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THE AP/AR

QUICK-START GUIDE:

How All-In-One Payment Platforms
Can Transform B2B Transactions

The AP/AR Quick-Start Guide: How All-In-One Payment Platforms Can Transform B2B Transactions, a PYMNTS and PlastiQ collaboration, reviews the differences between payor and supplier payment expectations and how platforms used by B2B clients can optimize transaction processes and user experiences.

August 2022



THE AP/AR QUICK-START GUIDE

Table Of Contents

| | |
|------------------------------------------------------------------------------------|----|
| Introduction | 2 |
| Part 1: The Fear Factor: How Misunderstanding Blocks Innovation | 6 |
| Part 2: The Coming All-In-One Shift: A More Frictionless Future | 8 |
| Part 3: Reducing AR Pain Points | 10 |
| Conclusion | 14 |
| About | 22 |

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INTRODUCTION

Business-to-business (B2B) payments technology has rapidly advanced in recent years, yet small to mid-sized businesses (SMBs) find themselves dealing with the same old problems. Many SMBs still use paper checks and automated clearing house (ACH) transfers, and these slower payment methods can complicate both accounts payable (AP) and accounts receivable (AR) processing. They also face a host of other pain points related to AP/AR processes, from manually creating and reviewing invoices to limited real-time visibility into transactions, which can lead to poor customer payment experiences and cash flow management difficulties.

The headaches on both sides of a B2B transaction partly stem from an asymmetry between the preferred payment methods and AP/AR integrations of the payor and biller. Often, for example, the buyer wants to pay by credit card, but sellers are unwilling to accept this form of payment. An all-in-one payment platform can bridge these gaps and address key pain points. This solution provides convenient and automated AP/AR management, allowing both parties to use preferred payment methods — whether credit card, ACH or real-time payments — and reducing the need for cumbersome manual invoicing and collections.

Most payment platform executives in a recent PYMNTS survey agreed their B2B customers would be interested in an all-in-one solution for making and receiving payments. However, our data also shows that few SMBs understand how an all-in-one option works, especially those that would benefit the most from streamlined, faster payments. For example, 57% of SMBs said they were not interested because it would make payments more rather than less complicated, when in fact, the opposite is true.

The AP/AR Quick-Start Guide: How All-In-One Payment Platforms Can Transform B2B Transactions, a PYMNTS and PlastiQ collaboration, examines how SMBs can benefit from an all-in-one platform and the factors that impact their likelihood of adopting this solution. This playbook is based on a survey of 500 SMBs in the consumer goods manufacturing, eCommerce and eRetail, transportation, logistics or shipping and wholesale trade industries with annual revenues between \$500,000 and \$50 million. We also surveyed executives at business payment platform companies about their views on the frictions SMBs face. The surveys took place between Nov. 22 and Dec. 20, 2021.

How an all-in-one platform addresses AP/AR pain points for SMBs



Payment method flexibility and choice

A fundamental value proposition of all-in-one platforms is the flexibility to use preferred payments it affords to both payors and billers. For example, a buyer can opt to pay by credit card, and the supplier can receive the same payment by ACH.



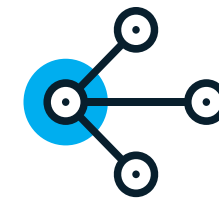
Time and resource efficiency

All-in-one platforms help streamline and automate AP/AR management and eliminate the need for manual input and review and time-consuming invoice approval workflows. Businesses can also save time by leapfrogging typical payment-processing delays associated with slower methods such as ACH payments.



Improving AP/AR processes

All-in-one platforms offer a variety of efficiency-gaining functions that minimize the pain points of managing AP/AR processes. These include notifications, tracking, synchronized integration with third-party accounting solutions and full transparency of payment workflows.



Strengthened networks and improved experiences

All-in-one platforms lower risks and improve payments experiences by ensuring that AP/AR processes are trusted, timely and predictable, improving transparency and bolstering buyer-supplier relationships.

THE FEAR FACTOR:

How Misunderstanding Blocks Innovation

Integrating new technologies into B2B payments flows can be intimidating for SMBs, even though the long-term benefits result in improved payments processing efficiency and ultimately better cash flow management. Recent PYMNTS research found that approximately one-quarter of SMBs cite high cost as the primary reason for not adopting an all-in-one solution to make payments, at 27%, or receive payments, at 24%. A further 23% of SMBs said the number one reason for not adopting an all-in-one approach is that doing so would complicate payment processes when using this solution to make and receive payments.

Our research also found that the key concern for 15% of SMBs is that integrating

all-in-one solutions into existing finance operations is too complicated. Data privacy also weighed heavily on respondents' minds: 11% of surveyed SMBs stated concerns for data protection were the primary reason they had not switched to an all-in-one solution for making payments and 12% stated this for receiving payments.

Overall, the two most commonly cited reasons for lack of interest in all-in-one solutions were complicated payment processes and the challenges of implementing an all-in-one solution into finance operations, selected by 57% of SMBs surveyed. High costs followed closely behind at 55% when making payments and 49% when receiving payments.

FIGURE 1A:
SMBs' inhibitors to using an all-in-one solution

Share of SMBs citing select reasons for not being interested in using an all-in-one solution to make payments in the next three years

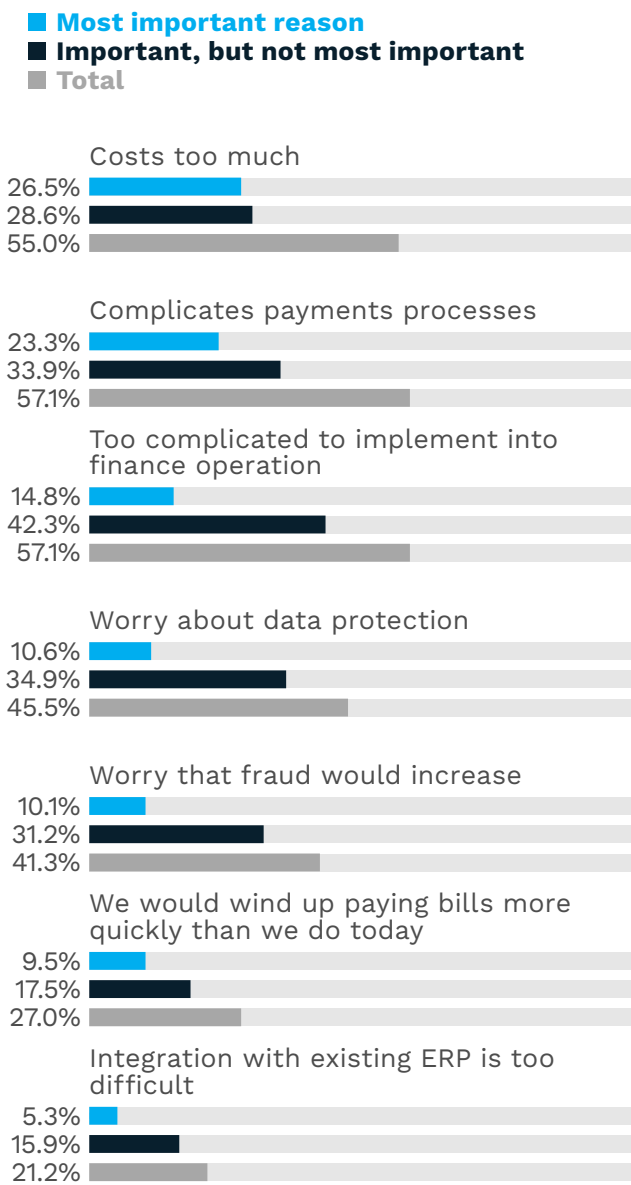


FIGURE 1B:
SMBs' inhibitors to using an all-in-one solution

Share of SMBs citing select reasons for not being interested in using an all-in-one solution to receive payments in the next three years



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 189: SMBs that are not interested or slightly interested in using an all-in-one solution to make payments, fielded Nov. 22 - Dec. 20, 2021

Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 159: SMBs that are not very or extremely interested in using an all-in-one solution to receive payments, fielded Nov. 22 - Dec. 20, 2021

THE COMING ALL-IN-ONE SHIFT:

A More Frictionless Future

SMB's concerns about implementing all-in-one solutions do not align with their positive perceptions of the benefits this solution can offer. Most payment platform executives believe an all-in-one solution will become popular among SMB customers in the future because of its unique ability to address key inefficiencies and pain points.

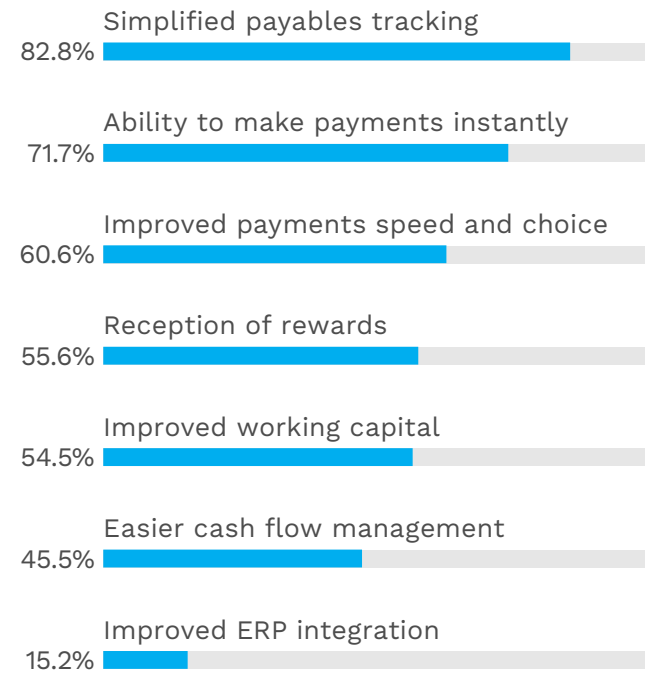
PYMNTS' research found that 72% of these payment platform executives think their SMB customers are very or extremely interested in using an all-in-one solution to make payments. These respondents also said they believe all-in-one solutions would minimize fundamental AP pain points for SMB customers by simplifying tracking, cited by 83%, providing the ability to make payments instantly, cited by 72% and

improving payments speed and choice, cited by 61%.

Even SMBs that currently do not use an all-in-one solution are aware it may bring tangible benefits to their AP processes. Our study revealed that 66% of surveyed SMBs noted that an all-in-one solution would be convenient and would save their businesses time when making B2B payments. A further 53% highlighted easier cash flow management and 46% cited simplified payables tracking as core benefits of using an all-in-one solution to make B2B payments.

FIGURE 2A:
Benefits of making payments using an all-in-one solution

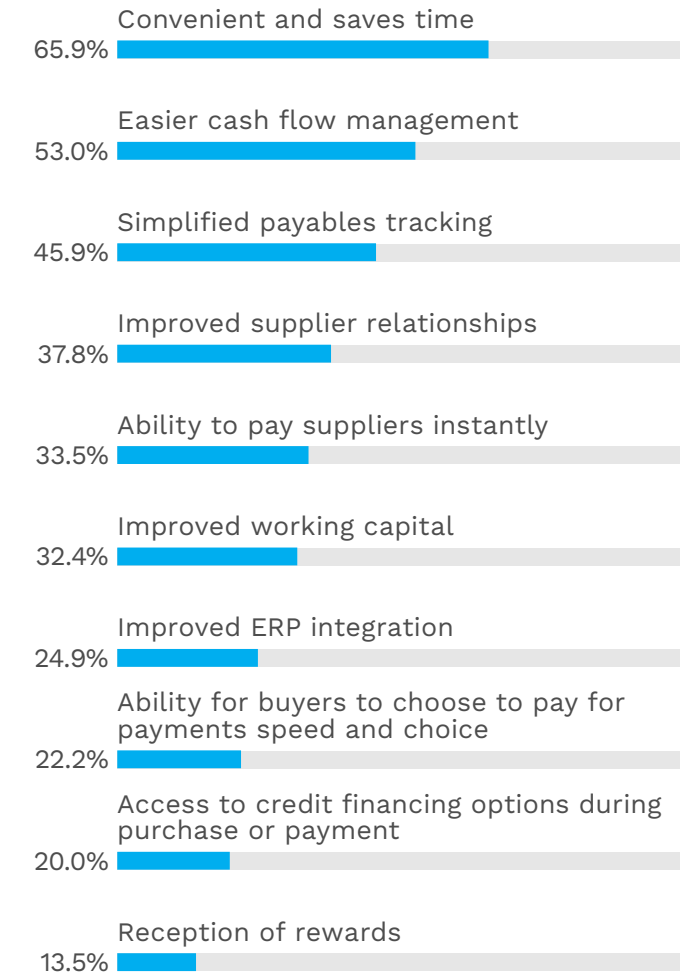
Share of payment platform executives citing select benefits their SMB customers would receive by using an all-in-one solution to make payments



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 99: Payment platform executives who think their customers would be interested in using an all-in-one solution to make payments, fielded Nov. 22 - Dec. 20, 2021

FIGURE 2B:
Benefits of making payments using an all-in-one solution

Share of SMBs citing select benefits they expect to receive by using an all-in-one solution to make payments



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 185: SMBs interested in using an all-in-one solution to make payments, fielded Nov. 22 - Dec. 20, 2021

REDUCING AR PAIN POINTS

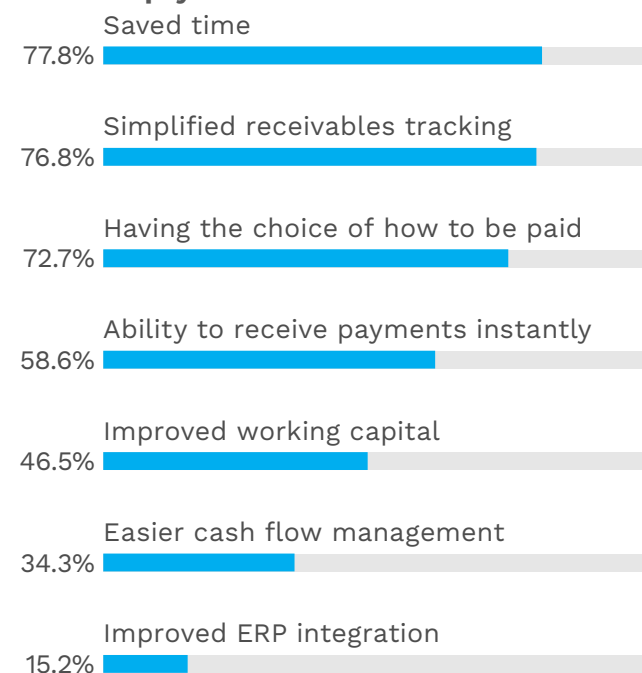
Payment platform executives and SMBs agree that ensuring smooth AR transactions is mission critical for efficient business operations and customer satisfaction. PYMNTS' research found that 82% of payment platform executives think their SMB customers are very or extremely interested in using an all-in-one solution to receive payments, while 77% of those same executives believe their SMB clients would benefit from simplified receivables tracking. Payment platform executives also projected that having the choice of how to be paid and gaining the ability to receive payments instantly would benefit 73% and 59% of their SMB customers, respectively.

SMBs likewise recognize that adopting an all-in-one solution could simplify AR management. Our survey found that 52% of SMBs pointed to easier cash flow management and 41% identified simplified receivables tracking as the top benefits gained from an all-in-one solution to receive payments. Other benefits SMBs identified include having a choice of how to be paid, cited by 40%, automatic data reconciliation, cited by 37% and improved working capital, cited by 32%.

Topping these reasons for both executives and SMBs was time efficiency. Eight out of 10 executives and six out of 10 SMBs believe an all-in-one solution would save SMBs time on AR management.

FIGURE 3A:
Benefits of receiving payments using an all-in-one solution

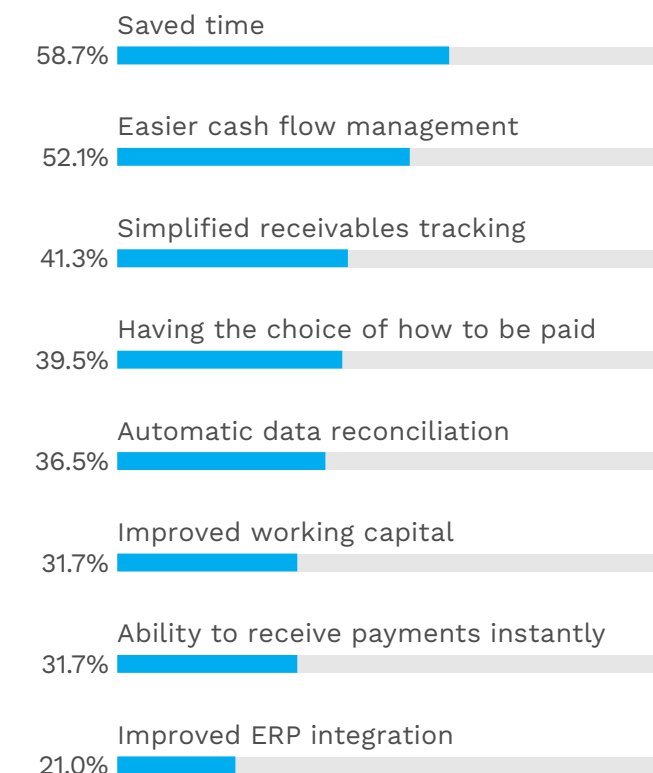
Share of payment platform executives citing select benefits their SMB customers would receive by using an all-in-one solution to receive payments



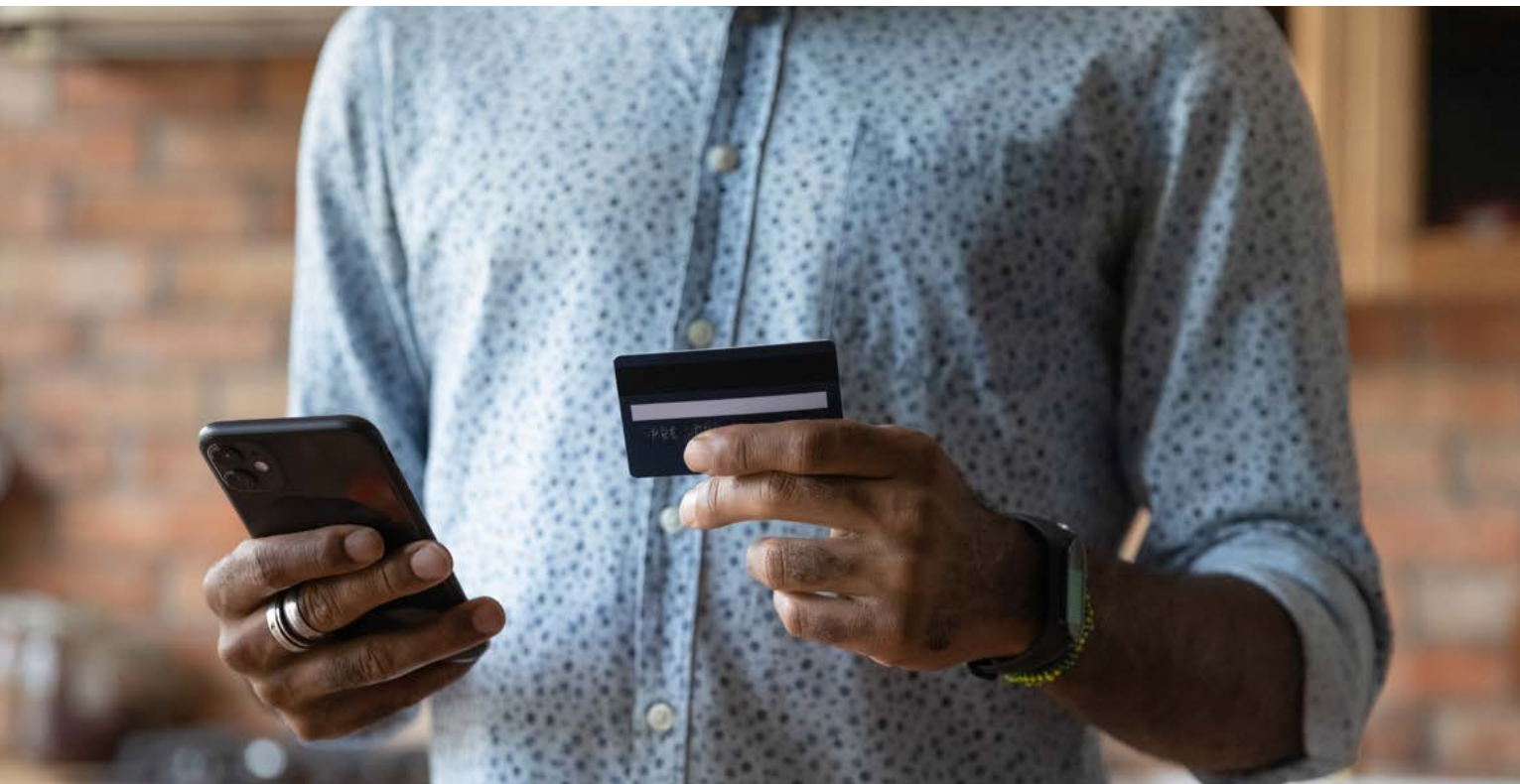
Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 99: Payment platform executives who think their SMB customers would be interested in using an all-in-one solution to receive payments, fielded Nov. 22 - Dec. 20, 2021

FIGURE 3B:
Benefits of receiving payments using an all-in-one solution

Share of SMBs citing select benefits they expect to receive by using an all-in-one solution to receive payments



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 167: SMBs interested in using an all-in-one solution to receive payments, fielded Nov. 22 - Dec. 20, 2021

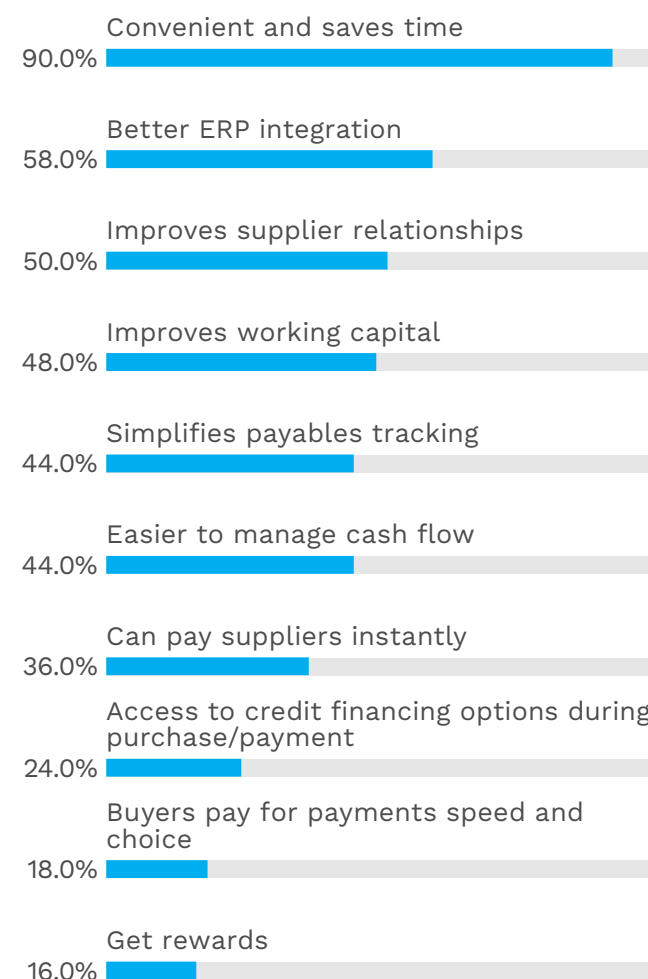


Measurable improvements to B2B transaction efficiency helps explain why some SMBs have decided to integrate all-in-one solutions into their AP/AR management systems. Our research discovered that four out of 10 SMBs have used an all-in-one solution, and nearly two-thirds of this cohort used an all-in-one option both to make and receive payments. SMBs identified convenience and saving time as top reasons for implementing an all-in-one solution, both for those making payments, at 90%, and those receiving payments, at 81%.

Other reasons SMBs cited for using an all-in-one solution for AP include improvements in enterprise resource planning (ERP) system integration, cited by 58%, improvements in supplier relationships, cited by 50%, and improvements in working capital, cited by 48%. Reasons SMBs gave for implementing all-in-one solutions for AR include better data collection, at 61%, easier cash flow management, cited by 56%, and choice of how to be paid, cited by 51%.

FIGURE 4A:
Reasons SMBs use an all-in-one solution

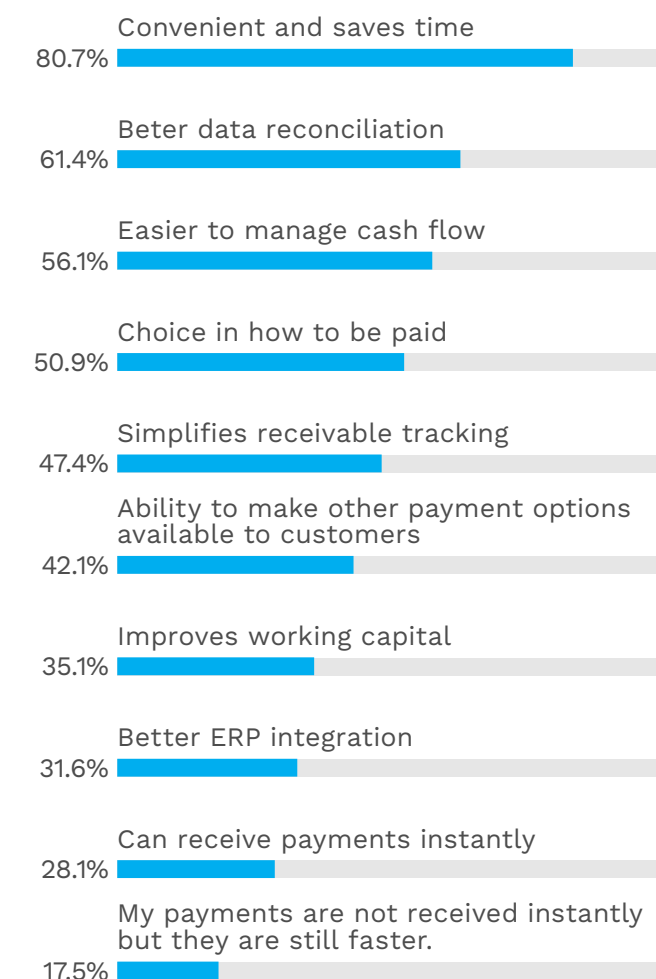
Share of SMBs citing select reasons to use an all-in-one solution when making payments



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 151: SMBs that report using an all-in-one solution to make payments, fielded Nov. 22 - Dec. 20, 2021

FIGURE 4B:
Reasons SMBs use an all-in-one solution

Share of SMBs citing select reasons to use an all-in-one solution when receiving payments



Source: PYMNTS.com
The AP/AR Quick-Start Guide, August 2022
N = 187: SMBs that report using an all-in-one solution to receive payments, fielded Nov. 22 - Dec. 20, 2021

CONCLUSION

The current AP/AR landscape between SMB suppliers and buyers is characterized more by friction-filled transactions — from asymmetries in preferred payment methods to uncertainty in resource planning — than by the seamless flow of payments. Bottlenecks increase operating expenses, complicate customer relationships and cloud cash flow management. All-in-one technology is a forward-looking solution

that effectively addresses these and other challenges. Relatively few SMBs have implemented an all-in-one AP/AR solution, however. The misalignment of SMBs' and payment platform executives' perceptions about the benefits of all-in-one solutions suggests SMBs are insufficiently informed about the benefits these solutions offer for improving and future-proofing B2B payments experiences.



ABOUT

PYMNTS.com [PYMNTS.com](https://www.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 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.

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