

SUPPLIER SATISFACTION: THE KEY TO ROI FOR ACCOUNTS PAYABLE AUTOMATION



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You've made the important and transformative decision to implement AP automation to save time, cut costs and reduce fraud risk. There's just one catch. The success of your payment program initiative will be directly tied to supplier participation.

In other words, your return on investment (ROI) is only possible if your suppliers buy in and get on board with electronic payments. However, it's not uncommon for AP departments to find that their suppliers resist enrolling in these payment programs.

"There are simple reasons for this," notes Royce Grayson Morse, IOFM's Managing Editor. "A big one is that a lot of AR pros feel as though their customers are trying to shift some of their workload onto them. The signup process for electronic payments can be lengthy and complicated. Plus, when each supplier has hundreds — if not thousands — of customers signing up for portals and electronic payments, the supplier can have a difficult time managing it all."

The key is to select a solution provider that has a proven track record of removing those obstacles. "Signing up for a supplier portal should take only minutes," says Bill Davis, VP of Supplier Enablement of Paymode-X, Bottomline's B2B payment network. "The objective is to make getting paid easier, not harder."



A payment solution provider should make it easy for suppliers to do business with your company.

Supplier hesitation can also be exacerbated by payment solution providers who try to force suppliers to accept payments based on the capabilities of that provider's software rather than what would be preferred and convenient for the suppliers.

What's the answer that generates AP automation ROI for you and value for your suppliers? A lot of it has to do with a payment solution's philosophy around suppliers, from how they're onboarded to how they're supported on an ongoing basis.

Ensuring A Positive Enrollment Process for You and Your Suppliers

First and foremost, you should look for a payment solution provider that is going to take on supplier enrollment for you. "Asking your AP team to shoulder the burden of onboarding when they have other pressing priorities is not a good use of anyone's time," says Davis.

Your chosen provider should work with you to formulate the right messaging and approach when targeting suppliers. The day-in, day-out logistics of reaching out to suppliers and asking them to enroll in the payment program should not be left to your AP team. They have enough work on their plates.



Your solution provider should do most of the heavy lifting of supplier onboarding.

The payment provider's supplier enrollment team should offer considerable experience in this arena and be able to guide suppliers through the whole process. If suppliers have questions about the benefits of electronic payments, that team should be able to go into detail about how electronic payments:

- Provide far greater security than paper checks, which can easily be stolen and manipulated
- Arrive far more quickly than paper checks, because they're sent electronically and don't rely on the United States Postal Service (USPS)
- Can be tracked online 24/7 because of their digital nature, eliminating waiting periods and worries about payment timelines

The solution provider should know which of your suppliers are already in-network, ready to be paid, and which aren't. They can then prioritize those suppliers most likely to enroll first, helping you to achieve the maximum ROI and automation on day one.

During the entire onboarding process, your payment solution provider should be treating your suppliers with the same courtesy and consideration that you yourself would. Educating suppliers and taking the time to make them feel comfortable with the change to a new payment program is a huge piece of that.

It's also important that the payment provider makes the electronic payment signup process itself as easy as possible for suppliers. Ideally, the supplier should be able to self-enroll in just a matter of minutes, with only a couple key pieces of company information needed during signup. The best payment solutions will even intelligently suggest the other customers with whom the supplier can connect right in the same payment platform. That way, the supplier can enroll in multiple customers' electronic payments programs in one fell swoop — maximizing their benefits right out of the gate.

Lastly, your chosen payments provider should accommodate the various ways suppliers prefer to be paid, whether that be virtual card, ACH or even paper check.



A solid solution should accommodate a supplier's preferred payment method.

Davis says, "Time and again, we hear stories about how payment solution providers employ heavy-handed tactics to get suppliers to accept payment types that don't benefit them. That can create a lot of resistance."

For example, a company may relentlessly call and email suppliers, and even withhold paper checks while they try to get them to accept electronic payments, a tactic that can do real damage to payer-supplier relationships. They do this in an effort to maximize their own revenues by collecting interest on the float they hold, which works against your own interests. Best-in-class payment solution providers won't force suppliers to accept payments via one method.

Also be sure to dig into a payment provider's supplier network. You can run into these types of underhanded tactics or be surprised by limitations that weren't discussed during the initial sales effort. You can begin by asking questions like:

- Do they offer suppliers various payment options?
- Do they already have a vast network of happy suppliers?
- What's their outreach approach, and what does it take for a supplier to get signed up?

Meeting Suppliers' Long-Term AR Needs

Of course, the supplier experience (and your ROI) isn't based solely on the initial signup and enrollment process. Your suppliers need to see long-term results with electronic payments if they're going to continue accepting them.

One way payment providers answer this call is by building additional functionality into the payments portal where suppliers manage their payments. For example, some best-in-class portals allow suppliers to submit invoices electronically to their customers, meaning they can eliminate lost invoices, mail float time and overall invoice processing costs. Once suppliers enter their invoices into the portal, they're transmitted in near real-time to their customers' AP accounts and the invoice and payment approval process can start much faster. This can [improve suppliers' Days Sales Outstanding \(DSO\)](#), and help improve their cash flow.



Invoices submitted electronically through online portals can be transmitted quickly to your AP system, so approval and payment processing can begin ASAP.

Another significant benefit suppliers get from payment portals is far greater visibility into the status of their payments, either through the payment portal, via email or through a mobile app. This eliminates guesswork about when payments will be received, which in turn can help with their financial forecasting. Some payment providers also offer automated cash application and enhanced remittance with each payment. The supplier can choose their preferred file format, whether that's CTX, an AR file or emailed remittance advice. The payment file data can even sometimes be issued on a schedule specified by the supplier, and that file can integrate automatically back into the supplier's ERP/AR system. This saves time and reduces manual work for the supplier, simplifying the entire AR workflow.

Davis notes there is usually a small fee for suppliers to accept payments via solutions like Paymode-X. However, the fee is far outweighed by the benefits the suppliers see, including a smoother remittance process and reduction in DSO. For both payer and supplier, the ability to exchange a variety of payments across systems and formats while still using a single platform is vital.

Good payment solutions go a few steps further to benefit suppliers, too. They can often recommend preferred suppliers to new potential customers, who can easily find those suppliers and connect in a matter of a few clicks to start making payments.



Keeping your suppliers' needs top of mind ensures you maintain good business relationships with them.

"These benefits are extremely important," says IOFM's Morse. "Being mindful of your suppliers' needs builds key business relationships." A low-pressure, person-to-person enrollment outreach process coupled with an ongoing positive win-win relationship encourages your suppliers to prioritize your business, even when times are tough. "By keeping things positive, incentivizing signup and never threatening to withhold payments, you build an increasingly robust relationship with your suppliers," she adds.

One other key consideration in ensuring longevity with electronic payments is fraud prevention. Your chosen solution provider should reduce the risk of fraud for both you and your suppliers by keeping banking information secure. Solution providers with less-than-robust cybersecurity open the door to fraudsters, exposing everyone to intercepted payments and account takeovers, which can seriously fracture business relationships and cause huge financial damage to your own organization. Knowing that your provider has state-of-the-art security measures in place can provide both you and your suppliers with peace of mind.

As one accounting manager who uses Paymode-X AP automation put it, "A solution like Paymode-X gives both suppliers and customers the confidence of knowing they are receiving payments using a secure platform."

Meeting the Needs of Both AP and AR

There are many payment solutions out there, and most of them promise outstanding results and ROI. However, these benefits will never be realized if your suppliers flat-out refuse to use the software in the first place.



A true payment system doesn't just pay the bills — it provides real business intelligence.

The right payment solution provider will understand both the needs of your AP team and your suppliers, and know how to achieve a win-win for both sides.



About Bottomline

Bottomline makes business payments simple, smart, and secure for businesses and financial institutions, of all sizes, all over the world. More than 10,000 corporate customers, 1,400 commercial and business banks, including 15 of the top 25 global banks, rely on our industry-recognized payment and software platforms to accelerate digital transformation in a complex world of business payments and financial management. Bottomline solutions touch customers and payments in 92 countries across six continents.

Bottomline's Paymode-X is a better way for businesses to pay and get paid. For too many companies, the entire invoice-to-pay process is inefficient, fraud-prone, and costly. Paymode-X fixes that by helping companies digitize and streamline payables and receivables in a single solution. More than 550,000 Paymode-X business members have transformed their processes to optimize working capital, improve days payable outstanding/days sales outstanding, and scale and transform financial operations. Paymode-X processes over \$400 billion in payments every year. To discover a better way to pay and get paid, visit: <https://www.bottomline.com/paymode-x>.

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