How Digital, High-Performing Businesses Scale Payables

One goal for every high-performing business is to streamline to scale—where they can move beyond “making things work” to focus on increased adoption and value.

Digital-first businesses are multi-sided—external partners often make up much of their offering. Whether they’re content creators, influencers, developers, artisans, gig workers, or suppliers, these businesses rely on partner relationships for their success.

Executing the Go-to-Market Vision

The disruptive business models of digital-first companies require an aggressive go-to-market approach. The sooner they can deliver a viable offering, the greater the opportunity to expand and enhance.

For these companies, relying on a manual payables process locks them into inefficiencies and introduces execution risk. Most organizations have to spend money to make money, which eats away at their profitability. But, at the same time, controlling funds is a significant focus to avert errors and fraud.

Partner payments are foundational to digital-first companies and are critical when taking a new offering to market. Maintaining profitability, reducing risk, improving compliance, and compelling partner loyalty requires a streamlined payables process. Only then can these businesses scale.

Partnering for Payables Success

Without reliable partners, businesses reduce their ability to deliver quality products and services to their customers. Likewise, negative relationships with partners can affect the company's reputation and ability to continue attracting viable partners. These are the main factors that typically affect partner relationships:

Communications Around Payments

From onboarding to alerting of payment status and issues, every communication should be white-labeled to reflect the business's brand and reinforce trust. The challenge is even higher with global partners since they are likely to attract less attention.

Paying in Local Currency

Foreign exchange management can be a headache for both sides. The business has to deal with setting up local banks. The partner has to contend with bank fees and other complexities. Streamlining this process is a matter of centralizing payment execution.

Offering Multiple Payment Methods During Onboarding

Partners want to be able to select the most economical method, often one with lower fees, to potentially save everyone even more. To do this manually would require significant work, but payment automation platforms provide this capability natively.

Reducing Payables Operational Friction

Supporting the "partner relationship" can be problematic. It requires a lot of work to onboard and vet partners, manage payment and tax data, eliminate fraud issues, communicate payment status, and reconcile for general accounting purposes. To do all this, and attempt to make the process scalable and lean, often leaves businesses with two choices: add staff to contend with the volume and complexity or limit the markets they enter.

The payment process itself is entirely mechanical and involves thousands of different rules and conditions. The complexity gets even more overwhelming when you layer on cross-border payments. Multiply these administrative and regulatory landmines by several hundred publishers and the problems compound—reducing the ability to focus on successful scaling.

Automating outbound payments reduces operational friction and enables greater scalability. For digital-first businesses looking to grow and get an edge on their competition, an optimal payment workflow reduces unnecessary partner friction.

Enhancing Working Capital

For all the benefits a digital-first business model provides, one challenge has arisen for these companies: maintaining adequate cash flow for themselves and their partners. As customers look to delay payments to the business through longer lead terms (e.g., net 45 or more), companies have to delay paying their partners even in the face of an “on-demand” culture. One solution is to deploy an early payment program at scale. These programs help partners get paid earlier and will help to strengthen relationships.

In return for the partner enrolling in early payments, they can be paid immediately by the payment processor in exchange for a nominal discount—alleviating the cashflow issues to both the payer and payee. When the original due date arrives, the business can “repay” the payment processor while also earning a referral fee based on the discount. Processor-driven early payment programs can have 20 to 30 percent adoption rates or higher and allow the company to consider extending partner payment terms (Net 45/60/90/etc.) without negatively impacting working capital.

Are you ready to implement a better partner experience?

Tipalti specializes in working with digital, high-performing businesses. We remove the friction of onboarding, payments, and reporting to deliver a streamlined payables process that expedites the ability to enter new markets and adopt compelling business models.

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