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HOW GOLANCE IS USING DIGITAL CONNECTIVITY, TRANSPARENCY TO BUILD FREELANCERS' TRUST

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FinTech Mati looks to enhance
freelancer identification through
live biometric checks

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How automation can speed up
invoice reconciliation to help firms
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ACKNOWLEDGMENT

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WHAT'S INSIDE

The new coronavirus's economic impacts have meant many gig economy participants are searching for opportunities amid rising financial uncertainties. More than one-third of United States workers have freelanced in some [capacity](#), but that group has seen its present and future earnings dwindle as the pandemic suppresses business as usual. Many are thus [relying](#) on their savings to make ends meet.

Government efforts like the Pandemic Unemployment Assistance (PUA) program, [implemented](#) in March under the nation's Coronavirus Aid, Relief, and Economic Security (CARES) Act, have attempted to assuage such strains by allowing gig workers to apply for unemployment benefits. Relief is slow-going, however, with freelancers in New York still [waiting](#) to see these payments arrive. Many U.S. gig workers are thus looking for new income sources that can pay them quickly and replace the checks for which they are still waiting.

Developing new relationships is beneficial for both freelancers and companies, allowing the former to return to work and the latter to move forward with their own initiatives, but onboarding processes must be swift so gig workers can quickly begin their assignments. This can be especially challenging for firms that are expanding their reliance on these workers during the COVID-19 pandemic. Companies must verify these individuals' identities to

ensure they have the skills they seek and are eligible to work in their markets – a time-consuming but necessary aspect that can add frictions at the beginning of these working relationships.

Companies must also make sure they can quickly pay their freelancers, which involves reconciling the amounts requested with the services provided and listed on invoices. Many still use manual invoicing systems that can slow payment processes. This was [frustrating](#) to gig economy workers prior to the pandemic, but slow payments could become serious problems during the resultant economic downturn, leading to financial stressors such as the inability to pay bills. This means that tools capable of speeding payments and invoice approvals are critical.

AROUND THE GIG ECONOMY PAYMENTS WORLD

Companies must complete identity verification to solidify working relationships with freelancers, and firms are now attempting to authenticate them at scale. Online identity verification software FinTech Mati has [developed](#) tools to simplify the process by enabling firms to use liveness biometrics. Companies integrate its software directly into their platforms, then have gig workers



submit ID documents like passports or work visas along with 7-second videos that show them responding to prompts that request they move their faces in specific patterns. The product then uses automation to determine whether the individuals in the videos are legitimate and match the provided details.

Making sure freelancers can be easily and promptly paid is difficult for companies that finalize invoices with manual or outdated tools. French FinTech Shine is looking to ease this process by [enabling](#) its users to insure their invoices and guarantee payments. The company provides digital banking services for gig workers, including allowing them to draft invoices that can instantly be sent to their clients via its mobile app. Freelancers pay fees – 2 percent of the total invoice – to insure them against late or missing payments, and Shine will contact clients that have not paid on workers' behalf.

Getting freelancers paid faster is only half the battle, however. Gig platforms in California are still dealing with

questions regarding how they can classify their workers. The state's Assembly Bill 5 (AB5), or "gig economy bill," was passed in 2019 and reclassified many local freelancers as employees, but affected companies, including food delivery service DoorDash and rideshare providers Lyft and Uber, have contested the bill. The pandemic has proven the importance of solving such debates, as workers' classifications determine the benefits they can receive. Xavier Becerra, California's Attorney General, recently [brought](#) a lawsuit against Lyft and Uber alleging the platforms' insistence that their workers are independent contractors prevents them from accessing the healthcare services to which they should be entitled.

For more on these stories and other gig economy headlines, check out the Tracker's News and Trends section (p. 10).

HOW ONLINE MARKETPLACE GOLANCE IS ENGINEERING TRUST IN FREELANCE RELATIONSHIPS

The pandemic has changed how freelancers and companies interact with each other as well as what they want out of their working relationships. Teams want to easily find and hire workers who can help them complete projects at speed, while freelancers seek to work with companies that offer flexible hours and prompt payments. Making sure each party is legitimate is key to starting solid relationships, and transparent communication helps freelancers trust that their payment needs can be met while reassuring firms that they are working with those who have the necessary skills to complete their projects. In this month's Feature Story (p. 7), Michael Brooks, CEO and founder of online freelance marketplace [goLance](#), discusses why trust is important in successful company-freelancer relationships and how utilizing online marketplaces to facilitate these collaborations can help to develop it.

DEEP DIVE: WHY SLOW INVOICE RECONCILIATION IS LEADING TO FINANCIAL PAINS AND RISING COSTS

COVID-19-related economic impacts continue to suppress work opportunities for gig workers, meaning it is imperative that they receive outstanding payments from companies for which they have already completed projects. These firms and their accounts payable (AP) teams are facing their own problems, however, as 58 percent of those in North America report [lacking](#) invoice workflow automation in their approval processes. Finalizing these invoices and ensuring that funds sent match the amounts owed must thus be handled manually, which often results in delays. This month's Deep Dive (p. 15) examines the challenges involved in traditional invoice reconciliation, how those frictions can affect firms and their freelancers and why it has become especially important to address these issues during the pandemic.

EXECUTIVE INSIGHT

What are some of the challenges inherent to manual invoice processing that are now being exacerbated due to the COVID-19 pandemic, and how can businesses best address these problems?

"The biggest payables issue during the COVID-19 era – not only with invoice processing but also payment processing – is that if it is not happening in the cloud, it is going to be a headache for the organization. Finance and accounting teams no longer need just to be paperless, they are officeless. ... Invoice coding, approvals and executing payments, as well as all the other payables processes, need to be online.

Working from home means a more distracted workplace, in many cases. There are more virtual meetings, kids need support in the background and everyone's general ability to focus is limited. That can introduce errors in invoice and payment processing. [Businesses may] expect more typos or process failures, which is terribly costly if someone is keying in an [International Bank Account] Number for an international wire transfer. The bank fees alone could become more expensive, and delays in remittance can cause delays with the supply chain.

[Companies] need a payables operation that closes as many loops as possible and minimizes the need for multiple point solutions. [Optical character recognition] and document management for invoices without both a supplier portal and an integrated, auditable approval process is just another point of potential failure. Businesses must establish touchless interactions with suppliers and banks. The good news is that once it's in place, you'll never have to go back to the old world."

CHEN AMIT,
CEO of [Tipalti](#)

FIVE

FAST FACTS

58%

Share of North American firms that do not use invoice workflow automation to approve their invoices



44%

Share of restaurant workers who say their positions are full time



59%

Portion of gig workers who believe their 2020 earnings will be the same or more than those from 2019



40%

Share of freelancers who have lost at least \$10,000 in income since the start of the pandemic



16.6

Average number of days it takes for firms to finalize invoices as of 2019





HOW GOLANCE IS USING
CONNECTIVITY, TRANSPARENCY
TO BUILD FREELANCERS' TRUST

FEATURE

STORY

The COVID-19 pandemic may have shifted shopping and food delivery patterns, but it has not changed the basic requirements for freelancers looking to find work. Companies still need to find and quickly verify workers and their skills, and freelancers must make sure employers are trustworthy as well. These workers also want to be paid via convenient methods that allow them to keep up with their bills and other financial needs.

Transparent communication between firms and freelancers once identity verification has been conducted can help build relationships that last beyond a single project, Michael Brooks, CEO and founder of online freelancer platform [goLance](#), told PYMNTS in a recent interview. The company requires these workers to complete skill tests to prove their proficiency and allows them to rate clients, providing them with detailed looks at how partnerships tend to develop.

“We take a holistic approach to match the right talent with the right opportunity,” Brooks explained. “Transparency between clients and freelancers is also critical. That is why we enable our freelancers to evaluate the clients, and the clients to rate the freelancers on the website.”

Creating an environment in which both parties can seamlessly communicate allows them to immediately know whether their relationships can be maintained,

he continued. Companies turn to freelancers to complete existing projects and supplement their workforces. Enabling quick and easy payments for such workers can keep them assured of their incomes and interested in devoting more time to companies, creating lasting partnerships.

CONFIDENCE IS KEY

Firms looking to hire freelancers typically have projects they need finalized on strict deadlines, so they want the search for talent to take as little time as possible. Speeding up this process may require granting companies more detailed pictures of possible hires’ skill sets and financial wants so they can be confident about their abilities, Brooks explained. Freelancers also want to know their clients are legitimate and can fulfill the terms of posted jobs without surprises.

Marketplaces and other third parties must facilitate this transparency to ensure relationships can flourish with as few hiccups as possible. These platforms conduct initial identity verification before presenting in-depth worker profiles or job postings, meaning firms and their potential workers have fewer time-consuming authentication concerns when hiring or being hired. Each marketplace has its own methods for ensuring that collaborating entities are legitimate.

"At goLance, we also verify our clients in a variety of ways," Brooks said. "When clients sign up, they need to provide credit card information. We often will require ID and facial recognition scans through third-party platforms. They have to verify payment instruments through third-party tools and a security system."

The company allows potential workers to add links to their profiles on social media sites, such as LinkedIn and Quora, to provide more well-rounded views of their skills, experience and digital portfolios, he added. goLance is in the process of creating a system that scores clients based on workers' reviews, as well as their number of disputed jobs or payments, and those who have higher scores are typically able to send payments more quickly. Faster fund transfers have long been important to freelancers, Brooks noted, and firms need to be sure they are treating payments carefully — especially when collaborating with individuals in other countries.

"Many employers in the U.S. rely on global freelancers, who may require a variety of electronic payment options," he said.

Partnering with third-party providers to create support for disparate payment options can ease the process. goLance works with AP solutions provider [Tipalti](#) and payments provider Payoneer to expedite transactions on its platform, for example. Transparent platforms show workers' locations or pay requirements from the start, keeping firms aware of the timing and methods through which these workers will need to be compensated. This is likely to grow as a distinguishing factor as remote workplaces become more commonplace — both during the COVID-19 outbreak and after it has passed.

THE INCREASING IMPORTANCE OF TRUST

The pandemic has led many companies to adopt remote work models to limit the risk of viral exposure. Freelance job postings and rates have also [increased](#), and Brooks believes this trend will last beyond stay-at-home and social distancing orders. He noted that marketplaces must anticipate that some of these shifts may be permanent and focus on generating trust through transparency as they further rely on such workers.

"Small businesses are the backbone of the U.S. economy, and they have to be efficient and have to access high-quality talent at the best value," Brooks explained. "More and more businesses of all sizes are starting to experience this value with freelancers. They are bringing them on to reduce costs while leveraging the benefits of a skilled global workforce."

This future will still involve freelancers who view easy payments as differentiators and companies that need to quickly verify new hires, meaning that maintaining trust will remain important for the marketplaces that facilitate their relationships. The COVID-19 pandemic's acceleration of remote work — especially as it relates to freelancing — has made the need for such transparency only more noticeable for online marketplaces and firms.

NEWS & TRENDS

IDENTIFICATION AND SECURITY

GIG IDENTIFICATION STARTUP MATI GAINS NEW FUNDING

Companies that want to hire freelancers need swift onboarding processes, but verifying freelancers' identities can be tricky when they are based in other countries. Mexico City-based FinTech Mati is [seeking](#) to solve this problem by integrating biometric-based identity verification tools into firms' online platforms, enabling them to quickly verify uploaded documents, like driver's licenses, passports or work visas. Gig workers are also required to upload 7-second videos in which they respond to prompts requesting they move their faces in specific patterns for "liveness biometric checks," which Mati's software examines to make sure freelancers are legitimate individuals.

The company recently [gained](#) an undisclosed investment from venture capital firm Spero Ventures to build out its solutions and expand its operations into Latin America, its founders noted in a recent interview. Mati's software is currently available for employers in the U.S., but the expanding freelance market in Latin America is providing it opportunities to scale.

WHY REMOTE WORKFORCES MAY REQUIRE ADDITIONAL SECURITY

Firms are now tapping private contractors' talents to complete projects alongside their full-time employees, and this blended workforce is forcing them to rethink how they identify workers and evaluate risks to their platforms. One recent [study](#) found that 97 percent of information technology (IT) professionals saw risk of fraudulent or illegitimate behavior on their internal platforms, including individuals posing as legitimate freelancers or remote workers to commit malevolent acts such as exposing personal or corporate information.

This problem has taken on new weight during the COVID-19 pandemic as firms operating remotely must still verify and onboard new employees and freelancers. Companies can address the issue with cloud-based technologies that categorize larger data collections with more ease than traditional servers, or by utilizing alternative data sources like persistent IDs – the details associated with accounts on platforms like Google, Facebook or Microsoft that are used to log into multiple sites and services – to verify freelancers' identities. Verifying persistent IDs can show how these workers typically interact with the digital world, building more transparent pictures of them and clarifying their risks to companies' security.

UBER IMPLEMENTS DRIVER RULES TO IMPROVE PUBLIC SAFETY, MINIMIZE HEALTH RISKS

Gig platforms are also seeking to keep both their workers and customers safe, this time from physical health risks associated with COVID-19. Rideshare provider Uber has implemented new work standards to aid in public safety efforts, [requiring](#) drivers to wear face masks before they pick up passengers and to frequently sanitize their cars to minimize risk. Riders are required to wear masks when they enter drivers' vehicles, too, and are allowed to cancel trips if they see their drivers are not wearing them. The rules will be enforced by having workers take selfies of their masked faces and uploading them to the Uber app when they begin picking up passengers.

Uber's decision to require masks may have interesting implications as the company uses its Real-Time Identity feature to verify drivers' selfies and keep rides seamless.

The tool enables drivers to upload photos of themselves to Uber's mobile app once they sign up to drive, and these photos are then used for security, allowing customers to compare them against who arrives to pick them up. This technology could be utilized more broadly because it quickly verifies new drivers on a much greater scale. Requiring photo identification at the start of every shift – as Uber is requesting during the health crisis with its mask rule – could also help verify whether drivers have picked up the correct fares.

NEW PRODUCTS AND DEVELOPMENTS

MOVES LAUNCHES GIG ECONOMY LOAN PRODUCT TO HELP FOOD DELIVERY SERVICE WORKERS

Many freelancers are reporting concerns about how the COVID-19 pandemic is stretching their incomes, but Canadian startup Moves has [crafted](#) a loan product tailored to the gig economy's needs. The company moved the product's launch date from fall to spring to mitigate some of the outbreak's impacts, and it will be offering freelancers in Ontario access to one-year loans of up to about \$2,500 CAD (\$1,850 USD) to bridge some of their financial gaps. The loans do not need to be repaid for 12 weeks, CEO Matthew Spokes noted, and recipients will then make payments of approximately \$70 CAD (\$51 USD) per week for 40 weeks. Moves is charging a fee of approximately \$220 CAD (\$162 USD) for each loan, rather than collecting interest, and the offering is focused on gig workers who drive or provide courier services for third-party delivery apps like DoorDash, Foodera, Instacart and Uber Eats in Ontario. Workers must have received some wages from these platforms within 90 days of their applications to qualify.



SHINE ANNOUNCES ONLINE INVOICING FEATURE TO SMOOTH PAYMENTS TO FREELANCERS

The problem of receiving timely payments from clients is an old one for career freelancers, and one that French FinTech Shine is looking to address with support on its mobile app. The company provides banking services for gig workers and is [creating](#) a new option for an existing feature that enables users to generate invoices within the app. Shine customers can then share links to those invoices with their clients and receive notifications when documents have been opened.

Clients can still wait until the last possible day to pay those invoices, however, or may even pay them late, which is an issue Shine plans to address. The FinTech now allows freelancers to insure their invoices for a 2 percent fee on the total invoice amount, and will reach out to clients about outstanding invoices on workers' behalf before enabling them to file claims for the funds. Shine is working with a third-party insurance firm for these claims.

OXYGEN UPGRADES FREELANCER PAYMENTS FOR GREATER TRANSPARENCY

Fellow FinTech Oxygen, which focuses on the gig economy, is also seeking to support freelancers by affording them much faster access to their payments. The company has [partnered](#) with financial services giant Visa to join its Visa Direct push payments network, which will enable firms that hire freelancers to push funds directly into Oxygen customers' online bank accounts. This will ensure freelancers quickly receive payments and avoid waiting for checks to arrive in the mail.

Oxygen currently offers personal and business bank accounts, which can provide gig workers more flexibility because they do not have to shift between multiple services to gain transparent views of their finances. Enabling quicker access can also help freelancers and small business owners better manage their cash flows, Hussein Ahmed, the company's founder and CEO, noted in a recent interview. This allows them to focus on acquiring new clients rather than trying to figure out when late payments will arrive.



CONTINUING COVID-19 IMPACTS

GIG TRAVEL PLATFORMS DEAL WITH COVID-19 WORRIES

The travel industry has been [hit](#) particularly hard by the COVID-19 pandemic, with travel bans resulting in consumers canceling trips and returning vacation deposits. Gig marketplaces like Airbnb, Lyft and Uber are [reporting](#) financial struggles as the outbreak continues, with Airbnb announcing plans to lay off 25 percent of its workforce to manage costs. It has also abandoned plans for a 2020 initial public offering (IPO) and reported its revenue estimates for the year will be less than half its 2019 earnings.

Lyft's shares have declined 43 percent since mid-February and Uber's are down 30 percent in the same period. The latter has sought to add value to its platform by focusing its attention on food delivery through its Uber Eats service, but both it and Lyft are [downsizing](#) their workforces: Lyft cut 17 percent of its workers, while Uber will let go of approximately 14 percent. These and other platforms may continue to see detrimental effects as customers will likely remain wary of traveling for the foreseeable future.

STUDY FINDS REMOTE WORKING PUSHES FREELANCING DEMAND

Companies appear to be turning to freelancers to help them complete projects during the COVID-19 pandemic, according to one recent [survey](#). Gig marketplace Flexing It saw a 75 percent rise in the number of job postings on its site in April, for example, and found that firms seem to be hunting for gig workers with specific skills. Marketing and technology are two of the more popular categories seeing jumps in demand for expertise, according to Chandrika Pasricha, the

company's founder and CEO. Pankaj Bansal, co-founder of human resources technology provider PeopleStrong, anticipates that freelancing will become the norm for industries like IT, hospitality or quick-service restaurants (QSRs). This is because such companies need more "variability" in both cost and talent when hiring for remote working operations, Bansal said, and freelancers are able to provide that benefit.

GIG PLATFORM PROVIDERS EYE THE FUTURE OF RESTAURANT WORK

The restaurant industry has also needed to quickly adapt to changes brought about by the COVID-19 pandemic, including an increase in consumers using third-party delivery services to order food. This has led some gig entities to re-examine how they serve the restaurant industry during this time, including whether a shift to a gig-focused model may be on the way. Just 44 percent of restaurant workers are full-time employees, according to one [report](#), suggesting operating on a gig economy model may be beneficial for these entities. Most workers are employed part-time and have [struggled](#) to find work during the COVID-19 pandemic as physical restaurants remain shuttered.

The solution may lie in using online gig hiring platforms as middlemen. On-demand staffing service ShiftPixy has launched a Restaurant Resilience Plan for part-time employees and restaurants facing work shortages, for example, enabling managers and owners to quickly and easily hire workers. Restaurants will be able to use such platforms to source their staffing needs at scale, while gig workers could find and apply for the jobs best suited to them. This will also enable restaurants to fill specialized roles – such as hiring employees dedicated solely to online or mobile orders – which seem to be growing as delivery services such as Uber Eats report jumps in revenue on their mobile offerings.

LONG-TERM DEVELOPMENTS

CALIFORNIA LAWSUIT COULD BRING SIGNIFICANT CHANGES TO FREELANCERS

Declining shares and decisions to shrink workforces are not rideshare providers' only struggles. Lyft and Uber are also dealing with a lawsuit [filed](#) by California's Attorney General, Xavier Becerra, that alleges both have misrepresented their workers as independent contractors to avoid paying out the benefits that are typically provided to full-time employees. The outcome could have a significant effect on their drivers as well as other members of the gig economy in California and nationwide.

Becerra's suit remarks that this miscategorization is noteworthy during the COVID-19 pandemic, when gig workers are reporting income and savings struggles, and is the latest move in a saga that began with the implementation of the state's AB5 legislation in 2019. Lyft, Uber and other gig economy platforms with similar business models have been butting heads with California lawmakers since the law passed, as it reclassified their workers from independent contractors to employees. The outcome of the lawsuit will determine whether these workers will be able to collect health benefits, among other perks afforded to employees.

UK GIG ORGANIZATION PREPARES TO SUE OVER HEALTHCARE RULES

Gig workers in the United Kingdom may also turn to the courts amid rising debates regarding their benefits during the COVID-19 outbreak. The Independent Workers' Union of Great Britain (IWGB), an organization that represents freelancers, [sent](#) a letter to the U.K. government alleging it had failed to provide proper health and safety protections that

are mandated by law. The case is complex because only employees are entitled to government health protections, and the U.K. is still debating which gig economy members count as employees and which are independent contractors. The outcome of any suit would thus have a significant impact on its gig economy participants. Uber's drivers are currently classified as employees in the European Union and U.K., for example – a status the company has [appealed](#) several times since it was first determined in 2016. A judicial review has the potential to add complexity to the discussion.

STUDY FINDS FREELANCERS REMAIN POSITIVE ABOUT EARNINGS

Health benefits are not the only part of the freelancer economy currently in flux. One recent [study](#) found that 62 percent of surveyed freelancers are more worried than they are hopeful about the future of the industry after the COVID-19 pandemic, but 59 percent are anticipating they will take in more or about the same amount in annual earnings in 2020 as they did in 2019. Many are also pleased with the quality of work they have produced thus far this year, with approximately 70 percent reporting high levels of satisfaction with their final products. Freelancers in creative areas – like graphic designers or videographers – have also seen their revenues grow 25 percent year over year, which may bode well for the future of the gig economy.

Expectations for 2020 earnings appear to be based on what freelancers earned in the previous year. New York gig workers generated approximately \$26 billion in revenue during 2019, for example, and Los Angeles reported \$20 billion. There is evidence that firms are hiring more freelancers than they had previously, with online marketplace FlexJobs [reporting](#) a 24 percent increase in job postings in April compared to March. The freelance economy thus appears to be retaining its level of growth in 2020, despite the financial and medical concerns the pandemic has brought to light.

DEEP DIVE

WHY COSTLY, SLOW INVOICE RECONCILIATION IS HURTING FIRMS' AND FREELANCERS' FINANCES

Freelancers have seen particularly harsh economic effects from the ongoing COVID-19 pandemic. Forty percent of those in the U.S. have [lost](#) at least \$10,000 in income since its onset, leaving many operating on fast-declining savings. The nation's government has attempted to provide financial relief by opening unemployment benefits to gig workers with its CARES Act, but 85 percent of those who [applied](#) had not seen their money at the start of May.

Waiting for funds is a familiar activity for freelancers, with 71 percent in a pre-COVID-19 PYMNTS [survey](#) noting they had worked for companies that paid them late or not at all. Traditional invoice processing and finalization can delay payments, as they involve manually entering data and reconciling information before payments can be approved and made. This time-consuming practice is

also [costly](#), ranging from \$2.18 to \$12.50 per invoice, and it is frustrating for freelancers who need to pay their bills.

One 2019 [study](#) found that 63 percent of companies considered reducing their invoice processing costs a priority, however, indicating they may also be growing frustrated with such costs. Finding ways to quickly finalize invoices has even more importance during the pandemic, with many freelancers finding themselves facing financial strain from dwindling job opportunities as well as a [lack](#) of timely support from government programs such as PUA in the U.S.

Firms can maintain freelancer relationships and develop new ones by finding quicker ways to pay them. This may mean integrating solutions that can easily navigate rising volumes of data. Companies take an average of 16.6 days to pay invoices, according to 2019 [research](#),



and just 4 percent of them report paying their invoices on time. Utilizing newer technologies, such as automated software, could speed this process, but implementation barriers remain.

The following Deep Dive examines the challenges of slow invoice reconciliation, how they affect companies and their gig workers and why technologies like automation could help address these frictions – both during and after the COVID-19 pandemic.

CONFRONTING RECONCILIATION CHALLENGES

Invoicing reconciliation confirms that the amounts companies pay match the amounts they [agreed](#) to spend. The process thus plays a key role in making sure payments

can be sent to waiting workers – such transfers will be halted if those numbers do not match.

Balancing these figures is often complicated because firms lack invoice processes that are consolidated under one platform and often fail to use AP automation technologies, for example. A recent [report](#) noted that 58 percent of companies in North America do not have such solutions in place, which means they must manually enter invoice data and ultimately add time and friction to finalization. Invoices often need approval from multiple members of firms' AP teams, too, marking another point of friction when data is not easily accessible.

Formatting issues provide further difficulty as approximately half of all invoices are [sent](#) in as paper documents – 37 percent as emailed PDFs and 5 percent via fax. Multiple formats mean companies must recategorize invoices before they can reconcile them, converting paper documents into digital files or retyping information sent via PDFs into their internal systems. Twenty-four percent of AP teams surveyed in 2019 [noted](#) they did not have transparent access to invoice and payment data like operating and liability costs, which help them determine costs and project budgets, because their companies were operating without dedicated invoicing systems.

Fully manual invoicing can [include](#) as many as 15 steps, from receiving invoices to approving payments, which adds more time to reconciliation. It also raises costs as employees must spend hours hunting for necessary information across multiple documents in their internal databases. One 2019 [report](#) saw 40 percent of AP teams cite “too much paper” as their top pressure, for example, while 51 percent noted that invoice and payment approvals take too long.

Manual systems represented a frustration before the COVID-19 pandemic pushed many companies to turn to remote working models, complicating the receipt and sharing of paper documents between team members. Lagging payments could lead to real financial problems for freelancers who depend on this income to pay their bills. Automated tools that quickly sort through data could help companies add speed to their invoicing processes. Many are facing challenges when implementing such tools, however.

AUTOMATED TOOLS' BENEFITS

Automated technologies' main benefit is their speed, but they can also help reduce costs. Automated invoice processing solutions [cost](#) approximately six times less than manual systems, largely because information that would take employees hours to input can be filed automatically. Relevant invoice figures can then be examined and matched, making it easy to see which payments are ready to send and which need further review.

Companies have considered these tools as potential solutions to firms' invoicing struggles for years, but developing them at scale can be cost prohibitive. Thirty-three percent of AP teams [stated](#) in 2019 that their companies lacked the budgets to invest in automated technologies, for example. Cost concerns are slowly being offset by the rising need to quickly finalize payments, however – both during the pandemic and under normal operating conditions. Freelancers are finding the 16-day waiting period more frustrating during this time.

Companies are also becoming frustrated with the high costs involved in lengthy reconciliation processes. Forty-four percent in one recent [survey](#) said they were looking to add automated tools to their AP processes for both potential cost reductions and faster

speeds, which will have multiple perks. Automating even part of the invoicing process can save companies funds while also creating lasting relationships with freelancers.

The cost benefits of employing these solutions are dramatic, as [using](#) digital payment processing solutions could help firms cut related costs by 81 percent. Third-party partners can help firms manage the cost of implementing these tools by [enabling](#) them to streamline reconciliation and save on the expense of [building](#) and testing out their own automated platforms. Such partnerships will also make it easier for companies to begin more quickly approving invoices and sending out payments.

Firms are finding that their current remote working conditions present good times to reexamine invoice reconciliation processes and how automated tools could help them shore up potential weak points. Automated tools' impacts could be especially helpful during the COVID-19 pandemic as companies need to strengthen communication between members of their AP teams as well as manage outstanding payments to freelancers. Firms that do not make the necessary shifts to their invoicing processes may find themselves losing potential and existing relationships to those that are integrating these technologies.



ABOUT

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San Mateo, California-based Tipalti is a supplier payments automation service supporting streamlined AP and payment management products. The company’s AP solutions make sending payments as easy and seamless as possible for its clients, which work in the supply chain, vendor invoice processing and other industries. Its digital software allows companies to cut approximately 80 percent of their supplier payment backlog and can increase clients’ efficiencies, encouraging greater growth and innovation. For more information on Tipalti and its offerings, visit tipalti.com.

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