



How to Streamline Supplier Onboarding

For accounts payable, onboarding is a business-critical function that relies on gathering essential, required information to ensure a supplier is payable.

The problem? Manually collecting and verifying all the necessary information to effectively make a supplier payable is inefficient and oftentimes a massive gap in your company's onboarding process.




Why Onboarding is Slowing You Down

Not paying a supplier can have detrimental organizational effects. For suppliers, a delay in payments is a delay in critical operations—it can hinder them significantly in regards to their operational efficiency. Also, late payments can create additional fees, affect the payer's credit, and impact the goodwill of the supplier.

For accounts payable, the relationship with a supplier doesn't begin until a bill, invoice, or payment instruction is received. Every payment request must be assessed and dealt with, often involving additional communications with the supplier or internal buyers. Manual errors can cause havoc deep into the payment cycle—sometimes even after funds have already left the bank account.

For back-office operations like AP, improvements to resources or systems are often limited. But a lack of systems introduces increased errors, resulting in long recovery cycles that contribute to more inefficiency and higher operational costs. Hours are lost keying in invoices, verifying and correcting supplier data and tax forms, logging into bank portals for payment, and reconciling payments. And the risks are worse—payment errors, failing tax and regulatory compliance, and payment fraud.

Doing nothing to improve onboarding only exacerbates the perception of AP, and its failure to deliver value.




What a Successful Onboarding Process Looks Like

Collecting the right information about a supplier is crucial to streamlining payments processing. Individually asking suppliers for information about an invoice or payment is not scalable or efficient. No one wants to engage in back-and-forth communications with a supplier just to get identifying information. Yet, that's what happens in many cases when a supplier isn't properly onboarded.

To ensure a supplier is payable, AP needs:

- **Basic Supplier Contact Information**, identifying the person asking to be paid, and a method to contact them. This data is also critical to determining if the supplier is on any blacklists such as the OFAC SDN
- **Payment Method**, electronic options reduce paper check use and are easier for the supplier. Offering multiple payment options avoids errors by requiring a way to gather and validate account data (*e.g., ACH routing, wire transfer routing*)
- **Tax Identification (IRS or VAT)**, given FATCA requirements and the growing need to validate the entities you're paying, it's a best practice to gather tax identification upfront rather than waiting for the end of the year
- **An Invoice (Optional)**, depending on the supplier model, one way to trigger payments is through an invoice (*e.g., bill*). The onboarding process could include the ability to upload an invoice and start its own processing workflow

For AP, there is a lot of supplier onboarding data to collect. And the most efficient way to streamline this process is by utilizing a supplier portal.



The Importance of an Effective Supplier Portal



Process efficiency hinges on a secure and effective supplier onboarding portal.

And best-in-class organizations are more likely to provide this. The benefit of facilitating faster supplier onboarding and enabling suppliers to directly upload, update, and manage their own financial and payment information adds significant time savings. Plus, it reduces the number of errors associated with invoice processing and payment remittance.

An intelligent, dynamic supplier portal can be a quantifiable benefit for an overworked accounts payable team. Suppliers are more invested because they want to be paid, and they can select their own payment methods (a significant advantage in working with international suppliers). In exchange for doing the work, suppliers can gain transparency into the state of their payments and payment history.

For a global business, the benefits of data quality and reduced data entry are considerable. Plus, a supplier portal acts as a communication vehicle that is available on-demand, 24/7.



How to Get Your Suppliers On Board

Encouraging suppliers to use portals is simple. With an efficient supplier portal, you will find that the vast majority of your suppliers will register quickly, saving your AP team time and ensuring a much cleaner vendor master record. Communication is the key to adoption—in your initial email outline the process of supplier onboarding by:

- Using simple, clear and beneficial language
- Implementing your own branding to build trust

It's critical to actively communicate until a manageable population of the supplier network is onboarded.

Keep in mind, a supplier portal has additional financial benefits. It can be a mechanism to reduce wayward spending by requiring that purchases are engaged through the portal. If you're offering wire transfers, e-wallet, or ACH as part of your payment methods, the immediacy of payments can be negotiated.

In addition, a supplier portal can act as an opportunity to offer added benefits and programs such as early payment.





Are you ready to streamline supplier onboarding?

Until supplier onboarding is complete, the risk of payment failure and operational inefficiencies are high. Payment failure can mean loss of business partners, compliance catastrophes, payment breaches, poor vendor master records, and failure to execute. Thankfully, all of these are easily avoidable with the proper technology and implementation strategy.

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