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Opening Up Procure-To-Pay Workflows For Smaller Suppliers

Small businesses are the backbone of their economies, and small B2B suppliers play vital roles in their broader supply chains.

Often, smaller vendors also pose less risk to their large corporate customers while also contributing to supply chain diversification.

"Buyers have historically looked for better ways to manage small suppliers that have been focused either on consolidating their supplier base or delegating management to third parties because their existing processes were not fit for purpose when it came to managing smaller suppliers."

A Procurement Turning Point

For years, this procurement strategy has meant organizations were forced to make purchases with a limited number of pre-approved vendors. There is a balance that must be struck between an agile procure-to-pay process and ensuring proper risk mitigation tactics. Further, the process of onboarding a new vendor can be lengthy and complex, and it is not typically designed to enable a fast-tracked workflow for the smallest, least-risky vendors.

This has caused organizations to lose out on opportunities to work with more innovative vendors that can better suit the needs of a buyer.

Today, this is changing as a result of the global pandemic, described as a "turning point" in how larger buyers engage with smaller vendors. The vast majority of organizations experienced some form of supply chain disruption as a result of the coronavirus crisis, a reality that forced entities to prioritize vendor diversification — and one that opened up opportunities to work with new.

Solving Friction on Both Sides

As demand to retain control over supplier selection grows, businesses increasingly understand the importance of adopting procurement technologies that can adjust based on which vendors need to be onboarded, a

process that has broader ramifications down the procure-to-pay process.

For instance, onboarding a smaller vendor will have a significant impact on how and when a buyer pays that business.

A market shift in which larger organizations are more willing to work with smaller, unfamiliar vendors also has ramifications for the vendor itself. In a worst-case scenario, working with a larger customer can mean an imbalance of power and the possibility of delayed, late or non-payment. Working with a third-party procurement technology solution can also open access to supply chain financing that can address the working capital needs of both buyer and supplier.

The impact of the global pandemic on the procure-to-pay and supplier selection process could be a permanent shift in the market. As such, more businesses will shy away from inflexible solutions that cannot adjust onboarding workflows to meet the needs of small vendors and their customers.

Streamlining onboarding and procure-to-pay workflows isn't only about bringing efficiency to the process. It's also about enabling large corporates to help their small business peers during a time when everyone must pull together to support market recovery.

Excerpts from: <https://www.pymnts.com/news/b2b-payments/2020/paid-procure-pay-supplier-small-onboarding/>