

# Partner Onboarding

Streamlining partner adoption for the digital economy



Partner Onboarding has varied meanings across the organization. Those on the partner management side see onboarding as a way to clear a partner for a business relationship. For the payables team, onboarding involves a more business-critical function: **gathering the information required to ensure a partner is payable.**

The problem? It's not often that the partner manager (if you have one) has collected and verified the necessary information to effectively make a partner payable. This leads to a gap in the onboarding process that many companies leave open.

## Why partner onboarding matters

Not paying a partner can have detrimental effects. A delay in payments directly puts the customer experience at risk. Late payments could also cause partner attrition and sour the reputation of your marketplace or network.

Complexity and scale are the primary culprits to the inability to make partner payments. Every payment must be assessed, and often involve additional communications with the partner. A typo when entering the ABA routing number or PayPal account can cause havoc deep into the payment cycle — sometimes after funds have left the bank account.

Because partner payment processes are often considered back-office, improvements to resources or systems are often limited. Lack of systems also introduces errors, which can result in long error recovery cycles that contribute to more inefficiency and greater operational costs. The result is that hours are spent keying in data, verifying and correcting partner information, validating tax forms, logging into bank portals for payment, and reconciling payments. The risks are partner attrition, payment errors, failing tax and regulatory compliance, and payment fraud.



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# What goes into the partner onboarding process?

The right information about a partner is crucial to streamlining payment processing. Individually asking partners for information is not scalable or efficient. No one wants to engage in back-and-forth emails and phone calls just to get identifying information. Yet that's what happens in many cases when a partner isn't onboarded properly.

## To ensure a partner is payable, you need:

### Basic contact information

Identifying the person asking to be paid and a method to contact them for issues or to notify them of payment status. This data is also critical to determining if the partner is on any blacklists such as the OFAC SDN.\*

### Payment method

Many marketplaces and networks don't offer a choice of payment method (think PayPal only or paper checks). But multiple electronic methods help partners out by offering options that land easier into their bank accounts. Providing a payment method choice, however, requires a way to gather and validate account data associated with that method (e.g. ACH routing, wire transfer routing, SWIFT, etc.) to avoid potential errors.

### Tax identification (IRS or VAT)

Given IRS FATCA requirements and the growing need to validate the entities you're paying, it's a best practice to gather tax identification up front rather than waiting for the end of the year. Onboarding is an ideal time to do so because partners may move or dissolve over the course of a year, making them harder to reach if you wait for tax season to collect documentation.

### Self-billing invoice (optional)

In some countries, it may be necessary to generate invoices on behalf of the partner prior to payment. The onboarding process may need to include the ability to approve an invoice and start it on its processing workflow.

### \*One important note:

In the past, screening vendors for anti-money laundering compliance has been an afterthought. However, the growing reliance on digital and global partner relationships has started to have an effect. If you pay someone who is on a government blacklist (e.g. OFAC SDN), you're exposing yourself to potentially being defrauded and being an unwilling accomplice to money laundering, as well as violating federal laws. If an organization has been breached by a fraudster before, it might be handy to maintain an internal blacklist as well. Detecting such individuals should be a basic process during partner onboarding.

This is all a lot of data to ask the partner for, but one way to effectively bring partner onboarding data into the process is by utilizing a partner portal.

## Planning Your Partner Portal

	Issues & Complexities	Approaches
Payer Brand	Trust is an important aspect of any marketplace or network partner portal. A web experience that lacks any kind of branding by the payer company or a trusted source will introduce doubt to the partner. Likewise, taking a partner away from the web experience to create payment accounts can also add unnecessary friction. In the era of phishing schemes, asking someone for their banking details may require a new level of sensitivity to the brand.	<ul style="list-style-type: none"> <li>Put the company's logo on the portal.</li> <li>Use colors, fonts and other corporate identity from other corporate web experiences.</li> <li>Embed the portal (e.g. IFRAME) and create a wrap-around experience, including metrics important to the partner (performance, work completed, etc.).</li> <li>Ensure that the site uses the latest encryption protocols and certificates.</li> <li>Make the messaging clear.</li> <li>Any emails and correspondence to the partner, including the initial invitation, should be branded by the payer.</li> </ul>
Contact Information	Text fields can be problematic for data entry, causing issues with data hygiene. For example, by not prescribing content such as the partner's country, you can end up with data that ranges from "Korea" to "S Korea" to "South kroea."	<ul style="list-style-type: none"> <li>Ensure that specific fields have the right data type by validating on the form itself. For example, based on the country a partner is in, show fields related to further information required (e.g. state, ZIP).</li> <li>Validate email addresses for form.</li> <li>Look for duplicate accounts already in the system.</li> <li>Use this data to comply with OFAC and other anti-money laundering regulations.</li> </ul>
Payment Details	Electronic payments and bank transfers are the new normal. That said, this can involve a complex set of rules depending on if the transaction is an ACH, wire transfer, global local bank transfer (global ACH), etc. This is the most complex aspect of payment detail collection and can depend on where the partner is and who they are banking with. There are over 27,000 rules. The challenge is doubled when new regulations happen and the portal must be updated.	<ul style="list-style-type: none"> <li>Work with a global payment processing expert on the most efficient payment methods. How do you pay a partner in Morocco? What is the currency there? Can they accept a wire transfer?</li> <li>Once those rules are in place, embed them directly into the portal so proper validation can be done when the partner enters their payment details.</li> <li>Consider giving the partner options for their preferred payment method, currency, and if they wish to be paid upon certain thresholds to reduce transaction fees.</li> </ul>
Tax Details	U.S. and international tax requirements vary widely depending on who the partner is. U.S. businesses are accustomed to asking for Social Security Numbers or Employer Identification Numbers. But FATCA regulations now require those outside the U.S. to declare their tax identity through a series of forms (e.g. W8-BEN, W8-BEN-E, etc.). VAT countries are also becoming more prevalent if the payer operates outside the U.S.	<ul style="list-style-type: none"> <li>Work with a qualified tax attorney to set up the necessary requirements.</li> <li>Guide the partner through selecting the right tax form within the portal.</li> <li>Establish a backend process to validate tax identification data.</li> </ul>
Payment Status and History	For the partner, getting visibility into payment status and history is one of the biggest benefits of a portal. However, accurate payment status data can be difficult to obtain from banking systems..	<ul style="list-style-type: none"> <li>Connect with banking systems directly to collect payment status. Note that with cross-border transactions, information may not be easily obtained.</li> <li>Consult a qualified payment processing expert.</li> </ul>



Onboarding gets increasingly more difficult with partners from other countries. Yet, any marketplace or network with growth aspirations are more reliant on global partners.

Building global intelligence into the portal is critical to ensuring data quality with less manual effort. The portal acts as a communication vehicle that is available 24/7 and can be localized accordingly.

## Building Portals vs. Ready-Made Solutions

The process of designing, architecting, engineering, testing, deploying, maintaining, and upgrading large-scale updates to your homegrown solution is no small feat. Payments involve a significant amount of banking, compliance, regulatory, and internal controls knowledge. This requires that developers are experts in those areas, or you could be exposing your company to significant risk of fines and penalties for violations. Someone needs to monitor changes that arise in various control processes and someone also needs to be able to adapt the system to support those changes.

It's extremely difficult to build such an expansive solution from an in-house team whose proficiency isn't global partner payment operations and who cannot afford to focus attention on this on an ongoing basis.

While your custom solution may solve basic payment issues, the application will almost never pay for itself, especially because it's not just a one-time development project. In short, if you decided to build an onboarding solution yourself, be prepared to commit time and budget to it for the long haul.

Tipalti can get your partners onboarded rapidly through an intelligent, embeddable, guided, white-labeled portal. It's proven technology is relied upon by growing marketplaces and networks to retain partners, avoid compliance catastrophes, and free finance from the complexities of partner payments.

**Contact us today for more information.**



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