
Accelerating
Global Payments
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Accelerating Global Payments in an Accelerated Global Economy

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Introduction

Making global payments to partners can be challenging, but they are what keep incentive, rebate, and royalty programs running in an international economy. Clients need a smart, reliable service capable of handling the complexities inherent to the payment ecosystem while being able to execute payments to their partners quickly and accurately.

Although global payment revenues totaled $1.9 trillion in 2018, most companies are still not set up to make time-sensitive and secured global payments to a large number of recipients typically associated with partner rebate and incentive programs. Global payments can be labor intensive and costly, requiring special expertise to meet the various government, anti-corruption, and banking standards across multiple countries and currencies.

Staying in compliance with various regulations (government, financial, tax, anti-corruption) are critical components of any financial program making payments to global partners. A financial model lacking these compliance regulations, along with having an ineffectual reporting system or comprehensive auditing structure in place, is doomed to fail. So what is needed to ensure a compliant, effective, and secure global payment process between you and your partners?

With the increasing demand and subsequent rise of global payments and a robust payment ecosystem to support it, the case for updating your payment process with a software that touts well-rounded financial capabilities, introduces a compliance guarantee, and elevates program visibility is not only relevant, but it adds value and equips teams and partners for success.

Adding Value to the Partner Experience

For partners, the wait for incentive reimbursement can be agonizing. Qualifying for the incentive payment might be time intensive and costly. For some partners, timely incentive payments are more than just motivating, they may be critical to their financial well-being. Slow or delayed payments create a negative perception of both the program and the company.

It is imperative that marketing program owners focus on the end results of their marketing programs, not nagging obstacles in their periphery. Owners need the capability to increase partner satisfaction and program engagement within the partner experience. Payments are the critical last mile and culmination of the partner's efforts within the marketing program. The partner experience throughout the payment process needs to be straightforward, simple, and compact even when meeting complicated financial and government requirements.

Provisioning Partners for Payment

Making regular, recurring payments to global partners is a hassle for corporate finance and accounts payable teams and can be very costly. Gathering the required information to set up your global partners within your own financial systems can be a lengthy and complex process. Having a system and service specifically designed to gather and maintain global banking information and the necessary tax details from your partners is an inevitable requirement. Re-using information where possible compresses the time to payment.

As clients do business globally, they are bound by international laws and tax regulations, such as Value Added Taxes (VAT) and Goods and Services Taxes (GST), depending on the specific country or global service provider. Being able to customize the payment messaging of instructions and requirements by program and country so your partners know what to expect and how to comply must be an out-of-the-box feature.

Adding it Up with Correct Currency, Simplified Payments, Reduced Cost

When dealing with global payments, correct currency plays a critical role. When a partner performs a marketing activity in their preferred currency, vendors must reimburse partners the same amount in the same currency they incurred the cost in order to make partners “whole.” This is often a crucial factor for partner satisfaction and program success.

In addition, as your partners participate in various marketing incentive programs, they will become eligible for multiple payouts. Having a global payment software and service solution automatically combine these activities in a single payment – while maintaining clear details regarding the specifics of each activity – can result in significant savings in processing/bank fees, labor costs, and timely payments for you and your partners.

Information is Key

Keeping payees informed of payment status is extremely important to the process. Timely correspondence not only helps to reduce program costs but also improves the overall partner experience. Payees and administrators need an option that provides clear visibility into all payment records and fund/point balances associated with their programs. A platform that offers the most up-to-date payment status and historical data in one-touch point, lets payees know how much and when they’ll be paid.

Program Requirements

As with any financial program, clients must always stay abreast of the company's compliance standing. When implementing a global payment service, be sure to work with your internal tax team to define how global payments and taxes should be managed to comply with the company's corporate tax requirements. The partner payment service must also be seamlessly incorporated in your financial structure and provide the necessary details when requesting funds and reporting payments made. The system must be able to enforce anti-corruption and global payment standards including governing cross-border payments and payee designation.

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Taxes

Why do so many global payments fail? First of all, domestic and international payments are processed very differently. When AP departments are not available to handle them separately, this can lead to an increased risk of non-compliance and human error. And more than just ensuring payment accuracy, upholding tax and regulatory compliance is essential to global payments. Additionally, finding a solution that offers the ability to apply global tax requirements and collect or audit necessary tax documentation improves the user experience by including the collection of VAT/GST invoices online globally. Providing partners with your corporate tax requirements and implementing an expert-level services team for collecting and auditing tax documentation helps to streamline the tax compliance process and gets money in to the hands of your partners faster.

"Just-in-Time" Funding

When clients discuss funding within payment services, there are two model options. One industry standard is "pre-funding" in which clients fund the entire amount up front and make payments against that deposit, drawing down the funds. Another funding model is described as "just-in-time." Here, funds are not requested until the partner is provisioned in the system with bank information, so funds are only requested as they are needed ("just-in-time") to make the payment. This removes the requirement for a large deposit of funds up front, keeping funds on hand for as long as possible while not delaying the payment to the partner. This option meets most corporate financial restrictions between the finance and treasury teams when dealing with large-sum payments over time, whereas pre-funding cannot.

Compliance and Support

With the client's financial programs, it's critical to maintain and document compliance. Clients will need a solution that focuses on processes and verification within its financial policies. The organization and systems providing your payment services should document their Service Organization Controls (SOC) by way of an annual SSAE18 SOC 1 TYPE 2 Report.

Clients should have full access to their payment activity and any associated accounts. They should also be provided a reconciliation and aging funds report monthly within a ledger system. For company visibility, clients must look for a solution that gives insight in to in-process payments and outlines remedial action where necessary.

Even as payment services work to make sure you have a smooth, simplified experience, sometimes problems still arise. While you may understand the ins-and-outs of the daily service, there may be nuanced obstacles that are complicated by the partner's country requirements. Payees need a helpdesk option offering program consistency with an experienced, regional team. And for those low-touch customers with infrequent payments, they will need a service that reduces the costs of continual back-and-forth communications.

Conclusion

Within the B2B marketplace, overall global payment growth has increased 4%, according to the 2019 McKinsey Global Payments Map Report, with small- to mid-size enterprises growing at 2-3 times the rate of large corporates, driven mostly by emerging market SMEs. Within the sector of high-tech vendors and their channel partners, many are fighting against the clock, using in-house AP teams to complete payments. With the obstacles of multicurrency global payments, tight turnaround times, and tedious compliance methodology, any delays in paying partners will most certainly end up costing more in the long run. Outsourcing a payment service provides a more streamlined, cost-efficient process.

A global payment platform allows businesses to expedite payments in multiple currencies quickly, easily, and securely. Using this service in conjunction with other Vistex solutions will not only reduce operational costs and reduce time to payment, but it will increase accuracy and heighten overall satisfaction and program engagement.

Deployment Options | Run it your way

Whether you decide to run your systems on-premise, in the cloud or in a hybrid environment, with Vistex solutions your organization is empowered with unprecedented visibility into any program and performance. Gain deeper insight and enable fact-based decisions to drive revenue, control cost, minimize leakage, and streamline processes. With a range of deployment options for all your programs, you choose the way that works best for your business needs.

Add the right option for your business

On-Premise

In Cloud

Hybrid

How Vistex Adds Value

With the rising cost of customer acquisition, the rapid pace of innovation and intense competition for market share, high tech companies must monitor program performance, drive demand and protect margins for critical revenue growth. Vistex enables high tech companies through an integrated solution that manages the full breadth of direct and indirect channel management including CDM, contracts, pricing, ship & debit, rebates, Co-op & MDF, incentives and IP royalties. High tech companies can now improve profitability through automation of complex programs, insights into program performance, incentive calculation accuracy, overpayment avoidance, increased compliance, streamlined reimbursements, and better manage the entire revenue management lifecycle.

About Vistex®

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world's leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.

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