

# Business Payments Digitization:

## The Fast Track To Payments Systems Upgrades

PYMNTS.com



May 2022

**Business Payments Digitization: The Fast Track To Payments Systems Upgrades**, a PYMNTS and Corcentric collaboration, explores in detail what spurred so many companies to speed up their digitization plans. We surveyed CFOs from five industries — manufacturing, finance, retail, transportation and healthcare — that work at firms generating between \$400 million and \$2 billion in annual revenue to learn about the digitization of their payments operations.



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Business Payments Digitization: The Fast Track To Payments Systems Upgrades was produced in collaboration with Corcentric, and PYMNTS is grateful for the company’s support and insight. **PYMNTS.com** retains full editorial control over the following findings, methodology and data analysis.

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# Introduction

**B**usinesses spent years and many millions of dollars modernizing their payments technology stacks to handle the rapidly expanding volume and demand for faster payments that are becoming a hallmark of the 21st-century economy. These systems upgrades took on new urgency in March 2020, when the COVID-19 pandemic became a catalyst for companies to accelerate payments digitization projects.

It was a smart move. PYMNTS' data shows that 74% of companies say the switch to digital payments improved their management of working capital, and 73% say their data security improved because of their recently digitized platforms. Companies also report that their operating efficiency improved, and costs fell. At the pandemic's outset, businesses recognized an immediate need to manage balance sheets

better, making a compelling case for completing digitization efforts. Companies that got ahead of the curve put themselves in a favorable competitive position against rivals that had been slower to advance their digitization efforts.

These are a few of the findings in Business Payments Digitization: The Fast Track To Payments Systems Upgrades, a PYMNTS and Corcentric collaboration, that assesses the acceleration of projects to digitize payments systems during the pandemic. The findings are based upon a survey of 400 CFOs from middle-market firms in the United States that generate \$400 million to \$2 billion in annual revenues. The survey included executives of companies in five industries — manufacturing, finance, retail, transportation and healthcare — and was conducted from Aug. 16, 2021, to Sept. 15, 2021.

**This is what we found.**





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## 1 Fifty-nine percent of CFOs say digitization is a “very” or “extremely” important strategy for improving their company’s balance sheet management.

Moving quickly with digitization efforts is a best practice for companies seeking to improve their financial operations. Ninety-six percent of CFOs say improvements to accounts payable (AP) and accounts receivable (AR) management are “very” or “extremely” important for creating a healthy balance sheet. Other factors that CFOs say are highly important for having a healthy balance sheet include asset investments, which 90% cite, and stronger access to sources of working capital, cited by 53% of CFOs.

## 2 More than seven out of 10 CFOs say their companies accelerated their digitization efforts following the pandemic’s onset in March 2020.

Seventy-one percent of CFOs say their organizations accelerated digitization plans once the pandemic set in, demonstrating the importance placed on having the flexibility to adapt to changing and even disruptive circumstances. Sixty-five percent of the CFOs whose companies accelerated the digitization of their payments systems say the pandemic was “very” or “extremely” influential in their decisions. The pandemic also spurred many companies to hasten work on anti-fraud efforts and the use of artificial intelligence (AI).

## 3 More than nine out of 10 CFOs say their payments operations became more efficient due to their digitization efforts.

CFOs say their businesses netted several benefits from the digitization of their payments operations, with more efficient payments systems and improved management of cash flow or working capital at the top of the list. Ninety-one percent of CFOs say digitization improved efficiency, and 84% say the digitized systems improved management of working capital. These improvements were among the chief gains companies sought as they worked on their digitization projects and highlighted the benefits available to other companies that adopt and manage innovative technology such as digitized payments systems.

## 4 Making payment processes more transparent is an important outcome for half the companies that plan to digitize their payments operations next year.

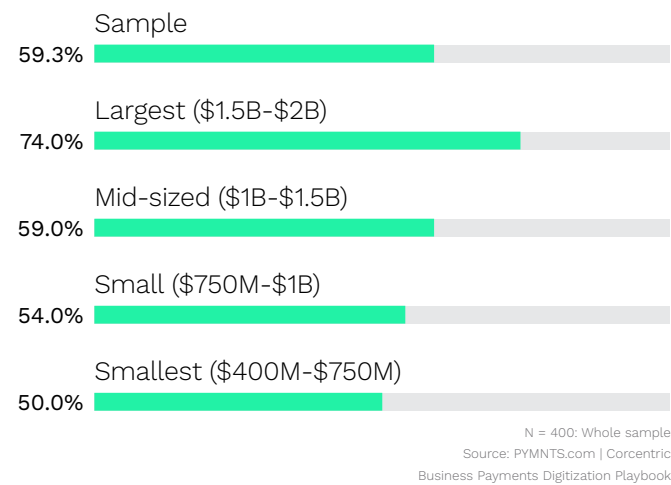
Fifty-six percent of CFOs say improved transparency is an important outcome of the digitization projects they plan to implement this year, and 13% say improved transparency is the most important outcome. The stronger integration of key organizational functions is also important for many companies. Forty-nine percent of CFOs with plans to digitize payments platforms this year say it is important, and 38% say the integration of organizational functions is the most important reason for digitization.

# Large companies move quickly to digitize payments platforms

**C**hief financial officers generally support digitization as a crucial step for improving their companies' balance sheet management. Seventy-four percent of CFOs at companies with \$1.5 billion to \$2 billion in annual revenue, the largest category surveyed, say digitization is a "very" or "extremely" important strategy for improving their balance sheet management.

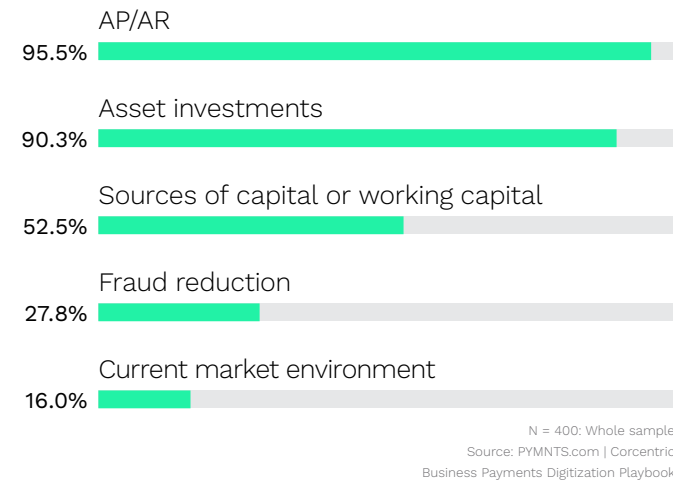
**FIGURE 1A:**  
**How CFOs connect digitization plans to stronger balance sheets**

Share of CFOs who say digitization is a "very" or "extremely" important strategy for improving balance sheets, by revenue size



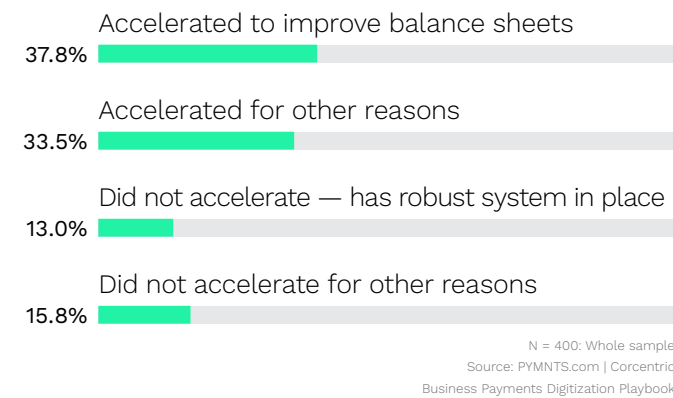
**FIGURE 1B:**  
**How CFOs connect digitization plans to stronger balance sheets**

Share of CFOs who said select factors are "very" or "extremely" important in creating a healthy balance sheet



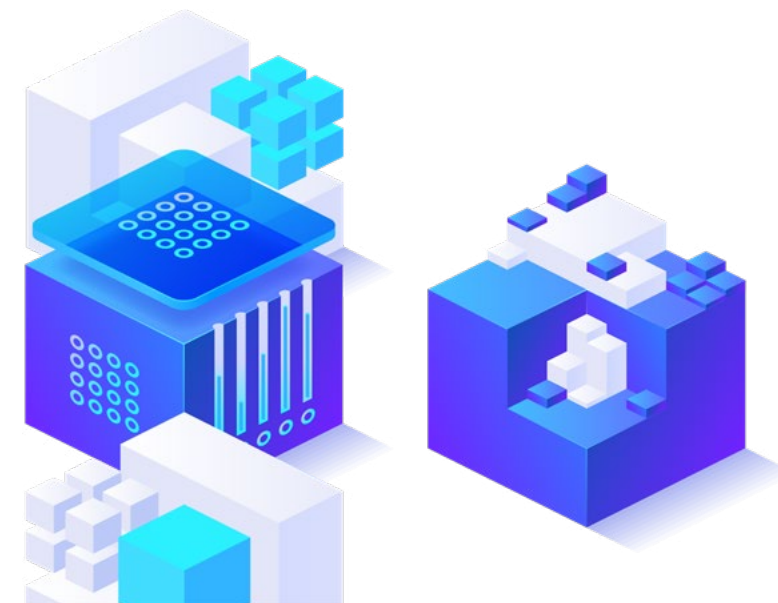
**FIGURE 1C:**  
**How CFOs connect digitization plans to stronger balance sheets**

Share of CFOs who did or did not accelerate the digitization of payment processes and systems since the pandemic began



The proportion of companies holding this view decreases as company size declines. Just 50% of the companies in the smallest revenue category surveyed, \$400 million to \$750 million in yearly sales, recognize the importance of digitization related to balance sheet management. Larger companies were among the first to speed up their digitization efforts during the pandemic, and the lessons they learned by digitizing their payments platforms can inform smaller organizations' efforts.

The connection between digitization and balance sheet management is strong enough to have persuaded 38% of CFOs to accelerate efforts to digitize their companies' payment processes during the pandemic. Thirty-four percent of CFOs say they digitized their payments platforms for other reasons, while 13% did not digitize their payments systems because they already had a robust system. Another 16% had other reasons for opting not to accelerate the digitization of their payment processes.



# The pandemic's influence on digitization projects

Companies made several improvements to their technology and operations following the pandemic's onset in March 2020. Many CFOs say the crisis strongly influenced decisions to speed up work on projects that were underway, including those for payments systems digitization, anti-fraud protections and the use of AI.

Seventy-one percent of CFOs say their firms accelerated the digitization of their payments systems following the pandemic's onset, and 65% of the CFOs involved in these accelerated projects say the pandemic strongly influenced their decision to do so. Similarly, 44% say they sped up

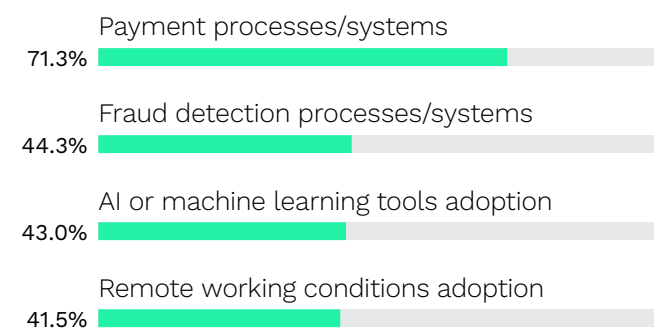
work on their anti-fraud efforts after the pandemic began, with 38% of the companies that kicked anti-fraud efforts into high gear saying the pandemic strongly influenced the decision.

Forty-three percent of companies hastened projects to adopt AI in the wake of the pandemic, and 42% of the companies that worked faster on their AI projects say the pandemic strongly influenced the decision to do so. The pandemic's strong influence on these decisions suggests that many companies perceived the crisis as an opportunity to achieve some long-standing company goals.

FIGURE 2A:

### Speeding up digitization and realizing the benefits

Share of firms that accelerated select digital transformations since March 2020

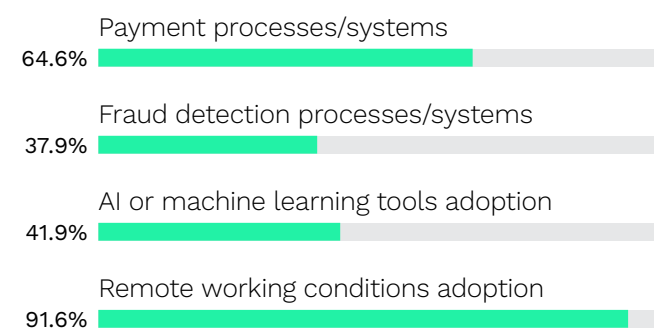


N = 400: Whole sample  
Source: PYMNTS.com | Corcentric  
Business Payments Digitization Playbook

FIGURE 2B:

### Speeding up digitization and realizing the benefits

Share of CFOs who say the pandemic was "very" or "extremely" influential in accelerating select digital transformations



N varies with the number of firms that upgraded specific systems  
Source: PYMNTS.com | Corcentric  
Business Payments Digitization Playbook

# 91%

Share of CFOs who reported **efficiency gains** after digitizing their systems





# Exceeding expectations

Sixty-one percent of CFOs whose firms accelerated digitization of their payments systems did so to make their organizations more efficient, and 91% of CFOs reported efficiency gains after digitizing their systems.

In a few key areas, results from digitization efforts exceeded expectations at the time they decided to accelerate these projects.

For example, 45% of CFOs who accelerated payment process digitization say they did so to improve management of cash flows or working capital, but 84% of CFOs could point to improved management of working capital when the projects were completed. In addition, just 17% of CFOs wanted to digitize to reduce expenses, but 62% of CFOs say their costs lowered because of the digitization projects.

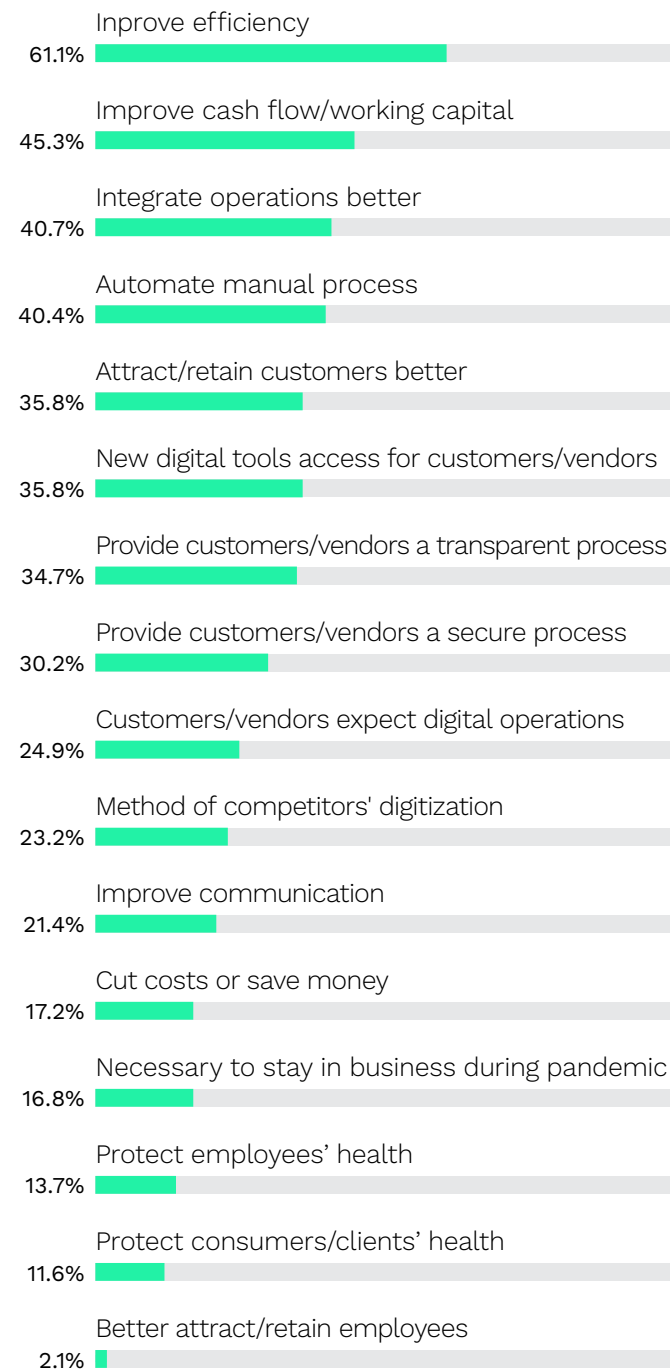
Similarly, 30% of CFOs who accelerated payment process digitization say they did so to have more secure processes for customers and vendors, but 61% reported that data security improved.



FIGURE 3:

### Reasons for digitization

Reasons for accelerating the digitization of payment processes and systems



N = 285; Businesses that have accelerated payment system digitization projects since March 2020  
Source: PYMNTS.com | Corcentric Business Payments Digitization Playbook

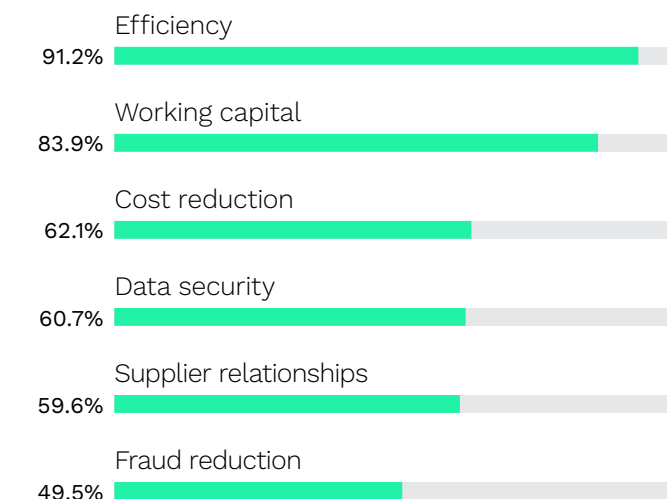
# 38%

Share of CFOs who say the most important reason for digitizing their payment platforms in the next year is **to improve integration of platforms**

FIGURE 4:

### Positive impacts of digitization

Share of CFOs who said digitization of payment processes impacted select operations positively



N = 285; Businesses that have accelerated payment system digitization projects since March 2020  
Source: PYMNTS.com | Corcentric Business Payments Digitization Playbook

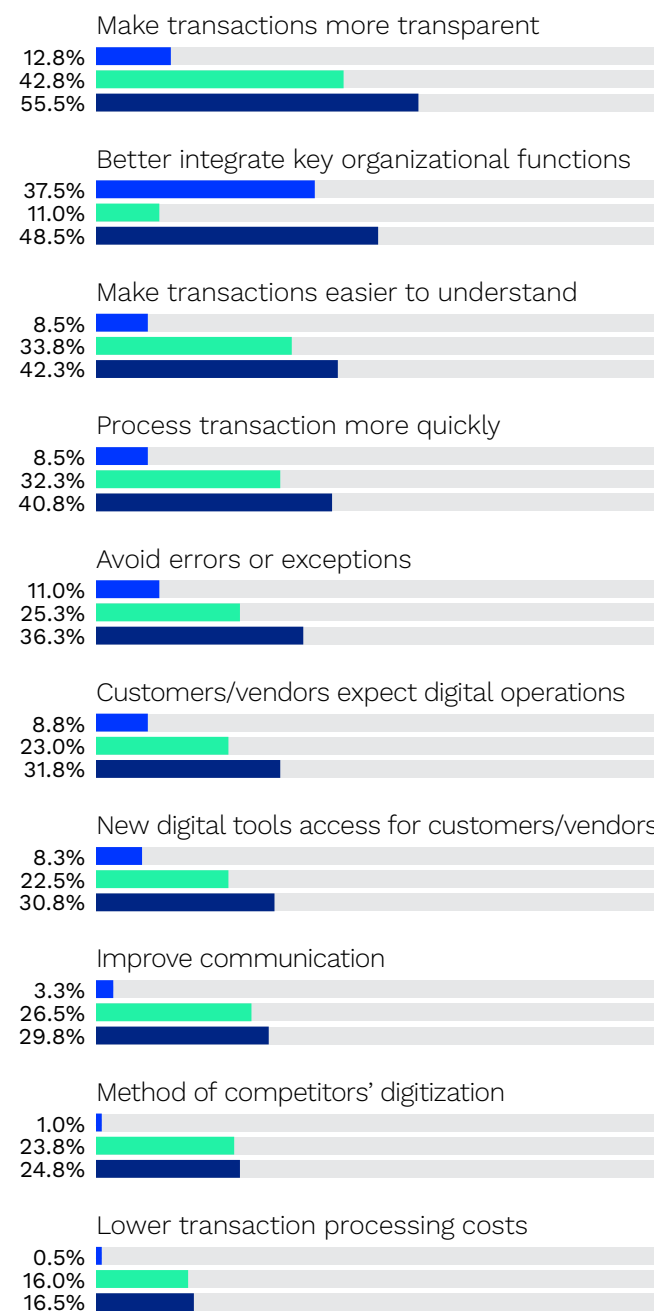
# Why the drive to digitize?

**T**hirty-eight percent of CFOs say the most important reason they plan to digitize their payments platforms in the next year is to strengthen integration of their organization's platforms. An additional 11% say the improved integration is important but not necessarily the most important reason for digitizing payments operations.

**56%**  
Share of CFOs who want to digitize their payments platforms to help make transactions more transparent

**FIGURE 5:**  
**CFOs and their expectations of digitized platforms**

Reasons for digitizing operations in the next year, ranked by importance



N = 400: Whole sample  
Source: PYMNTS.com | Corcentric  
Business Payments Digitization Playbook

At the same time, 56% of CFOs say they want digitization to help make transactions more transparent. Thirteen percent say improved transparency is the most important outcome, and 42% say they want transactions that are more understandable, with 9% citing this as the most important reason for digitization.

CFOs also say they want to process transactions more quickly and reduce the number of errors when processing payments. These companies' objectives clarify that the effects of payments systems digitization can have far-reaching implications for any company implementing digitized platforms.



■ Most important  
■ Important, but not the most important  
■ Total



# CONCLUSION

**C**ompanies are careful when investing in their business operations as the economy is entering a recession. When the pandemic sent the economy tumbling into a downturn and created an unprecedented period of uncertainty, many companies responded by accelerating projects to digitize payments systems. The aggressive actions paid off, as these companies emerged from the economic slowdown with lower operating costs and improved efficiency, mainly thanks to their newly digitized payments platforms. Now, the companies that were slower to invest in digitized payments platforms can learn from the experiences of the larger companies that raced ahead of the pack. If these smaller companies can apply these lessons learned by larger companies to their own digitization efforts, they will put themselves in a position to cut expenses and improve operating efficiency.

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Upgrades

## METHODOLOGY

**B**usiness Payments Digitization: The Fast Track To Payments System Upgrades is based on a survey of 400 CFOs from U.S. companies in five industries: manufacturing, finance, retail, transportation and healthcare. The executives belong to middle-market firms that generate \$400 million to \$2 billion in annual revenues. The 34-question survey was conducted from Aug. 16, 2021, to Sept. 15, 2021, and gathered information about the acceleration of projects to digitize payment systems during the pandemic.

# ABOUT

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