The B2B Buyer's Experience in 2030

How the Post-Sale Experience is Changing and How Finance Teams Can Prepare Themselves

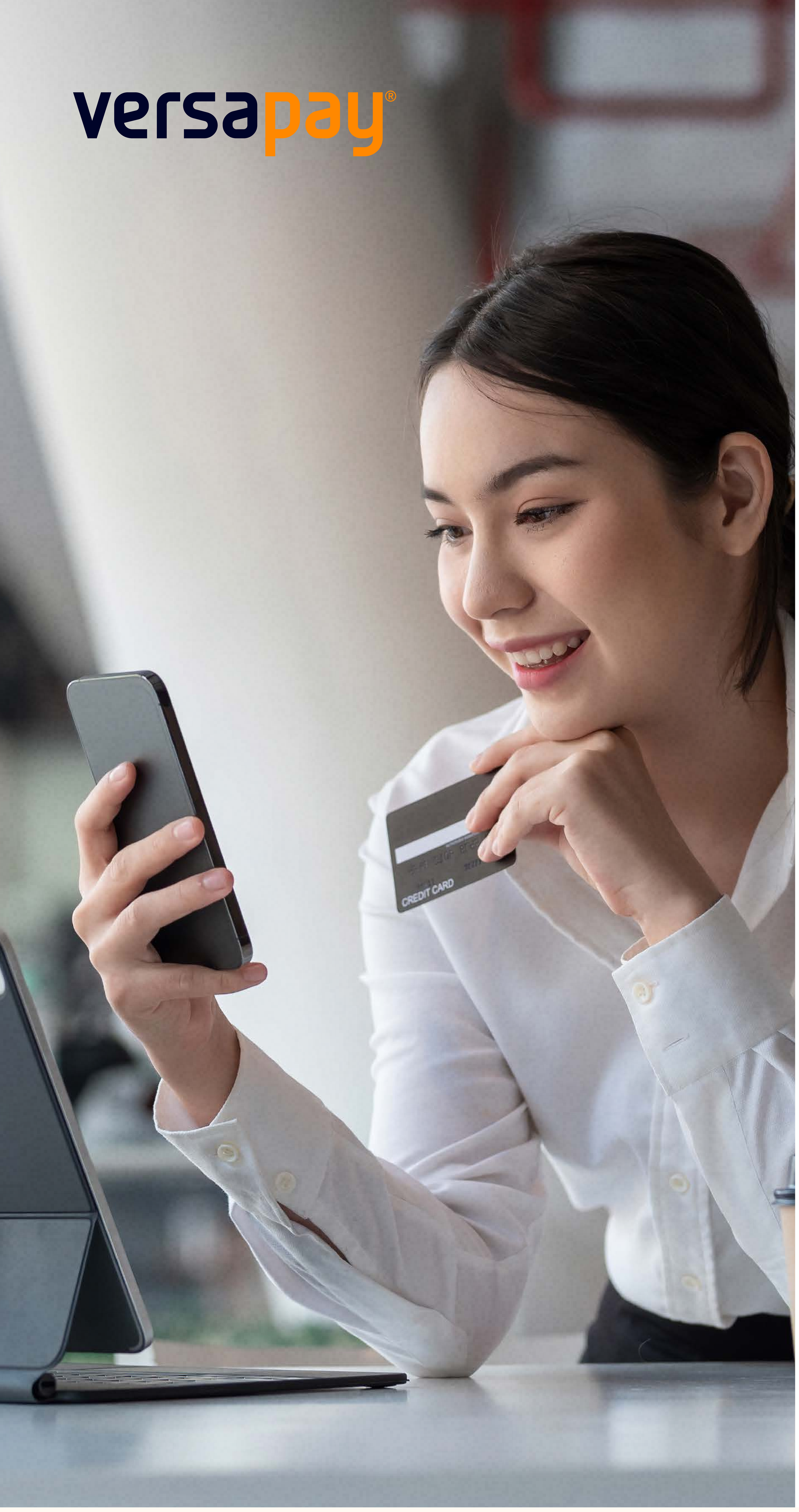
Introduction

COVID-19 was a shock to our collective systems. Industries and business functions that were previously reticent to change had no choice but to adopt new systems in the global shift to remote work.

Although 2020 threw certainty out the window, there's one prediction for the next ten years we can confidently make: for better or worse, the post-sale experience in B2B will be entirely digital.

Billing, collections, and payments processes are on track to take place entirely online by 2030, making for a vastly different experience for today's finance pros.

Here's what you can expect the B2B purchasing experience will look like in ten years' time →



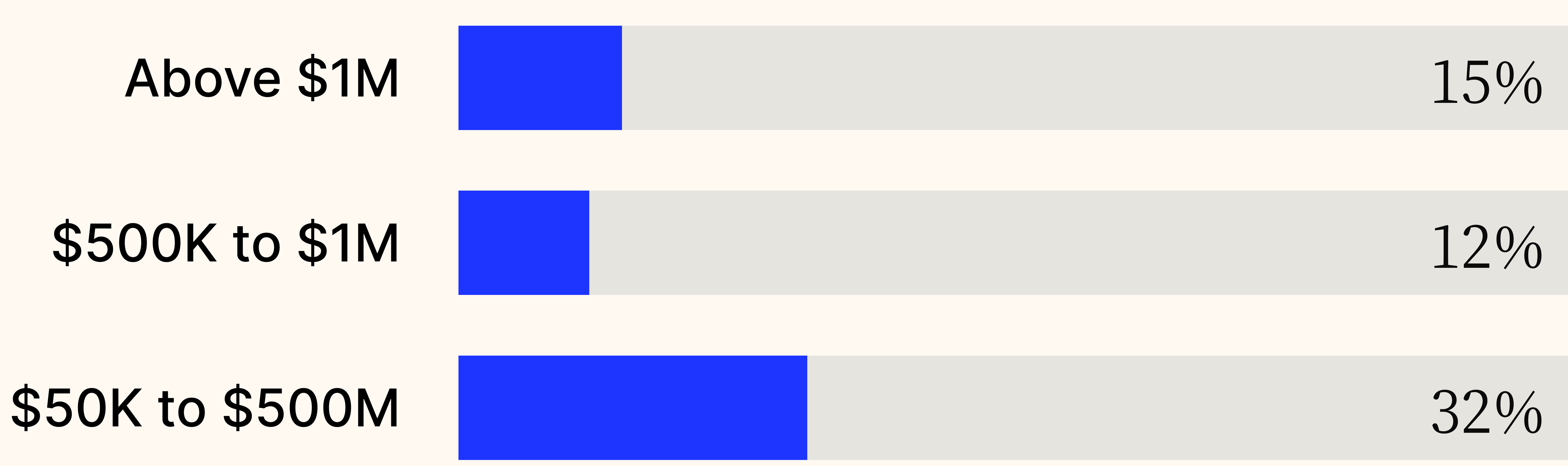
B2B buyers will make most of their purchases via online and self-service channels

Although challenging for many at first, the push to migrate B2B processes online as a result of the pandemic has ultimately made business buyers more comfortable with digital channels. Whereas ecommerce was previously associated with smaller and more immediate purchases, research shows this is changing.

70% of B2B decision makers now report being open to making fully self-serve or remote purchases valuing over $50,000, with 27% being open to spending more than $500,000, according to **McKinsey & Company**.

Survey respondents—nearly nine in ten in fact—also said they believe going digital will be a fixture even after COVID-19, signaling that buyers and sellers prefer doing business online.

Businesses are willing to spend:



Bages-Amat, A., Harrison, L., Spillecke, D., & Stanley, J. (2020, October 23). These eight charts show how covid-19 has CHANGED B2B sales forever. Retrieved March 01, 2021, from https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/these-eight-charts-show-how-covid-19-has-changed-b2b-sales-forever#

Note: Numbers do not add to 100% because "I don't know" option was not included for analysis.

Collaborative commerce will be the expectation

Banks, card networks and providers, and software companies are already looking at how they can create a better ecosystem for businesses to transact with one another. The realization of this vision will hinge on better data sharing, which is where accounts payable (AP) and accounts receivable (AR) software will really shine.

If you're in Canada, think about how Interac e-transfer has made it ultra-simple for you to send money to individuals from your personal account. Because most Canadian banks and financial institutions participate in this program, sending and receiving funds is a seamless experience. In the US, peer-to-peer payment platforms like Venmo have made sending funds to individuals—and even some businesses—a frictionless experience, **amassing a user base of over 40 million users.**

The idea of collaborative commerce is the same: creating the connectors to make sending, receiving, and reconciling money seamless. Because of the complexity of business transactions and the breadth of financial institutions in North America, making this a reality is of course more involved than it is for personal banking. But as collaborative commerce grows in sophistication, the convenience of transacting with businesses already in your network will become commonplace—and even expected.

"Collaborative commerce is the idea that companies can do business together through their connected systems, paving the way for increased automation in the order-to-cash process and requiring fewer hours spent on day-to-day tasks that are part of completing transactions. "

Craig O'Neill
CEO - Verspay

Most if not all companies will have AP and AR systems in place

The events for 2020 made it clear that leveling up accounting processes from the traditional paper invoices and checks is no longer negotiable for finance leaders. As businesses grapple with likely another year of working remotely, 2021 will be a transitional year for many finance teams with the urgency of migrating systems online more pronounced.

But many businesses have already gotten their act together. PYMNTS.com's "**B2B Innovation Readiness**" report found that 83% of surveyed B2B companies have changed their AR processes since the pandemic began, with 63% moved away from physical invoices and 66% receiving more digital payments.

This trend will only increase, with 70% of B2B businesses making plans to implement technology to manage their AR processes, according to PYMNTS.com.

By 2030, AP and AR software should be a fixture in most B2B businesses, akin to what the cloud and sales and marketing automation tools did for businesses in the late 2000's and mid 2010's respectively

With increased digital transformation in finance departments will come more opportunity for interconnectivity between AP and AR platforms, paving the way for simpler transactions through a larger payment ecosystem.

Businesses since COVID-19 pandemic onset:

PYMNTS.com. (2020, September 29). B2B payments Innovation Readiness report - September 2020. Retrieved February 26, 2021, from https://www.pymnts.com/study/b2b-payments-innovation-readiness-report-american-express-september-2020/

Businesses will have abandoned checks, just as consumers have

Although consumers have all but abandoned checks as of 2020, they've continued to stick around within the B2B ecosystem, though in decline. **AFP's 2019 Electronic Payments Survey** found that check usage for B2B transactions fell to an all-time low of 42%, although remaining the most popular payment method within B2B.

But after 2020, check usage is decreasing at an even steeper trajectory. In the second quarter of 2020, the Federal Reserve reported a 10.7% decline in the volume of commercial checks collected, the largest percentage drop since 1994's first quarter.

B2B's historically slower departure from checks is largely due to many businesses' processes having long been organized around checks as their tried-and-true payment method. Although the shortcomings of paying with and accepting checks are becoming more apparent to businesses (longer cash conversion cycles, higher fraud risk, and high manual effort for instance), many CFOs have not been eager to change their existing processes in order to facilitate electronic payments.

But, with the pandemic having forced their hand, many businesses have had to shift their AR processes to digital channels anyway, providing them with the tools to simplify acceptance of electronic payments. The desire to get away from checks is certainly there for B2B buyers, with nearly 60% of financial professionals reporting they're likely to convert most of their payments from checks to electronic payments according to **AFP's 2020 Payments Survey**.

With 2020 having accelerated the decline of checks, in ten years' time popular B2B payment methods should resemble consumer payments much more closely.

Businesses will use “smart payments”, where data and dollars flow together

For many businesses, eliminating checks is synonymous with adopting electronic payment methods like ACH, which brings its own challenges for cash application, primarily that payments have to be matched with remittance data separately. **AFP’s 2019 Electronic Payments Survey** found that most respondents—70 percent of them—cited a lack of standard remittance information as a barrier to adopting electronic payments.

But as the pandemic has made electronic payments more appealing, businesses have increased their efforts to get around the remittance problem. One way businesses have been able to address this issue is by automating the matching of payments with their remittance files through AR software.

There is a step further businesses can take that eliminates this problem altogether—the use of smart payments.

“Smart payments carry business information so that as systems transact with each other, there’s data flowing along with the money,” says Versapay CEO Craig O'Neill. “The ideal outcome is for these systems to work in coordination, applying cash in the right places and closing invoices, replacing much of the manual work AP and AR teams do today.”

With increased communication between businesses’ accounting systems, smart payments (made through an environment where data can be captured at the time of payment, such as an online payment portal) have the potential to vastly simplify B2B commerce.

Businesses will better collaborate with their customers throughout the order-to-cash process

One of the largest contributors to late payments is the time it takes to resolve customer disputes. A **2020 study** found that 55% of B2B financial professionals say managing disputes is one of the most challenging tasks for their AR team, with 99% reporting that these disputes contribute to late payments.

The businesses that are most advanced in their AR processes today are the ones who have structures in place for collaborating directly with their customers throughout the entire order-to-cash process. Relying on communication methods like phone and email makes it difficult to answer questions and solve issues promptly. That's why more finance teams are bringing communication with their customers online via a dedicated portal, making it easier to work through issues with them directly and keep a detailed record of all interactions.

Customers often have questions throughout the billing and payment process that AR managers aren't best suited to answer—for instance why a sales discount amount is different than what was agreed at the point of sale, or what to do when goods arrived damaged—meaning they have to go around their organization in search of whoever has the right information. An online portal allows finance reps to bring any member of the company directly into conversations with customers to resolve disputes involving information stored in other areas of the business.

By 2030, this approach will no longer be a novelty, but instead the way buyers expect to interact with suppliers.

The role of an accounts receivable manager as we know it today won't exist

The way accounts receivable departments operate now is ripe for change, from operations and processes to team structures.

Currently AR teams dedicate much of their bandwidth to sending invoices and facilitating payments, cited to be their most labor-intensive processes according to research from PYMNTS.com. The report finds that a typical AR department dedicates 24.5% of their staff to supporting invoicing and 23.2% to managing payments. The rest of the team is allocated to collections (19.4%), credit checks (17.9%), and cash application (15%).

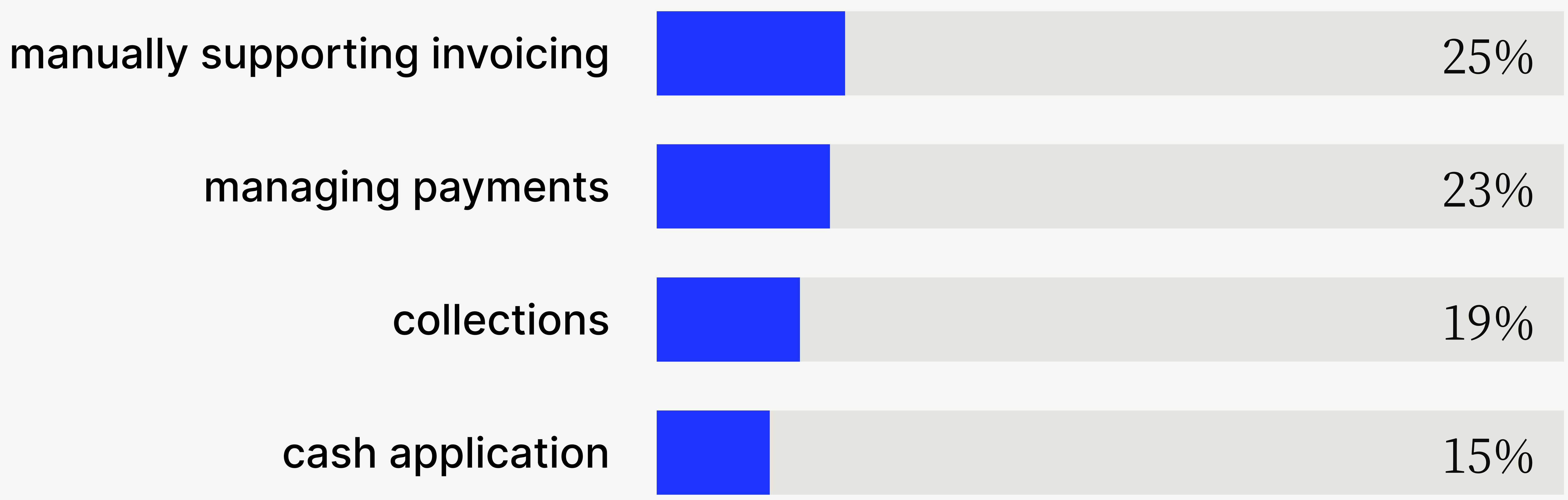
With AR software providing higher levels of automation, teams should expect to see this structure change. CFOs will be able to direct accounts receivable managers' time to higher value projects in place of the traditionally manual day-to-day tasks required of them before. AR teams could also see less need for headcount as workflows increase in efficiency and sophistication.

In fact, PYMNTS.com's report found that manual AR processes are linked with the need to employ more full-time employees, with companies that have overdue payments accounting for over 10% of their receivables hiring twice as many AR specialists than those with lower shares of late receivables.

With increased automation allowing accounts receivable professionals to focus on more critical projects instead of facilitating basic day-to-day functions, the very nature of their role may change too.

"AR professionals would be empowered to become extensions of the client success function, looking after the back-end part of the business," says Versapay's Chief Customer Officer Keith Reed. "They'd be making sure that the billing and payment aspect of a customer relationship is running smoothly by adopting a proactive mindset instead of a reactive one. With complete visibility into customer accounts, they'd be able to spot trends within the customer base—where disputes are concentrated for instance—look into them and troubleshoot them early."

Typical AR departments dedicate their staff to:



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The billing and payment experience will be a key factor in customer retention

The hyper convenience of online payment experiences like Amazon's one-click checkout has conditioned consumers to expect similarly frictionless experiences when making purchases in their business lives. With the pandemic having prompted more businesses to shift their billing and payment acceptance methods online, any reason for not offering a digital payment experience is becoming harder to justify.

Research from Gartner predicts that to diversify their revenue sources, many businesses will add a subscription model to their existing sale of physical products, adding value like auto replenishment. With the lion's share of B2B purchases likely to be on a subscription basis by 2030, a recurringly negative payment experience and no long-term contract locking them in could cause customers to stop doing business with a supplier.

In a study on improving customer experience in digital commerce payments, Gartner also found that a customer's experience of the payments process has an impact on their overall impression of the organization.

AR professionals will be on the frontlines of maintaining strong customer sentiment throughout the billing and payments processes, and the ones doing it well will be leveraging technology to make it easier on themselves.

Banks will be better at supporting businesses' desire for more efficient commerce

It's estimated that B2B payments represent over $25 trillion in volume within the US each year. When you think about the realities of processing all those transactions though, and the delays and complications arising from incompatible systems and bank processes, it's enough to make your brain hurt.

The complexities and inefficiencies involved in a payment's journey from a buyer's to a supplier's account—and the subsequent challenges of accounting for it—have long been a source of pain for businesses. Streamlining this entire process will hinge on better data sharing between businesses, and especially with banks.

AFP's 2019 Electronic Payments Survey found that of all emerging payments technologies, most finance leaders (72%) believed application programming interfaces (APIs) would have the greatest impact, followed by open banking (60%).

Open banking—in which banking data is shared through APIs between multiple parties including other banks—would have the potential to vastly speed up payment processing times. The issue is that legacy bank systems—particularly in the US—currently make it difficult to support APIs.

But the tides are turning. As banks increasingly embrace APIs through the influence of fintechs and card networks, by the year 2030, B2B buyers can expect faster payment processing times and a simplified overall payment experience.

What can you do now to be well-positioned **for the next ten years of transformation?**

The rapid rate of change in B2B commerce can feel daunting, but it doesn't have to be. If you recognize the need for finance departments to adapt to support changing buyer needs, you're already ahead of most B2B companies.

But, you don't have time to waste by putting off digital transformation. To determine what your next steps should be in preparing your finance department for the B2B buying experience of the future, it's a good idea to assess what your current AP and AR processes involve—easier said than done in some cases—and what their limitations are.

The good news is, there are experts out there (like us folks at **Versapay**) who can work with you to determine where your current finance processes fall short and what systems you can put in place right now to position you for success in the rapidly changing landscape of B2B commerce.

Your digital transformation starts today.

Learn how Versapay can help you prepare for these changes

Book a demo