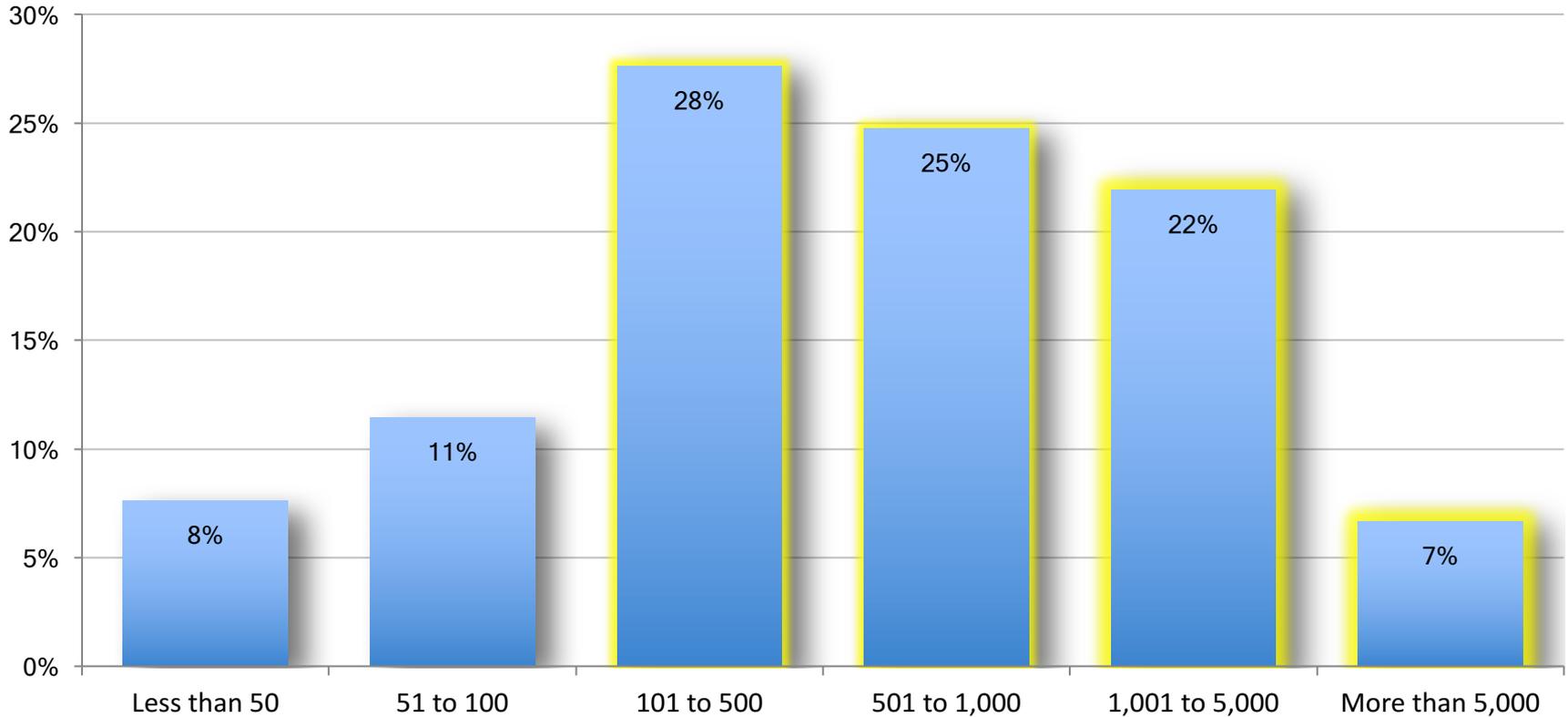
More than two thirds of respondents (68%) indicate it is critically important they retain long term business relationships with their payees.

How many new payees do you onboard monthly?



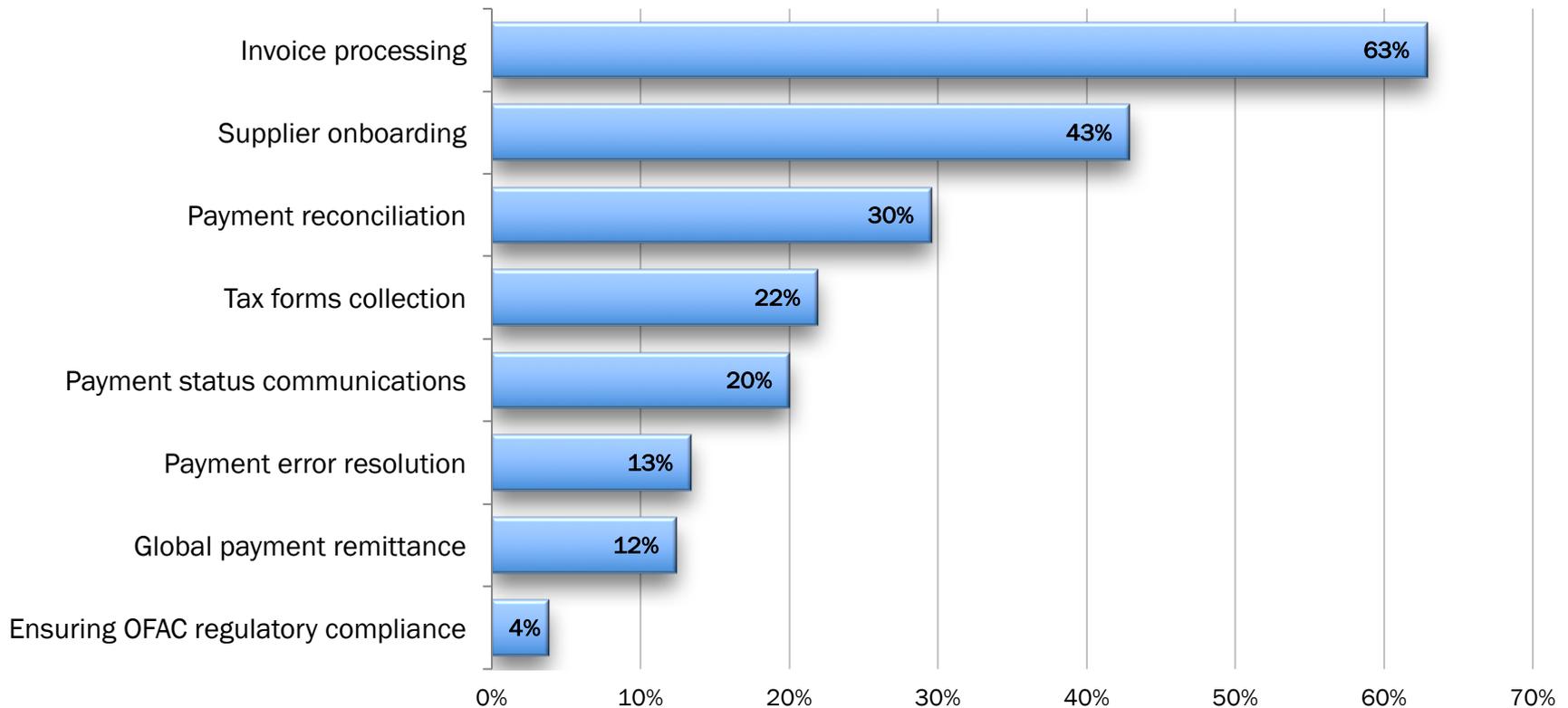
Among those responding to the survey, **44%** onboard 20 or more payees per month, with **10%** onboarding 100 or more.

How many payment transactions does your team execute in an average month?



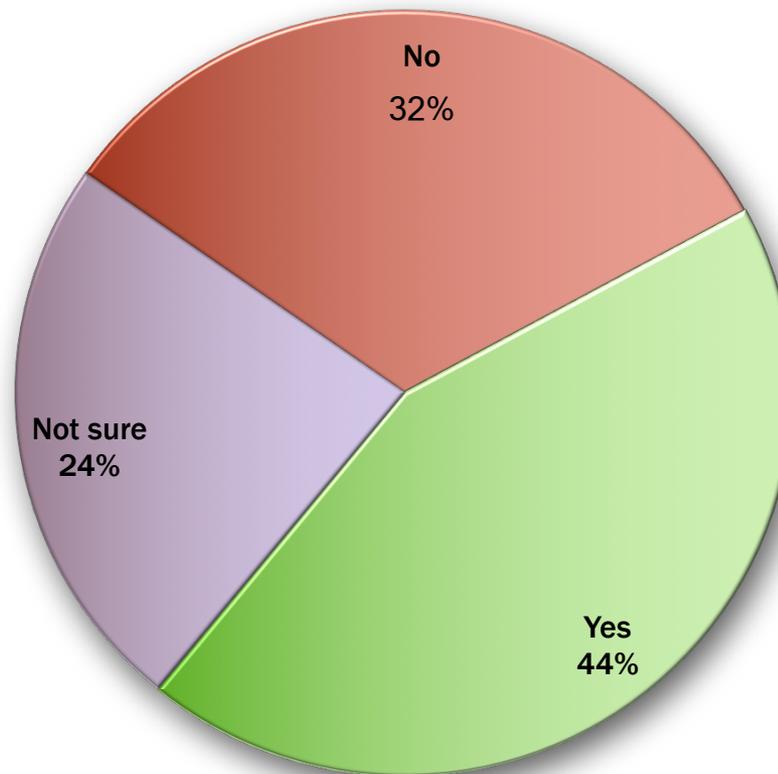
82% of those surveyed process more than 100 transactions per month; 29% of respondents report they handle in excess of 1,000 transactions in the same period.

Which of these activities takes the most time to execute on a monthly basis?



According to 63% of respondents, invoice processing is the most time-intensive of the activities they perform each month. Supplier onboarding (43%) and payment reconciliation (30%) are also time bandits for those surveyed.

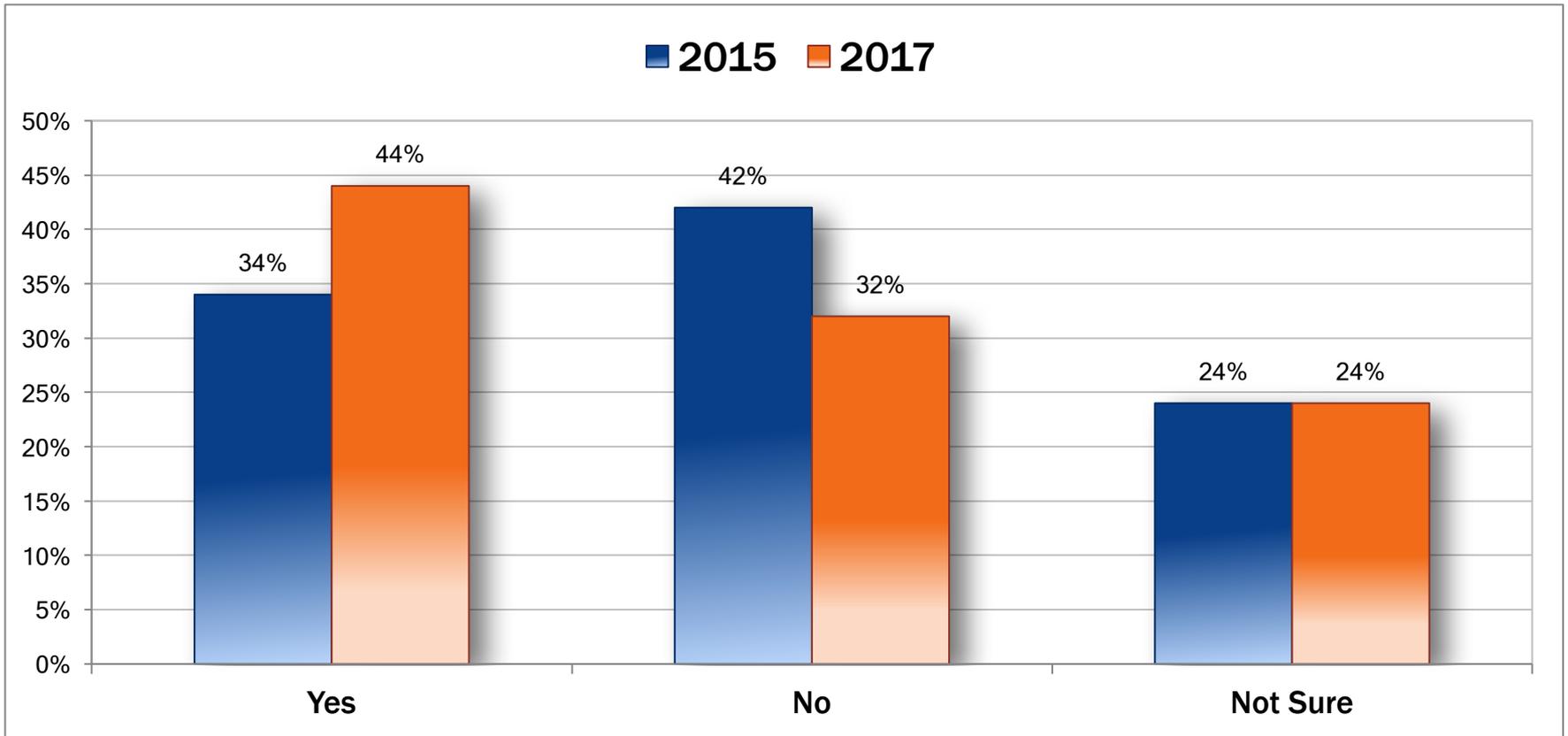
Do you screen payees in accordance with anti-terrorism, anti-money laundering, and anti-drug trafficking requirements?



A surprisingly high number of respondents (32%) admit they do not screen payees for drug trafficking, money laundering or terrorism against national blacklists like OFAC, etc., but another 24% aren't even sure if they do take this measure.

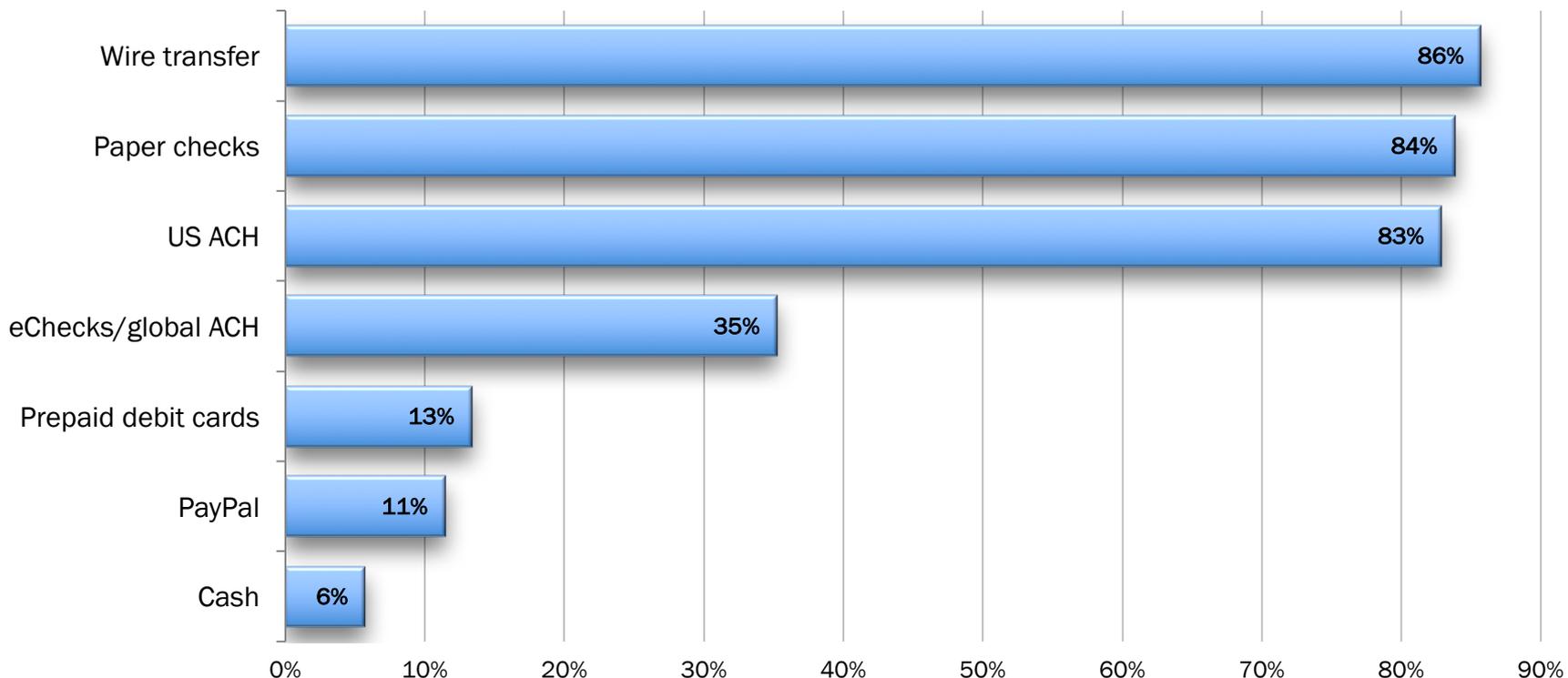
Do you screen payees in accordance with anti-terrorism, anti-money laundering, and anti-drug trafficking requirements?

Payee Screening: 2015 vs. 2017 Survey Results



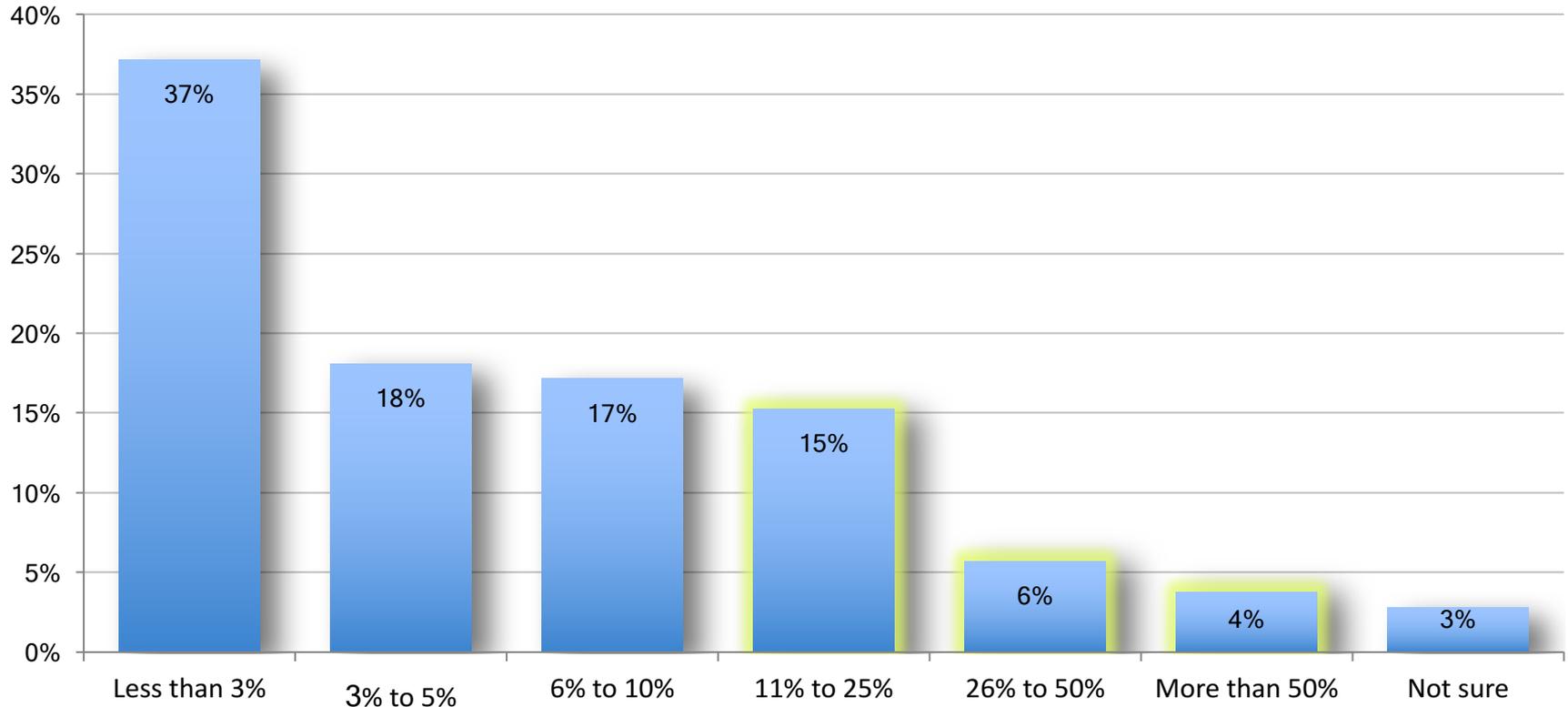
Payee screening is trending in the right direction. In 2017, 10% more respondents screen for blacklisted regions and entities than did in 2015. The percentage of respondents who are not screening has dropped from 42% in 2015 to 32% in 2017. But there continues to be a significant percentage of those who are not sure (24%).

What forms of payment do you use?



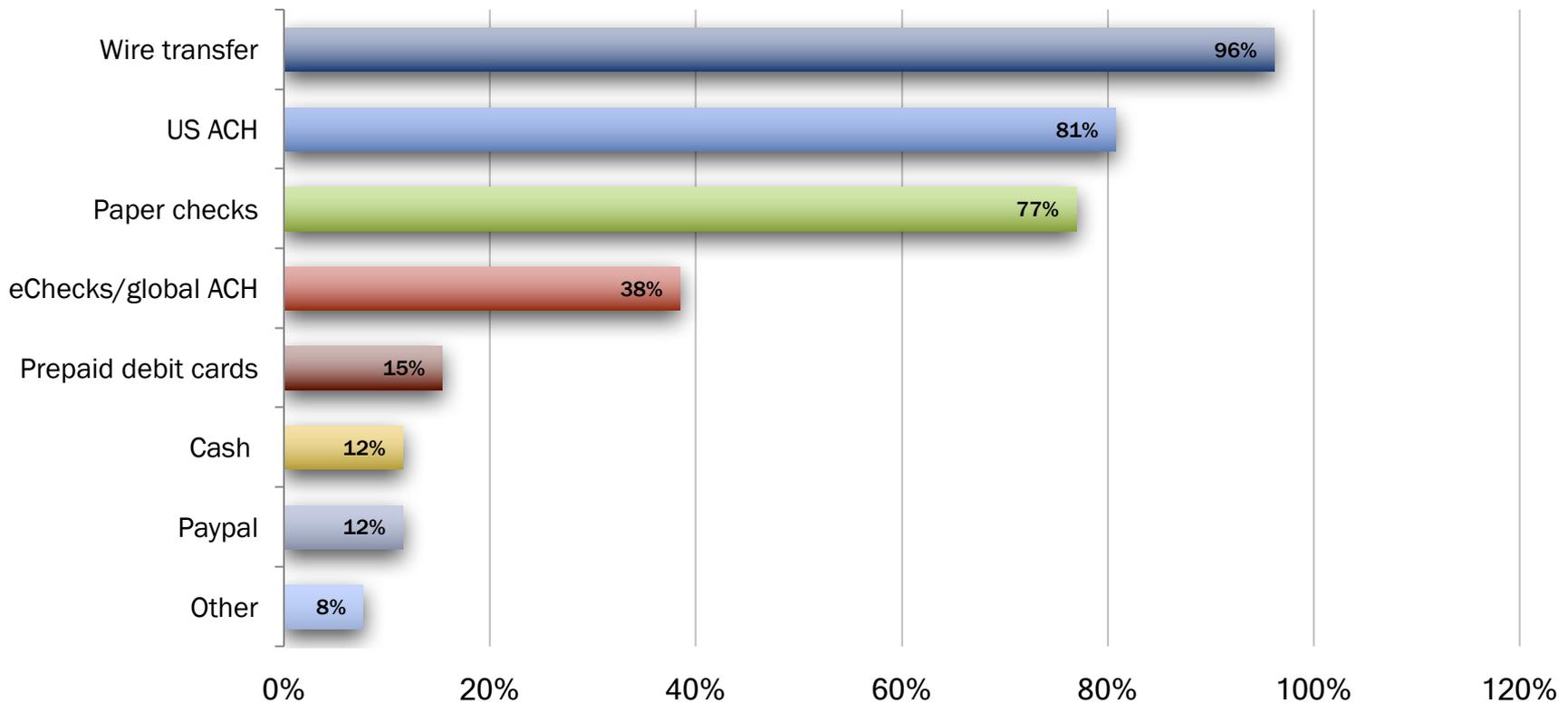
The great majority of organizations in the survey (more than 80%) pay with wire transfer, paper checks and/or US ACH. eChecks/global ACH is a popular method for those making cross-border payments, say 35% of respondents. The percentage using PayPal, prepaid debit cards and cash is much lower.

What percentage of your monthly payments do you make to international payees?



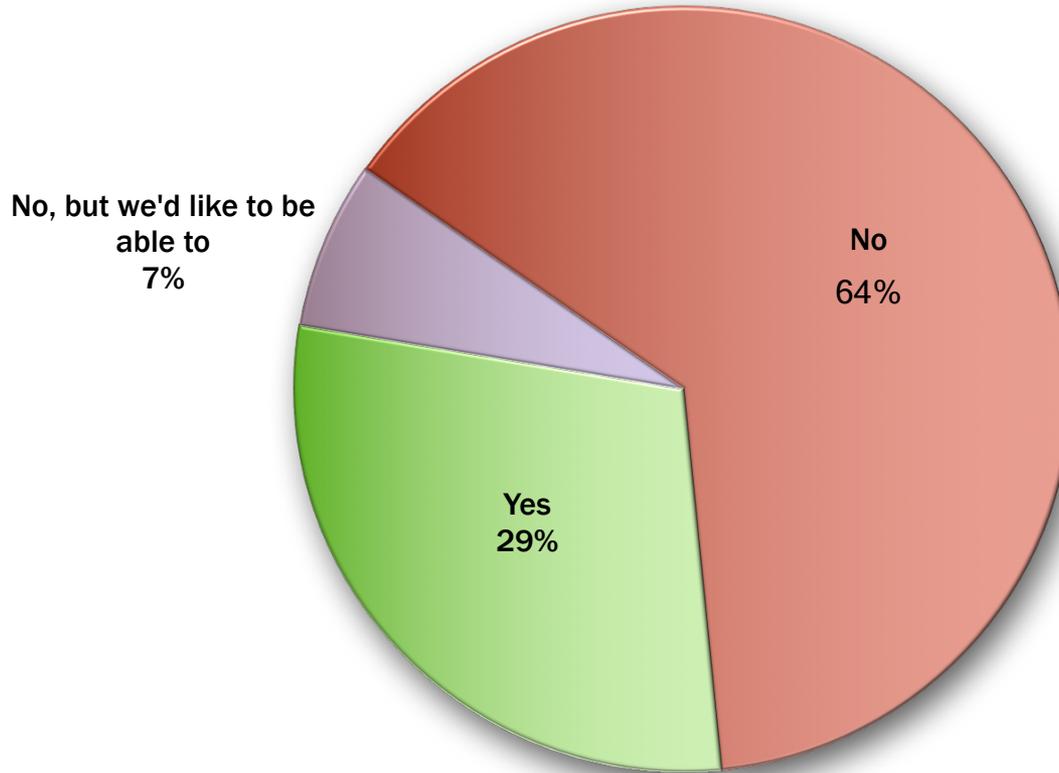
A quarter of those surveyed say **11%** or more of their monthly payments are made to international payees.

If more than 10% of your monthly payments are made to international payees which payment method do you use?



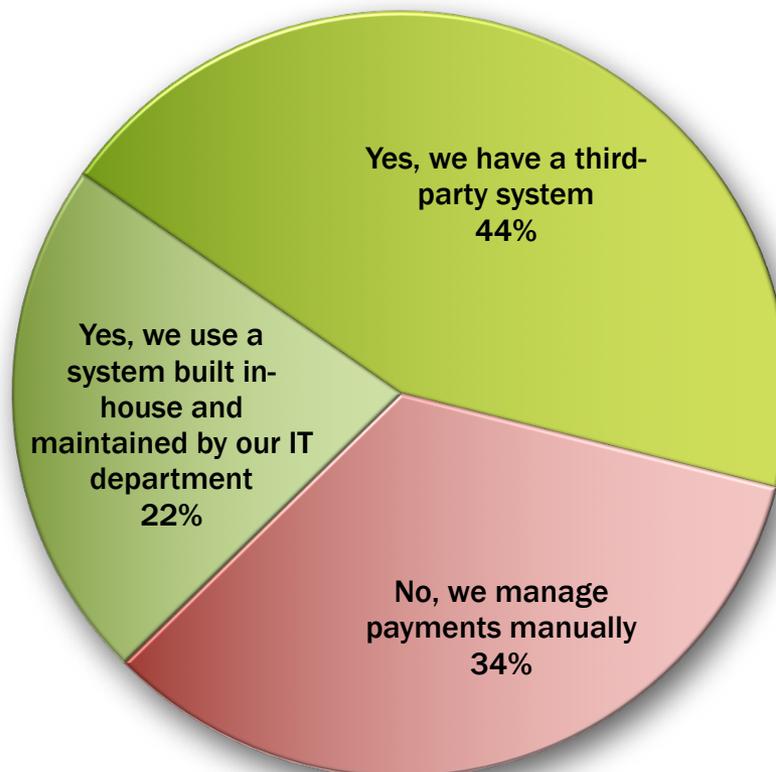
The top three methods for processing payments to international payees are wire transfer, used by nearly all, US ACH, employed by 81% and paper checks (77%). eChecks or global ACH is used by 38% of those surveyed.

Do you offer your payees early payments in return for them discounting the amount?



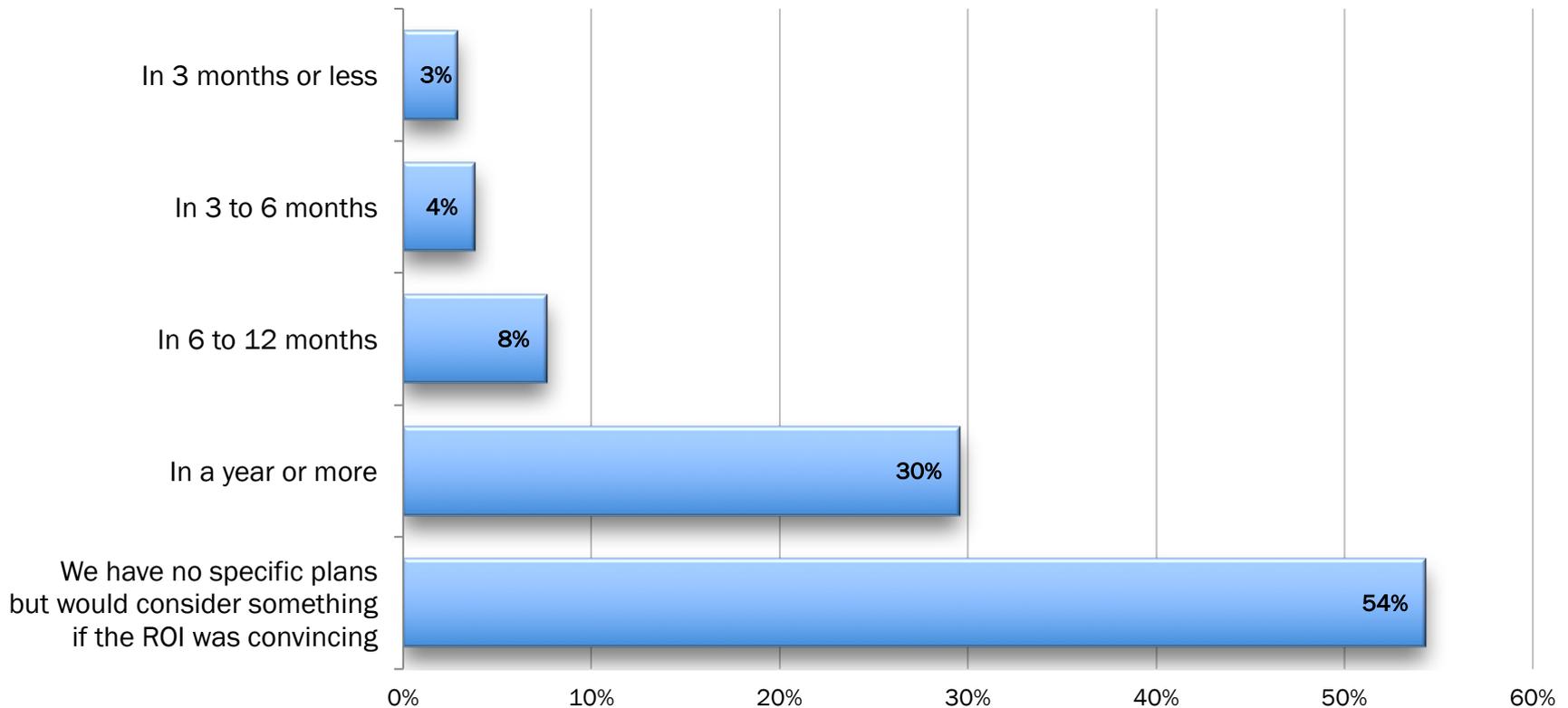
Just 29% of respondents indicate they offer early payments as an incentive for their payees to discount the invoice, but another 7% say they would like to have the option, if they were able. Those who say 'No' likely are overburdened with existing processes to explore the option of early payments.

Do you currently have a payment automation system?



34% of respondents' organizations have no payment automation system and must manage the payment process manually.

When do you plan to implement or upgrade a payment automation system?

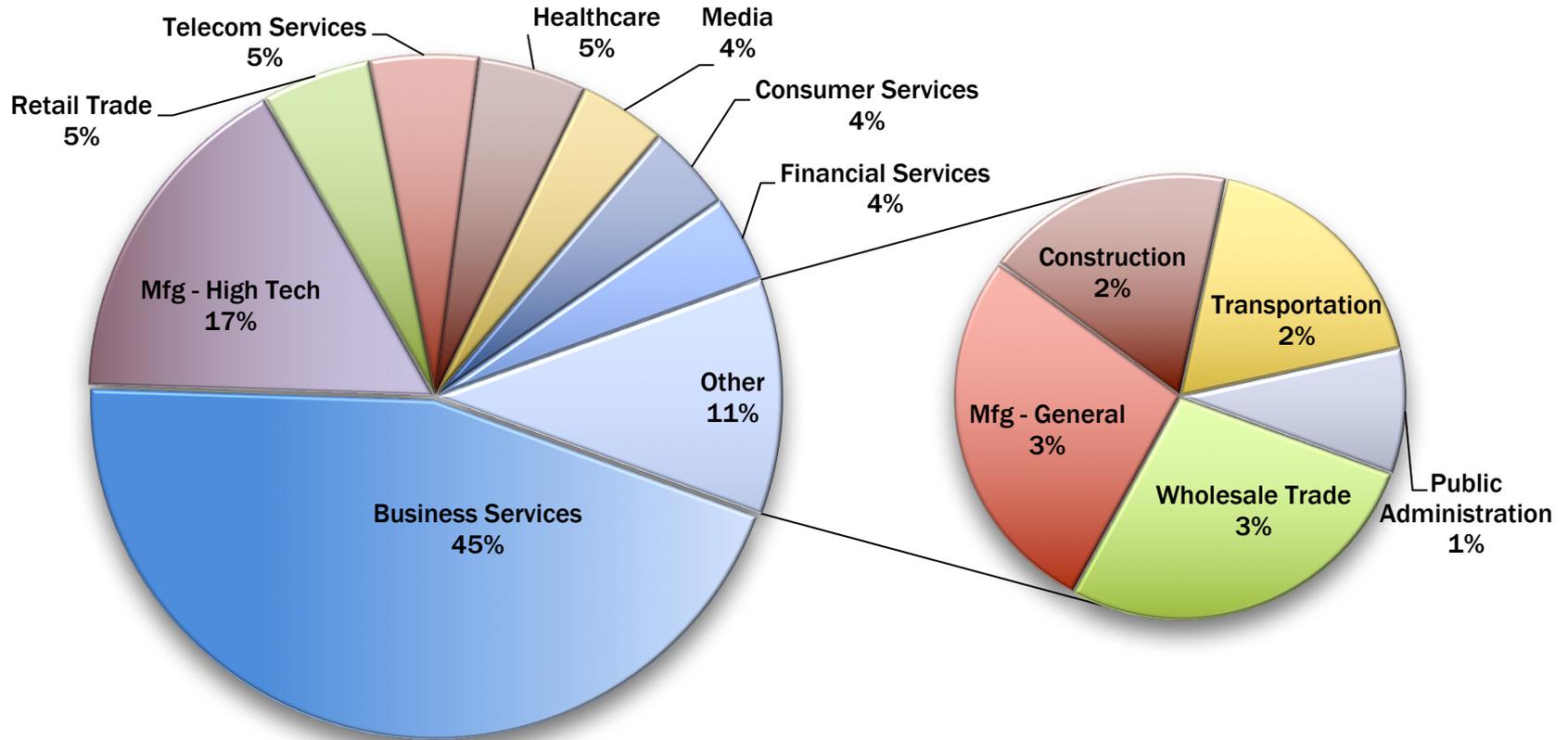


Though only **15%** of those surveyed actively plan to upgrade or implement a payment automation system within a year, **54%** would consider budgeting for an upgrade if the ROI was compelling.

Conclusions

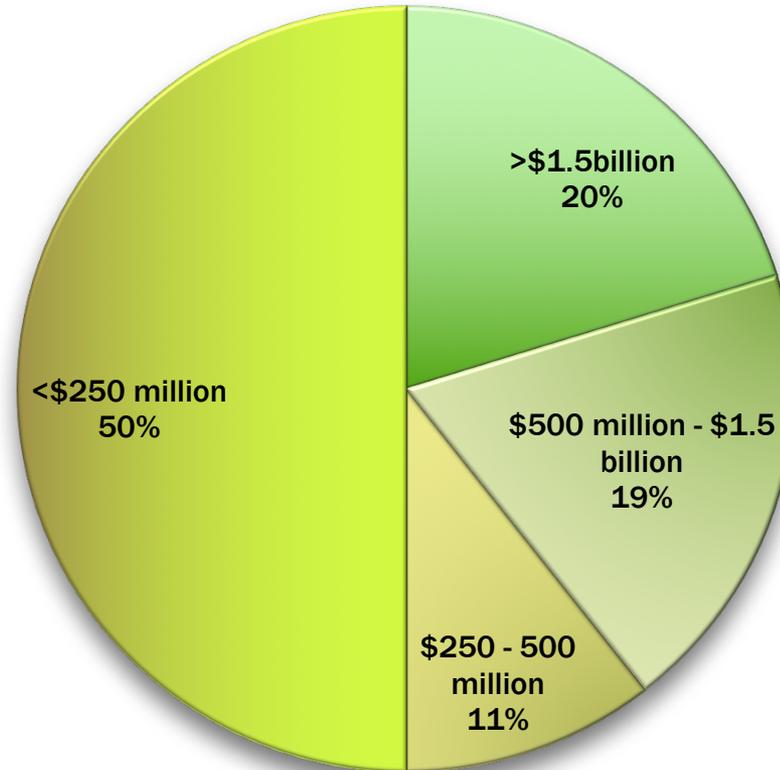
- ▶ **Retaining long term relationships with payees is critically important to 68% of organizations, but the fundamental process of on-boarding suppliers is cited by 43% as one of the most time-consuming monthly tasks.**
- ▶ **Over two years, the screening of payees for drug trafficking, money laundering or terrorism has improved from 34% to 44% of responders saying they do screen. Disquieting, though, is that a significant percent of responders who still don't screen (32% in 2017) and there has been no change in the percent of responders who don't know if their organization screens (24%).**
- ▶ **Insufficient automation in the invoice-to-payment process has serious consequences.**
 - **Of all respondents, with or without some level of automation, and most of whom manage 100 transactions or more per month, 63% of respondents identified invoice processing as the most time-intensive monthly activity.**
 - **Payment processing is another time-consuming process, say 30%.**
 - **Offering early payment for invoice discounts is an option for 29%, but another 7% can not invoke that type of cost reduction.**

Profile of Responders: Industry Sectors



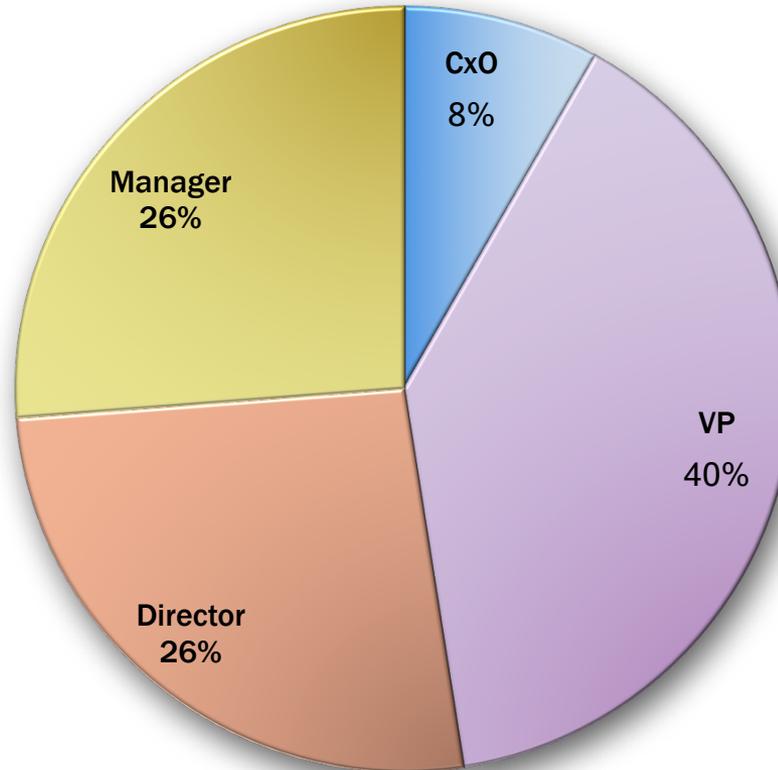
Responders represent a wide variety of industries.

Profile of Responders: Revenue



Half of those surveyed work in small organizations with under \$250 million in revenues. 20% of those surveyed work in Fortune 1000 companies with revenues over \$1.5 billion.

Profile of Responders: Job Level



74% of those surveyed hold executive level positions in their organizations.

*This Gatepoint Research study
was underwritten by*



Tipalti's comprehensive approach to automating accounts payable streamlines the entire bill-to-pay-to-reconciliation cycle.

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