

Getting Started with Vendor Validation

What is Vendor Validation?

Vendor Validation is a tool that helps you identify incomplete and bad data before it becomes a problem. During the initial setup, you might get inundated with errors, alerts, or held payments—but don't worry, that's part of the process. No matter the size of your vendor list, Mekorma's guidance helps you tailor your initial validations to simplify your workflow and give you peace of mind. Use Vendor Validation to safeguard your master data:

- Verify a vendor's Tax Identification Number (TIN) with the IRS, ensuring its validity.
- Compare vendor data with the Office of Foreign Assets Control (OFAC) Sanctions List. This list includes entities you must avoid doing business with because they are sanctioned by that office.
- Validate addresses with Google Address Validation.

This guide primarily applies to customers who have hundreds or thousands of vendors in their books (although it can be followed by those with fewer vendors as well).

Initial Set Up

When first setting up Vendor Validation, you are asked to establish when to block a vendor for payments. This essentially asks what happens to a vendor when either a warning or an error occurs during a validation. Each validation provider can be set to a different outcome for when to block a vendor for payments. The options are never, on errors only, and on warnings and errors. Warning and error both mean that there is missing or incomplete information in the vendor card. The degree of severity is what distinguishes between the two.

- A warning generally means something more innocuous, such as punctuation in a vendor name (which is not allowed by the IRS), a partial name match with OFAC's Sanctions List, or the address is missing the zip code.
- An error can be detrimental to your data, and includes things such as missing or incorrect TIN, a full match with OFAC's Sanctions List, or a missing address. Review the user guide to better understand validation results.

For those that have a large vendor list, the optimal approach is to initially set each validation provider to never block a vendor for payments. This allows you to run your validations and see the results for each vendor, but not have any of your payment processes affected. When operating with a large vendor list, the key is to take it slow. If you begin by placing your vendors on hold when receiving either a warning or an error, you could potentially jam up your system and cause all sorts of delays. Vendor Validation always returns a status and shows any issues with your master data, even if you don't have a vendor set to block payments. By setting each validation provider to never block a vendor for payments, you can take the time to review and solve any issues while continuing your normal processing.

Once your data is proven to be good (i.e., TINs are in place, vendor names are correct, addresses are complete, and there are no matches on the OFAC Sanctions List), set the validation providers to block vendors for payments to ensure that future issues are identified, and problems are prevented. And just like that, your vendor master data will be ready to go.

Running Bulk Validations

One of the simplest ways to manage your vendor list when starting out is through bulk validations. Bulk validation does exactly what it sounds like—validates vendors en masse. Speed up the validation by selecting more than 1 (and up to all) of your vendors. Validations take time to run—each provider is called and run one at a time, so when you stack on additional vendors to a validation, the process takes extra time to run.

Vendor Validation calls APIs from the IRS, OFAC, and Google, and thus can be at the mercy of those services. On average, each validation only takes a few seconds per vendor, but some days a provider may be running slower (or, God forbid, your internet decides to be difficult!). For this reason, Mekorma recommends running bulk validations in smaller groups. Breaking it up into more manageable groups of vendors puts less stress on your system for multiple reasons:

- Vendor Validation processing takes time, which could result in an ERP session timing out and causing trouble with your validation process.
- Automated management processes may be delayed if your ERP is busy validating vendors.
- You may get overwhelmed if you suddenly receive hundreds of error or warning statuses.

Validating vendors in smaller groups is recommended as it allows you to compartmentalize the validations. Reviewing 20 vendors at a time and focusing on ensuring each record has the correct info is much less daunting than seeing the results for all your vendors at one time. Prioritize contacting fewer vendors for correct information over the course of a week as a simple first step to running validations with peace of mind. The goal is to update all your vendors and ensure their master data is correct; a process that takes time and concentration.

In Closing

Vendor Validation is a helpful tool, especially during tax season, but cleaning up your master data takes time. If your vendor list is relatively small, or you have meticulous recordkeeping, you are encouraged to run validations with payments set to block from the get-go. For those who might have murky vendor data, follow the steps we recommend and you will have perfect master data afterwards.

If you have any questions about the process or want more information, our Sales team is always available. If you are a current user, our Support team is on hand to assist with any needs **Happy validating!**

Quick Set Up

1. Set each validation provider to never block a vendor for payment.
2. Use bulk validations in smaller groups to avoid system slowdowns or being overloaded with potentially bad data.
3. Clean up bad data before enabling payment blocks.
4. Once vendor data is clean, update settings to block future payments when errors or warnings are found.
5. Perform periodic re-validations to maintain data accuracy.
6. Contact Support if you encounter issues.