Innovating
B2B Payments
Report

April 2021

PYMNTS.com

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Acknowledgment

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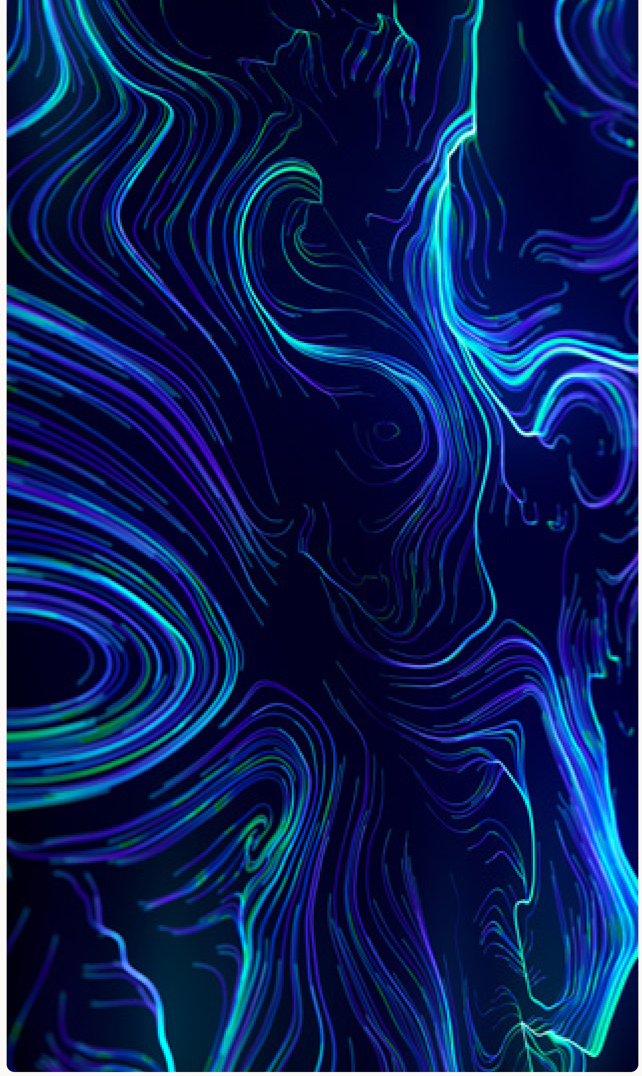


Executive Summary

Businesses are attempting to keep up with a world where staying competitive requires embracing digital-first approaches to not just conducting day-to-day business but also sending and receiving payments. Digital payments have essentially gone from being a "nice-to-have" to a "must-have" for businesses globally. Experts estimate that at least 80 percent of the overall business-to-business (B2B) sales cycle is set to become digital and remote in the near future, and firms are also looking to expand into other markets as commerce becomes more global. This ongoing B2B payments digitization trend has intensified over the course of the pandemic. Businesses that did not move to digitize their accounts payable (AP) or accounts receivable (AR) processes before the crisis are now racing to catch up as swiftly sending and receiving payments digitally is now essential for companies looking to stay afloat. Forty-nine percent of firms that still use manual AR processes are now more motivated to move to digital processes, in fact.

This shift comes at a time when there is significant interest in accessing and offering innovative payment experiences, such as receiving instant payments and being able to make digital disbursements, for example. This makes ensuring one's payment processor can allow businesses to keep pace with these developments key, especially because the pandemic's impacts on firms' B2B payment needs are likely to be permanent. The majority of B2B buyers now expect purchasing experiences that mirror those of business-to-consumer (B2C) transactions. Millennial decision-makers at firms who have an affinity for faster, mobile payment experiences as well as the use of innovative payment options such as virtual cards are driving this expectation. These shifting generational preferences — combined with the pandemic's continued influence on global B2B commerce — appear to be boosting the adoption of more innovative payment solutions.

This means businesses today need to offer and support quick, innovative B2B payment experiences that go beyond paper-based payment and invoicing processes, and they will need the proper tools to do so. Examining the role of their payments processors and how they may be tapping technologies such as artificial intelligence (AI) and machine learning (ML) to reduce frictions or boost the speed of incoming and outgoing funds could motivate companies to strive for faster B2B payment automation. AI can also help firms better analyze and sort payments data — eliminating cumbersome manual payment processes — as well as enhance their payment processing overall. Application programming interfaces (APIs) are also gaining traction as a key technology that will make digital payment processes swifter and more efficient.

Modernizing legacy infrastructure and manual payment processes via APIs and AI can allow businesses to offer innovative payment experiences. Utilizing virtual cards for B2B payments can speed payments and add security, for example, as these cards generate single-use numbers specifically for businesses' vendors, reducing transaction risks. They can also enable firms to more successfully compete in the expanding global B2B space, where cross-border B2B payment volumes are expected to reach $35 trillion by the end of 2022. Virtual cards may well prove ideal for firms over the next few years, especially as the frictions associated with outdated payment methods grow more cumbersome and costly even for businesses making domestic payments.

The Innovating B2B Payments Report, a PYMNTS and i2c Inc. collaboration, examines these and other trends in detail, analyzing how the pandemic has accelerated the need for B2B payment automation. It also analyzes the critical role payment processors play within this space as well as how technologies such as AI, APIs and virtual cards can optimize businesses' payments and cash flows and add efficiency and security to their digital B2B payments processes.

Executive Insight

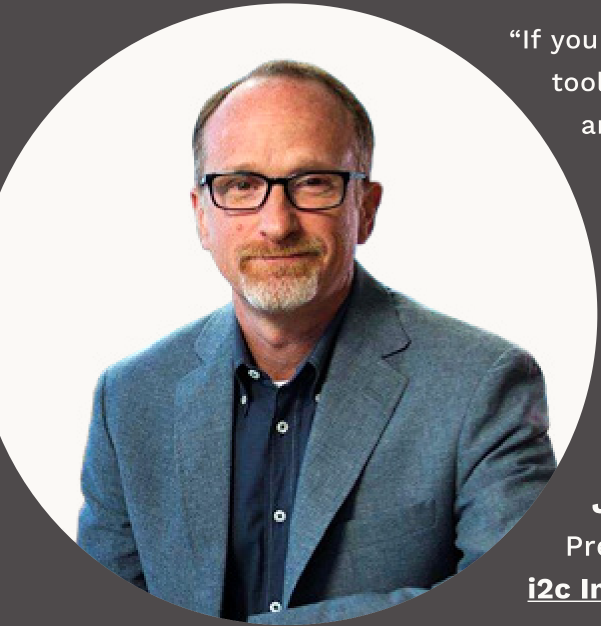
Businesses' adoption of digital B2B payment innovations has accelerated over the past year as companies have sought to move away from friction-laden manual processes. How do you expect these digital shifts to impact the evolution of B2B payments in the future?

“The shift to digital B2B payments went from being a nice-to-have before the pandemic to a need-to-have last year and is moving toward being a real catalyst in many ways for changing how businesses operate. That is in part because payments have been late to evolve and have been dominated by paper and [automated clearing house] for so long. Then suddenly so many businesses had to make the shift to survive. Chances are if your business was not digital [before the] pandemic, it is now, and the impact is moving beyond AR to other parts of your operation.”

What sort of benefits can digital credit solutions provide to businesses, particularly small to mid-sized businesses (SMBs), that are still reliant on outdated or more manual payment processes?

“The long-term benefits almost always exceed the initial need or value proposition, and that has to do with the way modern providers like the ones we enable in the space are blurring the lines. For example, they may have started servicing a business with accepting digital payments and soon understand [the business’s] cash flow better than [the business does]. This leads to insights and opportunities for extending lines of credit to not just the business but to their employees too. This brings in new use cases like loan disbursements and instant payments to support things like earned wage access.”

How can integrating tools and technologies such as virtual cards or AI help businesses add more speed and efficiency to their commercial payments?



“If you pull back, you realize it is less about integrating separate tools for commercial payments and can begin to see how we are rewiring businesses. Their instrumentation changes. The data streams begin to drive the business in important ways, like impacting marketing, acquisition and loyalty. The virtual, one-time-use card you issue to the client to make a purchase is then suddenly in their wallet and begins to compete for share and loyalty. It is quite remarkable how the virtual card — or digital-first, more broadly — is at the heart of so many major innovations.”

JIM McCARTHY
President
i2c Inc.

By The Numbers

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Innovating
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Report

- **$35T**

  Total value that B2B cross-border payments will reach by 2022, according to Juniper Research

- **80%**

  Share of interactions between B2B buyers and suppliers that are expected to take place digitally by 2025, according to DHL Express

- **64%**

  Share of companies that have moved away from physical invoices, according to PYMNTS' data

- **44%**

  Portion of CEOs who plan to increase their use of automation in the future, according to PwC

- **65%**

  Portion of technology firms that have adopted automated AR payment tools, according to PYMNTS' data

Case Study

How Virtual Cards, Automation Help Archa Keep Pace With Digital B2B Payment Needs

B2B firms have been steadily moving toward digital payments for years as paper checks and other manual payment processes become less viable. Rather than making these digital payment moves in a vacuum, however, they are reexamining the strategies and solutions that surround them as well, Oliver Kidd, CEO of Australian corporate card provider Archa, said in a recent PYMNTS interview.

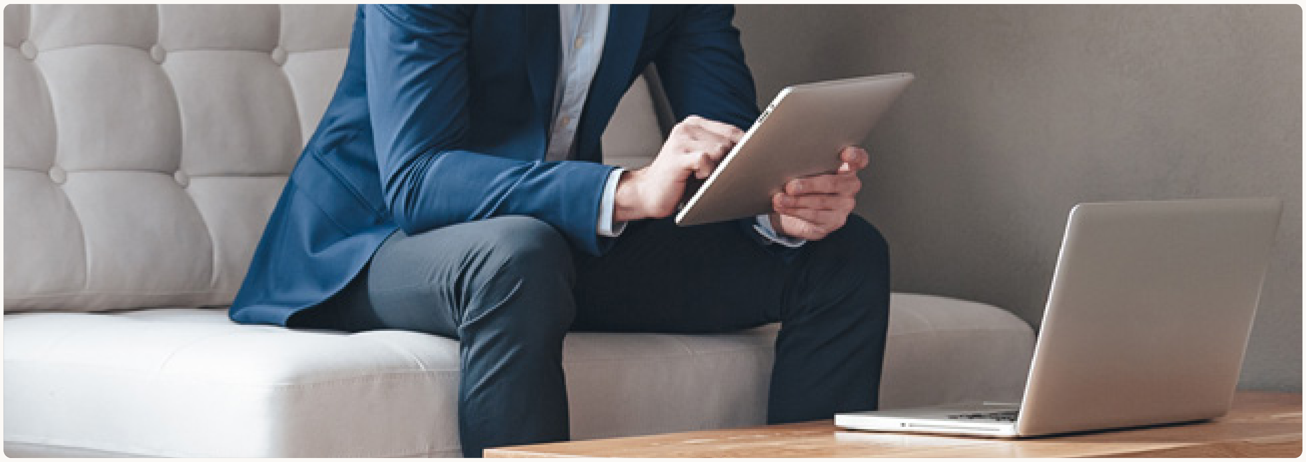
"Banks have never really had an appetite to serve the small business space when it comes to broader corporate card programs, which is really the only area that you can expect to see even a little bit of that helpful functionality when it comes to virtual cards," he said. "That said, most banks in Australia just do not supply useful expense management or virtual card tools when it comes to corporate card programs, so we are seeing a massive shift in terms of not just the mechanisms by which companies might approve expenses or issue permissions to spend or reconcile after a spend but also just a shift in mindset about how businesses think about expenses and the level of autonomy that they give to employees."

This change in mindset could have profound effects on how businesses manage their B2B payments as services vie for customers' attention in an increasingly competitive online market. Pairing traditional corporate card solutions with automation or other emerging technologies is one way in which B2B card providers, their payment processors — Archa works with global cloud-based processor i2c Inc. to underpin payments — and other partners can successfully compete in the space.

OPENING UP THE DIGITAL B2B ECOSYSTEM

Australian SMBs' growing need for B2B tools that enable faster payments and more transparent spend management has not gone unnoticed. FinTechs and other firms in the country are offering new products and features to expand SMBs' access to lending and other financial solutions. Kidd said that the ongoing global health crisis is highlighting the manual inefficiencies many businesses — especially SMBs — continue to grapple with as they make payments and track spending.

"Whether we are talking about people in trade — so plumbers and electricians — or even smaller professional service firms [like] law firms and accounting firms, [they] really have struggled to move to [electronic



> **“We see AI and ML as mechanisms that will allow us to serve areas of the economy that we otherwise would not have served and where no one currently serves.”**

processes],” he said. “While payments have always been run electronically, their processes around those payments have really been affected by the pandemic because there is a lot of residual work that does need to happen in person in the ways that those businesses are set up.”

This forced adaptation has also given SMBs new opportunities. The near inability to conduct certain B2B processes manually in the current climate has pushed many to go digital, effectively expanding the online B2B payments world. This could significantly impact the financial services space itself as more FIs take a backseat to FinTechs that offer robust, interconnected digital payments tools. Traditional banks typically underserve smaller businesses looking for automated tools to replace their age-old manual B2B payment processes, Kidd explained, especially companies that are just starting out. He noted that new firms lack the 12 to 24 months’ worth of financial statements that most FIs require for financing and said that they can experience other roadblocks that hinder them from staying on top of their incoming and outgoing B2B transactions. Expanding online access to these smaller businesses is paramount to their survival, he added, and that is one of the main reasons Archa employs automated tools such as AI and ML solutions to better evaluate potential clients.

“We look at ML and AI as a way to improve underwriting and improve our ability to serve customers that we perhaps would not otherwise serve, and that goes to new businesses,” Kidd said. “And for new businesses, getting access to tools that help you manage expenses, help you manage trade credit, help you manage all aspects of your business, can be really challenging when there is a credit element involved. … We see AI and ML as mechanisms that will allow us to serve areas of the economy that we otherwise would not have served and where no one currently serves.”

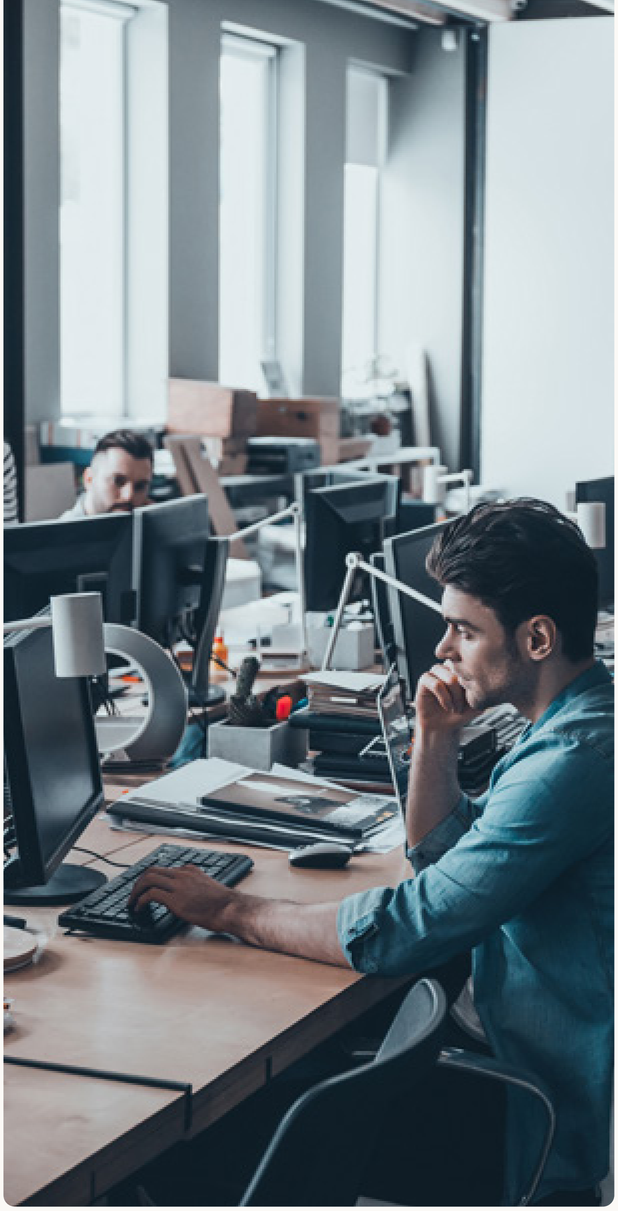
Opening up the digital B2B payments ecosystem to newer companies could also affect how firms approach payments in general. Kidd said that more businesses are growing interested in subscription payments, for example, as their familiarity with online solutions and virtual corporate card features expands.

THE DAWN OF THE B2B SUBSCRIPTION AGE

Subscriptions established themselves in the B2B payments space with the dawn of software-as-a-service (SaaS) solutions, but the global health crisis is prompting companies across industries to try their hand at offering subscription-based payment models. These payments allow businesses to make recurring transactions with less hassle, and these transactions can also be more easily tracked when combined with emerging digital payment processing and expense tools. Archa itself recently launched a subscription management tool in anticipation of a growing market, Kidd said.

"We think that the use of subscription expenses is going to grow materially over the next 24 months, and that ranges from companies getting access to new subscription expenses as well as existing expenses that companies are turning [into] recurring subscription pricing," he said. "We think that a lot of businesses will start to turn their pricing models to subscriptions, and that will increase the amount of subscription expenses that our clients are paying for as well as [increase] their appetite as a client to use more services like Zoom and Google Workspace, or whatever the [case] may be."

Staying abreast of these and other changes will prove crucial for B2B payment players over the next several months. They must keep pace with changing payment strategies and structures to keep their own cash flows moving as B2B automation rapidly continues.



Case Study

EedenBull

EedenBull On Why The Time Is Now For Firms To Make The B2B Automation Switch

The way firms conduct their daily operations has changed markedly over the past year. Shuttered brick-and-mortar offices and employees' mass shifts to remote work have prompted companies to shuffle everything from how they hold morning meetings to how they pay their suppliers.

> "People are expecting the same payment experience when they act on behalf of the business as they do as a consumer."

It is essential for businesses to examine how B2B payments are progressing regardless of the pandemic's influence, Nicki Bisgaard, CEO of B2B payments-focused FinTech EedenBull, said in a recent PYMNTS interview. The health crisis has certainly accelerated the space's trend toward digitization, he explained, but it has not altered which B2B processes firms must update or why innovation is necessary. Companies still need to focus on swiftly and efficiently moving money in a data-driven digital world, meaning global markets that were ahead in this regard before the ongoing crisis — including that of the Nordics, which largely eliminated paper check payments decades ago — are still one step ahead.

"We have a whole generation of people [who have] never seen a check, who do not know what it is," he said, speaking of the Nordic market. "So, their challenges are slightly different than from a market such as the U.S., perhaps, where checks are still being used in a B2B environment. Now, of course, if you are in a check environment, then the market digitalization becomes even more pressing because you have now got people sitting in their kitchens unable to write checks and touch checks. So, I think we are seeing an acceleration of developments that we would have seen anyway — markets where checks are still kind of the name of the game would at some point have [had] to wake up and move on."

This means that businesses and, by extension, their banking and payments partners, including EedenBull's payment processor, i2c Inc., must focus on stripping out the frictions that are ingrained in typical B2B payment processes. Adopting technologies that can enable digital transactions as well as developing supporting systems that can add insights, security and visibility into businesses' spending is thus critical for companies.

KEEPING PACE WITH B2B DIGITIZATION'S ACCELERATION

The pandemic has accelerated the need for many businesses to upgrade their domestic and cross-border B2B payment processes with speed and efficiency in mind. Bisgaard said that many companies are now seeking the same kind of seamlessness for their business transactions that they have enjoyed for years as private consumers.

"What we are now seeing is much more attention from new players looking to move into B2B payments and creating more of a momentum in development in that space," he said. "But [what] we are also seeing, and that is regardless of the pandemic, is this kind of consumerization of commercial payments. We have had developments in the consumer space [such as] mobile wallets, for example, tokenization of cards and what have you, representation of cards in your watches [as well as in] your mobile wallets. People are expecting the same payment experience when they act on behalf of the business as they do as a consumer."

Making these changes to their overall payment processes is not necessarily easy for companies, however. Businesses must be sure to innovate not just their payments but also all the surrounding processes that run parallel with these transactions, Bisgaard said, as many of them are still manual and thus more prone to friction.

"I think in terms of kind of empowering people to do their work properly, I think the approvals processes in many instances are a nightmare," he said. "I think the accounting processes are a nightmare because they are hugely manual, and then that leads us to the payment aspect of it."

He added that these frictions are driving the adoption of tools such as virtual cards among businesses as they can enable payments to be managed on one platform. This can offer businesses more transparency, with single-use virtual cards being particularly useful for enabling speedier and more secure transactions. These cards must be carefully configured to ensure that funds are being sent to their intended recipients when employees place orders, however.

SQUEEZING OUT MAVERICK SPENDERS

Payments speed and efficiency are important for firms, but Bisgaard said that simply making sure payments are being made to the appropriate recipients remains one of firms' biggest priorities. Many companies have carefully cultivated lists of approved suppliers, he explained, but employees may not always consult these lists when making orders — and this can prove costly to firms.

"I think maverick spend, by the way, is a significantly underrated problem — people buying stuff from noncertified and nonpreferred suppliers," Bisgaard said. "There [is] a lot of research flowing around which would suggest that … in [as] much as 30 percent to 40 percent of the instances, even if a company has a preferred supplier [or] certified supplier, employees will go and buy what they are meant to buy from … somewhere else. So there are a number of issues related to [that], and … the processes if you buy from a nonpreferred supplier are more cumbersome as well. So [there are a] number of areas where I think maverick spend needs to be addressed in a much more intelligent way going forward, and [that] ties back into who is buying what from where and ensuring that [approved purchases are] happening."

Integrating tools that can add spending restrictions and safeguards could be key to solving this problem and grant businesses the control they need as they continue automating their B2B payment processes. Businesses must focus on solving these and other long-existing pain points as the shift to a digital B2B world keeps accelerating.

News & Trends

B2B digitization developments

MILLENNIALS ARE DRIVING B2B DIGITIZATION FORWARD

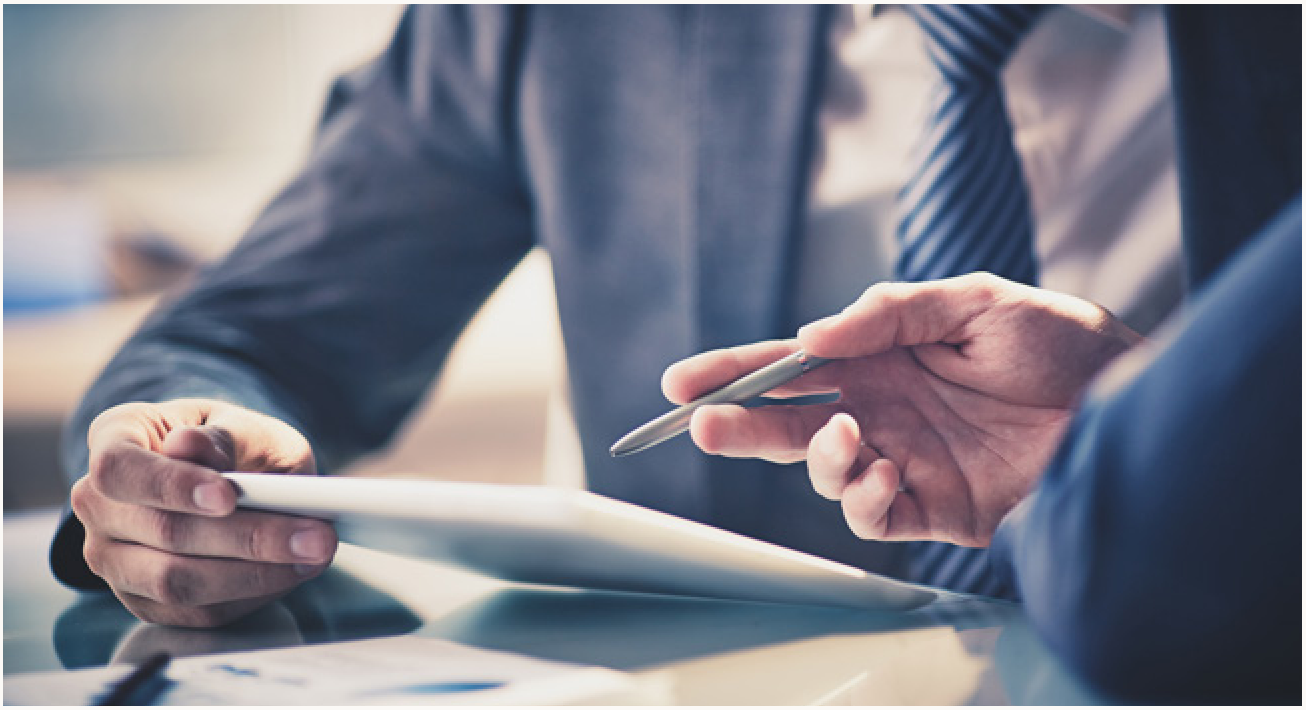
Recent reports show that the B2B space's steady trend toward digitization is continuing and has accelerated over the past year. One study predicted that 80 percent of all interactions between B2B buyers and sellers will take place digitally by 2025, for example. The report also projected online B2B payments' overall volume to rise by 70 percent over the next six years from $12 trillion in 2019 to almost $21 trillion by the end of 2027.

The move toward virtual B2B platforms is occurring amid shifting workplace demographics, with millennials — widely regarded as the first "digital-native" generation — steadily accounting for greater portions of the global workforce. The study found that millennials are already responsible for making 73 percent of professional B2B purchasing decisions. This demographic shift could be a key driver behind the push to automate age-old B2B processes to bring them more in line with the seamless payment experiences millennials expect as consumers.

It takes 55% longer to receive cross-border B2B payments in the U.K. and the U.S.

CROSS-BORDER B2B COMMERCE PICKS UP, BUT FRICTIONS REMAIN

B2B commerce is also expanding globally, and one PYMNTS report found that cross-border B2B transactions account for roughly 26 percent of United Kingdom and United States businesses' annual sales. Finalizing these payments is often a lengthy process, however. The report found that it takes 55 percent longer for firms in both markets to receive cross-border payments than domestic B2B ones. Bridging that divide is likely to become more essential for firm



as cross-border B2B transactions begin to account for a greater share of their outstanding payments.

Companies are also aware of this growing need and are working to bring their international payments up to domestic speeds, with many turning to emerging technologies such as automation, digital wallets and virtual cards to do so. Thirty-one percent of firms plan to automate their cross-border payment processes while 11 percent intend to implement virtual cards for supplier payments. This means solution providers will need to carefully examine these technologies' benefits to compete in the near future.

Virtual cards and emerging technologies

TOP B2B SELLERS CITE EMERGING TECHNOLOGIES AS KEY TO SUCCESS

The online B2B space grows more crowded each year, meaning businesses must be sure they can meet their clients' and partners' payment needs to stay competitive. This necessitates the use of emerging tools, with one recent study finding that 89 percent of B2B sellers that say they are at the top of their fields believe that they are ahead of competitors in offering technologies that benefit their clients. The study also revealed that buyers consider speed and convenience to be top benefits, reporting that 43 percent of B2B buyers state that they are more likely to be loyal to sellers that offer features such as autofill and frictionless procurement options. It stands to reason that supplying buyers with seamless payment tools is gaining importance as a growing number of businesses automate facets of the B2B payment process that were previously conducted in person.

FIRMS LOOK TO AI TO SMOOTH OVER PRICE OPTIMIZATION WOBBLES

Creating and running fully digital supply chains is also necessary as firms move away from manual processes, and finding ways to streamline aspects of the buyer-seller relationship — including pricing — are key as more businesses transact online. Pricing must remain affordable and competitive, but 64 percent of companies believe that challenges surrounding B2B rebate management exist.

Integrating technologies such as AI could help firms better address these challenges by automatically adjusting their pricing and offerings to keep them competitive and lucrative. Companies typically experience margin losses of between 0.5 percent and 17 percent due to misjudged pricing, illustrating that harnessing advanced technology for virtual supply chains can dramatically impact bottom lines.

COMPANIES LACK KNOWLEDGE OF APIs' B2B PAYMENT BENEFITS

Other technologies, such as APIs, could grant companies key benefits when conducting their B2B payment processes. PYMNTS research found payment processors could tap APIs to move money and associated transaction data from one financial institution to another without building out software for each bank's system, for example. This could speed up incoming and outgoing payments for businesses and offer them more insights into their own cash flows as keeping track of relevant payments data becomes easier.

Industry attention on how these tools could aid businesses' payment processes has waned somewhat in recent months, however, as businesses adjusted to new needs and operational models during the beginning of the pandemic. Ensuring firms are fully educated on the use of these technologies and how payment processors can utilize them to support their payments operations will be key for future adoption.

B2B payments challenges and future developments

HOW COLLABORATION BETWEEN AP DEPARTMENTS AND BANKS CAN WARD OFF FRAUD

Fraudsters are also honing their digital tactics as more B2B transactions move online, with business email compromise (BEC) scams and other schemes ticking upward in recent months. Bad actors who conduct BEC scams send emails pretending to be legitimate company executives, partners or vendors and then request funds from firms' AP departments, ultimately disappearing with any ill-gotten gains. Developing in-house solutions or working with third parties that allow banks and companies' AP departments to collaborate and more transparently view financial data could protect

against BEC fraud, however. These actions could minimize fraudsters' ability to pose as legitimate vendors or partners and keep B2B transactions more secure.

FIRMS INTRODUCE A HUMAN ELEMENT INTO DIGITAL B2B PAYMENTS PROCESSES

Corporate and virtual cards' growing popularity does not necessarily mean businesses will eliminate the sales teams upon which they have relied to manage their B2B payments and sales relationships. Solutions providers looking to help firms innovate should instead focus on establishing flexible portals that can help vendors meet buyers' specific needs. Pairing B2B payments optimization with a human element could also allow sellers to access key data insights from buyers while ensuring that they support the human element inherent in these relationships. This could hinge on the use of technologies such as AI or APIs, which allow multiple parties to more easily share and send data.

Deep Dive

How Automation, Virtual Cards Can Help Firms Meet Their Next-Gen B2B Payment Needs

Firms' interest in B2B payments innovation has peaked over the past few years as companies inch ever closer to achieving the payment speeds and ease afforded to B2C transactions. As many as one-third of businesses are now tapping electronic payments for the bulk of their B2B transactions while 60 percent of companies remain confident that they could move domestic transactions from paper check-based methods toward digital payment options in the near future.

The pandemic has further hampered firms' abilities to continue using outdated manual processes, prompting more companies worldwide to examine emerging digital tools and technologies. Many firms are still struggling with the challenges brought about by their outdated infrastructure when it comes to upgrading their B2B payments, however. They may struggle to connect electronic payment methods like corporate and virtual cards to their legacy accounting systems or absorb the rising costs associated with such upgrades. One recent report found that these are two of the top concerns holding businesses back from adopting digital B2B payments as 35 percent of companies cite each of these issues as a main innovation barrier. Reliance on legacy infrastructure and siloed data is also hampering these companies as they seek to enhance their payment processes for a digital world. Forty-two percent of organizations cited legacy infrastructure as the primary stumbling block holding them back from adopting transformative digital tools such as APIs.

Firms around the globe are working to overcome these challenges as businesses become more interconnected. Mastercard estimated that B2B payments now represent a more than $100 trillion global opportunity — a development that could have dire economic consequences for companies that drag their feet on AR and AP innovations. Figuring out how to implement tools or solutions that could accelerate or otherwise enhance their B2B payment processes is thus key.

CROSSING THE DIGITAL RUBICON

B2B payments have moved toward digitization for many years as firms — particularly larger businesses — grow more cognizant of the need to update their existing systems and of the benefits that electronic payments offer. One recent study found that 50 percent of firms cite settlement speed as a key digital payment benefit, for example, while 30 percent said the same for improved cash forecasting. Thirty-one percent of firms said electronic payments' ability to enable straight-through processing, which entails the replacement of manual checks with wholly electronic ones, for AP and AR departments was the main advantage such payment methods provided.

These trends have accelerated in recent months as finalizing manual payment processes has become more challenging and costly. One recent study found that 23 percent of larger companies are currently deploying payments modernization strategies, for example, with many examining how specific payment tools could help their businesses. Thirty-four percent of these companies are looking to incorporate third-party FinTech or software to manage their payments. Companies are also working to streamline many of their AR and AP processes' paper-based functions, with a September PYMNTS report revealing that 64 percent of firms have moved away from physical invoices.

B2B payments digitization may be on the upswing, but some firms — notably SMBs — are still struggling to innovate their payments

B2B Payments Automation Checklist

- ☐ **EXAMINE IF CURRENT AP AND AR PROCESSES MATCH BUSINESSES' B2B PAYMENT NEEDS.**
- ☐ **ELIMINATE MANUAL PAYMENT PROCESSES SUCH AS PAPER INVOICES AND CHECKS IN FAVOR OF INSTANT DIGITAL METHODS**
- ☐ **EXAMINE HOW INNOVATIVE TECHNOLOGIES SUCH AS AI AND APIs CAN ADD SPEED AND TRANSPARENCY TO ONES' AP AND AR PROCESSES.**
- ☐ **FIND A PAYMENTS PROCESSOR THAT CAN SUPPORT SWIFT, SECURE DIGITAL PAYMENTS AS WELL AS B2B, AR AND AP FUNCTIONS**

operations. Only 11 percent of SMBs reported that they have payments modernization strategies in place, and many are still examining which technologies can help them bring their B2B payments up to speed. Solutions such as virtual cards are becoming particularly appealing, but businesses are still confronting a lack of access and other pain points that are keeping them from adopting these tools.

VIRTUAL CARDS, AUTOMATION AND NEXT-GEN B2B PROCESSES

Virtual cards can provide key benefits to firms looking to address their modern B2B payments needs, especially as many companies' approaches to routine payment operations shift. One recent report found that 54 percent of chief financial officers planned to make some company roles permanently remote in the years ahead. Another 44 percent of chief financial officers noted that they plan to increase their use of automation and examine new ways of working in the future, for that matter. This move to a remote office environment would make the continued use of paper checks and invoices exceedingly difficult and expensive in most cases, and it is paving the way for the increased adoption of commercial credit cards and virtual cards.

Virtual cards allow businesses to more transparently view their spending, and they can also add much-needed speed to firms' payment processes. These cards also enable companies to access payments data in real time, which can help them better track their cash flows and gain insights into their partners' and vendors' needs. Challenges remain for businesses that may want to tap such cards, however. Many companies still do not accept virtual card payments due to concerns or misconceptions about how these payments can be received, for example. Other firms may not have taken steps to upgrade their current payment processes to accommodate digital payments.

This is where implementing tools like AI could come into play for firms looking to adopt virtual cards. Integrating such solutions could provide transparency and speed to companies' payment processes, removing some of the friction points blocking their adoption of virtual cards or other emerging electronic payment methods. The level of expertise or familiarity with AI and its potential benefits for quicker payments or resolution varies highly among firms, however. One recent study found that only 26 percent of organizations counted as "seasoned" AI adopters, meaning they feel confident choosing third-party technology or payment processors supported by it. An additional 27 percent of companies were determined to be AI "starters," meaning they are still figuring out how to find or integrate AI or AI-supported solutions. Growth in the adoption of the technology will rely on convincing these "starter" companies of AI's benefits — especially those related to payments.

Implementing AI or related technologies such as ML could provide various benefits to businesses, including allowing them to automatically match invoices to their correct payments as well as making it easier for them to track incoming payments. One February PYMNTS study found that nearly 88 percent of firms indicated integrating automation or other technology improved their AR payment processing speed, for example.

The good news is that firms that have already integrated at least some form of automation experienced a 23 percent

FIGURE 1:

AR benefits from emerging technology, by benefit

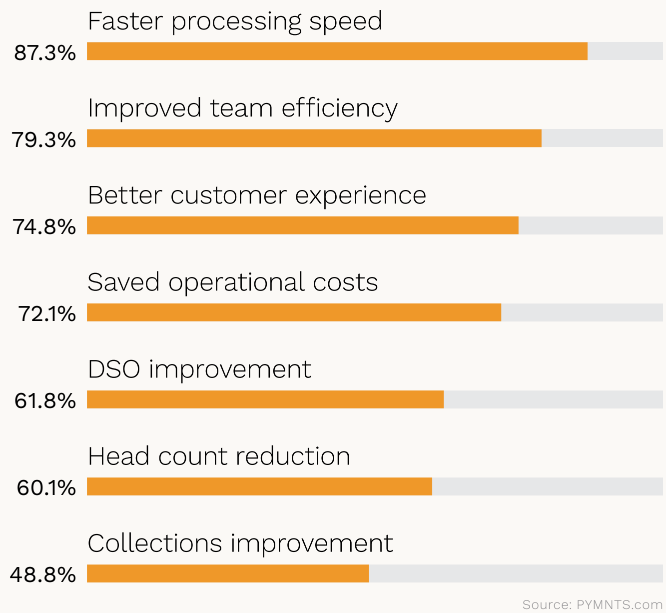
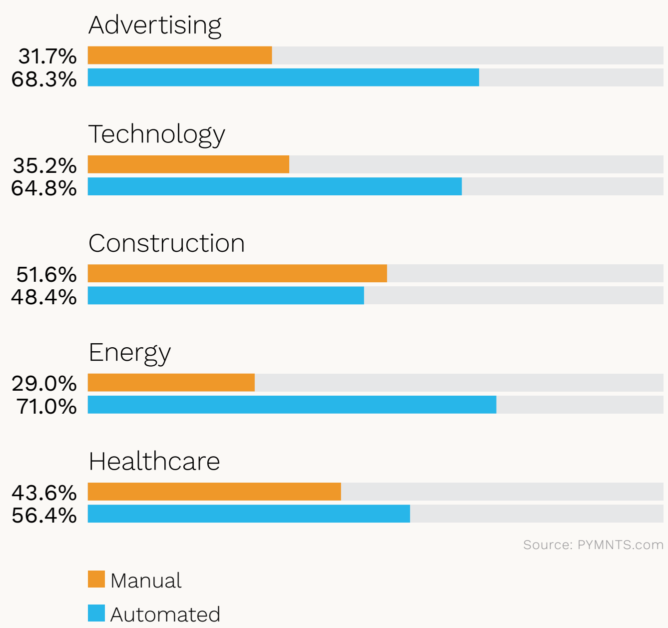


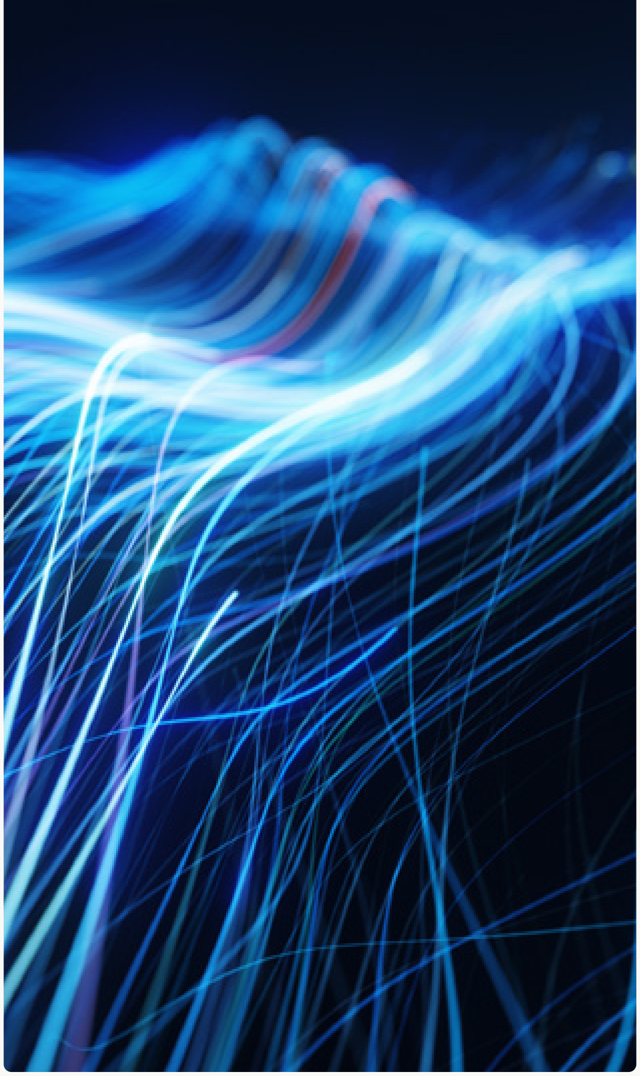
FIGURE 2

Firms utilizing automated AR processes, by industry sector



improvement in prioritizing collections compared to those that conduct their payments manually. The energy industry in particular appears to be leading the way with automation as 71 percent of energy firms are now tapping automated AR offerings. Technology firms are following right on their heels with nearly 65 percent stating they had adopted such tools.

Combining automation and virtual cards could help firms bring their B2B payments up to speeds mirroring those of the B2C space, and this advancement is becoming critical as companies leave their manual processes behind. One way in which businesses may be able to evolve with the swiftness they need to stay competitive is by partnering with third-party processors who have already integrated such tools and payment methods, enabling firms to more easily manage the transition to digital payments. Financial services and other solutions providers must carefully monitor these trends and use their insights to select the best approach for enabling swift, seamless digital B2B payments.



Conclusion

It is clear that B2B payments digitization has rapidly progressed throughout the past year as the pandemic pressured businesses worldwide to innovate their payment processes. The global health crisis has shone a light on lingering AR and AP processes' inefficiencies, and slow payment methods have become more and more costly for the firms that use them.

The critical role of companies' payment processors is becoming more apparent in this expanding online B2B payment world, especially as more firms begin to examine the potential benefits of emerging payment methods — such as virtual cards — that provide easier and more secure payments. Finding processors that can pair these tools with back-end technologies to further automate the experience is becoming essential for firms that want to stay competitive in their own markets or begin competing on a global scale.

Companies that fail to examine the weaknesses of their manual B2B payment processes will find themselves falling further behind their competitors as the digitization and globalization of commercial payments continues to grow.

About

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PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

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i2c

i2c is a global provider of highly configurable payment and banking solutions. Using i2c's proprietary "building block" technology, clients can easily create and manage a comprehensive set of solutions for credit, debit, prepaid, lending and more, quickly and cost-effectively. i2c delivers unparalleled flexibility, agility, security and reliability from a single global SaaS platform. Founded in 2001 and headquartered in Silicon Valley, i2c's next-generation technology supports millions of users in more than 200 countries/territories and across all time zones. For more information, visit www.i2cinc.com and follow us @i2cinc

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