

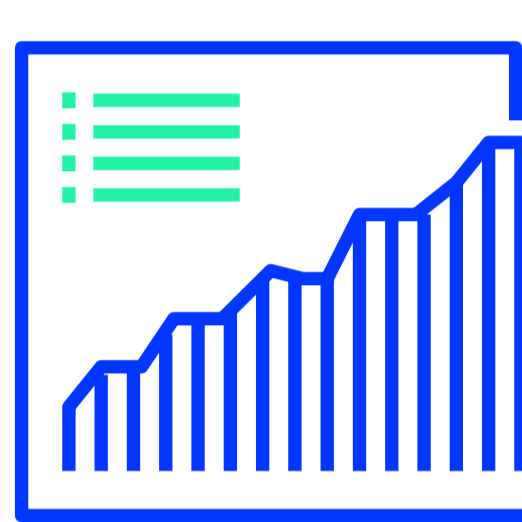
From Both Sides Now: A CFO's View of Procurement, Digitization, and Working Capital



A working capital strategy and cash flow management require CFOs to have a holistic view of, and control over, cash inflows and outflows. Because the Procurement function in any company is responsible for an enormous amount of spend, it makes sense that CFOs want to work with their partners in procurement to maximize cost savings, risk management, and supply chain security to improve the financial impact on the business. Achieving that efficiency demands procurement digitization.

Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, a Corcentric/PYMNTS.com survey of Chief Financial Officers, shows clearly that data-driven CFOs were embracing digital procure-to-pay solutions early, or even before, the pandemic disruption. The results and learnings they achieved are now informing their digital procurement investment strategies going forward.

With 90% of them forecasting a recession or constricted economy sometime in 2023, it looks like a majority are bolstering their P2P digitization commitments now to build the resilience and agility they'll need to maintain maximum working capital efficiency when volatility strikes.



As the economy wanes, interest in procurement solutions rises

According to our survey report, 42% of companies that invested in procurement digitization since March 2020 are continuing to invest, and 54% of companies that did not previously invest are planning to do so.

Digitization investment plans take shape

Share of firms citing select previous and future investment plans for digitized platforms, by area of investment

| PREVIOUS AND FUTURE INVESTMENT PLANS | Invested | | Did not invest | |
|--------------------------------------|-------------|-----------------|----------------|-----------------|
| | Will invest | Will not invest | Will invest | Will not invest |
| SAMPLE | 96.3% | 3.7% | 0.0% | 0.0% |
| • Fraud prevention/risk management | 53.0% | 2.7% | 43.3% | 1.0% |
| • Working capital and credit | 46.3% | 1.2% | 50.0% | 2.5% |
| • Procurement | 41.9% | 0.6% | 54.4% | 3.1% |
| • Accounts receivable | 32.2% | 1.2% | 64.1% | 2.5% |
| • Accounts payable | 28.2% | 0.8% | 68.1% | 3.0% |

"48% of manufacturers invested in procurement processes, with 34% investing specifically in response to the pandemic."



Navigating economic challenges by managing spend

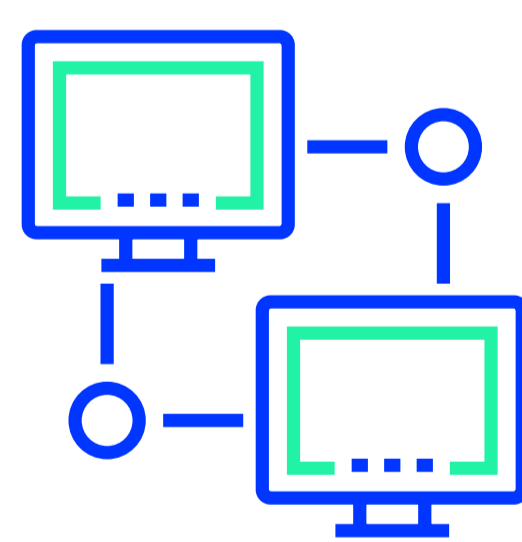
The more spend under management, the greater the impact on balance sheets, working capital, cash flow, and even profitability. This cost efficiency can help create opportunities, competitive advantages, and business continuity during economic downturns.

Economic uncertainty and its effect on digital investments

Share of companies citing the reasons affecting the timing of digital technology investment decisions, by area of investment

| | Specifically due to economic uncertainty | Other reasons | Total |
|------------------------------------|--|---------------|-------|
| ALL | | | |
| • Fraud prevention/risk management | 79.8% | 5.0% | 84.8% |
| • Working capital and credit | 55.0% | 26.9% | 81.9% |
| • Procurement | 61.0% | 22.8% | 83.8% |
| • Accounts receivable | 63.6% | 26.9% | 80.5% |
| • Accounts payable | 48.7% | 31.9% | 80.6% |

"96% of CFOs want to invest in digitized procurement platforms – this makes spend optimization a key factor in working capital management."

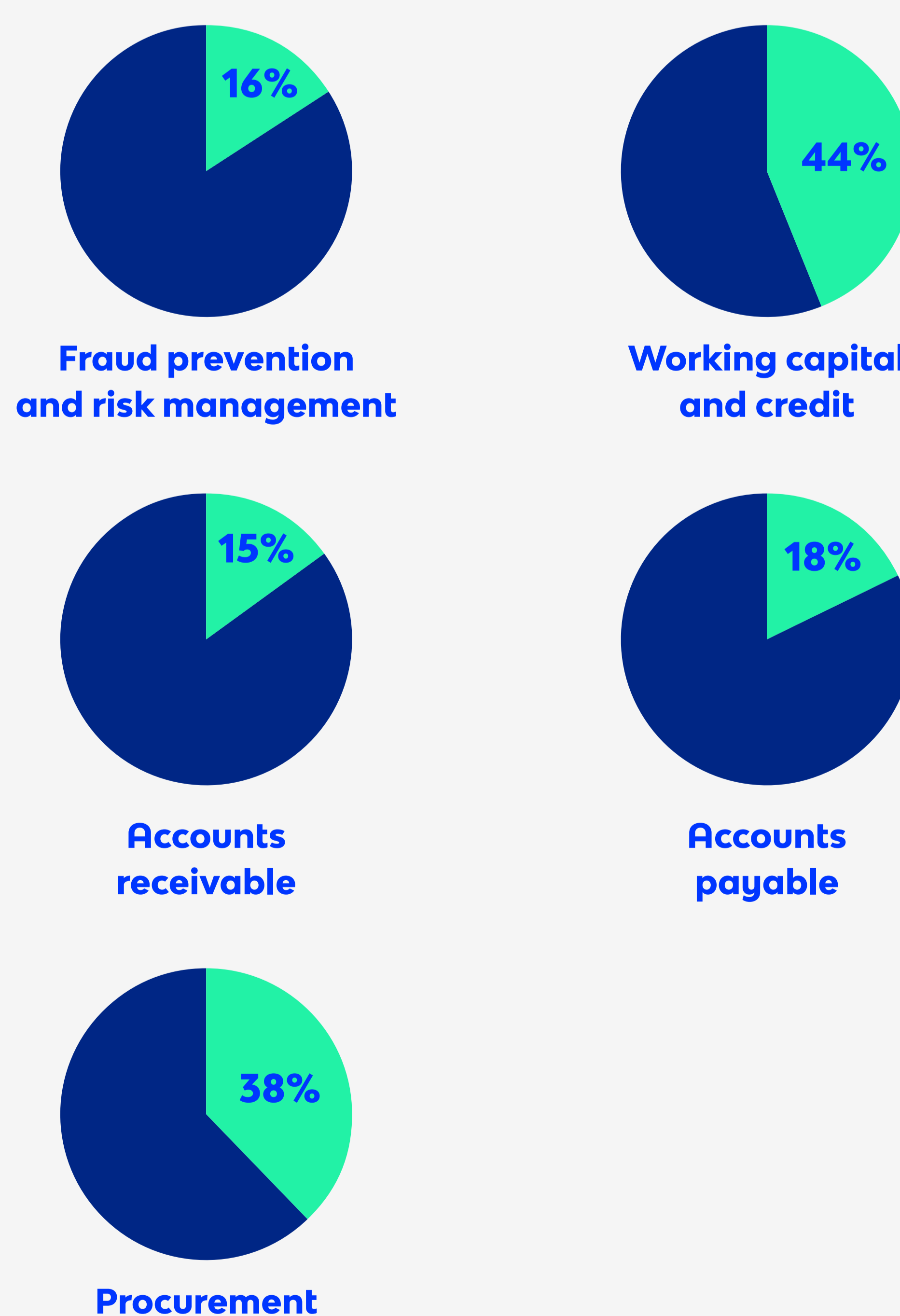


Implementing a digital procurement exit strategy.

Not every CFO in the survey is maintaining interest in P2P digitization. The likely reasons are shifting or shrinking budgets, missed benchmarks or "meh" metrics, lack of stakeholder support, anemic user adoption, etc. These CFOs are probably not abandoning digital procurement altogether, though, just revising strategy based on pandemic learning.

The digital investments that have not outlived the pandemic

Share of firms terminating investments in payments of finance technologies, by area of investment



"38% of procurement process technologies that were implemented to maintain business operations during the pandemic have been discontinued."

To learn more about payments digitization's role in CFOs' broader payments strategies, download the report [here](#).