

6 Ways COVID-19 Destroyed Your Vendor Master

And How to Mitigate the Impact



A Rapid Shift Created Problems

COVID-19 pushed businesses to the limit, requiring organizations to adjust with safety procedures and remote working for non-essential personnel. It wasn't easy for most companies. In this white paper, we discuss how COVID-19 impacted your company and the master data errors that can cause fraud, overpayments and a lot of wasted time in the future. Of course, apexanalytix has technology to automate these problems away.

01

Prepayment for Critical COVID-19 Goods and Services

Early in the COVID-19 pandemic, your organization was focused on the purchase of goods and services that helped protect your employees and customers and to transition to remote work arrangements. You may have had to make larger bulk purchases of laptops and monitors from current suppliers. Or, you may have had to purchase social distancing signage, forehead thermometers or other PPE items from brand new suppliers. In some cases, a supplier was set up quickly with minimum information and had to be paid prior to delivery or on "net now" terms.

Vendor Data & Process Impacted: Prohibited entity check, tax ID/VAT verification, duplicate vendor check

02

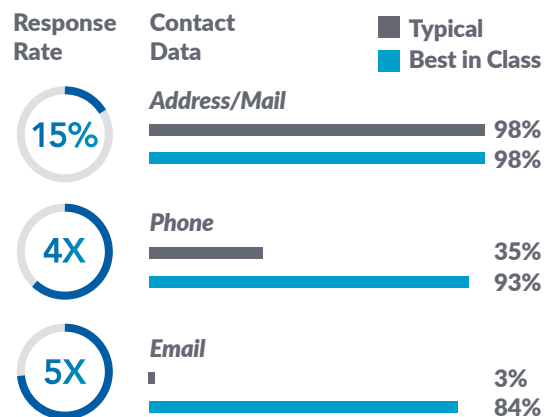
Need to Move Suppliers to Paperless Invoicing and Payments

All parts of your supply chain and operations have become more virtual because of the pandemic. Even after stringent lockdowns end and a phased return to the office continues, business operations are likely to be more remote, especially those that can be done remotely. Paper-based invoicing and payments do not fit into a virtual workflow since it will require employees to go to an office, print and mail paper checks. To move every supplier to paperless, you will need correct contact info to communicate the new procedures en masse. Our research shows that most companies have only 3 percent of their supplier's email address in their vendor master, even though communications to a supplier email get five times the response rate of mailings to a physical address.

Vendor Data & Process Impacted: Supplier callbacks, bank account ownership validation, address validation, phone number and email validation

What's the Best Way to Engage Suppliers?

Most companies don't have the contact data that is most effective in getting a response.



Source: apexanalytix analysis of results data.

03

AP Overriding Controls to Release Payment

Suppliers can be paid twice or paid incorrectly as accounts payable teams are working outside of their regular workplace and established control procedures. In a remote situation, obtaining invoice approvals and timely review can be difficult, while suppliers under stress may be urgently requesting payment. Invoice payment delays may happen because the accounting system flags an invoice as a duplicate. To push the payment through (possibly because the supplier or internal stakeholder is insistent or impatient), accounts payable may override the flag by appending a character or an extra number to the invoice.

Vendor Data & Process Impacted: Duplicate payment check, duplicate vendor check

04

Some Suppliers Have Become High-Risk

Market conditions have shifted and, unfortunately, some of your suppliers may not be able to perform as they could prior to COVID-19 or go out of business completely. There may even be financial pressure that pushes a supplier or their employee to commit fraud. It is time to benchmark who is high-risk in your supply chain.

Vendor Data & Process Impacted: Supplier risk management, Tax ID/VAT appending and validation, bank account ownership validation, performance management

05

Working Capital Needs Have Changed

The working capital situation has changed for most companies since COVID-19. You can help optimize your working capital by making sure that payment terms are being applied correctly, and that you work with suppliers to extend terms where possible. Our recent benchmarking study has shown that companies typically have a 31.8% discrepancy between invoice terms and vendor terms which leads to a decrease in working capital. By matching payment terms perfectly, companies could improve working capital by \$17.25 million for every \$1 billion in spend and achieve \$862,000 in cost savings (assuming a 5 percent cost of capital).

Vendor Data & Process Impacted: Working capital management, supply chain finance/dynamic discounting, payments based on negotiated terms

\$17M+

Working capital that can be saved for every \$1B in spend.

\$862K+

Cost savings that can be achieved.

06

Vendor Master Problems Causing Overpayments

Duplicate vendor issues are responsible for 30 percent of duplicate payments in a recovery audit. That's what apexanalytix has discovered from the thousands of audits we've completed. These issues are compounded by vendor master problems and with the changes in supply chain and accounts payable processes that are occurring because of COVID-19. A recovery audit will give you insight into process weaknesses and gaps that you can correct in the future.

Vendor Data & Process Impacted: Duplicate payment check, duplicate vendor check

30%

Percentage of duplicate payments in a recovery audit found to be caused by duplicate vendor issues.

apexanalytix Offers a Comprehensive Approach

apexanalytix has multiple ways to automatically validate and enrich your vendor master data with integration to over 650 government, regulatory and authoritative third-party data sources. Every Tax ID validated, every duplicate record removed, every bank account validated. Plus our duplicate payment prevention software and recovery audit services ensure that your working capital is protected.

smartvm's web-based application can analyze your data in bulk or individual records and does not require any integration to your systems. Start using it today and integrate via API based on your schedule.

apexportal is a single, central supplier hub for every supplier, all of your policies, and integration with 100 percent of your source-to-pay systems. It is the highest rated Supplier Relationship Management and Risk Solution in Spend Matters' [Q1 2020 SolutionMap](#).

apexmdm is an enterprise master data management solution that has eliminated the need for a standardization process with a prebuilt data structure that consolidates data from any source for fully formed vendor and B2B customer master records.

firststrike can prevent every duplicate payment that your ERP misses. One of our client's prevents over \$20 million in duplicate payments every year. [Read the case study](#).

apexrecovery is the largest commercial AP recovery audit firm in the world. [Hear from our clients](#) why they choose us.

Act Now

Business will be different for the foreseeable future. You can make a difference to your company now. Contact us to discuss how apexanalytix can minimize the impact that COVID-19 has had on your financial operations.



About the Author

Danny Thompson is Senior VP of Market and Product Strategy at apexanalytix and is responsible for defining, communicating and leading our company's software product strategy and roadmap. He works closely with our customers to ensure that each solution helps them meet their business objectives. Danny has a proven track record in the procure-to-pay arena, with a strong background in ERP implementation, process automation and financial shared services. He previously was VP of product management at Tungsten Network, a global business-to-business e-invoicing firm. He also is a former global process driver for invoice-to-pay at Pfizer. Danny earned his B.A. degree from Harding University.

apexanalytix revolutionized recovery audit with advanced analytics and the introduction of firststrike overpayment prevention software. Today, apexanalytix leads the world in supplier management innovation with apexportal and smartvm, the most popular supplier onboarding and compliant master data management solution available. With over 250 clients in the Fortune 500 and Global 2000, apexanalytix is dedicated to providing companies and their suppliers the ultimate supplier management experience. To learn more visit www.apexanalytix.com, email apexinfo@apexanalytix.com or call +1 800-284-4522.

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