Suppliers Onboarding Process Automation
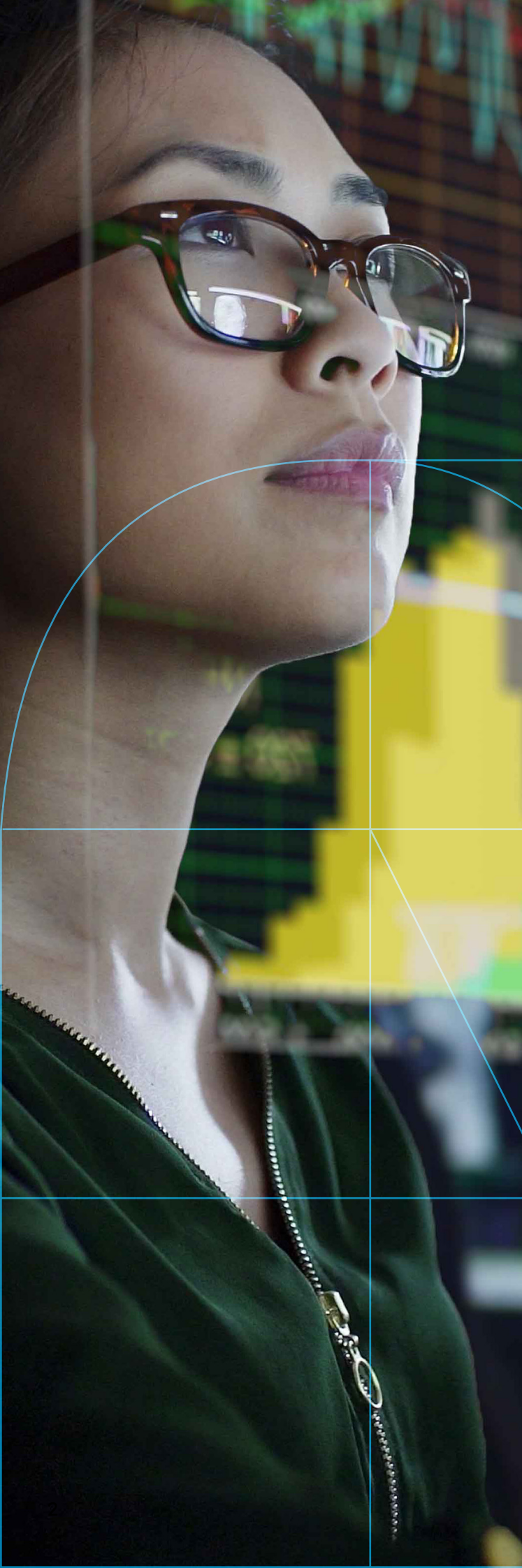
Future at Heart

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Context

In the world of corporate banking, the main players are focused on the provision of innovative solutions to meet the challenges of the market. Financial Institutions often find their internal processes to be overly manual and unnecessarily time-consuming. This issue is mainly rooted in the lack of connection between the teams involved in the process. With this context in mind, there are several topics that have gained greater importance in recent years.

NEW MINDSET

After COVID-19, Digital transactions volume is on the rise. The pivot to new partnerships, mindsets and processes is in overdrive.

There is a need for end-to-end digitization to optimize the processes through the integration between applications. This allows users to connect real-time services and data, as well as optimizing customer service.

Traditional banks are moving to explore the business of experience by cooperating with FinTechs to offer end-to-end solutions.

REGULATION

The uncertainty caused by the **regulatory reforms** and the implementation of **local regulations** affects financial institutions that operate globally.

The increased cost incurred by complying with regulatory requirements not only puts pressure on the margins of the financial operators but also limits their capabilities considerably. There is a need to advance in the development of new ideas and solutions that contribute to business sustainability.

DIGITIZATION

The use of digital solutions by the main players in the market is contributing to **process standardization.**

Thanks to the digitization of the end-to-end process, its results can be traced and subsequently consulted by all users. Moreover, each task carried out by participating groups can be made more efficient.

NEW PLAYERS

Alternative players are offering agile models to provide financial services and capture new business opportunities.

Neobanks and FinTechs are incorporating new disruptive solutions like robotics, Artificial Intelligence and machine learning to automate previously manual processes. This improves efficiency and provides an excellent support service across the whole journey.

Context

In the financing of corporates, Reverse Factoring is a product that has grown increasingly important. It provides added value to debtors, allowing them to defer the payment of their invoices to suppliers while allowing them to anticipate their collection in a clear and simple way. This product is a supplier finance solution that companies can use to offer early payments to their suppliers based on validated invoices. The Financial Institution offers early payment on invoices to the supplier, then sends the buyer the payment to the financial institution on the invoice maturity date.

Reverse Factoring services are evolving to respond to the customers' needs and adapt to the new digital environment. The users are demanding digital solutions and applications that optimize the invoice's management. Reverse Factoring provides an intuitive platform where financial institutions, buyers and suppliers can interact in an agile, fast and simple way to obtain early payments in a secure environment.

In the provision of Reverse Factoring services, financial institutions are digitizing the **Supplier On-** **boarding Process** to reduce the time to market and capture new business opportunities. The improvement of the UX by providing a unified view of the end-to-end process that cuts across functions and business lines is the key to automating the workflow. This automation includes allocating tasks to the right employee, balancing workloads, monitoring the system performance and allocating roles and responsibilities within the process.

🏛 BANK PERSPECTIVE

Bank
Performing the KYC of the provider so that it can join SCF

Supplier
Submit invoice to buyer for approval

Buyer (Corporate)
Receive invoice and approve in their ERP

Buyer (Corporate)
Extract and send payment instructions to bank

Bank
Receive and process data in their Reverse Factoring platform

Bank
Offer suppliers the option to discount their invoices

Supplier
Submit discount request

Bank
• Perform payment screening
• Release funds

Buyer (Corporate)
Repay bank at maturity and reconcile in ERP

Supplier onboarding process

Market trends

The market is evolving fast to respond to the necessities of the customers, improve competitiveness and increase market share. The main transformations are taking place in the areas of marketing (data analysis and improvement of organic positioning); commercial (digital product information); business origination (automation of KYC processes, digital signature); onboarding digitization; collections and payments (monitoring of customer status and automation of the main transactions).

If we focus on **supplier onboarding,** we can see that the Financial Institutions have digital solutions where the supplier can complete its own registration in an intuitive and easy way thanks to the features enabled along the onboarding journey. The platforms to support the process are built with automation, standardization and optimization.

These solutions free up the teams involved in onboarding. No longer having to perform low-value data entry tasks slashes the average new supplier onboarding time. It also provides an optimized user experience to buyers and suppliers who can see the onboarding status in real time and receive the support needed along the whole process.

The main advances in functionality are as follows:

Consolidation of communication channels into one platform to simplify the actions required to complete the onboarding. The rapid interaction achieved contributes to the improvement of the UX.

Integration of key subprocess such as onboarding and KYC in one tool, covering all phases of the process, including reverse factoring. This improves the quality of the process and reduces the time to market.

Control of traceability supports the coordination and communication between the different teams involved in the process, enhancing the decision making and contributing to the continuous improvement of internal processes.

Digital signatures speed up transactions, saving time and effort and providing a better user experience.

The challenge

The high level of competitiveness in the market is motivated by the appearance of new financial entities, along with the traditional competitors focused on the optimization of processes. In the case of supplier´s onboarding, it includes:

- **THE REVIEW OF THE CURRENT PROCESS.** The market is demanding optimized processes. These processes must allow users to be connected through a single communication channel that improves the automation of the tasks involved and provides a complete overview of the flowchart.

- **AN ASSESSMENT PROJECT TO DETERMINE THE FEASIBILITY AND ADEQUACY OF DIGITIZING THE PROCESS.**

  - Review of the current process and detection of critical points in order to identify the main items to be updated and improved.

  - Redefinition of the process and sub-processes to be optimized. The main targets to be considered will be the use of synergies, the automation of inefficient processes, the cost, and risk reduction.

  - A navigable prototype of a future application that allows more efficiency of the management and control.

- **THE COLLECTION OF MEANINGFUL AND REAL-TIME DATA ALONG THE FULL PROCESS FOR THE MAIN USERS** (Financial Institution teams, suppliers and buyers).

- **ACCESSIBILITY IMPROVEMENT.** Authorized employees, suppliers and buyers will be able to securely view and/or edit data from anywhere and at any time, enabling high-speed actions and decision making.

- **IMPROVEMENT OF THE SIGNATURE PROCESS.** A digital signature system is essential to improve the efficiency and speed of the process, providing a better user experience and reducing transaction costs.
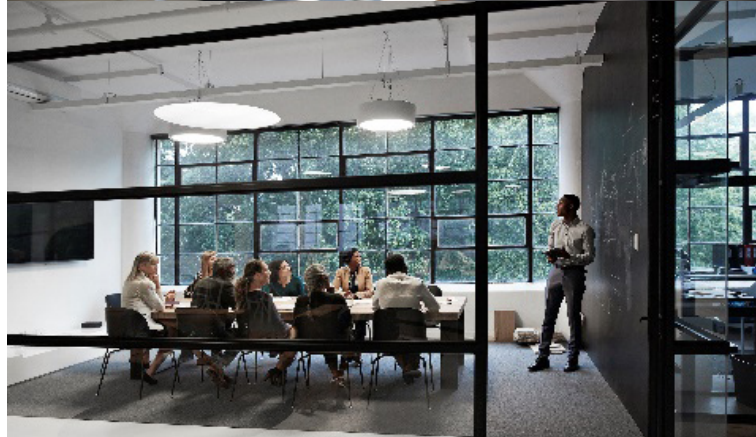
The Solution:

Benefits

The digitization of Supplier onboarding with its triple approach benefits all the parties included in the process:

For **Financial Institutions,** the integration of the teams and the systems involved in a 100% digital end-to-end process could contribute considerably to task automation, reducing the workload and mitigating potential operational risks.

The traceability control is essential to know the status of each transaction and extract information in real time about the onboardings either in process or already completed.

The reporting and process automation saves time and resources, favouring an increase in efficiency.

For the **Supplier,** the new features incorporated by the financial institutions will allow them to complete the onboarding process in a faster and easier way.

The Financial Institution provides a secure environment where the supplier is able to consult the status of its request and solve doubts about the process.

The digital signature tool and document manager speeds up the process and improves the customer experience.

For **Corporate clients (Buyers),** access to a new digital solution will allow them to upload information about suppliers and consult its enrollment status in a single place.

The supplier´s financing by the Financial Institution could contribute to the improvement of the relationship between buyers and suppliers, adding value to the business of both parties.
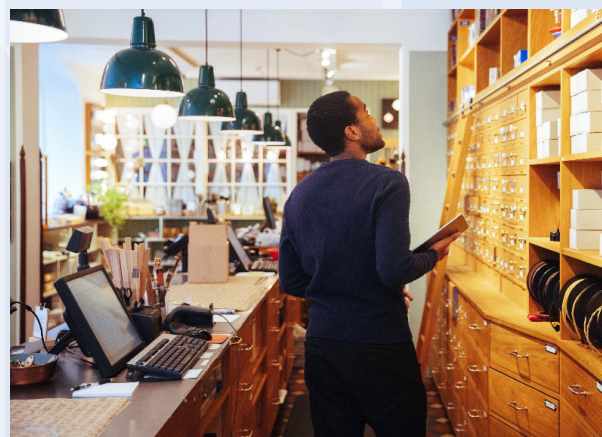
The Solution:

Transformation Pillars

The definition and implementation of the target solution will consider **4 fundamental pillars** for the transformation process:

1. Automatic tracking and report.

Each stakeholder will have a view of the status of the process and the steps remaining to close it.

Internally, it will be easier to draw metrics to measure the success of the process and identify points for continuous improvement.


2. User experience.

The supplier process should be simple and easy to complete without additional tasks. The application should facilitate the work for employees, adding value.
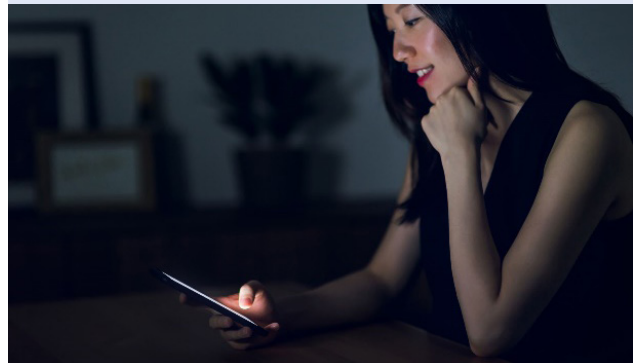
3. 100% Digital.

The supplier process should run entirely on a digital channel including the document manager and digital signature.

Communications should be on the same channel to ensure a better user experience and to ensure the maintenance of the contact history.
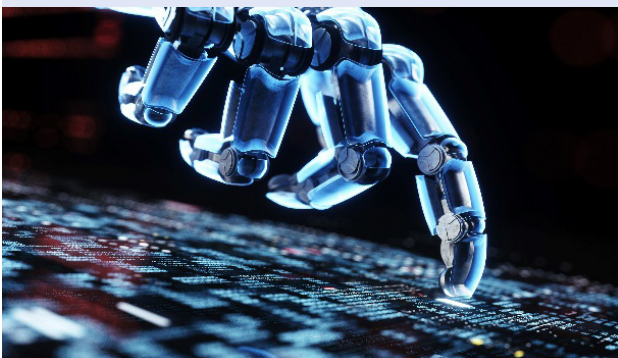
4. End-to-end integration.

All systems (front and back end) are integrated to reduce manual tasks of the employees and improve efficiency.
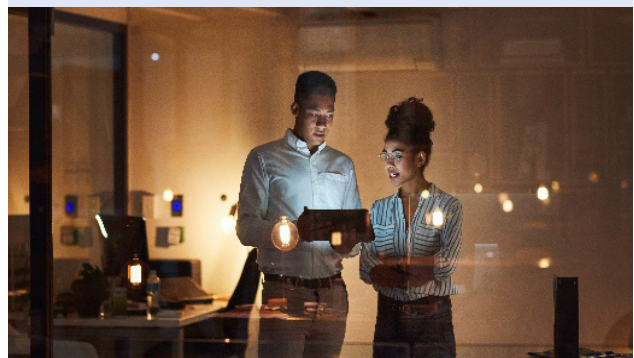
The Solution:

Process Development

The development of the new supplier´s onboarding solution is based on the utilization of the Agile Framework.

Our team addresses the delivery of high value products. This lightweight framework contributes to value generation through the definition of adaptive solutions to address challenges.

The project is structured in Sprints to organize each task effectively. During the process, the Scrum Team sets the main goals of each Sprint and plans the actions and countermeasures needed to meet targets.

During the Sprints, the NTT Data team has several meetings and workshops with the teams involved:

▸ **ENTITY TEAM.** Meetings and workshops showing updates, exchanging feedback to obtain ideas, and solutions to improve the process.

▸ **UX TEAM.** Meetings to design a user experience that allows customers to explore the process and refine the solution.

▸ **PRODUCT OWNER.** Validation of the proposals and integration into the Digital Platform.

The Solution:

Process Development

The process development is structured in 3 phases:

Discovery Phase

It is necessary to understand the AS IS Supplier Onboarding process. In this sense, the celebration of Job shadowing sessions and workshops with business stakeholders provides the information needed. Research into internal and external knowledge about best market practices, especially from IT stakeholders, allows us to identify gaps and improvement points.

Once we have analyzed the process, the main challenges are identified:

▸ **Communication channels improvement.** Reduce the use of emails and calls to obtain contact history.

▸ **Tools integration.** One single tool to cover the full process.

▸ **Tasks automation.** Add value by reducing the time needed to operate.

▸ **Overview of the full process.** Traceability of each transaction.

▸ **Signature digitalization.** Improve the user experience and streamline the process.

▸ **Reporting automation.** Add value by reducing the time needed to prepare reports.

To conclude this phase, we identify requirements through business stakeholder interviews. Here we gain user stories before reviewing and validating the session.

The Solution:

Process Development

Define Phase

The main targets of this phase are as follow:

▸ **Definition of high level TO BE process.** The celebration of internal workshops and meetings with Financial Institution teams (a large multinational bank) will allow the NTT Data team to design the TO BE process and develop the high-level flowchart.

▸ **Design of UX Mock-up.** Workshops with the UX team to design the mock-up according to the user stories and TO BE process; meetings with the Scrum Team to estimate the time to develop each user story and plan the Sprints sessions.

▸ **Fit process TO BE with technological solution.** Analysis of the high level TO BE process and the design of the mockup.

▸ **Definition of detailed TO BE process.** Development of TO BE detailed level flowcharts.

▸ **Review with large multinational bank and cross channel.** Sprints retrospective sessions to review the results and update the product backlog.

Delivery

In this step, a navigable prototype will be ready to test the final TO BE process flowchart. A final session with the client, the large multinational bank responsible will confirm if the product fits with the requirements.

To conclude, several sessions and training with business stakeholders will be performed in order to show the final TO BE process and navigable mockup.

Lessons learned

Throughout the project, work was done to present a scalable solution that would solve all the challenges posed.

Solution

☑ Present customer requirements into a simple, straightforward and intuitive navigation.

☑ The proposed solutions must be within the scope and capabilities of the bank.

☑ Propose a technological solution that is scalable and can develop new functionalities in the future.

☑ Always keep in mind the bank's systems map to ensure the correct integration with the technological solution.

☑ Ensure traceability between the requirement and its corresponding improvement proposal.

☑ Mock-up and video according to the bank's marketing and UX team.

☑ Validated with the client each of the phases and deliverables.
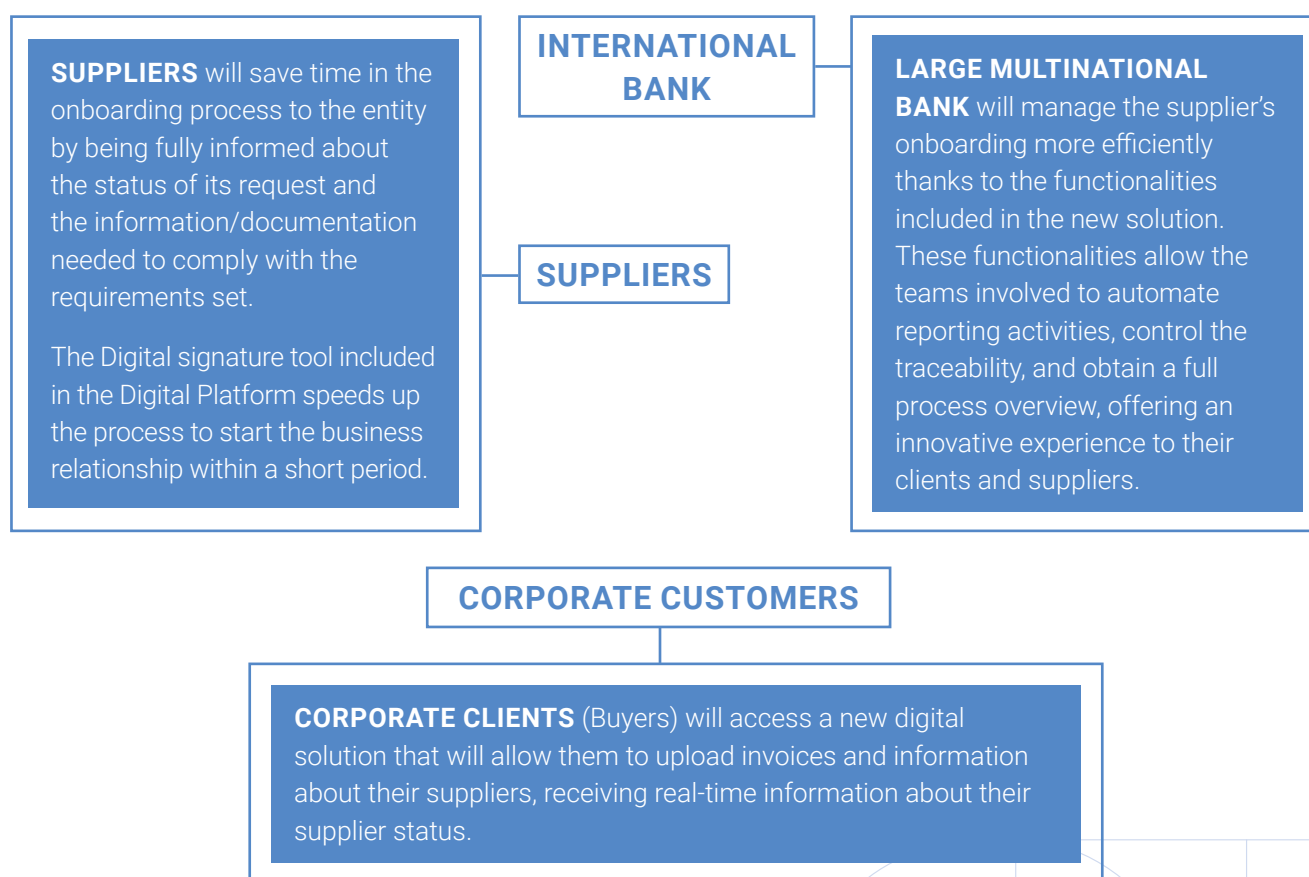
Conclusion

Corporates are deploying process mining and discovery to constitute an automation ecosystem. Financial Institutions are aware of the necessity of end-to-end digitization to optimize their processes. In this sense, the integration between applications can be improved, allowing users to connect real-time services and data as well as optimizing customer service.

The incorporation of disruptive solutions like robotics, Artificial Intelligence or machine learning, is a must to be competitive in the current market context. The digitalization of supplier onboarding processes requires the definition of a target model that optimizes time and effort, complying with the supplier's goals and expectations. The investment in technology is key to achieving the aforementioned target.

In this project context, the NTT DATA team holds several meetings and workshops with its client (the large multinational bank) and the bank's corporate clients. Three work phases are developed to achieve a robust solution for the bank and for the bank's corporate clients and for the buyer´s suppliers. Always working together collaboratively and with the validation of all parties.

The new solution to optimize supplier onboarding responds to the demands of the parties involved in the provision of reverse factoring services.

INTERNATIONAL BANK

SUPPLIERS

SUPPLIERS will save time in the onboarding process to the entity by being fully informed about the status of its request and the information/documentation needed to comply with the requirements set.

The Digital signature tool included in the Digital Platform speeds up the process to start the business relationship within a short period.

LARGE MULTINATIONAL BANK will manage the supplier's onboarding more efficiently thanks to the functionalities included in the new solution. These functionalities allow the teams involved to automate reporting activities, control the traceability, and obtain a full process overview, offering an innovative experience to their clients and suppliers.

CORPORATE CUSTOMERS

CORPORATE CLIENTS (Buyers) will access a new digital solution that will allow them to upload invoices and information about their suppliers, receiving real-time information about their supplier status.

Improvement of the user experience, traceability and use of a single communication channel 100% digital are the main benefits of an onboarding supplier solution that has been developed under a Scrum Framework following the main principles of the Agile Framework.

NTT DATA

NTT DATA Corporation

NTT DATA is a leading IT services provider and global innovation partner headquartered in Tokyo, with business operations in over 50 countries. Our emphasis is on long-term commitment combining global reach with local intimacy to provide premier professional services varying from consulting and systems development to outsourcing.