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Simon Barker:

How To Decentralize Vendor Spend Without Losing Control



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Optimism continues to dwindle for the globe's corporate travel sector, with industry heavyweights expecting business trips to remain on pause for at least the rest of the year — and some anticipating permanent changes to businesses' travel and entertainment (T&E) spend.

But just because corporate travel is on hold doesn't mean enterprise spending is.

In a recent conversation with Karen Webster, Conferma Pay CEO Simon Barker described some of the biggest impacts of the pandemic on corporate spend, and the influence T&E spend management strategy has — and hasn't — held over how businesses manage different categories of spend.

With once-centralized procurement teams now dispersed into a work-from-home ecosystem, the controls and workflows that once consolidated procurement spend management are no more.

"It presents itself as a challenge when you've got disparate decision-making going on," Barker explained. "Payment decision-making is often centralized. But five months into COVID, the controls you need to decentralize payments have to be put in place."

Shifting Spend Controls

T&E spend remains muted, but organizations must spend money to continue running their business. For employees working from home, that means managing procurement or ad-hoc purchase approvals without a central department to oversee the activity.

As a result of the pandemic, explained Barker, there is a wider gap between the professionals spending company money, and the managers that approve of and manage that spend. It has created a new challenge for businesses that need some way to bridge the gap.

"You've got to have the due diligence in place to allow people to decentralize decision-making in payments, and give the people on the ground control," he explained, adding that there is an opportunity for firms to develop a "logic layer" that sits within that gap between the organization and its employees, enabling automated and efficient spend control processes.

For some firms, this may appear to be an opportunity to apply the T&E spend management model to other areas of corporate spend, thanks to the disparate nature of employees out of the office spending money while on business trips. But as Barker warned, it's not necessarily a one-to-one comparison.

A T&E spend management strategy won't necessarily provide the right set of tools for a procurement team that's used to collaborating in a single location to negotiate with suppliers and make payments, for instance.

"Corporates want to empower people out and about, but not necessarily with T&E



tools because it isn't the spend they're managing anymore," he noted.

"You've got regular payments on things like advertising or marketing costs, regular, recurring spend that has been dealt with through a centralized corporate procurement office, but now it's handled by individuals on the ground," he added.

Driving Permanent Change

This need to develop a spend management strategy that can support new categories of spend beyond T&E while teams remain disparate has contributed to the acceleration of electronic B2B payments.

While paper checks and ACH file generation may have been easier to manage within a centralized procurement department, with employees working from home, the ability to monitor and approve those transactions becomes far more difficult. This is an opportunity for organizations to be tactful about the electronic payment methods they deploy, said Barker, with virtual, tokenized payment methods creating the data that organizations and their teams need to gain visibility into spend across categories and departments in real time.

"One of the key attributes of tokenized, virtualized payments is the one-to-one relationship with the item you're procuring, and the ability to reconcile it instantaneously," Barker explained. "In terms of control, you have real-time authorization, a feedback loop that is constantly telling you what's happening in terms of procurement."

This drive to embrace electronic B2B payments that generate data for the purposes of decentralized and remote spend control has also coincided with the rise of B2B eCommerce that can similarly support a remote purchasing environment.

That's a trend likely to stay as organizations further pursue a digital, streamlined purchasing process that offers a better experience for a procurement professional while also facilitating data generation for enhanced spend control and visibility. And while a post-pandemic world may not see entire organizations working from home, as businesses grow more comfortable with the concept of remote working, Barker predicted that the employee spend management processes — including how professionals make purchases and how their managers oversee that spend — is likely to see long-term impacts.

With many businesses expected to embrace a hybrid workforce that combines working from home with working in the office, their spend management strategies will embrace the hybrid model, too.

"We'll come out of this with some sort of hybrid where larger decisions in terms of procurement and payments are made centrally," said Barker. "But smaller, regular, ad-hoc payments that are made will be decentralized down to the people who can control those better. And we end up with somewhat of a hybrid moving forward."

