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# *THE FUTURE OF* BUSINESS PAYABLES **INNOVATION**

**How New B2B Payment Options Can  
Transform the SMB Back Office**

The Future Of Business Payables Innovation: How New B2B Payment Options Can Transform the SMB Back Office, a collaboration with PlastiQ, reveals the complexity of seamless B2B payments management and how SMBs and executives believe payment experiences can be improved. The report is based on a survey of 500 SMBs with revenues between \$500k and \$100 million and AP/AR executives with SMBs as clients. Survey data was collected between Nov. 22 and Dec. 20, 2021.

**April 2022**





# THE FUTURE OF BUSINESS PAYABLES INNOVATION

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editorial control over the following findings, methodology and  
data analysis.



# INTRODUCTION

Small to mid-sized businesses (SMBs) want easier payment processes, just as consumers do. Unlike consumers, however, SMBs exist within a space where the immediacy and simplicity of making and receiving a digital payment have been elusive, even as the pandemic pushed many financial institutions (FIs) and businesses to adopt digital payments solutions. Many small businesses making and receiving payments to and from other businesses still use checks, ironically because many of their larger buyers and suppliers use them to settle their invoices.

According to recent PYMNTS research, most executives of accounts payable (AP) or accounts receivable (AR) software companies believe their business customers would be interested in the choice and convenience of an all-in-one payments solution that automates how they make and receive payments and manage their cash flows. Such a solution takes shape as an embedded finance offering within platforms and marketplaces and enables multiple ways to pay any supplier via any payment method regardless of how the supplier wants to accept

payment. A key benefit is digitizing the back office once and for all, even as customers and suppliers might remain stuck in legacy, paper-based processes. Further benefits of an all-in-one payment platform enable business purchases via credit cards, even to suppliers that do not accept card payments. Even with a model where the buyer pays the card fee, the benefits outweigh the costs due to payment term extension from 30 to 100 days of cash float, plus card rewards, early pay discounts and tax deductions.

While 76% of executives surveyed stated their SMB customers would benefit from such a tool, our research uncovered low awareness of these tools among SMBs. When presented with such an option as an alternative to their current payables and receivables process, 57% of SMBs said they were uninterested and believed it would make their AP and AR processes more complicated. Just 18% of SMBs said they were “very” or “extremely” interested in trying an all-in-one payment platform to receive payments. This gap in understanding may

be one of the biggest reasons SMBs show comparatively less interest than their larger counterparts in adopting these solutions, despite executives’ beliefs that most would benefit from the powerful simplicity of a solution intended to optimize cash flow for both buyers and suppliers.

Still, this does not mean that most SMBs will resist such a payments innovation once they understand how they work. In fact, many SMBs surveyed show interest in innovation but face barriers to implementation. Roughly 40% of SMBs reported using such payment tools, but when asked which platforms they use, all indicated Visa or Mastercard, highlighting they did not understand the vendor ecosystem. Of SMBs that reported high interest in such tools, 90% cited convenience as the top benefit, and 81% cited the ability to save time when making and receiving payments.

The Future Of Business Payables Innovation: How New B2B Payment Options Can Transform The SMB Back Office, a PYMNTS and PlastiQ collaboration, examines how

SMBs could benefit from an all-in-one payment platform to remove friction from their payments processes. The report is based on a survey of 500 SMBs in the consumer goods, manufacturing, eCommerce, retail, wholesale trade or transportation, logistics and shipping industries generating annual revenues between \$500,000 and \$50 million. PYMNTS also surveyed executives responsible for AP, AR and treasury management to gain additional insights into the cash flow needs of their customers in these industries.

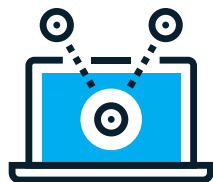
**This is  
what we  
learned.**



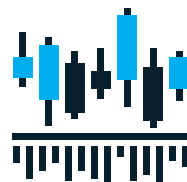
# INTRODUCTION



**Four out of 10 SMBs state they used an all-in-one payment platform, but they are most likely unaware of how they can leverage it to manage all of their AP and AR processes.** The all-in-one payment platform gives buyers and suppliers choice in how they make and receive payments. Many SMBs surveyed stated they had used such tools, but when asked to state the vendor name, responses indicated they did not fully understand the solution or its benefits.



**More than 70% of executives believe that all-in-one payment platforms would benefit their SMB customers when receiving and sending payments.** Executives believe that SMBs are ready for innovation in sending and receiving payments and managing their accounts, and their confidence appears to be based on SMBs' current concerns. Our findings show that SMBs place a high value on the benefits that all-in-one payment platforms would bring, such as convenience, better visibility into cash flows and more accessible AP/AR data via a single payments management tool.



**More than half of SMBs see an all-in-one payment platform as a way to simplify how they manage their financial operations and obtain a clearer view of their cash flows.** Many SMBs believe that an all-in-one payment solution would offer significant value in areas crucial to growth, such as tracking receivables and integrating cash flow data.



**Buyers and suppliers have the same goal — frictionless payments — but different preferences.** Four out of 10 suppliers are concerned about payments timing and invoice approvals. Suppliers and buyers need flexibility in how they receive and send payments. Some of the most popular current payment methods, such as debit and automated clearing house (ACH) payments, are insufficient to limit payments friction for both sides of business-to-business (B2B) transactions.

PART I:

A Lack Of Information About AP/AR Solutions May Block Payments Innovation

A lack of understanding of new technologies’ benefits can often impede their adoption, which is often the case with SMBs. When using an all-in-one payment platform, buyers pay a fee to use a vendor payment platform, and they can defer payments for up to 100 days and gain points when using the card to pay bills. If a buyer uses the card to make a \$10,000 payment to a supplier, for example, the buyer can configure the supplier’s payment disbursement preferences, whether they prefer paper check, ACH or wire transfer. The buyer receives points, cash back or early pay discounts on that \$10,000 payment and can typically extend payment terms so that the outgoing payable is closer to the timeframe when the SMB receives payment from the customer.

Our research shows that SMBs that are not interested in using all-in-one payment platforms are mainly concerned about cost, complications and data security. The most important reason for the lack of interest in such a solution is the cost of use, even though modern, enterprise-grade, single-card solutions may offer low fees. Most SMBs that are not interested in using an all-in-one solution believe doing so would add extra steps to payment processes and create layers of complexity when making or receiving payments. Forty-six percent of SMBs that are not interested in all-in-one payment solutions worry about data protection when using such a solution, yet robust technical offerings tend to provide the very benefits SMBs are worried about losing: convenience and simplicity.

FIGURE 1: B2B firms' interest in all-in-one payment platform solutions

Share of B2B firms that are not interested in using an all-in-one payment solution to make payments in the next three years, by reason

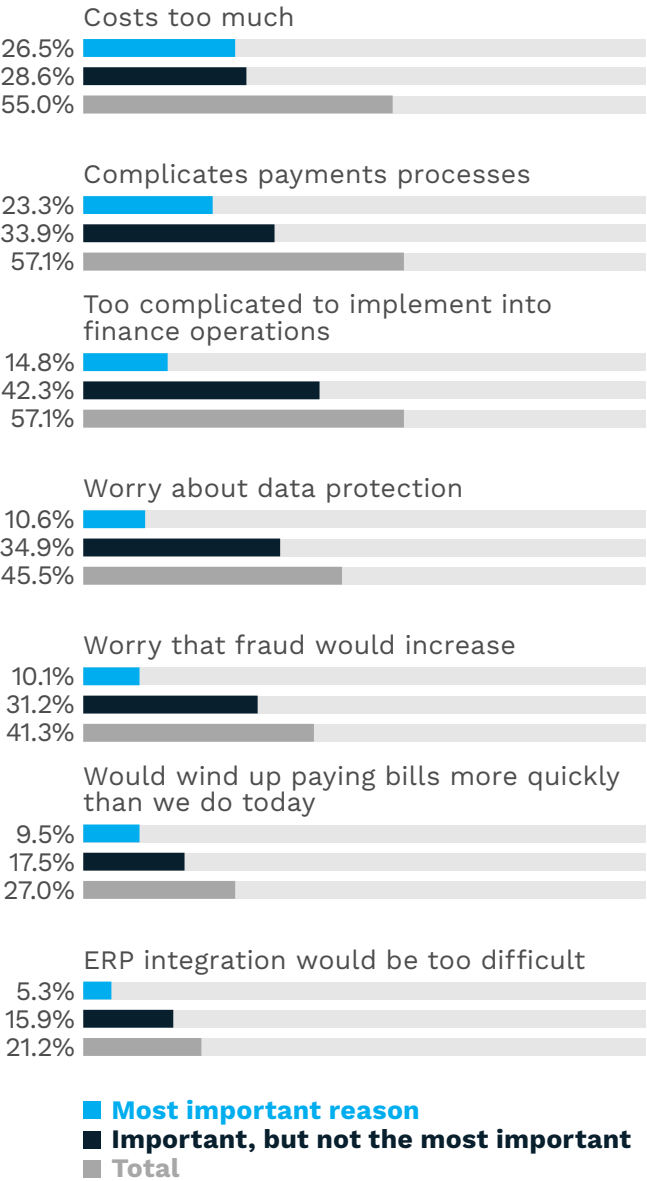
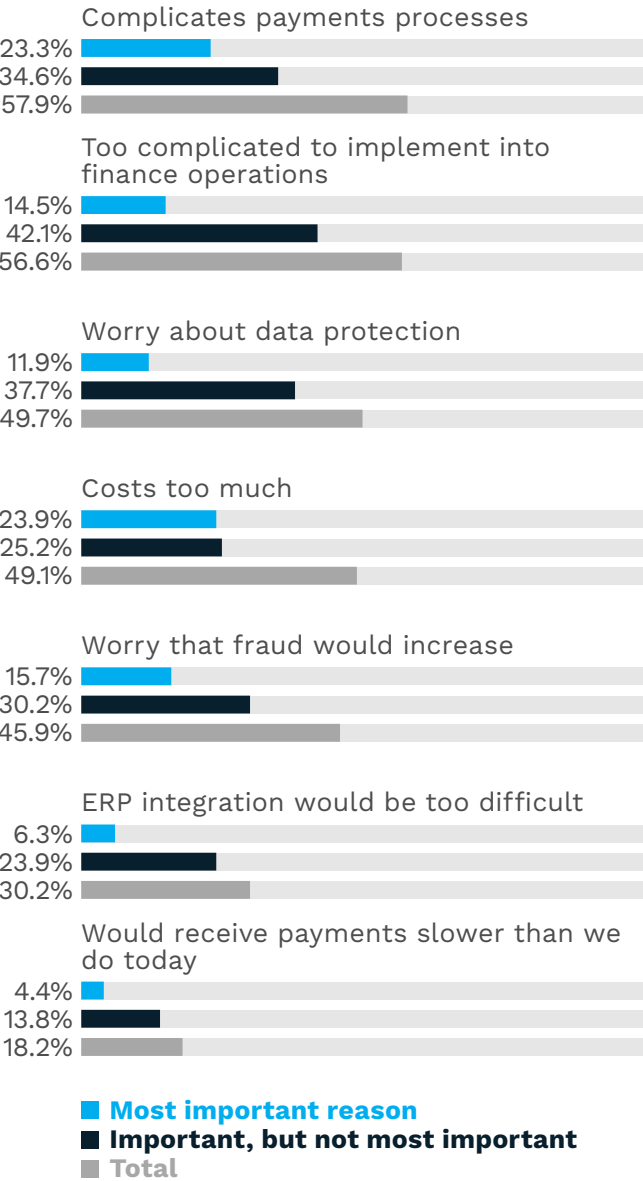


FIGURE 2: Businesses' interest in all-in-one payment platform solutions

Share of businesses that are not interested in using an all-in-one payment solution to receive payments in the next three years, by reason



Source: PYMNTS.com | PlastiQ  
The Future Of Business Payables Innovation Report

PART II:

Executives See Automated Payment Solutions As The Future

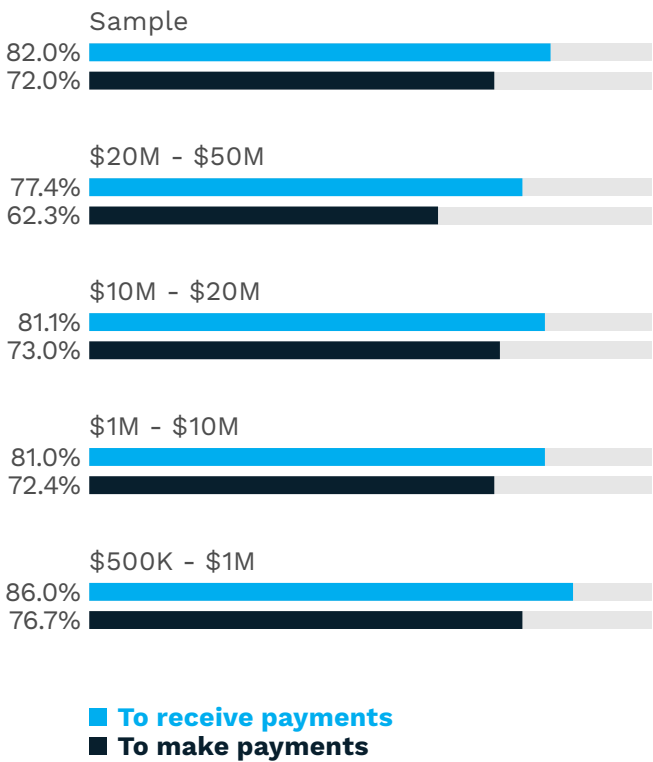
Most executives believe all-in-one payment platforms will eventually become popular among SMB customers because of the unique features they offer. Our research shows that 72% of executives believe their SMB customers would be highly interested in using such a solution to make B2B payments, while 82% say their SMB customers would be interested in using such a solution to receive payments. Executives also believe that such tools would address key AR pain points SMBs face when receiving

payments. Seventy-seven percent believe such a solution could simplify receivables tracking, while 73% say the same for payment choice and 59% point to the ability to receive payments instantly. Many SMBs are thus aware that an all-in-one payment solution may provide tangible benefits to their AP/AR efficiency — even if they do not currently use such a solution.

72% of AP/AR executives believe their SMB customers would be highly interested in using an all-in-one payment solution for B2B transactions

FIGURE 3: Executives' perceptions of SMBs' interest in all-in-one payment platform solutions

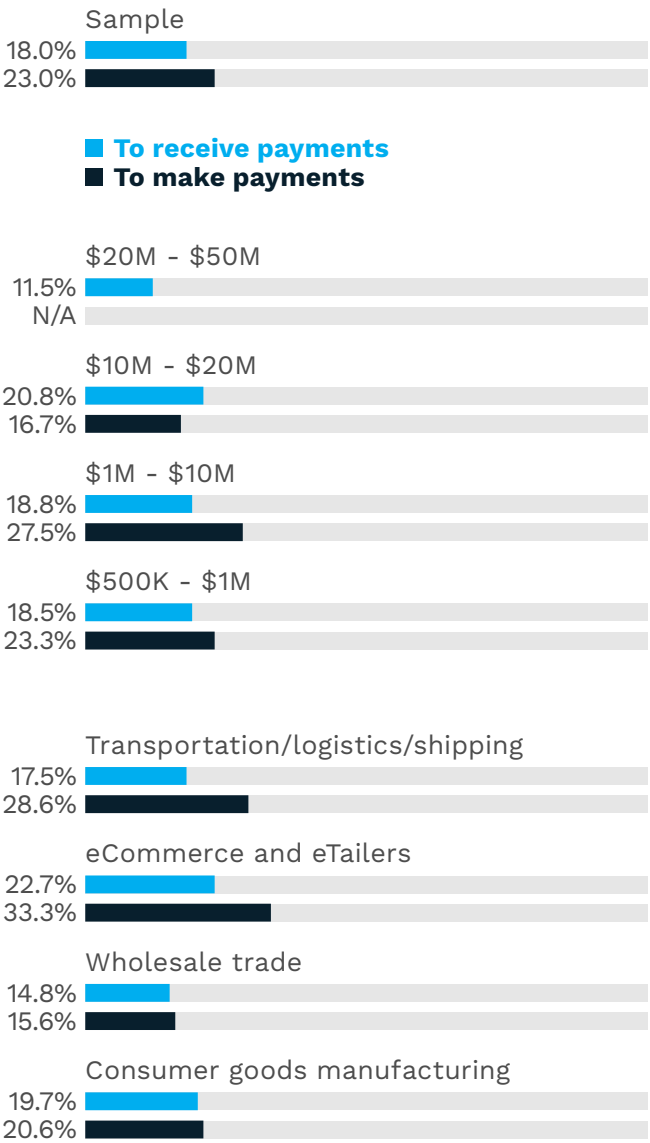
Share of executives who think SMB customers are "very" or "extremely" interested in using all-in-one payment solutions to make or receive B2B payments



Source: PYMNTS.com | PlastiQ  
The Future Of Business Payables Innovation Report

FIGURE 4: SMBs' interest in all-in-one payment solutions

Share of SMBs that do not use one-card-for-all solutions that are "very" or "extremely" interested in doing so to make or receive payments in the next three years





# PART III:

## Executives And SMBs Agree All-In-One Payment Platforms Would Save SMBs Time On AP/AR Management

Our research finds that eight out of 10 executives and six out of 10 SMBs believe all-in-one payment solutions will immediately save SMBs time. Fifty-nine percent of SMBs believe they would save time, and 52% say they would find it easier to manage their cash flows if they did so. Forty-one percent of SMBs say that such solutions would simplify receivables tracking, 37% believe they would offer the ability to reconcile data automatically, and 32% say they would improve working capital.

Executives responsible for AP/AR operations believe that embedded finance solutions would provide much greater value as tools to simplify receivables tracking. Our research shows that 41% of SMBs have already used an all-in-one payment solution. Ninety percent of those cite convenience as a reason, and 81% point to the ability to save time when making and receiving payments. SMBs’ and executives’ misalignment on the value of an all-in-one solution could indicate that SMBs lack the knowledge necessary to implement such tools regardless of their awareness of them.

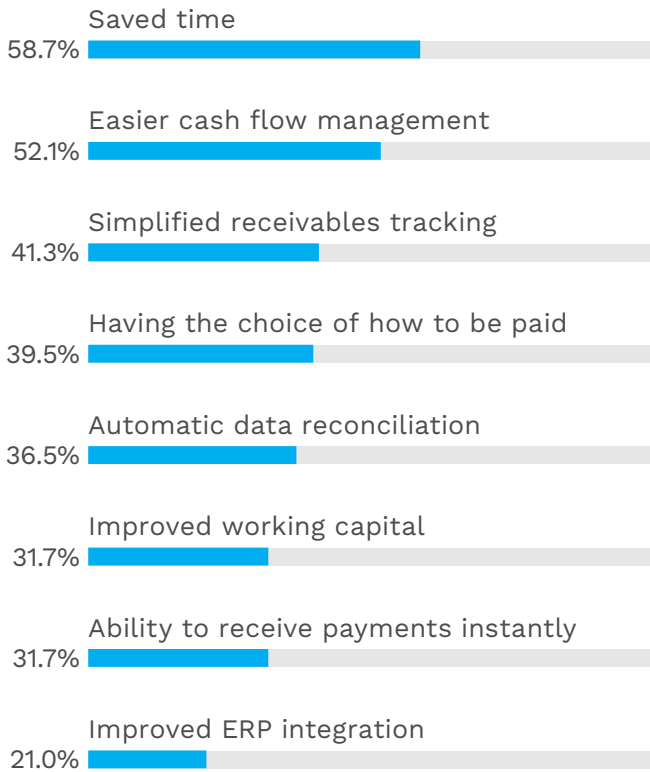
**FIGURE 5A:**  
Executives' perceptions of SMBs' needs for a single AP/AR solution

Share of executives projecting select benefits that SMB customers would receive when using an all-in-one payment solution to receive payments



**FIGURE 5B:**  
Executives' perceptions of SMBs' needs for a single AP/AR solution

Select benefits SMBs project they would receive when using an all-in-one payment solution to receive payments



Source: PYMNTS.com | PlastiQ  
The Future Of Business Payables Innovation Report

# A Payments Modernization Readiness Checklist

**SMBs face multiple operational challenges when managing growth. From AP/AR tracking to ensuring that liquidity strategies are optimized for scale, integrating the latest payments technology into a financial management strategy can be a daunting task. The following are five common areas SMBs considering payments modernization might identify as needing a new, modern approach to AP/AR.**

- ✓ **Manual review of invoices.** When invoicing processes are not automated, SMBs lose visibility into cash flows as well as control over liquidity. Manual invoice entry can cause errors that lead to more time spent correcting incomplete payments.
- ✓ **High cost of payments and credit.** When payment choice is not available, SMBs may resort to high-cost credit options or fee-laden payment methods to resolve their liquidity needs.
- ✓ **Lack of AP/AR integration with other systems.** When AP/AR data is not integrated with other core systems, such as accounting software or enterprise resource planning (ERP) platforms, SMBs can lose time manually entering data and run the risk of errors that corrupt cash flow forecasting.

- ✓ **No single view of cash.** At the end of the day, accurate data drives fruitful business decisions. When SMBs have access to a single view of their cash, they can create long-term growth strategies based on accurate forecasts of cash flows and current liquidity management options.
- ✓ **Lack of payment choice for buyers and suppliers.** More ways to pay means more control over cash flow for buyers and suppliers. Better payment choices for SMBs can significantly impact their bottom lines.
- ✓ **More flexible, multichannel payment acceptance tools.** SMBs can benefit from modern payment acceptance that enables them to easily capture payment in-person, online via pay buttons or embedded checkout, in an ordering portal or from a sharable payment link that they can add to paper and digital invoices. Modern tools allow flexibility so that SMBs can pass on the credit card processing cost — or any portion of it as negotiated — to willing consumers.

If any of these areas are problematic for an SMB, payment modernization could be the next logical step to improve their AP/AR management efficiency.





# PART IV:

## The AP/AR Preference Mismatch

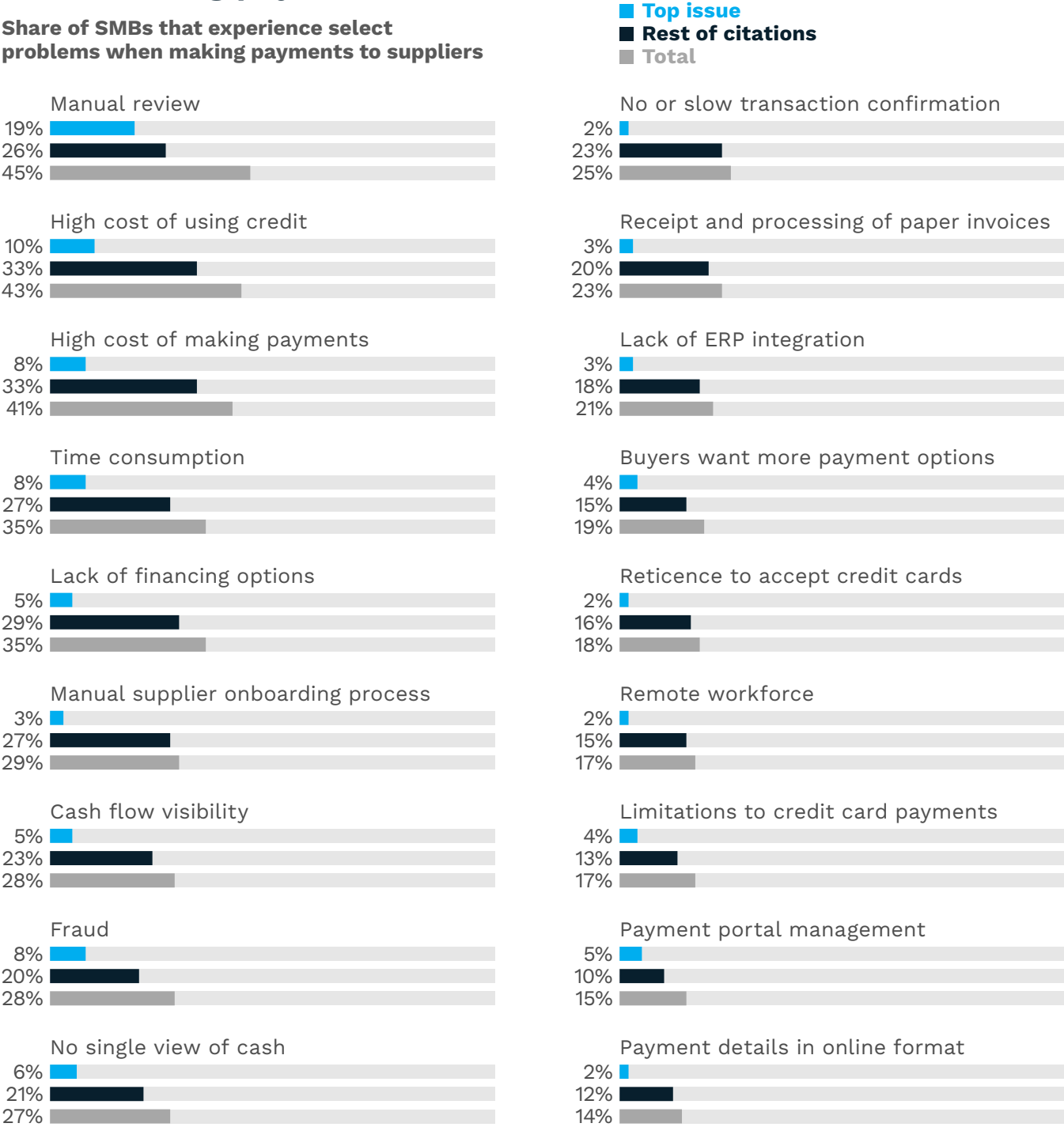
There is a mismatch between how payors and suppliers want to make and receive payments, which causes continuous friction within the B2B payments ecosystem. While suppliers would rather have immediate funds accessibility, others look to hold on to their funds longer. SMB payors cited several issues that they typically faced when making payments. The four most cited issues were manual invoice review, high payment and credit costs, time wasted during payments processing and a lack of financing alternatives.

Most supplier concerns are associated with frictions in managing their ERP systems. PYMNTS finds that 47% of suppliers have issues anticipating when payments will arrive, and 44% are concerned about invoice approval processes. A single payments automation option with payments customization would enable both payors and suppliers to pay and receive funds in the method most convenient for them.

**47% of suppliers have issues anticipating when payments will arrive**

**FIGURE 6:**  
Problems SMBs experience when making payments

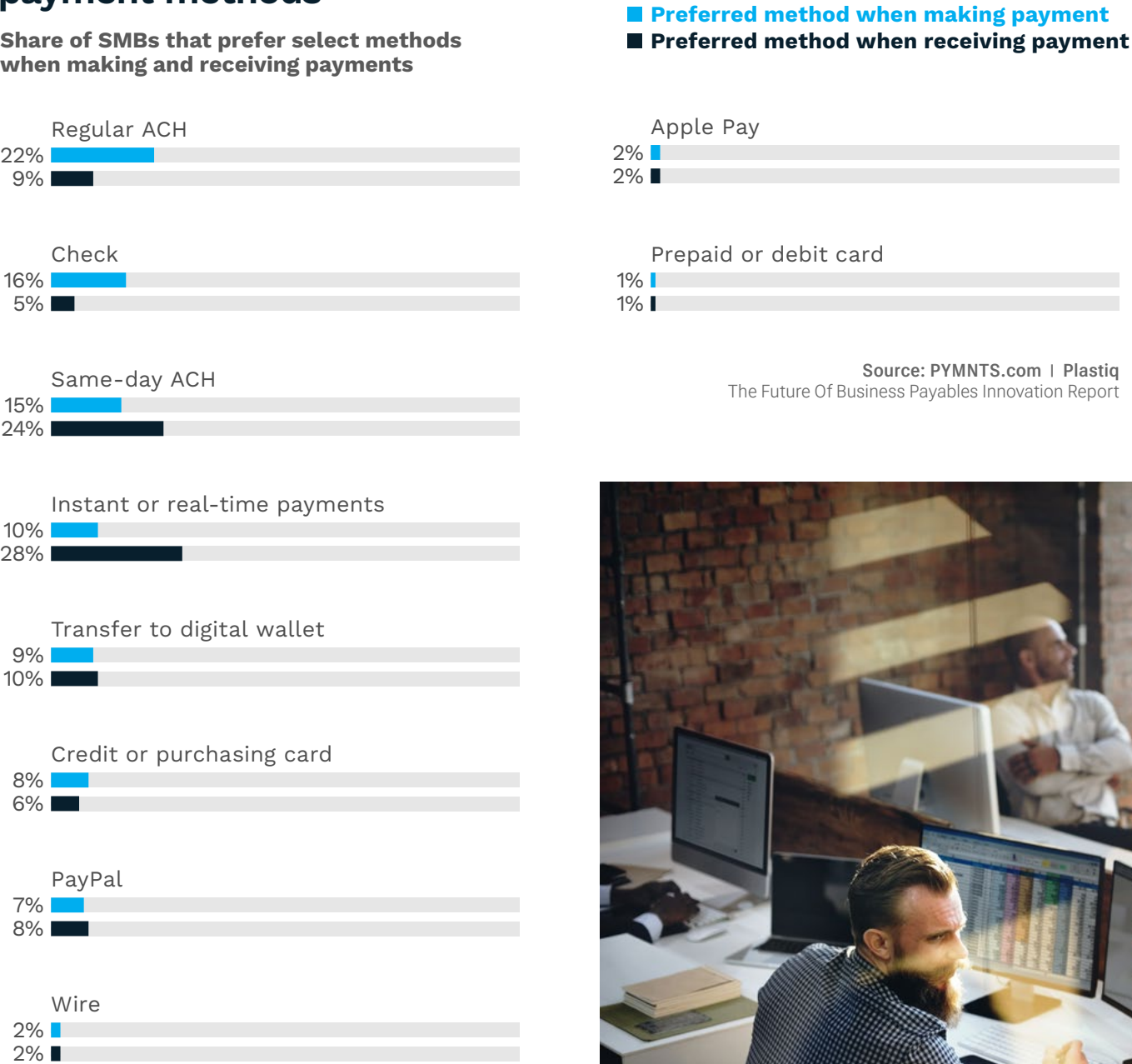
Share of SMBs that experience select problems when making payments to suppliers



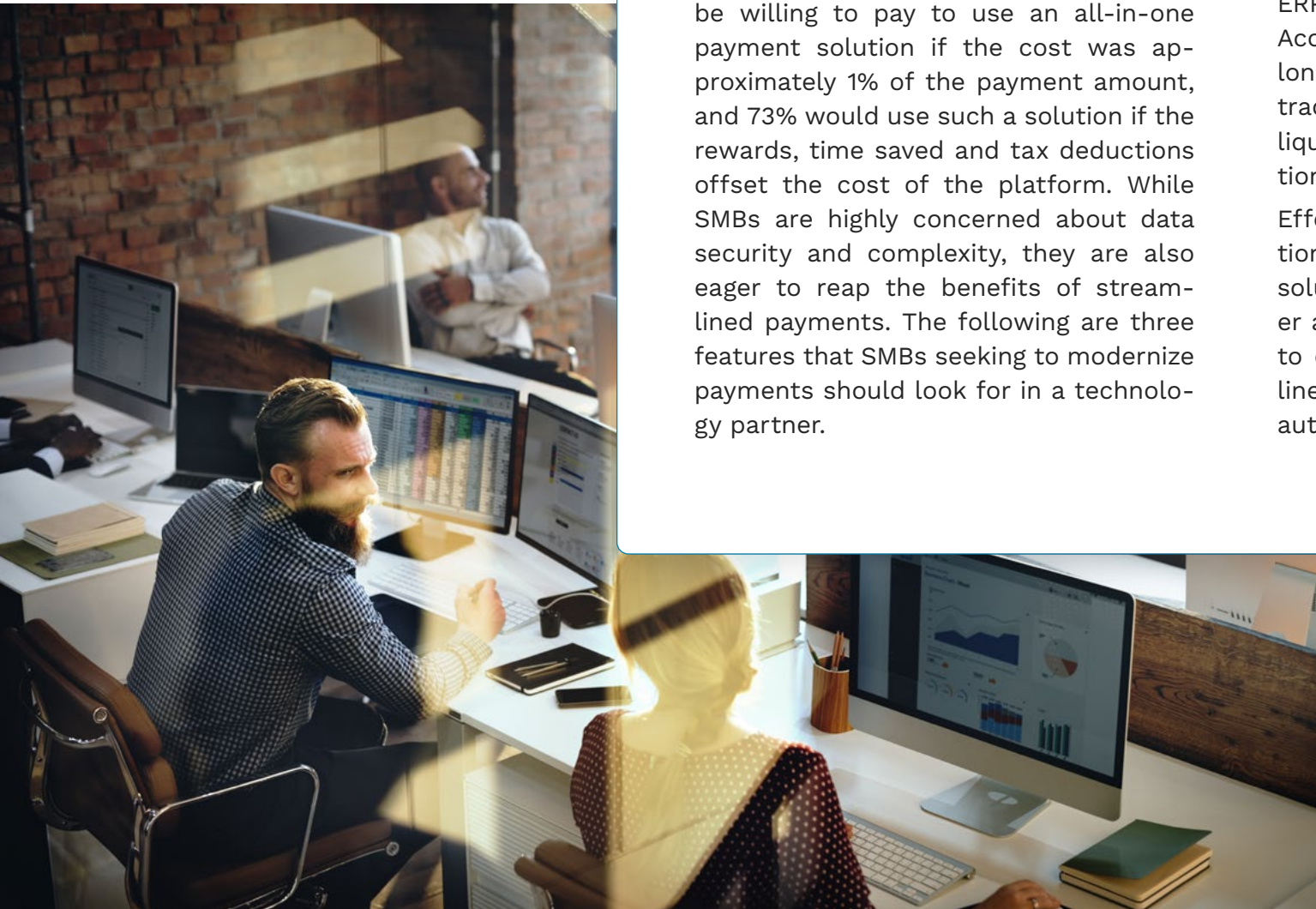
Source: PYMNTS.com | PlastiQ  
The Future Of Business Payables Innovation Report

FIGURE 7:  
SMBs' preferences for payment methods

Share of SMBs that prefer select methods when making and receiving payments



Source: PYMNTS.com | PlastiQ  
The Future Of Business Payables Innovation Report



## Choosing new payment tools: What SMBs are looking for and what they want to avoid.

Our research revealed that many SMBs are ready for an all-in-one payment platform, and most are ready to pay for it. Sixty-seven percent of SMBs would be willing to pay to use an all-in-one payment solution if the cost was approximately 1% of the payment amount, and 73% would use such a solution if the rewards, time saved and tax deductions offset the cost of the platform. While SMBs are highly concerned about data security and complexity, they are also eager to reap the benefits of streamlined payments. The following are three features that SMBs seeking to modernize payments should look for in a technology partner.

**Payments choice:** The ability to use a credit card, for example, to make payments through a suppliers' preferred payment method would enable SMBs to manage cash according to their preferences.

**ERP/CRM integration with AP/AR:** Accurate shared data powers effective long-term financial planning. For SMBs, tracking AP/AR is essential for profitable liquidity decision-making and operations planning.

**Effective data security and fraud protections:** The use of a third-party payment solution requires trust in the provider and a user-friendly, modern approach to data management, including streamlined supplier onboarding and identity authentication.



# CONCLUSION

All-in-one payment solutions provide a simple way for SMBs to remove friction from their AP/AR processes and future-proof their businesses. SMBs with the ability to manage business expenses such as inventory, raw materials, supplies, shipping, taxes or payroll with credit card payment options offer greater flexibility in their liquidity management processes and enhanced freedom in developing long-term financial plans. As SMBs gain access to more effective all-in-one payments solutions and platforms and marketplaces can embed more payment options natively, the entire ecosystem may benefit.

## Methodology

This report is based on findings from a survey of 500 SMBs generating annual revenues between \$500,000 and \$50 million and 100 executives who manage accounts payable and accounts receivable for businesses with the same annual revenue range. The survey was conducted between Nov. 22 and Dec. 20, 2021.





# ABOUT

PYMNTS.com

[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 companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

plastiq

Plastiq helps businesses improve cash flow with instant access to working capital on a modern payments platform that simplifies AP and AR processes. Brands, manufacturers, wholesalers and construction companies leverage Plastiq Pay to save time managing bill payments and extend the time to pay for inventory, supplies and advertising expenditures. Plastiq Accept helps businesses get paid faster and accept credit cards without the merchant fees. Plastiq Connect APIs enable accounting platforms, FinTechs, banks and marketplaces to embed B2B payment options to eliminate friction and enhance their customer experience. Plastiq has raised more than \$140 million in funding and is backed by Kleiner Perkins, B Capital Group, Khosla Ventures and other top tier investors. For more information, please visit [www.plastiq.com](http://www.plastiq.com).

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