

Digital Payments:

Modernizing Procurement Processes

Digital Payments: Modernizing

Procurement Processes, a PYMNTS and Corcentric collaboration, looks at CFOs' payments technology investments. Our findings are based on a survey of 250 CFOs at healthcare companies and finance and insurance businesses conducted from Nov. 11, 2022, to Dec. 2, 2022, about the investments they are making or plan to make in their accounts payable, accounts receivable, fraud prevention and risk management, working capital management, and procurement systems, as well as how their investment decisions have evolved in the nearly three years since COVID-19 first disrupted the global economy. Our analysis also uses data from a similar survey of 250 CFOs at retailers and manufacturers conducted from Sept. 9, 2022, to Sept. 27, 2022, about their payments systems spending priorities.

PYMNTS



March 2023



Digital Payments:

Modernizing Procurement Processes

TABLE OF CONTENTS

READ MORE _____



Digital Payments:
Changing Economy Sparks New
Priorities for Systems Spending

February 2023 ■



Digital Payments: Modernizing Procurement Processes 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	04
Key findings	06
Conclusion	18
Methodology	19

Introduction

Businesses everywhere experienced a crash course in the importance of supply chains during the pandemic's early months. The key lesson was the need for resilient systems capable of mitigating the havoc caused when supply chains are disrupted, or worse, broken. The industries most dependent on raw materials and hard goods to get their products into customers' hands, particularly manufacturers and retailers, felt this disruption more than most.

Businesses have been upping their investments in digital payments technology since the pandemic's start, and the companies that felt the pain of the supply chain breakdown most acutely have been the most aggressive in upgrading their procurement systems. These businesses expect their investments to pay off by ensuring that these systems improve the efficiency of their processes for purchasing goods and services during normal business conditions and enabling quicker responses to future disruptions.

Among manufacturers, 42% are already investing in digital payments technology for their procurement processes, and 31% of retailers are doing the same. Meanwhile, just 19% of finance and insurance companies and 15% of healthcare businesses are investing in improving their procurement processes with digital platforms. These spending trends underscore that businesses throughout the economy recognize that the smooth performance of a business's procurement function is vital to its success, and firms also understand that digital platforms increase their opportunities to ensure that success.

These are some of the key findings in *Digital Payments: Modernizing Procurement Processes*, a PYMNTS and Corcentric collaboration. This report looks at CFOs' payments technology investments. Our findings are based on a survey of 250 CFOs at healthcare companies and finance and insurance businesses conducted from Nov. 11, 2022, to Dec. 2, 2022, about the investments they are making or plan to make in accounts payable, accounts receivable, fraud prevention and risk management, working capital management, and procurement as well as how their investment decisions have evolved in the nearly three years since the pandemic first disrupted the global economy. Our analysis also uses data from a similar survey of 250 CFOs at retailers and manufacturers that was conducted from Sept. 9, 2022, to Sept. 27, 2022, about their payments systems spending priorities.

This is what we learned.



Retail and manufacturing companies are investing in digital technology to improve procurement operations and limit business disruptions caused by future supply chain breakdowns.

Retailers and manufacturers depend on a steady flow of products for their shelves and raw materials to make goods. That may explain why 31% of retailers are investing in procurement systems and why 53% plan to do so. Among manufacturers, 42% are already investing in upgrades to their procurement technology, with another 44% planning to make investments in this area.

TABLE 1A:

How businesses are spending their digital payments systems dollars

Share of healthcare companies and finance and insurance businesses that are currently investing or planning to invest in select areas

	Currently investing	Will invest in the future	Will not invest or have not decided
FINANCE AND INSURANCE			
• Fraud prevention/risk management	31.7%	40.7%	27.6%
• Working capital and credit	19.7%	43.6%	36.7%
• Procurement	19.1%	38.2%	42.6%
• Accounts receivable	26.3%	25.1%	25.1%
• Accounts payable	20.0%	35.4%	43.6%
HEALTHCARE			
• Fraud prevention/risk management	44.2%	39.1%	17.4%
• Working capital and credit	22.7%	34.3%	42.9%
• Procurement	15.2%	45.4%	39.4%
• Accounts receivable	13.1%	56.8%	56.8%
• Accounts payable	15.9%	50.3%	33.8%

Source: PYMNTS

Digital Payments: Modernizing Procurement Processes, March 2023

N = 124: Healthcare companies; N = 126: Finance and insurance companies, fielded Nov. 11, 2022 – Dec. 2, 2022

45%

of healthcare companies are planning to invest in digital technology for their **procurement systems.**

Healthcare companies have been concerned about the costs of replacing their older systems and just 15% of them are currently investing in procurement solutions, but this appears to be changing. Forty-five percent of healthcare companies are planning to invest in digital technology for their procurement systems.

The commitment to more solid procurement technology is weakest among finance and insurance companies. Quick access to capital is more important for these firms than the free flow of hard goods. Forty-three percent of companies in these industries have either made no decision to invest in digital technology for their procurement systems or do not plan to make these investments at all.

TABLE 1B:

How businesses are spending their digital payments systems dollars

Share of retailers and manufacturers that are currently investing or planning to invest in select areas

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

Source: PYMNTS

Digital Payments: Modernizing Procurement Processes, March 2023

N = 125: Retail companies; N = 125: Manufacturing companies, fielded Sept. 9, 2022 – Sept. 27, 2022

Companies investing in digital technology to support procurement operations are doing so primarily to modernize operations, expand business and reduce costs.

Sixty-six percent of retailers and 59% of manufacturers say the most important reason why they are investing in digital procurement technology is to modernize their business processes. Forty-five percent of finance and insurance companies are also investing in digital technology to modernize their procurement processes, as are 27% of healthcare companies.

18%

of finance and insurance companies say the most important reason for their investment in digital procurement technology is to **reduce costs**.

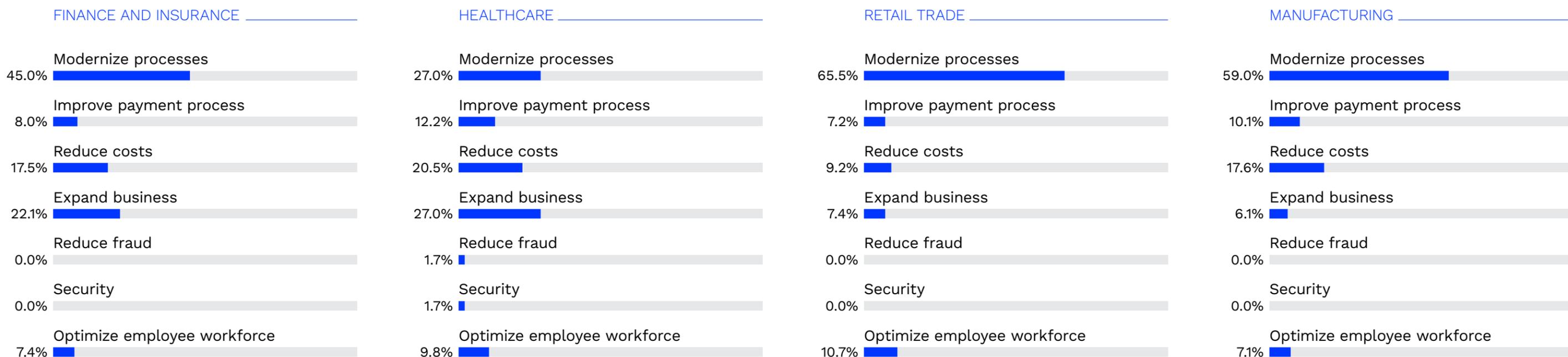
PYMNTS' data indicates that healthcare companies and finance and insurance businesses are placing more of an emphasis on expanding their business than retailers and manufacturers. Expanding their business is the most important reason why 27% of healthcare companies and 22% of finance and insurance companies are investing in digital procurement technology, as they have outgrown current systems and want to improve the customer experience. By comparison, just 7.4% of retailers and 6.1% of manufacturers say their interest in expanding their business is the most important reason for their investments in digital procurement technology.

Cost reduction is also a significant goal for many companies. Twenty-one percent of healthcare companies, 18% of finance and insurance companies and 18% of manufacturers all say the most important reason for their investment in digital procurement technology is reducing costs. Just 9.2% of retailers say the same.

FIGURE 1:

Why companies in different industries are investing in procurement

Share of companies in different industries citing select reasons as most important for making digital technology investments in procurement



Source: PYMNTS

Digital Payments: Modernizing Procurement Processes, March 2023

N = 65: Healthcare companies currently or planning investments in procurement over the next two years;
 N = 78: Finance and insurance companies currently or planning investments in procurement over the next two years,
 fielded Nov. 11, 2022 – Dec. 2, 2022

Source: PYMNTS

Digital Payments: Modernizing Procurement Processes, March 2023

N = 94: Retailers currently or planning investments in procurement over the next two years;
 N = 95: Manufacturers currently or planning investments in procurement over the next two years,
 fielded Sept. 9, 2022 – Sept. 27, 2022



Companies investing in digital procurement technology are most likely to prioritize improving their supply chain and logistics management functions.

Businesses learned from pandemic-related supply chain disruptions and do not want to be caught unaware again. Logistics and supply chain functions are, by far, the areas within procurement that are getting the most commitment from manufacturers and retailers. Fifty-five percent of manufacturers and 54% of retailers investing in improvements to their procurement systems are also investing or planning to invest in upgrades to logistics and supply chain functions.

54%

of retailers investing in improvements to their procurement systems are also investing or planning to invest in upgrades to **logistics and supply chain functions.**



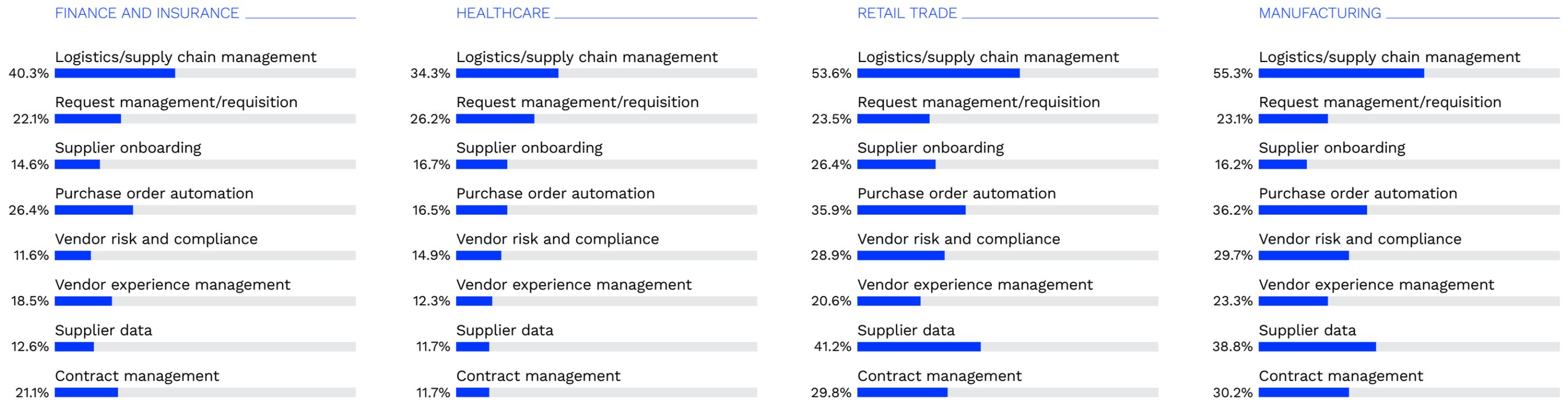
Similarly, 40% of finance and insurance companies and 34% of healthcare companies investing in digital technology to improve their procurement systems are also investing in their logistics and supply chain functions. Other areas within procurement are also getting attention but not nearly as much.

Many are focused on improving the functions for supplier data — such as real-time inventory information and supply chain analytics — which may be the result of lessons businesses learned during the pandemic's early months, when supply chains stopped operating efficiently. These supplier data systems can help businesses improve their planning and forecasting while also giving them the ability to manage and even broaden supply chains when they need to meet a surge in customer demand or find alternative suppliers when shortages occur.

We found that 41% of retailers and 39% of manufacturers that are investing to improve their procurement systems are spending to upgrade their systems for supplier data. Similarly, 12% of health-care companies and 13% of finance and insurance businesses that are investing in their procurement systems are also spending on improvements to their supplier data systems.

Twenty-six percent of healthcare companies investing in improved procurement systems are also spending to improve their request management and requisition software, as are 22% of finance and insurance companies.

FIGURE 2:
The procurement functions that are getting the most digital payments systems investments
 Share of companies investing or planning to invest in select procurement functions



Source: PYMNTS
 Digital Payments: Modernizing Procurement Processes, March 2023
 N = 124: Healthcare companies; N = 126: Finance and insurance companies, fielded Nov. 11, 2022 – Dec. 2, 2022

Source: PYMNTS
 Digital Payments: Modernizing Procurement Processes, March 2023
 N = 125: Retail companies; N = 125: Manufacturing companies, fielded Sept. 9, 2022 – Sept. 27, 2022

CONCLUSION

Businesses in various segments are spending heavily on digital technology to upgrade their payments systems. The spending plans are driven in large part by the experiences from the pandemic's early months, when the global economy was disrupted and nearly ground to a halt as suppliers throughout the world and in all manner of industries were snarled in massive bottlenecks and breakdowns. The returns on these investments are expected to be derived from technology upgrades that lead to smoother operations of procurement and related systems during the normal course of business. But many companies are counting on these digital systems to help them weather the next time the global economy falters, and they need a more solid look at their payables, receivables, working capital and shipments from suppliers.

Digital Payments: Modernizing Procurement Processes

METHODOLOGY

Digital Payments: Modernizing Procurement Processes, a PYMNTS and Corcentric collaboration, looks at CFOs' payments technology investments. Our findings are based on a survey of 250 CFOs at healthcare companies and finance and insurance businesses conducted from Nov. 11, 2022, to Dec. 2, 2022, about the systems investments they are making or plan to make in accounts payable, accounts receivable, fraud prevention, risk management, working capital management and procurement, as well as how their investment decisions have evolved in the nearly three years since the pandemic disrupted the global economy. Our analysis also uses data from a similar survey of 250 CFOs at retailers and manufacturers conducted from Sept. 9, 2022, to Sept. 27, 2022, about their payments systems spending priorities.

ABOUT

DISCLAIMER ■

PYMNTS [PYMNTS](#) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Corcentric is a leading global provider of payments, procurement, accounts payable and accounts receivable solutions to enterprise and middle-market companies. Corcentric delivers software, advisory services and payments focused on reducing costs, optimizing working capital and unlocking revenue. To learn more, please visit www.corcentric.com.

Digital Payments: Modernizing Procurement Processes may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS is the property of PYMNTS and cannot be reproduced without its prior written permission.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at feedback@pymnts.com.