

3 Ways Covid-19 Changed Shared Services and How to Prepare for What's Next



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About the Survey

This data is from a survey of 114 finance and shared services professionals – mostly from North America and Europe – which ran from May 13th to July 13th 2020.

A wide cross section of industries are represented, including airlines, telecoms, healthcare/pharmaceuticals, gaming, retailers, food manufacturers, logistics, education, industrial manufacturers, technology, banking and finance.

Watch the webinar for insights into the full results of the survey and analysis

Here are our findings. We discovered 3 ways shared services have changed, and we offer 3 ways to prepare and protect your organization for what's next.

1 Business processes and standard operating procedures have been disrupted

To what degree has Covid-19 and its mitigation efforts changed your business so far?

Only a fraction were unscathed by Covid-19. **70%** say they were significantly or very significantly affected.



How has Covid-19 most affected your business?



Beyond the expected rise in remote working, we found **52%** changed standard operating procedures in response to Covid-19.

Revenue increased in:

- Food manufacturing
- Logistics/Delivery
- Gaming
- Telecoms

The top 5 processes disrupted by Covid-10 were:



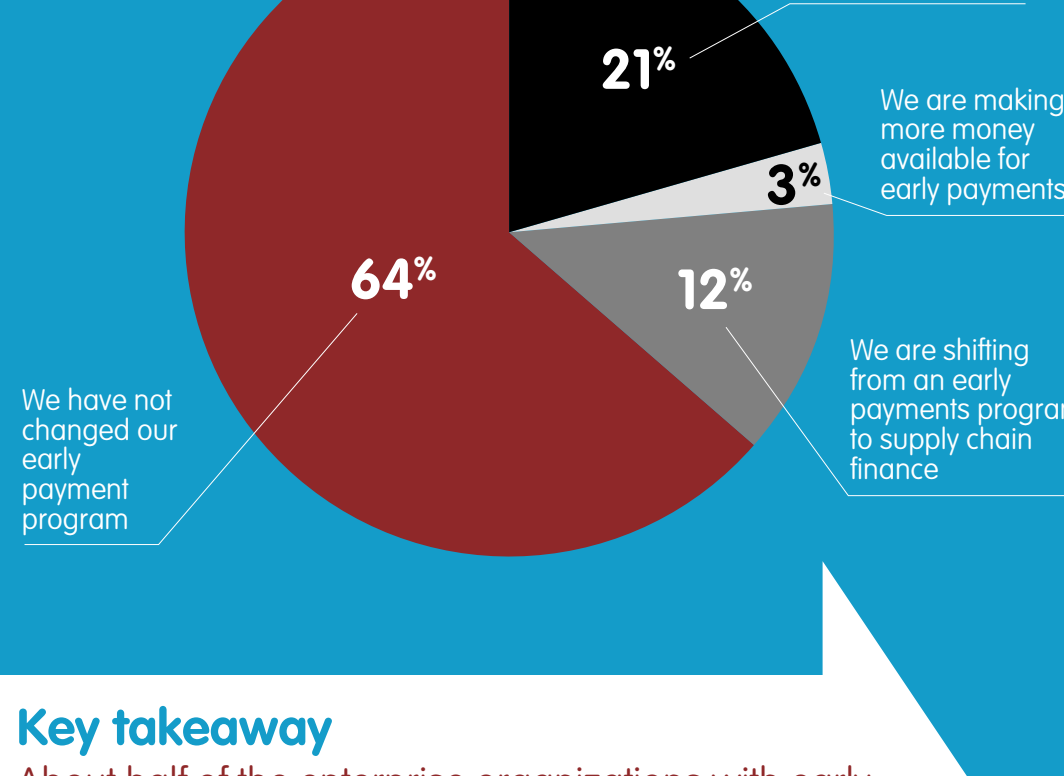
Key takeaway

Most companies have been significantly affected by Covid-19. Companies have had to change their standard operating procedures and the way they process invoices, onboard suppliers and validate data. These changes potentially create new vulnerabilities.

2 Shared services are seeing more inbound communication and more attempts at fraud.

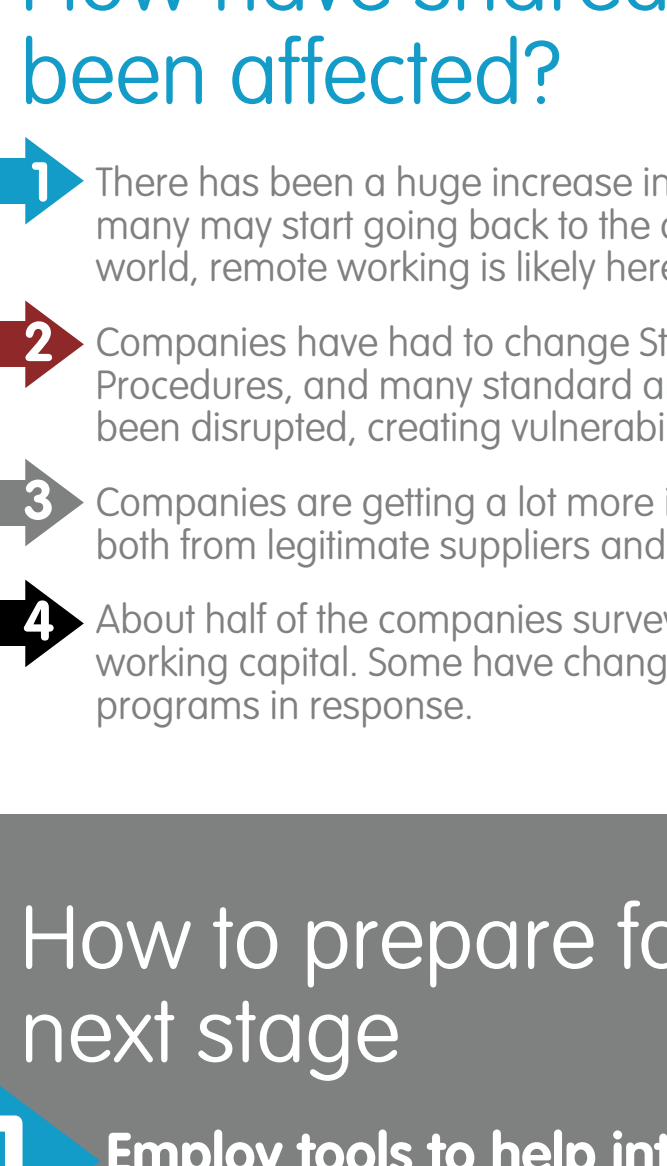
To what extent have communications to and from your suppliers increased since March?

79% saw more communication from suppliers since March 2020.



Have you seen an increase in phishing attacks or other attempts at fraud?

Focusing on companies with more than 50,000 suppliers, the "Yes" proportion goes up to **75%**



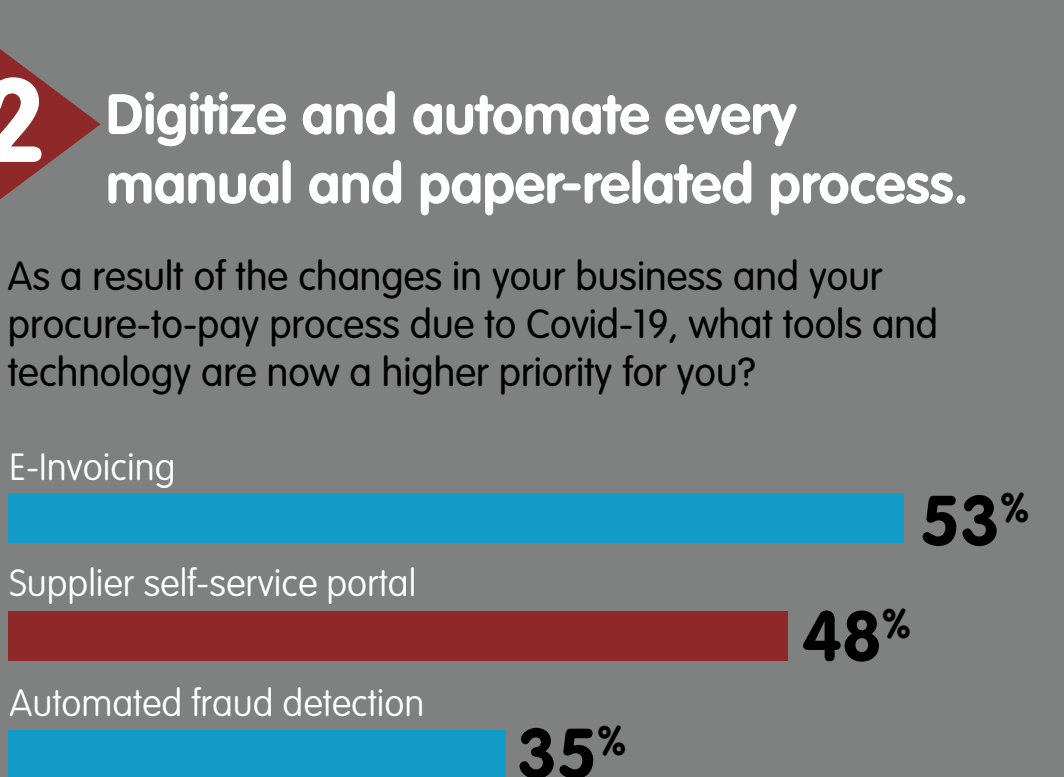
Key takeaway

Companies are seeing a lot more communication from suppliers. This may stem from concerns about business continuity and the timing or uncertainty about payments. On top of the extra communication from suppliers, we are seeing more phishing and fraud attempts, particularly at companies with a large supplier base.

3 About half have seen a negative impact on working capital

To what extent has Covid-19 and its mitigation efforts affected your working capital?

Those that saw an increase were in pharmaceuticals/healthcare, telecoms, finance, food manufacturing



If you have an early payment program, have you changed your program in response to Covid-19?



Key takeaway

About half of the enterprise organizations with early payment programs saw a reduction in working capital. This is also likely to be seen in their supply chain. The ease of making changes to your early payment program is largely dependent on technology. If companies have implemented early payment tools, they can ramp up early payments to support suppliers that might be struggling. Supply chain finance and dynamic discounting tools also give companies the choice to pause a program if they need cash, or they can switch to third party funding to meet needs of suppliers and their own working capital requirements.

How have shared services been affected?

- 1 There has been a huge increase in remote working. While many may start going back to the office in some parts of the world, remote working is likely here to stay.
- 2 Companies have had to change Standard Operating Procedures, and many standard anti-fraud processes have been disrupted, creating vulnerabilities.
- 3 Companies are getting a lot more inbound communication, both from legitimate suppliers and from fraudsters.
- 4 About half of the companies surveyed saw a decrease in working capital. Some have changed their early payment programs in response.

How to prepare for the next stage

1 Employ tools to help internal controls and protect your organization from fraud

How are you addressing the fraud risks associated with business changes due to Covid-19?

Enhanced internal controls and employee awareness and communication are the main ways companies are changing to protect their organization from the threat of fraud.

Here are some examples of measures shared services are taking:

Standard Operating Procedures have been disrupted. People who are out-of-work and in need of money may be turning to less scrupulous ways to get it. Insiders no longer have anyone physically looking over their shoulder, so it's crucial to step up your controls – and ideally take controls out of people's hands and automate them to ensure there are secure controls.

Some of the actions respondents are taking are captured below:

2 Digitize and automate every manual and paper-related process.

As a result of the changes in your business and your procure-to-pay process due to Covid-19, what tools and technology are now a higher priority for you?

Processes that were disrupted were almost all manual processes. Those who have automated have had an easier transition to remote working than those with manual processes. There is significant new interest in e-invoicing and supplier portals, particularly from those who are still highly manual.

3 Managing suppliers through portals enhances controls and reduces fraud risk.

By using a portal you are enhancing your controls and reducing fraud risk. Fully automating the supplier onboarding process, from validation and onboarding to communication and monitoring, helps improve security and controls. Supplier management can be set up in a way that doesn't let users touch the vendor master and uses multi-factor authentication for any changes. Communication is done through secure portals and many routine communications can be automated.

Conclusion: Now is the time to automate

While many companies chose not to make any big decisions in reaction to Covid-19, it's clear that some changes will need to happen – and automation is crucial. Right now, companies can't afford to let automation projects languish. The shared services landscape has changed, and it's necessary to adapt. Take this time to resume your automation efforts and push forward digitizing your operations.

Watch the webinar for insights into the full results of the survey and analysis.

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apexanalytix protect \$6.4T in spend and prevent or recover over \$3B in overpayments annually, and their client portals actively supports over 4M+ suppliers – more than any other supplier network. Their software and audit services are built on a smartvm® database of 32M+ supplier records with contacts, scored for accuracy and age, based on integration with over 650 government, regulatory and authoritative third-party data sources and 10M+ communications with suppliers each year. Visit www.apexanalytix.com for more

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