

Virtual Cards: The Missing Link for Business Spend Management



Eric Spencer
Director, Citi
Commercial Cards
Global Head of B2B
Product, Treasury and
Trade Solutions

Business Spend Management platforms have transformed how companies buy goods and services. Now, the integration of Citi Virtual Card Accounts with Coupa Pay is delivering additional efficiency, visibility, and control benefits across the procure-to-pay process, write Gene Cook, Director of Sales & Business Development, Coupa Pay at Coupa Software and Eric Spencer, Global Head of B2B Cards at Citi Treasury and Trade Solutions.

Over the past decade, we have all become used to the convenience of eCommerce platforms in our everyday lives. More recently, businesses have turned to business spend management platforms to access similar benefits and streamline their procurement and sourcing processes, lower costs, and improve efficiency as well as control. Until recently, however, there was often a missing link in online procurement - payment was not effectively integrated and it required cumbersome manual processes.

Corporates had to send files from their procurement system to their ERP system and then connect to a bank for payment. The scope for errors or delays - if the payment was rejected, for instance - was significant. Payments then had to be reconciled, requiring further administrative effort. Without an integrated form of payment, companies' visibility and control of spend was hampered, and managing risks was tricky given the large number of transactions firms make every day.



Gene Cook
Senior Director,
Coupa Pay
Partnerships

A new way to pay

Coupa is a leading business spend management solution, enabling companies around the world to procure a huge variety of items, both large and small, from more than five million suppliers globally and then pay them. It is a complete solution, covering every aspect of the procure-to-pay process, from the purchase order and approvals process (checking against contracts, for instance), to invoice management and reconciliation.

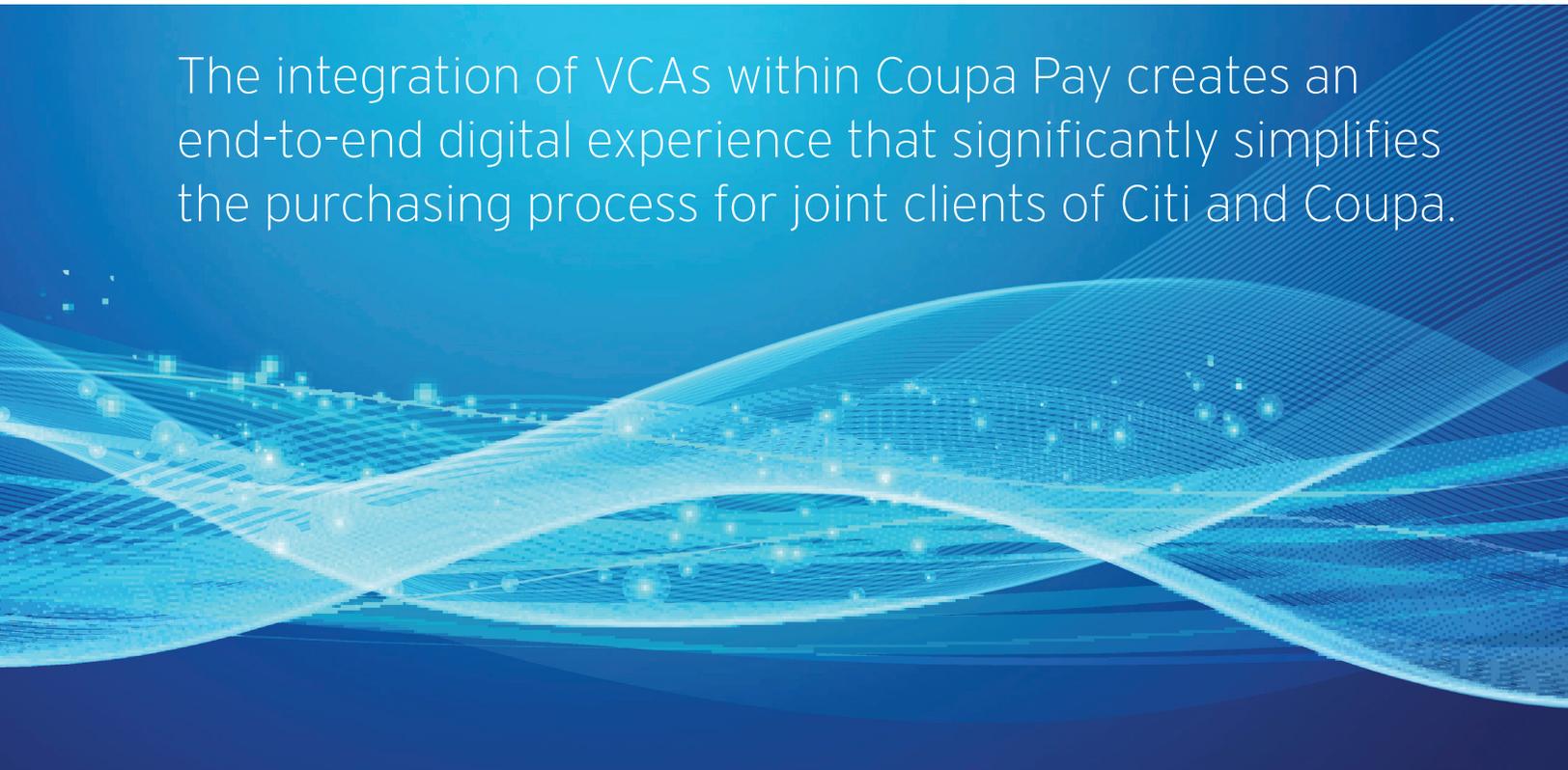
As well as the internal controls and approval workflows expected from a business spend management solution, Coupa includes the missing link - Payments - as part of this streamlined workflow.

Coupa has a client-centric approach to building solutions. So when it was seeking to collaborate with payment providers for Coupa Pay, it made sense to team up with Citi to expand its payment options, given Citi's presence in over 100 markets worldwide and strong relationships with many of the world's leading companies.

Seamless integration

The Citi payment tool integrated into Coupa Pay is Citi Virtual Card Accounts (VCAs), a secure and efficient way to make digital payments without plastic cards. Each transaction generates a unique 16-digit card number that is processed like any card-not-present transaction, and is welcomed by all card-accepting suppliers. Suppliers can opt-in for integrated acquiring services through companies like Stripe or Boost, which automates the card receivables process. The integration of VCAs within Coupa Pay creates an end-to-end digital experience that significantly simplifies the purchasing process for joint clients of Citi and Coupa.

The collaboration between Citi and Coupa makes it straightforward for clients of both companies to take advantage of the benefits of VCAs. As Citi and Coupa Pay are pre-integrated, there is no implementation required: once a corporate has decided to use VCAs within Coupa Pay, APIs ensure that data simply flows from the business spend management platform to Citi for payment, and back to the client's ERP for reconciliation.



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A wide range of benefits

The combination of VCAs and Coupa Pay delivers multiple benefits:

- 1. Efficiency gains:** The solution improves efficiency by automating tasks such as accounts payable, invoice processing and reconciliation, lowering processing costs and freeing up staff for more value-added tasks.
- 2. Financial benefits.** The use of the card, rather than check or ACH payment, extends companies Days Payable Outstanding and enhances their working capital given the time between purchasing and paying the Citi statement. In addition, payment timing is flexible; the VCA can be sent to the supplier at either purchase order or invoice approval stage. By capturing more spend as part of a card program, the integration of VCAs and Coupa Pay can also enable companies to earn increased rebates.
- 3. Visibility and control:** Companies want to understand in more granular detail where their employees are buying to improve cost control and ensure policy compliance. VCAs and Coupa Pay enhance visibility by giving corporates detailed reporting that combines VCA's rich transaction data with PO, Invoice, or payment reference data from Coupa. Corporates also have access to a wide range of controls, including spend limits, validity periods, or Merchant Category Code (MCC) controls for each virtual card.
- 4. Stronger supply chains:** Many suppliers face challenging conditions given the turbulent macroeconomic environment. The integration of VCAs and Coupa Pay helps to mitigate risk for companies procuring goods while giving suppliers more detailed information about how, and when, they will be paid, helping them to manage their finances and risk more effectively.
- 5. Improved security:** Unique VCA numbers are generated for each PO or invoice. Suppliers receive virtual card numbers through encrypted email or via secure file exchanges from Coupa.
- 6. Local currency capabilities:** Most purchasing is local and, necessarily, suppliers expect to be paid in local currency. Citi's VCA global footprint gives users of Coupa Pay access to 23 local currency payment options.

Facilitating a digital future

The advent of business spend management platforms brought corporate procurement into the internet era. But the full efficiency and other benefits promised by online purchasing have been limited by the challenges associated with managing payments, which are the pivotal event in a purchase, and on which all other processes depend. Now, the integration of Citi VCA and Coupa Pay brings full digitization to the purchase-to-pay continuum, delivering significant visibility, control, and efficiency benefits as a result.

The unsettled macroeconomic environment has made sourcing and spend control, and visibility of expenses, more important than ever. The ecosystem created by the combination of Coupa Pay and Citi VCA has an important role to play in giving corporations the control they need over what they purchase and which suppliers they purchase from so that they can optimize their spend and better manage their supply chain.

