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Back in 2009, when my co-founders and I started Nvoicepay, there was very little technology in the market to help companies make supplier payments efficiently. Banks were the only game in town. Companies were still making a very high percentage of their supplier payment with paper checks, using painful manual processes. The fintech revolution was getting underway, and we were starting to see tech companies begin to deliver innovations in consumer payments—think Venmo,

As all this happens, the business case for B2B payment solutions is becoming stronger and multi-dimensional.

Efficiency at the core

Process efficiency remains a core feature of payment automation. It enables an accounts payable organization, which could be making tens of thousands of supplier payments a year, to automate the workflow of making payments of any type—card, ACH, wire or even print check—using cloud-based software and services.

Software automation provides the customer control over the payment, visibility as the payment clears, and complete traceability if they need to access the payment history. But payment services are critical to creating efficiency in accounts payable.

A large portion of accounts payable's time is devoted to unwinding payment errors and resolving payment exceptions. A single payment error can take 20-30 minutes or longer to resolve; even with a low error rate, most accounts payable teams are dealing with hundreds of errors every month. Payment service providers take that piece off their plates completely and that's a huge efficiency boost.

These services also address the historic barrier to electronic payment adoption: the labor of reaching out to each supplier to determine how they want to be paid, where the remittance information should be sent, and—if the supplier wants to receive ACH—to collect their banking data and securely store it. Accounts Payable teams working with thousands, or even tens of thousands of suppliers, just don't have the headcount to do that level of outreach.

Fraud protection and continuity

As enterprises have shifted toward electronic payments, we've seen an uptick in ACH

With the global pandemic, many accounts payable teams are still working from home, where it is almost impossible to produce paper checks in a safe, secure, repeatable way. Paying by check was expensive and time consuming before the pandemic, but now the problem is acute. It's incredibly difficult to approve invoices and make payments by paper check when your accounting staff is spread across their home offices. You literally have to drive paper from place to place to get approvals and signatures. Payment automation gives accounts payable the visibility and control they need to do remote payment approvals from home, making business continuity another dimension of the business case.

Now we're heading into a severe global economic downturn. Businesses are pivoting to reducing costs, and checks cost a lot—around ten times more than electronic payments. So, in the near term, reducing costs is going to become a driver that accelerates payment automation adoption.

I think this driver will remain over the long term as well, and could very well change our payment behaviors forever. Short term imperatives will drive greater adoption, but as more organizations get a taste of automated payments, it will change the way they think about payments. They will realize there is a far better way to pay than writing checks, and I can't see anyone who's adopted payment automation going back to the old way.

Fintechs really are redefining business payments. Banks provide ways to move money from point A to point B. The business case for that is pretty simple—get the best deal on per transaction costs, but beware of the need to add headcount to use these products.

As awareness of these solutions grows, buyers should dig into the details and ask questions to really understand what they are getting and the differences between solution providers, and bank offerings. Some questions to ask are:

Some fintechs offer a surprisingly low number of electronic payments. Anything lower than 20 percent is not a payment solution; it's a payment hobby, and buyers today can make the case for something a lot better. The best fintechs address the entire payment process with automation and services, which enables organizations to move 100 percent of payments electronically with a fraction of the effort previously required, and, by doing so, dramatically lower overall costs.

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Karla Friede is President and co-founder at Nvoicepay, a FLEETCOR company. She has over 30 years of experience in management, finance, and marketing roles in both large and early-stage companies. Karla, along with the founding team, has grown Nvoicepay into a leading B2B payment automation solution provider. Prior to founding Nvoicepay, she was President and CEO of privately held Zevez Corporation, VP of Marketing for GeoTrust (acquired by Verisign in 2006), Director of Marketing at Mentor Graphics, and part of the PBAS team at KPMG. Karla earned an MBA from Harvard Graduate School of Business and a BS in Accounting from the University of Idaho.

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