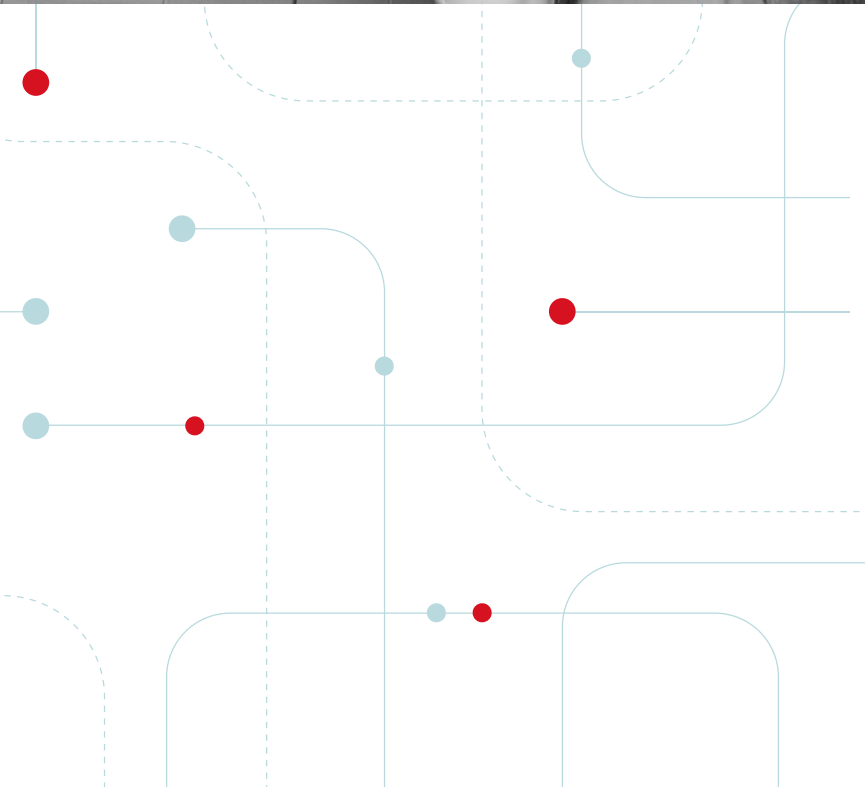




Deluxe Payment Exchange+

How Efficient Payments Can Improve Supplier Relationships



deluxe+
PAYMENTS & DATA

eBook



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- Steve Buchberger

Successful business leaders recognize the importance of strong supplier relationships for building and growing their organizations. Even so, the payments processing component is often overlooked, potentially due to legacy systems. These dated processes require unnecessary manual labor and, worse, neglected relationships.

“Automated payments present an opportunity for growth. Automation can help companies reduce the risk of payment delays and overall fraud risk, which builds solid working relationships with suppliers. It even enables companies to negotiate better pricing or more favorable terms,” says Steve Buchberger, Executive Director of Payables Product Management at Deluxe.

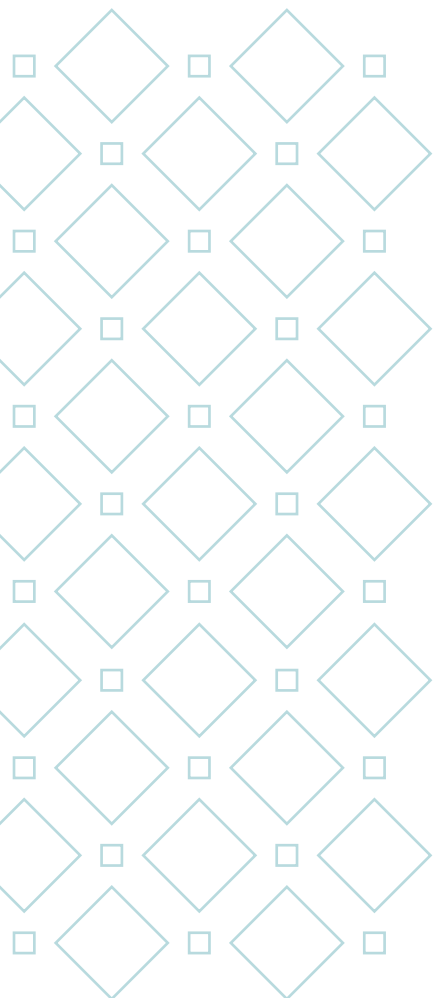
As B2B suppliers have become more comfortable using instant, self-service payment platforms in their personal lives via apps like Venmo and PayPal, their expectations (and demands) for receiving business payments have also evolved. In addition to secure, frictionless payments, suppliers want options to receive payments via the method that best works for them.

“Digital connectivity has changed how everyone looks at payments,” Buchberger says. “There’s an increased awareness of these B2B payment processes. Suppliers want options and payment flexibility, and they will no longer settle for what they may have accepted in the past.”

More time for human relationships

One study pegged the potential savings from AP automation, reducing processing costs from \$6.30 to \$1.45, and that AP teams could double the number of invoices they process in a given period.

In addition to the substantial cost savings afforded by the shift, time savings can provide payers with more time in their personal interactions with suppliers, potentially improving or growing those relationships.



Another key factor in successful supplier management is resolving disputes quickly and seamlessly. Lengthy invoice disputes cause damage to supplier relationships. However, a key benefit of automated accounts payable is the ability to quickly access payment data and use it to answer customer inquiries or allow suppliers self-service access to payment status.

“You can’t avoid all disputes, but proactive management is within reach and makes a significant difference,” Buchberger says. “Disputes resulting in late payments may cause financial hardship for a supplier and negatively impact potential future orders and their relationship with these companies.”

A best-in-class automated AP system can head off many potential disputes before they even happen by surfacing any pricing discrepancies and using rules-based processing to move in-policy invoices forward more quickly. They also provide transparent collaboration tools that allow the AP team to communicate directly with their suppliers via the AP platform, eliminating the potential for competing email threads or missed phone calls, which can further hamper the process.

Over time, building trust with suppliers by offering fast and friction-free payments can make negotiations easier and more beneficial for both parties. Maintaining and nurturing these relationships also provides support and air cover if there is an error or issue with their payments.

Improving supplier cash flow

Many of the major pain points for legacy AP systems revolve around the time (and money) required by manual processing and reconciliation. Nearly a third of mid-market companies cite the time it takes for the U.S. Postal Service to deliver mail as being among the top issues they face, and 29% cite the cost of overnight shipping, according to our research. For suppliers focused on their own cash management and liquidity, of course, faster payments are an invaluable benefit.

“If suppliers are not receiving timely payments, they must find that money elsewhere, impacting their cash flow and other downstream processes,” Buchberger says.



Automating each part of the AP process can significantly speed up how long it takes to get payments to suppliers and even allow a company to offer early payments to preferred suppliers in some instances.

Equally important, automated AP can also ensure that those timely payments are for the correct amount. Even skilled AP staffers make mistakes, from missing an emailed invoice to transposing digits on a bank account when setting up an ACH payment.

By streamlining AP processes, automation can virtually eliminate small human errors like those and larger, more costly mistakes like duplicate payments or unauthorized purchases. Automation can also flag any errors that occur so they can be fixed as quickly and efficiently as possible. More reliable payments data, in turn, can also give business leaders more confidence in using such information in strategic decision-making.

Defending against fraud

In addition to minimizing unintentional mistakes, AP automation can help catch any deliberate actions that pose a risk to the company. AP fraud is a growing threat to companies of all sizes, with two-thirds of companies reporting instances of fraud last year, according to the Association for Finance Professionals.

Along with the expense of recovery, fraud can damage supplier relationships if it results in unpaid invoices or erodes their trust in the security of your system. Automated accounts payable can reduce fraud by limiting invoice and payment access (since processing requires fewer human touches) and putting controls in place that require sign-off for off-policy expenses.

It's no longer feasible—not sustainable—for companies to use manual payments processing. Automated payments processing is required in today's marketplace for companies to maintain access to the goods and services necessary to remain relevant in the current competitive environment.



» About Deluxe

Deluxe, a trusted Payments and Data company, champions business so communities thrive. Our solutions help businesses pay, get paid, and grow. For more than 100 years, Deluxe customers have relied on our solutions and platforms at all stages of their lifecycle, from start-up to maturity.

Our powerful scale supports millions of small businesses, thousands of vital financial institutions and hundreds of the world's largest consumer brands, while processing more than \$2 trillion in annual payment volume. Our reach, scale and distribution channels position Deluxe to be our customers' most trusted business partner. To learn how we can help your business, visit us at deluxe.com.

» Learn how **Deluxe Payment Exchange+** can provide smart AP automation for businesses. Experience the Deluxe difference during a **free, no obligation demo**.

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