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## For All Payments

Technology adoption in B2B payments has reached a new level. COVID and work from home sped up the pace of change, and over the last two years, we've seen a dramatic shift toward electronic payments and payment automation.

Mar. 24, 2022



**By Byron Biggins.**

Technology adoption in B2B payments has reached a new level. COVID and work from home sped up the pace of change, and over the last two years, we've seen a dramatic shift toward electronic payments and payment automation. According to the [2022 AFP Payments Cost Benchmark Report](#), business check use is declining, ACH

payments are rising, virtual card use is rising, and the number of companies

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## **An ERP value add**

For ERP providers, payment automation is a value-added integration play. A mature ERP system typically has dozens of partners offering different value propositions for their customers—analytics, workforce management, CRM, and tax management to name a few. Most ERPs don't yet have an equal partner for AP payments, but having one makes a lot of sense.

AP payments are initiated from the ERP system, but ERPs typically don't offer technology to make the process of sending payments easy for their customers. This would be something very difficult for an ERP to build themselves because payment processing is complex and highly regulated. Partnering is key.

Compared to other initiatives, automating AP payments is low hanging fruit. Payment processing is still a very tedious manual process, with a different workflow for each payment modality. There are big gains in operational efficiency and cost savings to be had by rolling all those flows into one automated flow. And fraud risk is reduced, because the payment provider takes on payment risk.

Automation also helps companies increase the number of vendors they can pay by virtual credit card, so they can generate rebates. ERP's are able to give their customers a better user experience, and monetize a payment flow that they're not monetizing today. There's a very strong ROI, both for end customers and for partners. Systems integrators that work with ERPs have recognized this opportunity and are starting to get into the game as well.

## **Table stakes for invoice automation**

We're also seeing increased interest from invoice automation providers that want to add payment automation to their product offering to win new sales and provide

more value to their existing customers. A few years ago, most businesses didn't even

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differentiator. Now it's almost become a necessity. Enough providers have started including payment automation that it's getting hard to win sales without it. A few providers are building their own payment solutions, but it is a very difficult thing to do, as it requires domain expertise, a high level of ongoing service, and dealing with regulatory challenges. Partnership is a much faster and easier path to revenue.

## Closing the gap

As the way we make payments in our personal lives has changed in the past decade, it's opening a yawning gap between making an instant payment with a couple clicks using something like Venmo, and the B2B experience of printing checks or making ACH payments through a bank.

Market awareness of new digital payment options for business is growing, and COVID is intensifying the push towards digitization and automation in general. Since B2B payments still involve so much manual work and costs, there's lots of room to reap the benefits of digital transformation—efficiency gains, risk reduction, cost savings and rebates. ERPs, systems integrators and invoice automation providers should evaluate payment partnerships as a way to help their customers on that journey while generating more revenue for their own business.

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