

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows

Retailers, Manufacturers
Seek Better Workflows

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, a PYMNTS and Corcentric collaboration, looks at the investments CFOs plan to make in payment and finance systems that they believe will give them more control over their management of cash flow and working capital. We surveyed 250 CFOs at retailers and manufacturers from Sept. 9 to Sept. 27 about the investments they are making or plan to make in accounts payable, accounts receivable, risk management, working capital management and procurement, and how their decisions have evolved since the onset of the COVID-19 pandemic.

PYMNTS



January 2023



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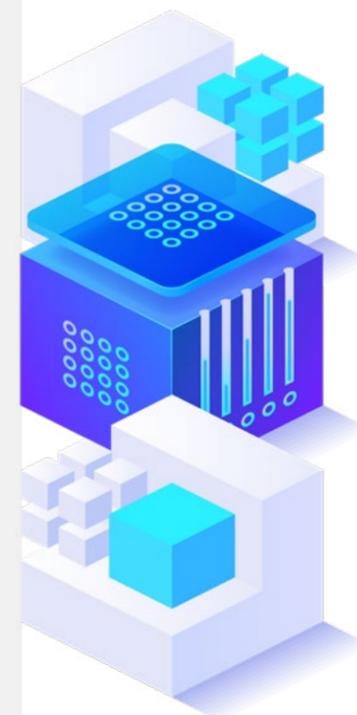
Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows was produced in collaboration with Corcentric, and PYMNTS is grateful for the company's support and insight. **PYMNTS** retains full editorial control over the following findings, methodology and data analysis.

Introduction

Retailers and manufacturers have nearly three years of experience living and working in an economy made more uncertain by the pandemic. Now they are applying the lessons learned to their decisions about where to invest in payments technology.

Many companies are focusing current investments on procurement and other key financial functions. For example, 57% of retailers are investing in upgrades to their procurement applications. Future investment plans are focused on improvements to accounts payable (AP) and accounts receivable (AR) processes.

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, a PYMNTS and Corcentric collaboration, looks at the technology investment decisions CFOs are making with payments and procurement systems. We surveyed 250 CFOs at



46%

of manufacturers that have already invested in their **liquidity forecasting and management applications** are still making these investments or plan to continue making them.

retailers and manufacturers from Sept. 9 to Sept. 27 about the investments they are making or plan to make in AP, AR, fraud prevention, risk management, working capital management and procurement, and how these decisions have evolved since the onset of the COVID-19 pandemic.

This is what we learned.



Retailers and manufacturers plan to aid their recovery from the pandemic with investments in improved payments and finance functions.

Retailers and manufacturers are investing in the technology for several functions and processes in their finance departments, including AP, AR, working capital management and procurement.

Fifty-seven percent of retailers and 53% of manufacturers are investing in procurement applications. Twenty-three percent of retailers plan to invest in procurement applications in the future, while 34% of manufacturers also plan to invest in their procurement functions.

TABLE 1:

The financial functions that are investment priorities

Share of companies investing in or planning to invest in select finance department areas

	Currently investing	Will invest in the future	Will not invest or have not decided
RETAIL TRADE			
• Fraud prevention/risk management	34.5%	45.8%	20.2%
• Working capital and credit	31.3%	52.7%	15.9%
• Procurement	57.4%	23.3%	19.2%
• Accounts receivable	35.3%	42.1%	23.0%
• Accounts payable	26.0%	54.7%	19.3%
MANUFACTURING			
• Fraud prevention/risk management	43.9%	40.3%	16.9%
• Working capital and credit	41.8%	43.9%	16.3%
• Procurement	53.3%	33.8%	12.9%
• Accounts receivable	27.4%	55.1%	17.5%
• Accounts payable	29.7%	50.8%	19.5%

Source: PYMNTS
 Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, January 2023
 N = 250: Complete responses, fielded Sept. 9, 2022 – Sept. 27, 2022



38%

of the companies that have invested in **liquidity forecasting and management applications** are making these investments now or plan to continue doing so.

With some other key functions in the finance area, the share of retailers and manufacturers planning to make investments is projected to increase. For example, 27% of manufacturers are investing in their AR systems, while 55% plan to invest in the future. Among retailers, 35% are investing in their AR systems, while 42% plan to make investments in the future.

An increase is also projected for the systems for managing working capital and credit. Among manufacturers, 42% are investing in their working capital and credit systems, and 44% plan to make these investments. Thirty-one percent of retailers are investing in their working capital and credit systems, and 53% plan to make these investments.

Investments in liquidity forecasting and management are expected to continue.

Retailers and manufacturers appear set to make strong commitments to their liquidity forecasting and management applications in their working capital and credit systems.

Forty-six percent of manufacturers that have already invested in their liquidity forecasting and management applications are still making these investments or plan to continue making them, and 31% of manufacturers that have not previously invested in these applications are either making investments now or plan to make them.

Among retailers, 38% of the companies that have invested in liquidity forecasting and management applications are making these investments now or plan to continue doing so. Forty-two percent of the retailers that have not previously made these investments are making them now or plan to make them.



TABLE 2:

Upgrades to applications for forecasting and managing liquidity

Share of companies currently investing or planning to invest in select working capital functions, among those that invested and did not invest in these functions in the past

	RETAIL TRADE		MANUFACTURING	
	Invested	Did not invest	Invested	Did not invest
• Liquidity forecast/management	37.7%	41.5%	45.9%	31.4%
• Cash forecast	16.8%	11.4%	18.2%	8.1%
• Cash position	12.2%	4.6%	13.5%	6.2%
• Inventory management	29.8%	26.8%	40.2%	23.2%
• Cash flow	22.7%	22.5%	33.0%	22.3%
• Credit	15.7%	12.8%	23.2%	20.8%

Source: PYMNTS

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, January 2023
 N = 189: Respondents who are currently investing or plan to invest in working capital and credit, fielded Sept. 9, 2022 – Sept. 27, 2022

Inventory management is also a key area of focus for retailers and manufacturers. Forty percent of manufacturers and 30% of retailers that have previously invested in this application are now investing in this area. Among the companies that have not invested in inventory management applications, 23% of manufacturers and 27% of retailers are making these investments or plan to make them in the future.

Retailers and manufacturers are focusing their investments to achieve better financial processes.

Many retailers are focused on upgrades to their AP systems, and those that have not yet invested in their AP systems are now making up for lost time. Forty-nine percent are investing or planning to invest in their enterprise resource planning (ERP) applications, while 39% are making investments in their invoice approval applications.

Manufacturers are also focused on investing in ERP applications for AP systems, with 40% that have not previously invested in these applications now planning to do so.

49%

of manufacturers that did not previously invest in digital technologies for **chargebacks and dispute management** now plan to invest in those areas.

TABLE 3A:

AP improvements for retailers, manufacturers

Share of companies currently investing or planning to invest in select AP functions, among companies that have previously invested or have not invested in these areas

ACCOUNTS PAYABLE	RETAIL TRADE		MANUFACTURING	
	Invested	Did not invest	Invested	Did not invest
• Enterprise resource planning	18.6%	49.3%	18.8%	40.1%
• Real-time payments	10.0%	16.1%	12.8%	26.5%
• Invoice approval	22.2%	38.6%	14.9%	37.0%
• Foreign exchange	12.7%	10.5%	7.5%	16.3%
• Vendor invoice management	16.5%	22.2%	15.6%	26.2%
• Straight-through processing	17.5%	13.6%	14.0%	14.8%
• Purchase orders	9.8%	11.0%	12.5%	12.0%
• Disbursements/payouts	14.9%	32.3%	17.2%	27.0%

Source: PYMNTS

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, January 2023
 N = 197: Respondents who are currently investing or plan to invest in accounts payable, fielded Sept. 9, 2022 – Sept. 27, 2022

TABLE 3B:

AR improvements for retailers, manufacturers

Share of companies currently investing or planning to invest in select AR functions, among companies that have previously invested or have not invested in these areas

ACCOUNTS RECEIVABLE	RETAIL TRADE		MANUFACTURING	
	Invested	Did not invest	Invested	Did not invest
• Enterprise resource planning	30.9%	23.2%	11.6%	30.8%
• New payment methods	27.6%	11.8%	14.7%	21.9%
• Real-time payments	10.2%	0.0%	7.5%	0.0%
• FX/currency management	18.3%	13.2%	9.6%	30.5%
• Collections	19.3%	19.0%	10.8%	31.3%
• Chargebacks/dispute management	27.7%	19.7%	14.4%	48.5%
• Cash posting	6.7%	6.0%	3.5%	15.1%
• Reconciliation	22.8%	20.1%	11.1%	38.1%
• eInvoicing	16.0%	10.6%	9.3%	30.1%
• Payments portals	10.8%	1.7%	8.0%	8.6%

Source: PYMNTS

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, January 2023
 N = 195: Respondents who are currently investing or plan to invest in accounts receivable, fielded Sept. 9, 2022 – Sept. 27, 2022

Current and future investments in digital technologies for AR systems are also an area of focus for manufacturers. Forty-nine percent of manufacturers that did not previously invest in digital technologies for chargebacks and dispute management now plan to invest in those areas, and 38% that had not invested in reconciliations plan to do so.

CONCLUSION

The need to make operations more cost-effective and resilient drives retailers' and manufacturers' current and future plans for technology investments. The pandemic has shown that business disruptions can happen without warning and come from any direction. For that reason, all business processes, particularly financial operations or payments functions, must be well-funded with current technology and well-managed. The hard-earned lessons from the pandemic have led to a more focused emphasis on investments in financial systems and payments technology that will help businesses overcome future disruptions.

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METHODOLOGY

Payments Technology's Future: Retailers, Manufacturers Seek Better Workflows, a PYMNTS and Corcentric collaboration, surveyed 250 CFOs from retailers and manufacturers between Sept. 9 and Sep. 27 to assess how their companies invested in digital payments platforms to survive the pandemic. We also sought to understand the technologies they believe are needed to continue growing their businesses. We asked how they believe current economic conditions, such as inflation and the volatility in the capital markets, will affect their financial performance.

ABOUT

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