



AGENCY FINANCIAL HEALTH REPORT

A custom study commissioned by FastPay | Surveyed by [prodege](#) | June 2022

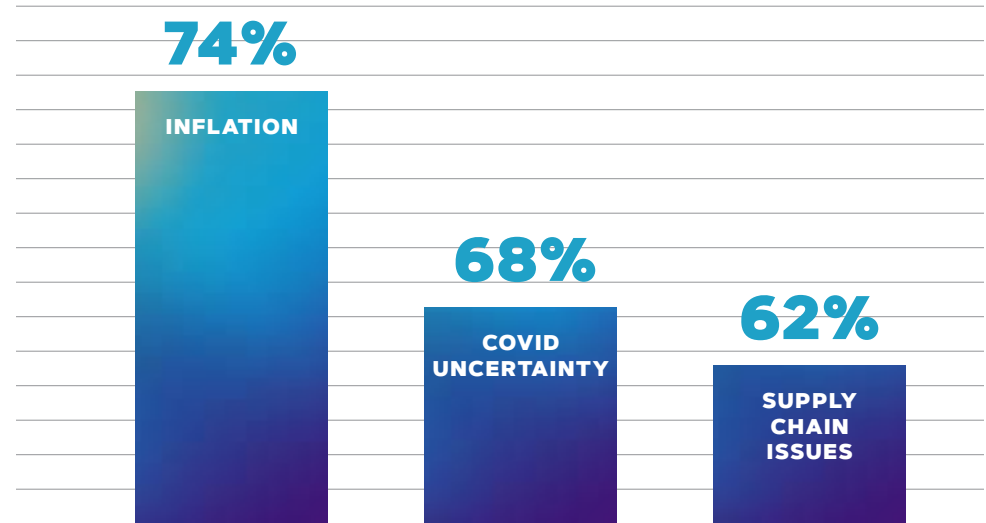


FastPay recently partnered with Prodege to survey senior and executive level media and finance professionals representing 150 agencies. Inflation, COVID Uncertainty, and Supply Chain Issues ranked as the top concerns across all agencies. Despite these challenges, most agencies will continue to increase their media spend throughout 2022.

When it comes to managing that increased media spend, the story is not quite as positive. With the Great Resignation and an influx of delayed payments, agencies are feeling pressure to increase their employees' salaries while also having to contend with extended client payment term. Forecasts of an impending recession also have agencies nervous despite record spending by advertisers.

As the media industry continues to grow at record rates, agencies recognize they have an even bigger opportunity to automate, digitize, and monetize media payments.

TOP MACROECONOMIC CONCERNS FOR AGENCIES



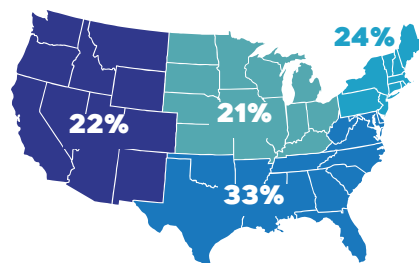
WHO WE SURVEYED:

Agency Type

Independent agencies:
79%

Holding companies:
21%

Geography

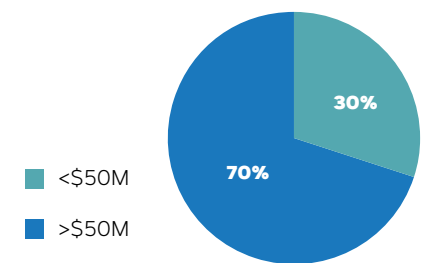


Position

Executives (CEO, VP, CFO, COO):
47%

Operators (Manager, Director):
53%

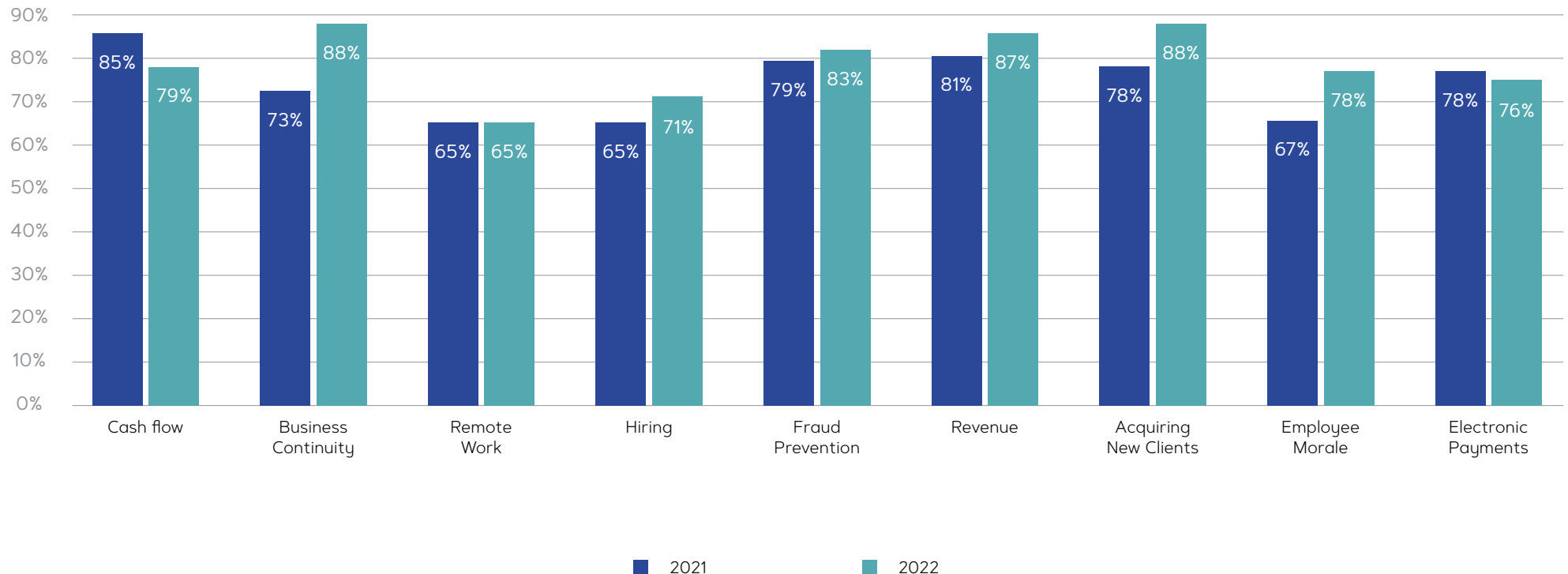
Media Spend



Managing Through the Great Resignation

In 2021, agencies' top concerns were Cash flow, Revenue, and Fraud Prevention. While Revenue remains top of mind for most agencies surveyed, Business Continuity and Employee Morale are what is keeping folks up at night and saw the biggest increase YoY.

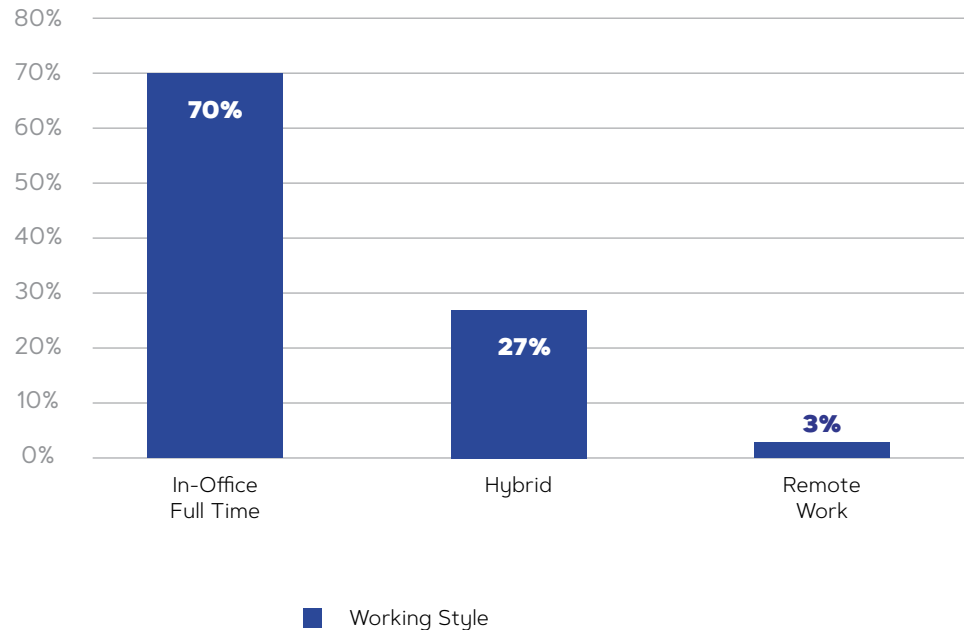
Executive agency leaders realize that the two go hand in hand and are trying to make sure employees are happy by upping salaries and allowing for remote work options. These incentives which seem to be a prerequisite during the Great Resignation can be costly and agencies are feeling the pinch, which is why acquiring new business is also a top priority for agency leaders in 2022.



WFH vs Work From Office

In 2020, nearly 1/3 of all agencies lost clients and were forced to lay off or furlough workers. Remaining employees shifted to remote work, placing strains on fragmented accounts payable and accounts receivables systems. With pandemic restrictions lifting, many teams surveyed are back in the office to streamline the AR process. However, the shift back to in-person work to alleviate clunky AR/AP workflows, has had the unintended consequence of weakened employee retention.

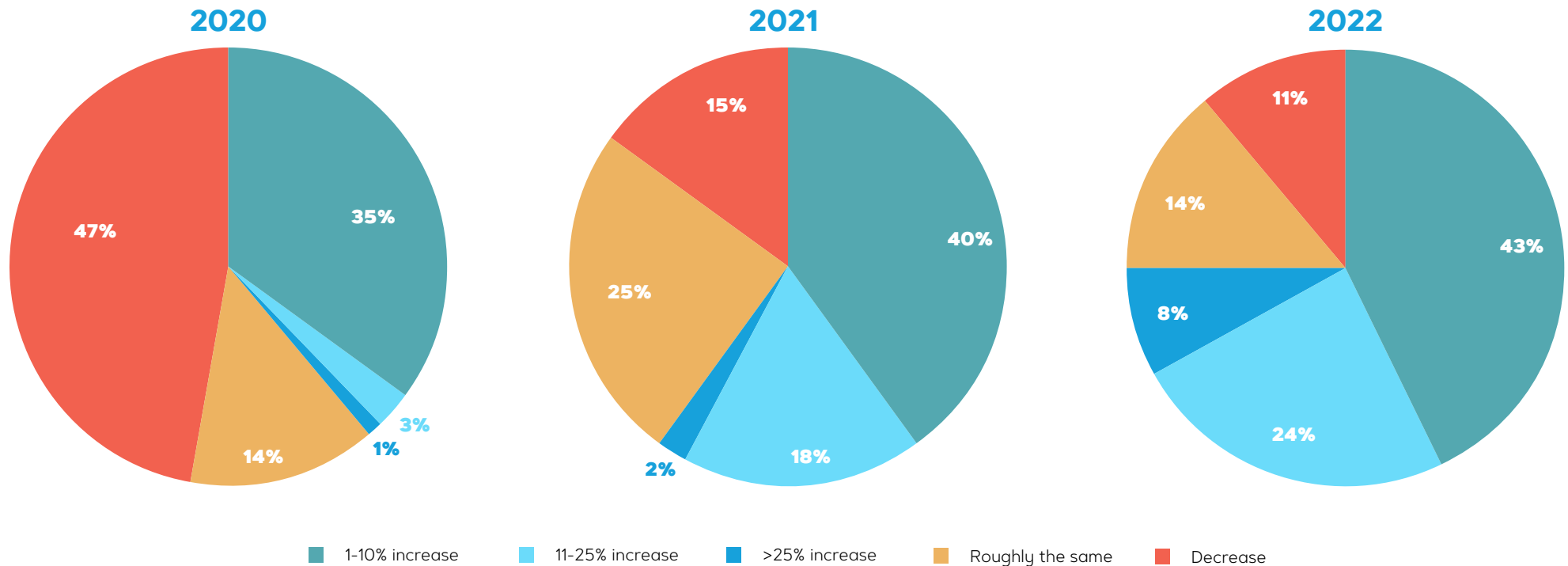
With so many Americans who previously worked in an office, still allowed to work from home, it has agency employees exploring other opportunities that will allow for continued flexibility.



Return to Growth: Agency Media Spend YoY

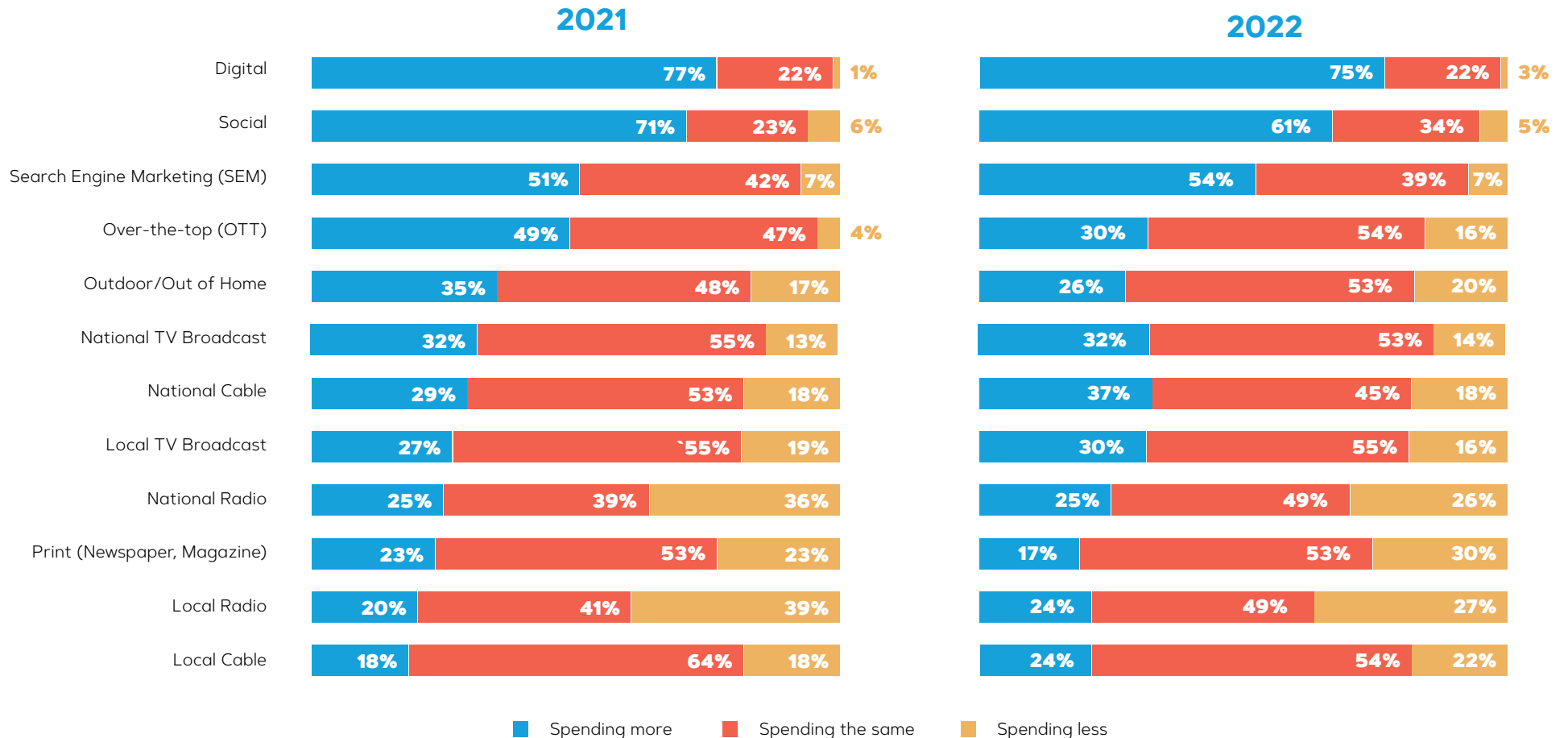
Most agencies paused media spending immediately starting in mid-March 2020 and reconfigured their clients' media plans with the onset of the COVID and lockdowns. FastPay proprietary data shows a recovery in media spend started in Q3 2020 but overall, our survey shows nearly 1/2 of agencies decreased their media spend in 2020. The story flips in 2021 with 60% of agencies planning to increase their media budgets as the recovery continues and brands begin to spend again.

And in 2022, we're seeing a similar trend where media spend is continuing to increase despite a talks of recession.



Return to Growth: Media Spend by Channel YoY

Outdoor, Radio, and Print were hardest hit in 2020, and saw the smallest spend increases in 2021, while Digital, Social and SEM saw the largest growth. This is not surprising as media has shifted to reach consumers while at home rather than on traditional channels like OOH and Radio with fewer commuters on the road.



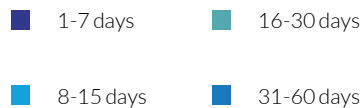
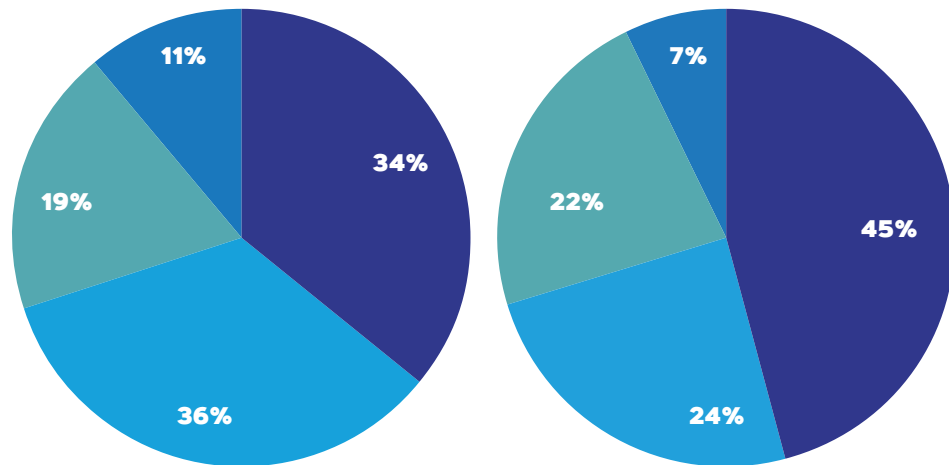
Payment Delays Continue

In 2021, 47% of agencies extended payment terms with clients but only 35% of agencies extended terms with media suppliers, causing greater friction across the media landscape. According to FastPay data, payment delays continue to plague the industry with more than half (52%) seeing an increase in late payments in 2021.

Client Extensions with Agencies

2020

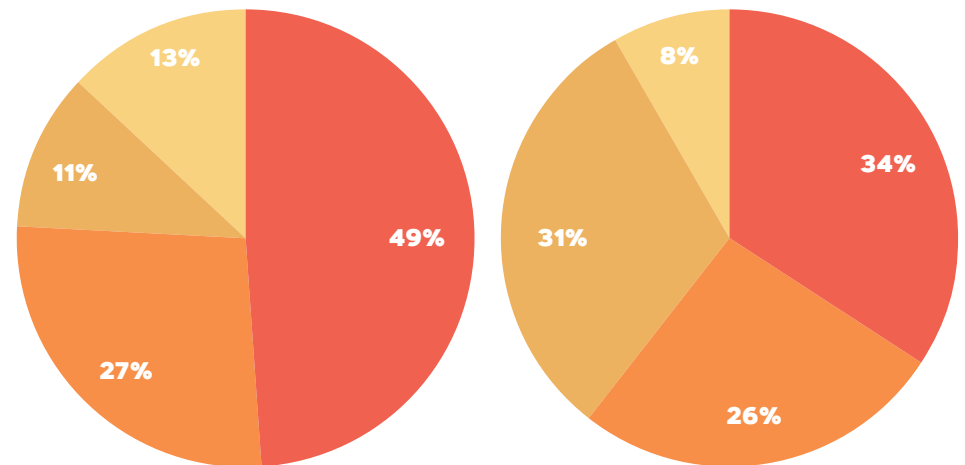
2021



Agencies Extensions with Suppliers

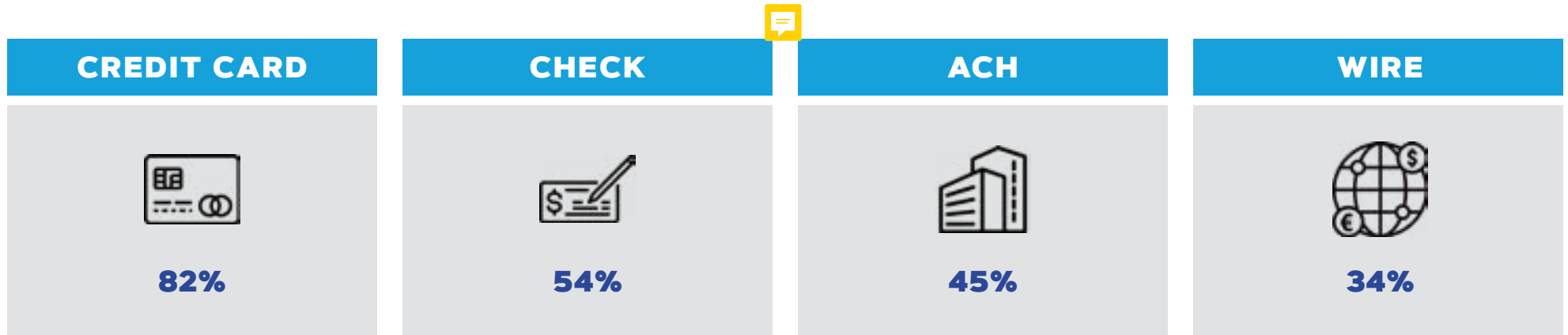
2020

2021



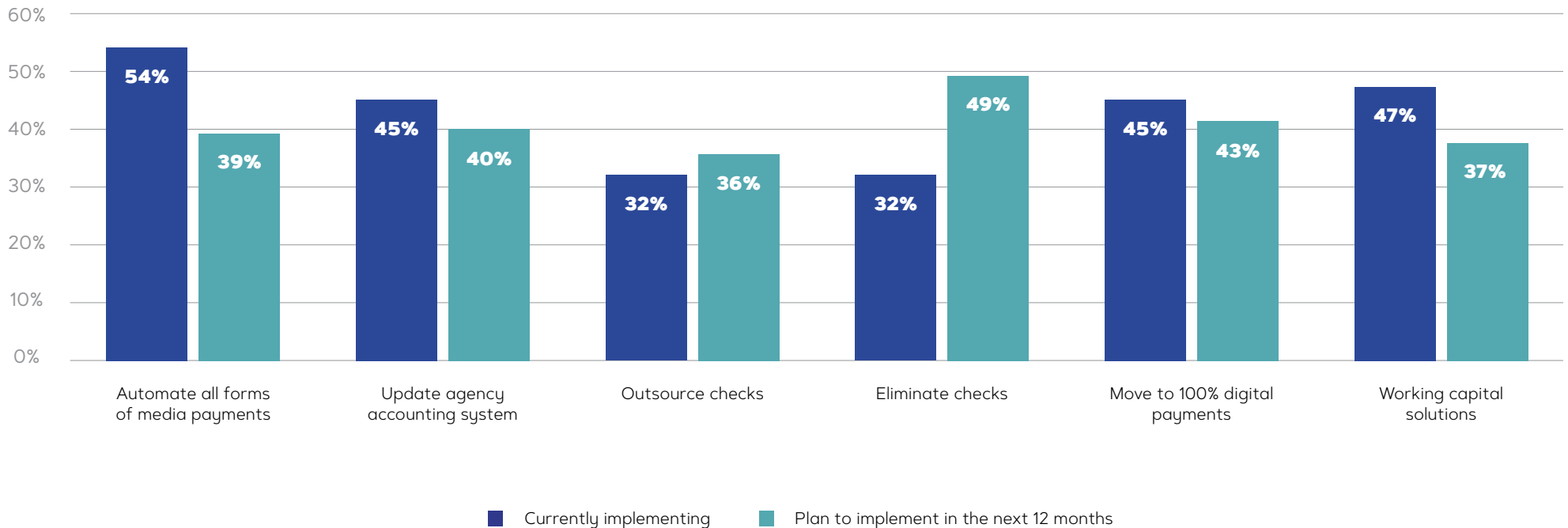
Preferred Payment Methods

Credit cards were the overwhelmingly preferred payment method selected by agencies for paying media vendors. However, industry estimates show that only 40% of all media spend is paid via credit cards, which can lead to even further delays across the media landscape.



2022 and Beyond

Almost all agencies understand the importance of automation when it comes to media payments and are currently working on or have plans to implement automation and digital payments in the next 12 months. Still, 51% of all agencies surveyed have no plans to outsource or eliminate checks which shows they will remain a viable payment method across the industry.



Conclusion

The financial health of agencies is making headwinds from the impacts of COVID that began in 2020, but the recovery may be more fragile than we think. If anything, 2020 and 2021 reinforced just how critical cash flow, automation, and security are to an agency's overall financial success. With 2022 media spend expected to grow at record levels, most agencies are optimistic about returning to growth with the realization that their success is in the employees they retain and the partnerships they employ.

The pre-COVID financial ecosystem and sequential liability in how agencies buy media is a problem that continues to persist. While agencies see the benefits of full payment automation and integration with accounting systems, the industry is far behind with lots of room for improvement. Agencies and media suppliers alike should seek out solutions that automate and digitize media payments seamlessly integrating into their current workflows and systems. FastPay is here to help you whenever you're ready.

ABOUT FASTPAY

FastPay helps streamline, secure, and monetize your media and advertising payments. Our platform integrates with existing media buying and accounting systems to optimize your workflow and automate your payment processes. By leveraging proprietary technology as well as our unique relationships with media suppliers, we help companies save time and generate revenue on their media spend.