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In the wake of the many changes this year has brought, companies are moving toward making more of their supplier payments electronically. It's a welcome thing. Check payments have dwindled in consumer life, but across US industries, nearly half of all supplier payments are still made by check. As accounts payable departments went into work from home mode, it became difficult to cut checks. They rushed to set suppliers up for ACH payments, skipping over what might be a better

to consider virtual cards in the broader context of automating the entire payment process.

To be clear, I'm not talking about p-cards. P-cards are a physical card that AP uses to pay suppliers over the phone. Virtual cards are 16-digit "card" numbers issued to a named supplier for a specified amount. These "v-cards" can't be processed by anyone other than the supplier, or for anything larger than the authorized amount. And, if somehow a fraudulent transaction should occur, virtual card issuers offer the same protections as they do with plastic cards. When it comes to check and ACH payments, money that falls into fraudulent hands can be challenging to get back. Card processes are more traceable and are, therefore, easier to reverse.

There are Challenges of Maintaining In-House Processes

It's possible for your team to own their own card payment processes instead of handing the reins over to a payment automation partner. But the work required often dissuades companies from doing so.

One of the main reasons checks have persisted as the top payment type in the business world is the minimal setup required. This makes checks an attractive payment method on paper, especially for companies who do business with thousands of suppliers. But the actual process is more labor-intensive because each check must be approved, printed, signed, and mailed—a process that can take days for some companies.

On the reverse side, card payments require an enablement component. Someone must reach out to each supplier to confirm their payment preference. The up-front work often prevents decision-makers from pulling the trigger on implementing such a system. Ironically, many companies turn to ACH or wire as an alternate solution, but these are even costlier and more time-consuming. For these payment types, companies must collect supplier bank account information. Then they must validate

An independent program works well when companies are highly integrated between their ERP system and their bank. In these scenarios, the company usually has most of their suppliers set up to receive ACH payments, simplifying the reconciliation process. However, adding more payment automation over the top of existing automation would be redundant, closing the door on additional revenue that might be generated from a card program down the road.

Larger companies should look at comprehensive payment automation solutions with virtual card embedded into them, even if you don't plan to use them right away.

How Does Payment Automation Resolve These Problems?

Automated solutions wrap all payment types into a single workflow, making it easy to offer several options to suppliers without adding to AP's daily workload. Because suppliers are continuously enabled for electronic payments via a supplier network, most companies can immediately pay a significant percentage of their suppliers electronically with no effort. Paying by check also becomes as simple as submitting a pay file and approving it. This simplified process cuts out a significant portion of AP's manual tasks, leaving them more time to focus on higher-level initiatives.

By automating the whole payment process, including enablement, reconciliation, and error resolution, AP teams usually see cost reductions of up to 70 percent. When you add revenue from card payments into the equation, AP can become a profit center.

Card payments still only account for about five percent of B2B payments. There's a significant opportunity that companies have been missing out on, either because they haven't researched virtual cards, don't want to do the supplier outreach, or haven't found a partner that can help them make it work. Due to processing fees, not every supplier will accept card payments. Still, a surprising number—around 20 percent of suppliers, in my experience—will say yes if they're asked.

Now that cash flow is king, companies are shifting to accommodate more ACH

companies like Capital One and Billtrust. With Nvoicepay, she delivers scalable payment solutions to mid-market and enterprise companies. Kristin has received several accolades, including Sales Rep of the Year & Quarter, and multiple President's Awards.

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