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SEPTEMBER 2020

B2B PAYMENTS INNOVATION READINESS

The B2B Payments Innovation Readiness Report, a PYMNTS and American Express collaboration, analyzes the survey responses of 460 small to large businesses to understand how manual processes impact the accounts receivable for businesses across a variety of sectors, including advertising, technology, construction, energy and healthcare. The report further explores how automation can help firms improve their collection cycles and reduce the average days sales outstanding.

HOW **AUTOMATION** CAN HELP BUSINESSES BETTER MANAGE THEIR **AR PROCESSES**

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B2B PAYMENTS INNOVATION READINESS

The B2B Payments Innovation Readiness Report was done in collaboration with American Express, and PYMNTS is grateful for the company's support and insight. **PYMNTS.com** retains full editorial control over the following findings, methodology and data analysis.

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INTRODUCTION

Manual processes, such as paper invoicing, invoice matching and reconciliation, have long defined how businesses manage their accounts receivable (AR). Businesses have looked to digitize some of these operations over the years, but they are still challenged with problems arising from their dependence on manual processes.

The pain points that AR teams most commonly experience can broadly be boiled down to three underlying and related problems: continued reliance on manual AR management practices, the resulting lack of speed and high operating costs associated with managing receivables. These problems often tend to amalgamate and result in delayed payments — a challenge that firms across the board face and has become more damaging since the start of the COVID-19 pandemic.

Businesses that rely on manual AR processes often have 30 percent longer average days sales outstanding (DSO) compared to firms that rely on medium or high levels of automated processes for collecting receivables. There are several other significant consequences of relying on manual processes, with firms that do so taking 67 percent more time to follow up on overdue payments on average than companies that use automated AR processes. Longer payment terms and delays can thus quickly add up and result in longer DSOs. Frictions associated with managing AR processes have become even more troubling since the start of the COVID-19 pandemic, as firms must now find alternative ways to perform functions that were traditionally handled in an office environment. It is perhaps not surprising that nearly 45 percent of firms point to payment acceptance, customer credit checks, invoice delivery and payment collections as being the most affected by this shift.

The pandemic is also prompting a significant share of firms to change their payment terms and credit limits as well as adopt digital invoicing and payment methods. Our research shows that approximately two-thirds of firms are moving away from manual processes and are planning to embrace technological solutions to upgrade their AR systems for faster processing, higher efficiency and lower costs and thus address what they view as their three main pain points. They are more specifically turning to automation to fix key AR functions with which they are struggling, including collections, customer credit checks, cash applications and reconciliations. Firms that have made the leap are finding themselves in better positions to more easily adapt to changing market dynamics.

> THERE ARE SEVERAL OTHER SIGNIFICANT CONSEQUENCES OF RELYING ON MANUAL PROCESSES, WITH FIRMS THAT DO SO **TAKING 67 PERCENT MORE TIME ON AVERAGE THAN COMPANIES THAT USE AUTOMATED AR PROCESSES** TO FOLLOW UP ON OVERDUE PAYMENTS.

These are some of the key findings of PYMNTS' B2B Payments Innovation Readiness Report: How Automation Can Help Businesses Better Manage Their AR Processes, a collaboration with American Express. We analyzed the survey responses of 460 businesses that ranged from small to large and hailed from numerous sectors, including advertising, technology, construction, energy and healthcare, for which sales to other businesses accounted for at least 75 percent of their total revenues and for which at least 20 percent of sales are made on terms. Our research assessed the degree to which these firms have automated their AR processes, the impact of the COVID-19 pandemic on their ability to manage AR and their interest in adopting technological innovations in near future.

This is what we found:

01

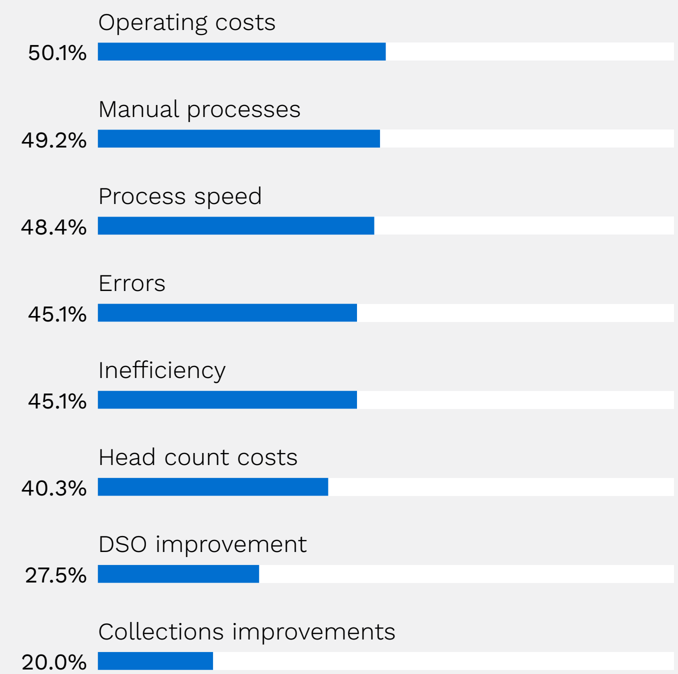
Manual processes, high operating costs and slow processes are the most troubling AR challenges for firms.

Firms identify three challenges as the most problematic when it comes to managing AR: 50.1 percent cite high operating costs, 49.2 percent cite manual processes and 48.4 percent cite process speed. Reliance on manual processes has far-reaching effects. These methods often reduce the speeds at which firms deliver invoices and follow up on overdue payments, as they are less efficient for prioritizing collections. Their use also increases the likelihood of errors, which then must be manually identified and fixed. These cumbersome processes thus often result in increased operational costs. The relative importance of each of these problems varies depending on the sector, however. Our research shows that manual processes are particularly painful for businesses in healthcare, construction and technology, whereas firms in advertising and energy are more concerned about high operating costs.

Challenges arising from reliance on manual AR processes for firms in all sectors often extend to processes critical to cash application and credit checks. We found that 27.6 percent of firms say that manual processes affect their credit functions and 22.6 percent say the same for cash applications. Reliance on manual process also impacts collections for 18.5 percent of firms that identify their legacy ways of managing AR as a pain point.

FIGURE 1:

Firms' views regarding their main trouble areas related to AR processes
Share of businesses that cited each point as an AR problem area



Source: PYMNTS.com

02

Using manual processes to tackle collections harms businesses' ability to receive timely payments.

The degree of automation used in managing AR strongly relates to firms' ability to shorten their collection cycles. The DSO of the typical firm with no or low levels of technological implementation for managing AR is 52 days, for example. That is 12 days more than firms that have moderately to highly automated AR processes.

The problems faced by firms that have longer-than-average DSOs tend to stem from their lack of promptness or inability to follow up on overdue payments as well as longer payment terms, as we will explore in detail later in the report. Our research shows that the average term for firms with no or very little automation is 31 days and they take an additional 24 days to follow up on late payments. Firms that have moderately to highly automated AR processes have an average term of 24 days and take only 16 days to follow up. That is because manual processes impact how firms prioritize collections and send payment reminders, leading to delays in follow-up on overdue payments.

One key reason why embracing automation helps firms achieve shorter DSOs is that it takes the hassle out of manually following up on overdue payments — a time-intensive process. Automation also streamlines the tracking of collection activities, leading to shorter collection cycles. Firms that rely on manual processes to prioritize collections take 30 percent longer to follow up on late payments than those that use automated processes, for example.

03

Nearly 15 percent of B2B receivables are late — a problem that can further worsen if firms do not follow up in time.

Our research shows that 14.7 percent of business-to-business (B2B) receivables on average are overdue. The situation is particularly troubling for larger firms that generate more than $500 million in annual revenue, as 16 percent of their B2B receivables are overdue, compared to 14.3 percent for mid-sized firms generating between $50 million and $500 million and 13.8 percent for small firms that generate less than $50 million in annual revenue.

The problem worsens when firms do not follow up on overdue payments in a timely fashion. Firms that wait an average of 45 days to follow up on overdue payments have 26 percent of their receivables overdue. Firms that follow up within five days of payments becoming overdue report a delinquency rate of just 8.8 percent — 40 percent below the sample average.

Late payments and delays in following up have had a particularly detrimental effect on businesses during the COVID-19 pandemic, with the average DSO increasing from 39.7 days to 42.6 days. These delays tend to put a major strain on companies' abilities to maintain their cash flows and keep their businesses afloat.

15%

Average B2B receivables that are overdue

FIRM SIZE

16.0% **$500M+**

14.3% **$50M-$500M**

13.8% **$0-$50M**

ECONOMIC SECTOR

19.2% **Construction**

17.3% **Technology**

14.9% **Healthcare**

11.4% **Advertising**

7.7% **Energy**

OUR RESEARCH SHOWS THAT **63.5 PERCENT** OF FIRMS ARE NOW **SHIFTING AWAY FROM PHYSICAL INVOICES.**

04

The COVID-19 pandemic is prompting more than eight out of 10 businesses to take the digital leap. Firms with high degrees of AR automation in place are adapting more easily.

Eighty-three percent of B2B firms have changed their AR processes since the start of the COVID-19 pandemic. Our research shows that 63.5 percent of firms are now shifting away from physical invoices and 66.5 percent are receiving more payments digitally. Firms that have implemented higher degrees of technology for managing AR seem to be more flexibly adapting to today's environmental dynamics. Our research found that 81 percent of firms with high technological implementation are delivering more invoices digitally and 83.1 percent are receiving more electronic payments now than they did before the pandemic began. These numbers are only 22.2 percent and 20 percent, respectively, for firms with no technology implementation.

The COVID-19 pandemic has also prompted firms to modify the credit conditions offered to their customers. We found that 69.7 percent of firms that have a higher degree of AR automation have changed their payment terms since the pandemic began and that 57.1 percent have adjusted their credit limits. Just 31.1 percent of firms that lack automation have changed their payment terms and only 6.6 percent have adjusted their credit limits.

This evidence suggests that firms with highly automated processes are finding themselves in better positions to adjust their AR processes and strategies as they deal with the consequences of the ongoing pandemic.

05

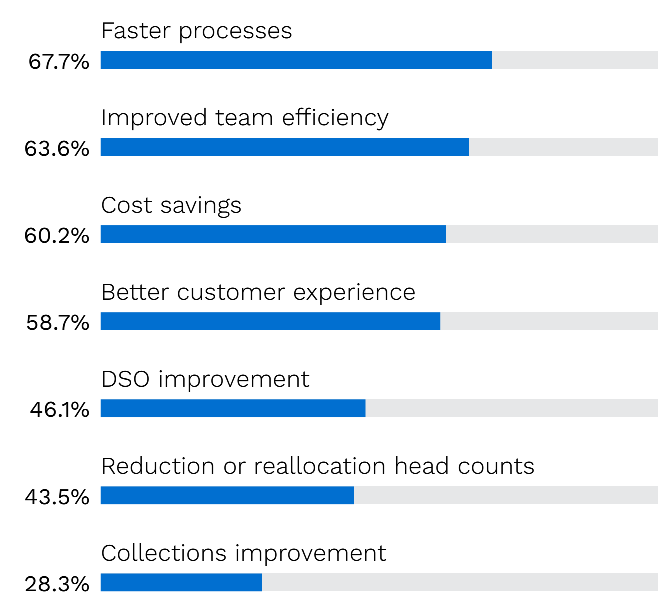
Seven out of 10 firms plan to digitize their AR processes within the next three years.

The challenges posed by the reliance on manual processes have accelerated businesses' interest in automating their AR processes. Our research shows that 70 percent of B2B firms plan to implement some kind of technology to manage their AR processes. More than two-thirds of these firms believe that automation can help them speed up processes, such as invoicing and collection, and improve the efficiency of their teams. Potential cost savings motivate 60.2 percent of firms that are preparing for technological upgrades. This cost-savings expectation is also a motivation for 69.6 percent of large firms and 76.2 percent of healthcare firms that are preparing for technological innovations. DSO improvement is a motivation for 72.7 percent of firms in the energy sector.

Customer credit checks and payment collections, alongside the need to access tools that enable adjusted credit conditions, stand out as functions that have been most impacted by the pandemic and need resolution. Our research states that 44.3 percent of firms have had trouble making customer credit checks since the pandemic's onset and 43.5 percent of firms say the same about collections. These are also functions in which automation is most likely to be implemented. Approximately one-third of firms point to these functions as targeted areas for automation.

FIGURE 2:

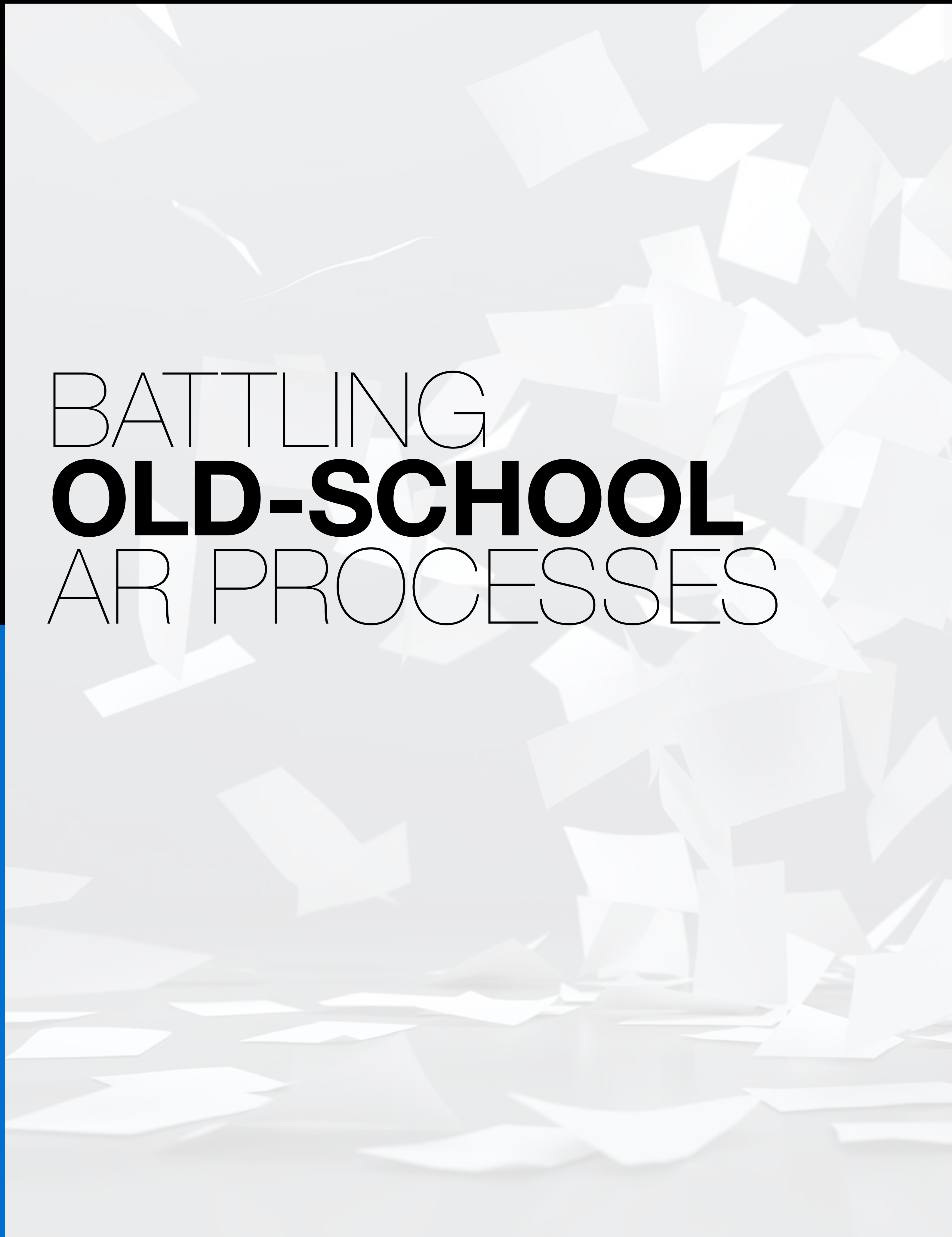
The benefits that firms willing to innovate their AR systems expect to obtain
Share of firms willing to innovate that expect different benefits from doing so



Source: PYMNTS.com

Invoice delivery and payment acceptance are the functions that draw the lowest interest for automating AR: One out of four firms mentioned these areas as possible automation areas. That is mostly because many companies — especially those in the advertising, technology and energy sectors — already use a relatively high degree of automation for these two functions. Seventy-nine percent of advertising, 69 percent of technology and 68 percent of energy firms use automated tools for payment acceptance and 83 percent of advertising and 76 percent of technology and energy firms do so for invoice delivery.

There are also firms that do not plan to innovate their AR processes in the near future because they are comfortable with their current systems. Our research found that 51.3 percent of these firms claim to be satisfied with their existing processes. Healthcare firms are an exception, however. Only 20 percent of such firms say that they are satisfied with how things are working, yet 40 percent of companies in this sector say they will prioritize other technological investments and 30 percent of these firms cite budget constraints as a reason not to innovate.



BATTLING **OLD-SCHOOL** AR PROCESSES

Businesses in certain sectors such as advertising, technology and energy are now making upgrades to improve various AR functions, but firms in other areas are still languishing. The problem is particularly noticeable in the construction and healthcare spaces, with 39 percent and 28 percent of firms, respectively, having low or no technology in their AR processes. This compares to only 16 percent of energy, 13 percent of technology and 8 percent of advertising firms that rely on low levels of automation.

Reliance on manual processes for AR management results in a wide array of problems, ranging from delays in delivering invoices and reminders to errors and inefficiencies that ultimately result in high operational costs and slow processes. Approximately one-half of businesses identify these problems as the most pressing challenges facing their AR departments: 50.1 percent of firms state that high operating costs pose a problem for their AR departments, 49.2 percent point to manual processes and 48.4 percent identify process speed.

50%

OF FIRMS STATE THAT **HIGH OPERATING COSTS** POSE A PROBLEM FOR THEIR AR DEPARTMENTS.

79%

OF ENERGY SECTOR FIRMS BELIEVE THAT **ERRORS** ARE THEIR MAIN TROUBLE AREA RELATED TO AR PROCESSES.

Our research shows that firms across different sectors identify various AR challenges as their key problem areas. A majority of firms in the advertising and energy sectors are especially concerned with their high operating costs, whereas challenges arising from reliance on manual processes are especially painful for firms in the healthcare, construction and technology sectors.

The problems manual processes pose are wide-ranging, but those that businesses most commonly cite relate to cash applications and customer credit checks. Our research shows that 27.6 percent of firms see manually running credit checks as a pain point and 22.6 percent cite manually handling cash applications and reconciliations as a trouble area. Cash applications and reconciliations are also the most cited function that contributes to high operating costs and slow processes.

TABLE 1:

Firms' views regarding their main trouble areas related to AR processes
Share of businesses that cited each point as an AR-related trouble area, by sector

Least trouble
Most trouble

	SECTOR				
	Healthcare	**Energy**	**Construction**	**Technology**	**Advertising**
Operating costs	35.9%	69.4%	37.9%	46.8%	74.6%
Manual processes	**59.0%**	22.6%	**56.8%**	**57.5%**	38.1%
Process speed	33.3%	51.6%	44.2%	48.1%	54.0%
Errors	48.7%	**79.0%**	30.5%	31.3%	**76.2%**
Inefficiency	35.9%	67.7%	34.7%	43.3%	55.6%
Head count costs	30.8%	53.2%	27.4%	39.5%	66.7%
DSO improvement	20.5%	32.3%	26.3%	28.3%	22.2%
Collections improvements	**15.4%**	**17.7%**	**20.0%**	**21.0%**	**17.5%**

Source: PYMNTS.com

TABLE 2:

Firms' views regarding their main trouble areas related to AR processes
Share of businesses that cited each point as an AR-related trouble area, by AR process

Least trouble
Most trouble

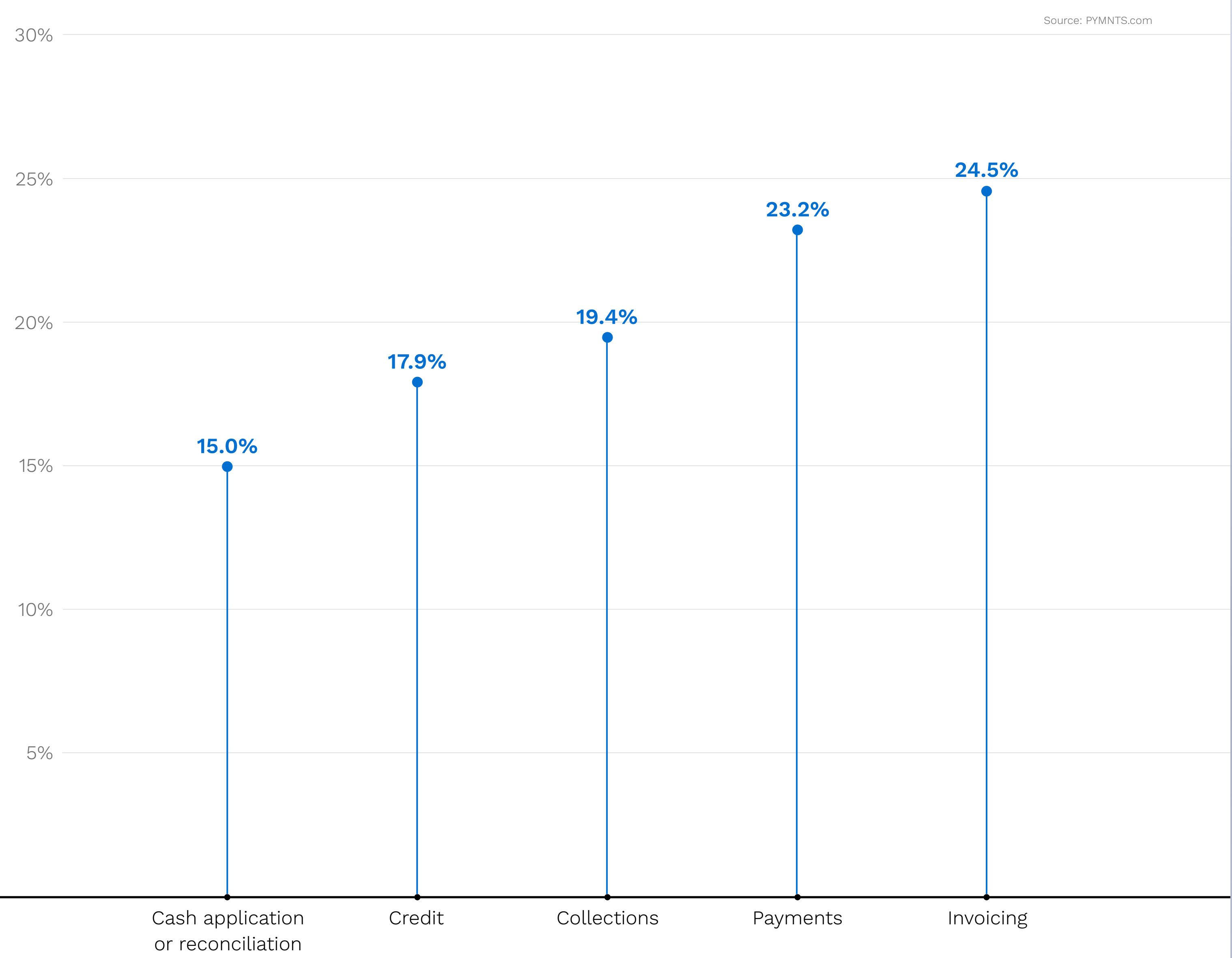
	AR PROCESS				
	Credit	**Invoicing**	**Payments**	**Collections**	**Cash application**
Operating costs	12.0%	13.0%	13.0%	14.8%	15.9%
Manual processes	**27.6%**	19.3%	**19.1%**	**18.5%**	**22.6%**
Process speed	13.3%	14.1%	14.8%	14.8%	15.7%
Errors	13.7%	**23.0%**	12.6%	**9.1%**	12.4%
Inefficiency	10.9%	10.0%	12.2%	13.7%	12.8%
Head count costs	11.1%	10.2%	10.4%	9.6%	8.0%
DSO improvement	7.8%	7.2%	11.7%	9.3%	8.3%
Collections improvements	**3.7%**	**3.0%**	**6.1%**	10.2%	**4.3%**

Source: PYMNTS.com

Firms' reliance on manual processes is labor-intensive, too, especially when it comes to managing invoicing and payments. Our research shows that AR departments dedicate 24.5 percent of their staff to supporting invoicing and 23.2 percent to managing payments. Tasks such as handling cash applications and credit checks, which the bulk of firms identify as the most challenging areas, are a lot less labor-intensive, with firms dedicating just 15 percent and 17.9 percent of workers to them, respectively.

FIGURE 3:

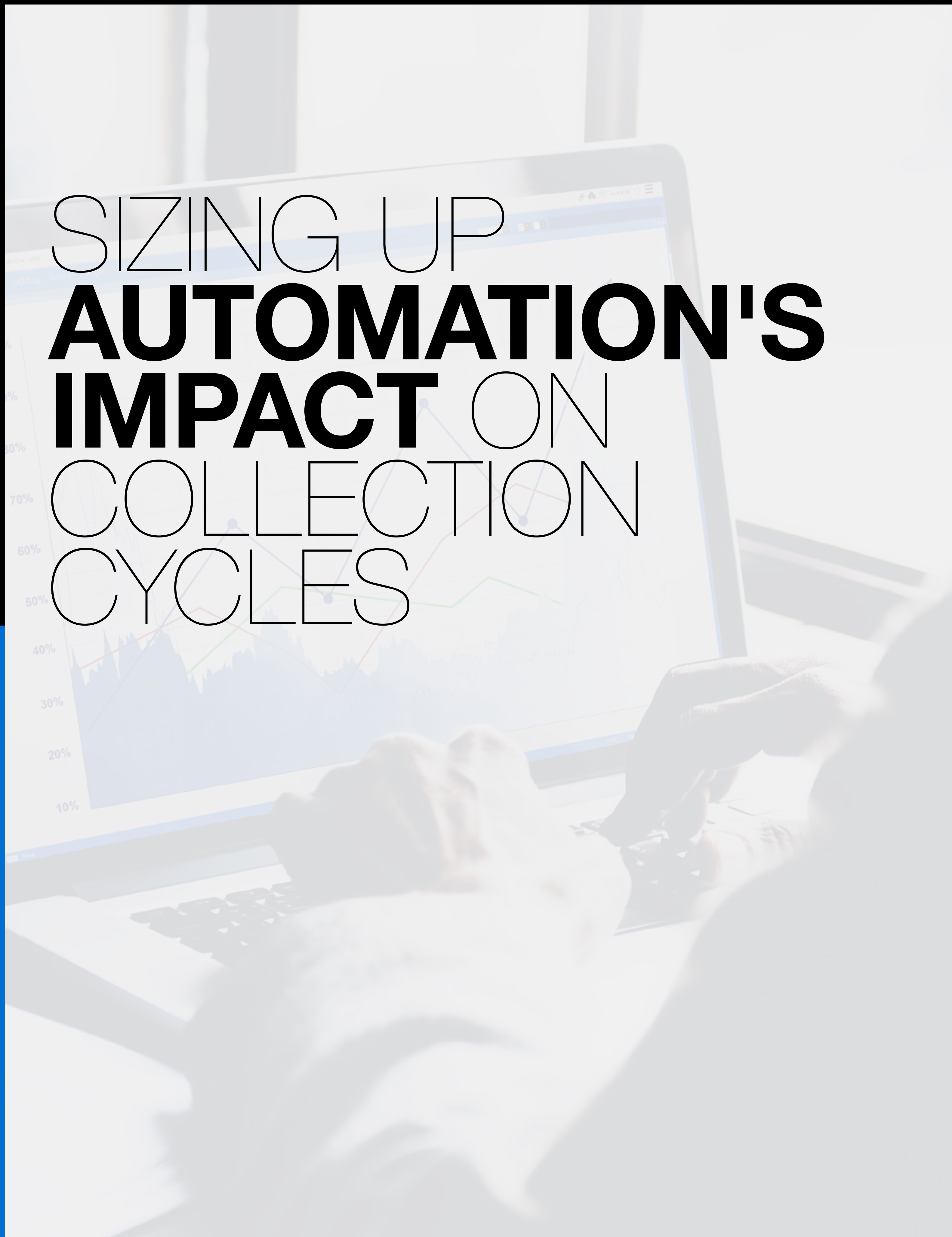
How companies allocate workers for handling AR functions
Average share of AR employees allocated to each AR function



25%

OF AR STAFFS ARE TASKED WITH **INVOICING,**

COMPARED TO **15 PERCENT** ALLOCATED TO CASH APPLICATION OR RECONCILIATION.



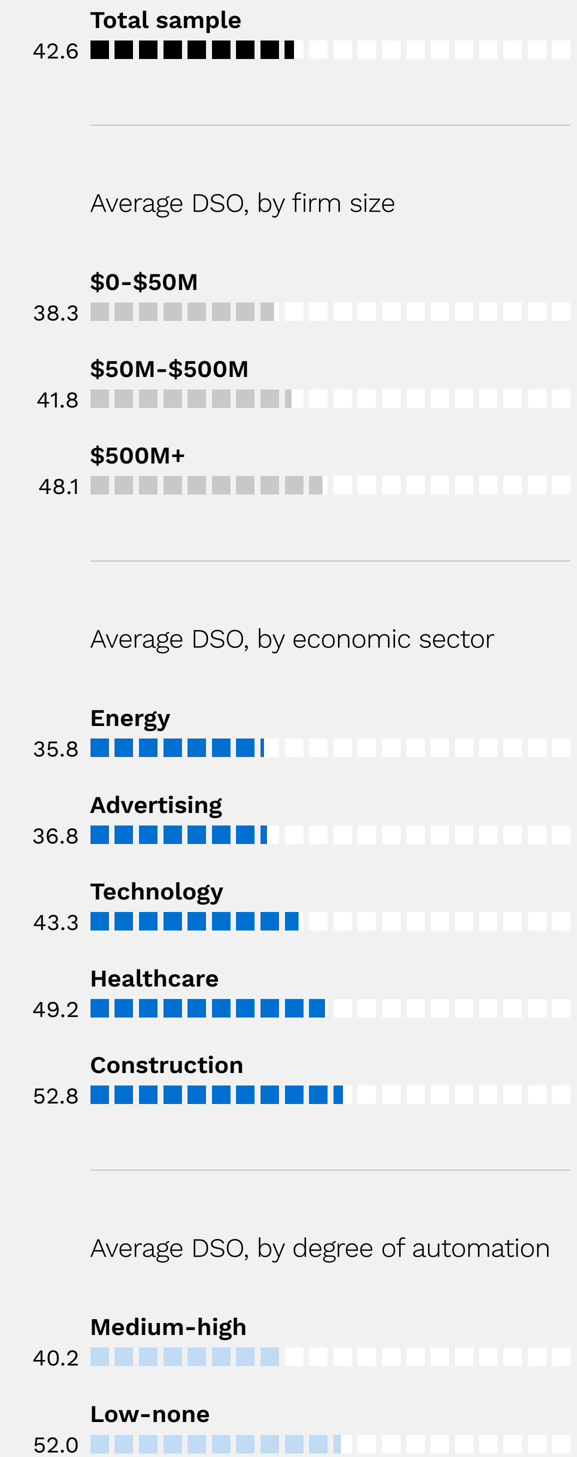
SIZING UP **AUTOMATION'S IMPACT** ON COLLECTION CYCLES

Manually handling AR processes tends to have a crippling effect on businesses' ability to collect payments in a timely fashion. Our research shows that the average B2B firm has a DSO of 42.6 days, up from 39.7 days before the COVID-19 pandemic began, with an average term length of 25 days. Larger firms with more than $500 million in annual revenues have longer DSOs of about 48.1 days — up from 43 days before the pandemic's onset — despite having shorter payment terms at an average of 23.7 days.

Even having some degree of automation can significantly improve firms' abilities to more efficiently collect payments, follow up when there are delays and achieve shorter DSOs. A typical firm with no or low levels of AR automation offers an average payment term of 31 days and takes 24 additional days to follow up, for example, resulting in an average DSO of 52 days — 24 percent higher than a typical firm. Businesses that employ moderate to high degrees of AR automation have terms of 24 days and follow up within 16 additional days. This helps them achieve DSOs of 40 days — 23 percent lower than their manual counterparts.

FIGURE 4:

How collection cycles vary in AR processes
Average DSO, by firm size, sector and degree of automation

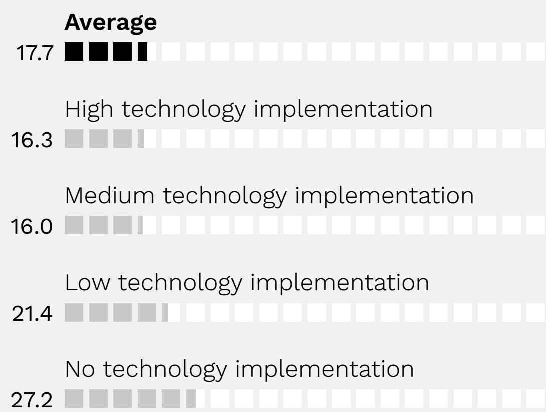


Source: PYMNTS.com

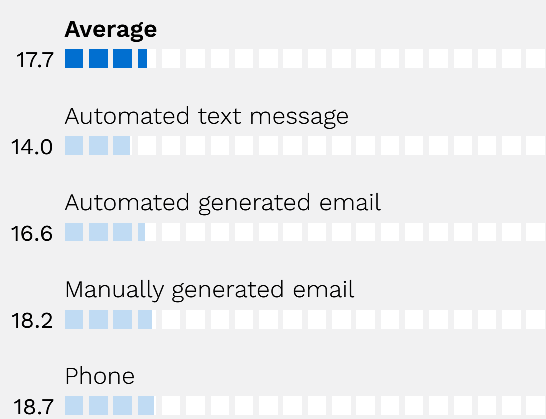
FIGURE 5:

How the average delay to follow up on late payments depends on the degree of automation in AR-related functions

Average number of days to follow up on overdue receivables, by degree of AR automation



Average number of days to follow up on overdue receivables, by payment reminder delivery method



Source: PYMNTS.com

Collection cycles are particularly longer in the healthcare and construction sectors, where technology adoption for AR processes is still nascent. Our research shows that healthcare and construction firms, which tend to have lower levels of automation, have DSOs that are 15 percent and 24 percent above the average firm in the sample, respectively.

One key reason why embracing automation helps firms achieve shorter DSOs is that it removes the need for firms to manually track payments on spreadsheets and follow up on overdue payments. The average firm takes 17.7 days to follow up on late payments, but a firm with a low degree of automation will not do so until 21.4 days have passed. Firms that solely rely on manual processes take 10 additional days — 27.2 days in total — to follow up, 54 percent more time than the average firm.

Reliance on manual processes also tends to impact how firms prioritize their collections processes. Our research shows that firms that rely on manual processes to prioritize their collections take an average of 20.8 days to follow up on overdue payments. That is 30 percent longer than firms that use automated methods and experience an average delay of 15.9 days. Businesses see an average reduction of 25 percent in follow-up delays when they send automated text message reminders — 14 days to follow up — rather than follow up over the phone, which takes 18.7 days on average.

Delays arising from old-school practices, such as making phone calls to follow up on late payments, can quickly add up. Our findings reveal that 14.7 percent of a typical firm's receivables are late. Forty percent of businesses have more than 10 percent of their receivables overdue and, in 15 percent of cases, the delinquency rate is above 25 percent. The problem is far more serious for larger firms that see an average delinquency rate of 16 percent, and 16.8 percent have more than 25 percent of their receivables overdue.

FIRMS THAT RELY ON MANUAL PROCESSES TO PRIORITIZE THEIR COLLECTIONS **TAKE 30% LONGER TO FOLLOW UP** THAN FIRMS THAT USE AUTOMATED METHODS

The delinquency rate decreases when firms follow up on late payments faster. Our research reveals that firms that follow up within five days of payments becoming delayed have only 8.8 percent of their receivables overdue while firms that follow up once payments have been overdue for 30 days report a delinquency rate of 16.8 percent. Those that wait 45 days to follow up have 26 percent of their receivables overdue.

Delayed payments tend to have a spillover effect on other AR functions, as firms must allocate resources to follow up and get paid. Our research shows that firms with overdue payments that account for more than 10 percent of their receivables employ twice as many workers to manage AR than those with lower shares of late receivables. It is for this reason that manual processes and head count costs tend to be more problematic for firms with larger shares of overdue payments.

Among firms that have over 10 percent of receivables overdue, 56.5 percent consider manual processes as a key problem area and 47.3 percent are concerned with head count costs. These numbers are 44.5 percent and 35.8 percent, respectively, for firms with less than 10 percent of their payments overdue.

FIGURE 6:

Late payments as a portion of total B2B receivables
Share of firms that have each range of delinquency rate

Source: PYMNTS.com

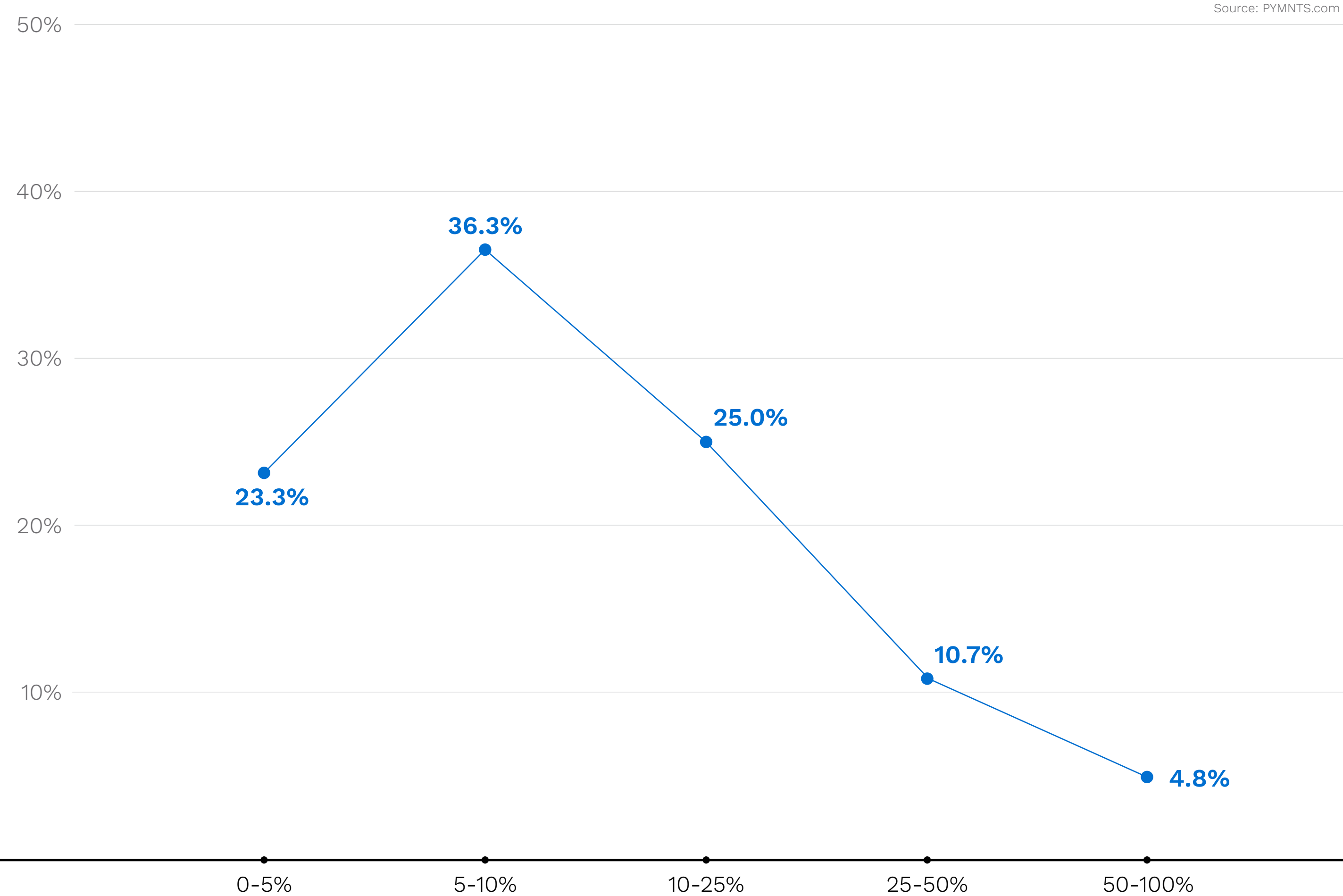
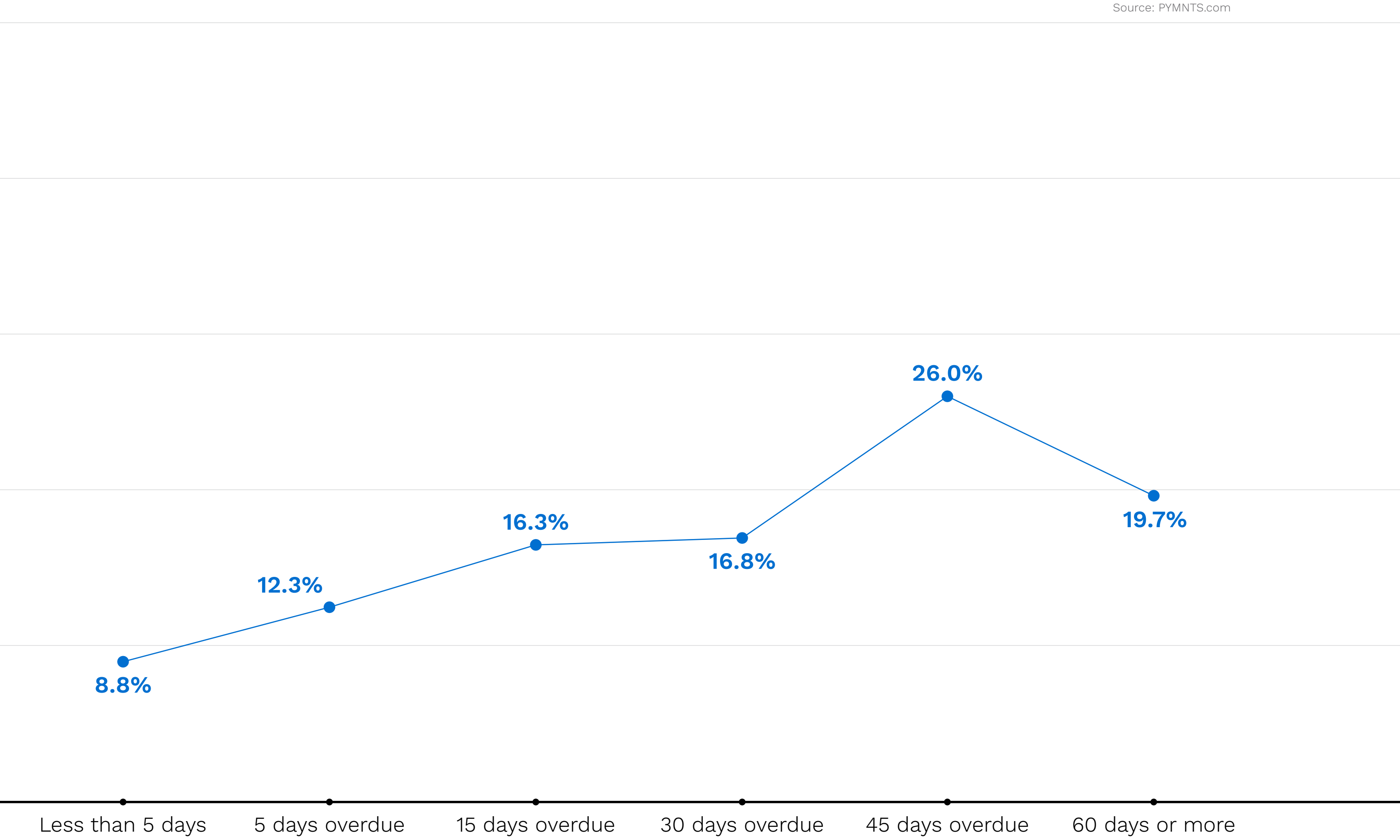


FIGURE 7:

Late payments as a portion of total B2B receivables
Average share of late payments, by time to follow up

Source: PYMNTS.com

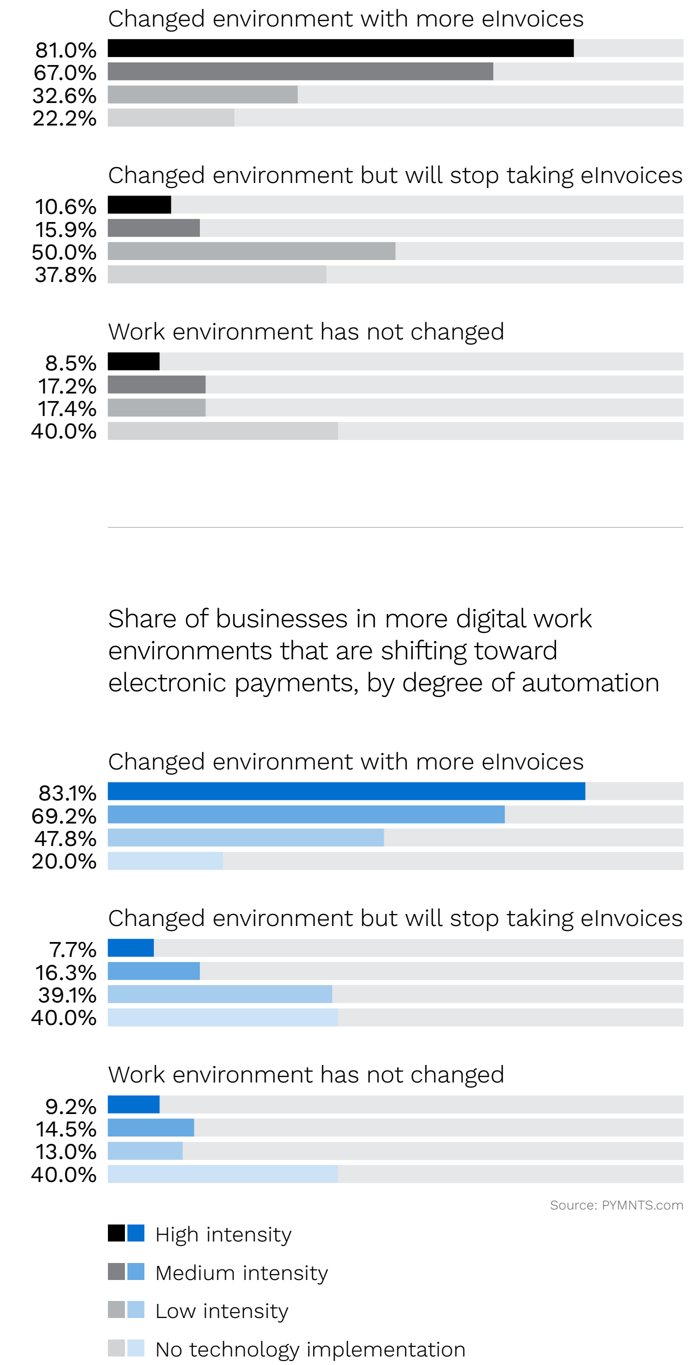


THE PANDEMIC'S EFFECTS ON AR INNOVATION

FIGURE 8:

How firms are shifting to digital for their AR functions

Share of businesses in more digital work environments that are shifting away from physical invoices, by degree of automation



The COVID-19 pandemic has brought about new concerns regarding manual processes. Many companies are having substantial shares of their employees working remotely to avoid spreading the virus. This is prompting businesses to take the digital leap. Eighty-three percent of B2B firms have implemented at least some changes to their AR processes since the pandemic. Our research found that 63.5 percent of firms are shifting away from physical invoices and 66.5 percent are receiving more digital payments than they did prior to the pandemic's onset.

The shift to digital methods is even more common among firms that already have highly automated processes in place. Eighty-one percent of firms that highly utilize technology for managing AR are now sending digital invoices more often and 83.1 percent are receiving more digital payments now than they did before the pandemic began. This is about four times the share of firms that rely on fully manual processes: Only 22.2 percent of this group said they are using fewer physical invoices and 20 percent are receiving more digital payments.

The shift to digital is not the only way in which the pandemic is affecting firms' AR processes. The economic downturn has seriously reduced many firms' cash flows and a majority of firms have thus changed the credit conditions that they offer to their customers: 61.3 percent have adjusted their payment terms and 49.1 percent have changed credit limits. Firms that rely on automated processes once again lead the way, with 69.7 percent of highly automated firms adjusting their payment terms and 57.1 percent changing their credit limits. These shares are substantially higher than they are for firms that rely on manual processes: 31.1 percent have adjusted payment terms and just 6.6 percent have changed credit limits. Forty-seven percent of firms are offering longer payment terms and 26.3 percent are offering more credit to help their customers cope with the pandemic's effects. Shortened payment terms were prevalent among 14.3 percent of firms and 22.8 percent lowered customers' credit limits.

This shows that companies with higher degrees of automation are better adapting to this changing environment and are thus more flexible and willing to adjust their processes than firms that rely mostly on manual methods.

Our research suggests that there is good news on the horizon, though. We asked firms about their innovation plans for the future, and the answers confirm that firms believe innovation in AR pays off. As many as 70 percent of businesses say that they plan to implement some types of technological upgrades to their AR functions in the next three years.

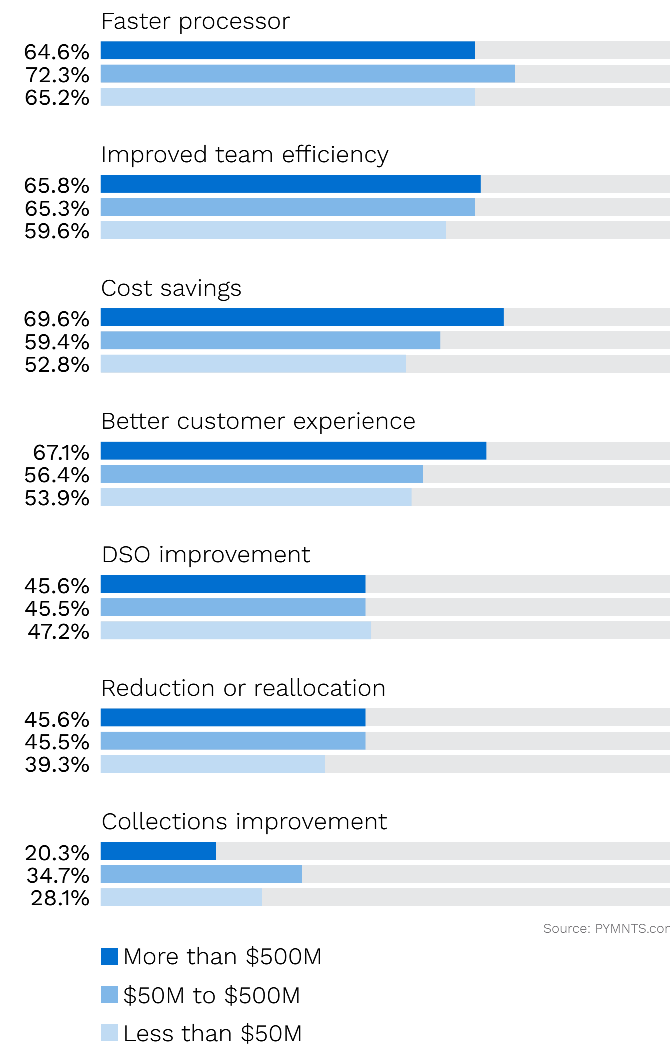
Interest in using automation is particularly high for running customer credit checks, cited by 33.2 percent of firms, and payment collections, cited by 32.8 percent. Our study reveals that these two AR processes have been most impacted among more than 40 percent of firms since the start of the pandemic. This is consistent with firms' need to adjust their credit terms in light of the pandemic.

This stands in contrast to just 24.3 percent that cited interest in automating invoice delivery and 25.4 percent that are interested in automating payment acceptance. It is worth noting that invoice delivery and payment acceptance are two functions

FIGURE 9:

The benefits that firms willing to innovate their AR systems expect to obtain

Share of firms willing to innovate that expect different benefits from doing so, by firm size



that already utilize relatively high degrees of automation. More than half of the firms in all five economic sectors employ technology for invoice delivery, for example. Use of automation for payment acceptance is somewhat less common but still higher than other functions: 45 percent of construction firms use technology for payment acceptance and the same is true for 79 percent of advertising firms.

There are ample benefits to be reaped from more automated AR processes: 67.7 percent of firms with innovation plans believe that automation will result in faster processes and 63.6 percent think that more technology will enable their teams to work more efficiently. The possibility of cutting costs with automation motivates 60.2 percent of firms and an even larger share of healthcare and technology companies. DSO improvement is the most popular motivation among energy firms, cited by 72.7 percent.

There are still 30 percent of firms in our sample that are not planning to automate their AR processes, with 51.3 percent claiming to be satisfied with their current systems. This reason is most commonly cited among small firms, with 58.8 percent reporting as such. Another 25.6 percent of firms that do not intend to automate their AR processes plan to prioritize other technological investments. This is especially true for the 27.3 percent of healthcare firms that are not keen on improving their AR processes. Only 20 percent of firms in this sector that do not plan to innovate their AR processes are satisfied with their current systems, another 40 percent of these firms say they plan to prioritize other technological innovations while 30 percent say they are unable to innovate due to budget constraints.

Of companies that do not plan to innovate their AR systems, 17.1 percent believe that the cost of digital AR processes would outweigh the benefits they would get from innovation. This reason is cited by nearly one-quarter of firms in the advertising and technology sectors. Six percent that do not have innovation plans say that they simply cannot find suitable solutions. This is something that we particularly see among 20 percent of healthcare firms and 10 percent of those in construction.

TABLE 3:

The benefits that firms willing to innovate their AR systems expect to obtain
Share of firms willing to innovate that expect different benefits from doing so, by economic sector

Highest
Lowest

	SECTOR				
	Healthcare	**Energy**	**Construction**	**Technology**	**Advertising**
Faster processes	52.4%	69.7%	**69.6%**	**68.4%**	**65.2%**
Improved team efficiency	61.9%	63.6%	62.5%	**68.4%**	52.2%
Cost savings	**76.2%**	48.5%	53.6%	67.8%	43.5%
Better customer experience	52.4%	63.6%	53.6%	67.1%	**30.4%**
DSO improvement	19.0%	**72.7%**	51.8%	41.4%	56.5%
Reduction or reallocation	66.7%	51.5%	48.2%	42.8%	43.5%
Collections improvement	**14.3%**	**45.5%**	**28.6%**	**23.7%**	39.1%

Source: PYMNTS.com

76%

OF HEALTHCARE SECTOR FIRMS ARE WILLING TO INNOVATE FOR THE BENEFIT OF **COST SAVINGS,**

COMPARED TO **14 PERCENT** OF THESE SAME FIRMS FOR THE BENEFIT OF COLLECTIONS IMPROVEMENT.

B2B PAYMENTS INNOVATION READINESS

CONCLUSION

Our research confirms that the use of technology in AR processes can help firms better adapt to the economic realities that the ongoing COVID-19 pandemic poses, as firms with highly automated processes are more flexible and in better positions to adapt than those without. This is especially true for firms that heavily utilize manual AR processes, for whom the marginal benefits of AR innovation are much higher. Embracing AR automation can not only help these firms improve their collection cycles but also help them speed up their processes, reduce costs, improve team efficiencies and improve their customer experiences, among other benefits. B2B firms thus have a shot at reducing their DSOs and running more efficient businesses. Firms that understand how the potential benefits of automation can affect their AR management are planning on further digitizing their operations in the near future.

METHODOLOGY

The B2B Payments Innovation Readiness Report: How Automation Can Help Businesses Better Manage Their AR Processes, a collaboration with American Express, draws from a survey of 2,203 small to large businesses from numerous sectors, including advertising, technology, construction, energy and healthcare, for which sales to other businesses account for at least 75 percent of their total revenues and for which at least 20 percent of sales are made on terms. We disqualified 1,096 responses from businesses that did not meet the criteria and eliminated 328 partial responses and 319 inconsistent responses.

ABOUT

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