billtrust
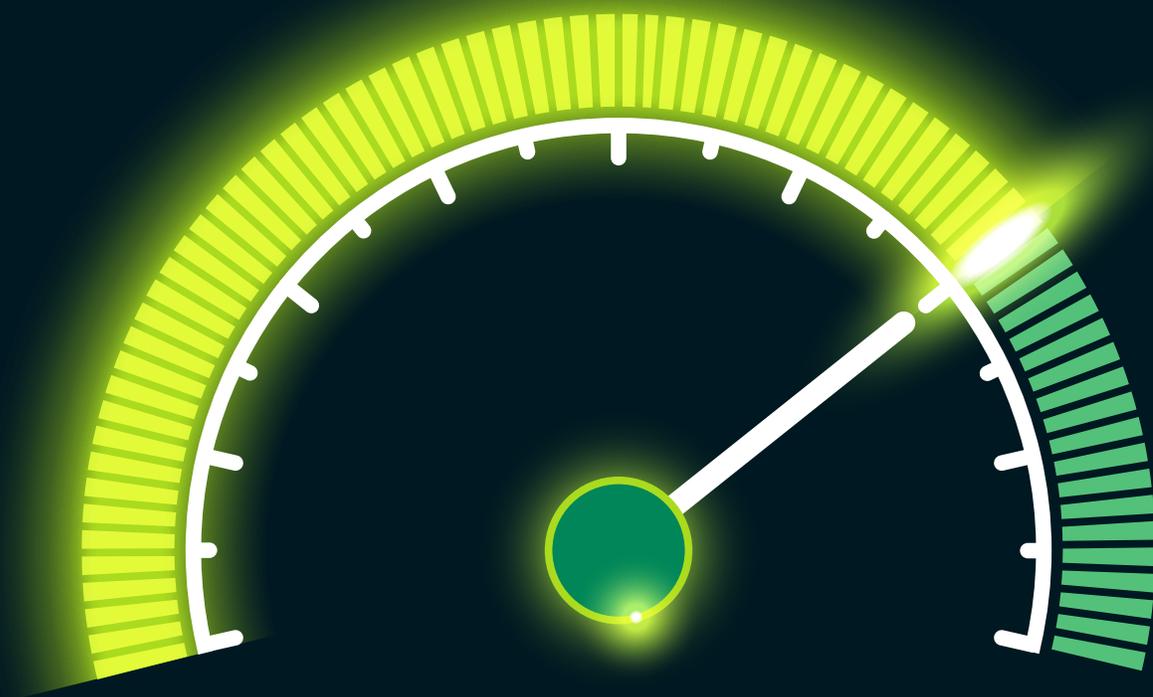
Getting unstuck
Optimizing B2B payments processes

How to upgrade your B2B payment processes to drive greater efficiency, cut costs, improve customer experiences and accelerate cash flow.

Contents

Are you stuck in outmoded payments processes?

If you're reading this, chances are you already have a sinking feeling that your company's B2B payments processes could be better. You're not alone.

In an effort to keep customers happy, many companies consistently adapt to new payment requirements without realizing the incremental accommodations they're making are actually getting them stuck in outmoded, inefficient and costly processes and practices.

Imagine that valuable employee in your AR department – the one your HR department worked so hard to recruit and hire – becoming **increasingly frustrated by the tedious manual work** of logging into multiple accounts payable (AP) portals, creating unique invoices, matching remittances and dealing with unhappy customers. Yet more customers are demanding that B2B sellers utilize AP portals, worsening the burden on AR teams.

As they jump higher to clear the bars their customers are setting, many AR teams in all industries find they aren't able to look forward because they're struggling to keep up with what's already happened. It's nearly impossible to strategically manage and improve cash flow or deploy employees against more productive and profitable projects when their payment processes are mired in the past.

In short: The processes and practices that once served an AR team pretty well aren't equal to the changing realities of the B2B payment landscape. Standing pat with those approaches means a company is continually falling further behind.

The symptoms of being "stuck"

These are just some of the clues that your AR staff and systems might be trapped by outmoded AR systems and tools:

Your staff is consumed by keeping up with the requirements of accounts payable (AP) portals

Teams still rely on highly manual, labor-intensive AR operations

Late payers are more of a recurring issue than they are rare exceptions

Your AR department structure hasn't changed in years

There are too-frequent settlement/payment lags that may affect credit standing

It's hard to scale to any shifts in your AR workload

You worry about the strength of transactions security

How do companies get stuck?

AP PORTAL FATIGUE

The widespread adoption of AP portals has outpaced the procedures of most AR departments. The paradox is, in an effort to streamline and automate payments, customers have created more work for vendors whose AR processes weren't keeping pace with new AP platforms, and the problem is exponential. When each customer implements a unique AP portal out of the many available, AR departments without automated processes have to:

- Manage multiple logins for each portal
- Customize invoices
- Manually reconcile remittance data

PAYMENTS MADE BY EMAIL

In an effort to move away from paper checks, many customers began making credit card payments via email. But Gmail and Outlook aren't designed as payment portals, and not only does accepting email payments require a lot of error-prone manual work, it makes your company vulnerable to:

- Payment Card Industry (PCI) compliance issues
- Data security breaches
- Fraud
- Costly fines
- Loss of business and reputational damage

PAPER CHECKS AND PHYSICAL LOCKBOXES

Many customers continue to issue paper checks despite being encouraged to pay their invoices with more up-to-date methods. Most finance departments understand that processing checks is a time-consuming AR function that sometimes still requires a physical lockbox but continues to accept them to speed up already slow payments.

LIMITED IT INFRASTRUCTURE

Most IT departments are managing multiple implementations and upgrades throughout a company, and suggesting they take on a new project can be met with objection, especially if the processes in place seem to be working effectively.

If technology partners do not provide support throughout the design, implementation and training phases of adopting a new platform, it can make business leaders reticent to overhaul processes like AR.

The hard *and* hidden costs

If your company hasn't optimized B2B payment processes, what is it costing you? There are many ways out-of-date AR systems affect a business's bottom line.

SLOW PAYMENT CYCLES

The more friction introduced to a payment transaction, the slower it goes. Lagging payments complicate financial reporting, affect credit lines and need to be managed manually to ensure they're completed.

DAYS SALES OUTSTANDING (DSO)

With inflation rising, it's costing companies even more to carry their customers' debts. For a hypothetical company with a DSO of 45 days and an inflation rate of 8.6%, that's 106 basis points, more than one full percent.

RECONCILING DISPUTES

Few AR professionals enjoy dealing with unhappy customers. When there are disputes on an invoice, unraveling what caused the discrepancy is time-consuming, tedious work. If the mistake is on your end, it can make customers question the accuracy of your billing.

INTERCHANGE FEES

Depending on the card used, interchange fees on payments made by virtual credit cards currently range from 1.15% to 3.30% or more. The pandemic slowed down the escalation of interchange fees, but major credit card companies are now getting back to assessing them – and potentially raising them – twice each year.

HUMAN ERROR

Payment processes that require some level of manual data entry and remittance matching are expensive in more ways than one. Not only are companies paying valuable employees to do tedious work, but keystroke-intensive tasks are prone to human error.

CUSTOMER (DIS)SATISFACTION

Businesses that haven't kept pace with their customers' AP systems by adopting modern-day AR automation experience more disputes over invoices, slower payments that affect their customers' credit lines and lower net promoter scores. The worst-case scenario is that customers take their business to a competitor who is easier to pay.

REPUTATIONAL DAMAGE

Buyers may not want to partner with sellers who have a reputation for poor dispute resolution, inaccurate billing or inability to adapt to buyers' preferred payment methods.

EMPLOYEE DISENGAGEMENT

Outdated AR processes that are overly manual are hard on internal teams, too. AR departments are vulnerable to employee burnout and high turnover, and strategic projects that provide employees with more challenging work and professional development are many times postponed.

COMPLIANCE PENALTIES

Regulators may impose fines or penalties for inadequate or erroneous compliance with applicable standards.

For instance, PCI compliance fines can range from $5,000 to $100,000 a month (approximately €4,900 to €98,000) depending on the size of the company and the duration and scope of non-compliance. A large company may be able to absorb these fines but mid-sized ones may not.

How much could you save?

Based on insights gathered from multiple current customers, our ROI calculator projects that users who upload 750 invoices to AP portals and process 650 virtual card payments and 450 ACH payments per month may **exceed 300% ROI.**
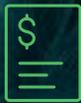
750 invoices per month to AP portals **+** **650** virtual card payments per month **+** **450** ACH payments per month **=** **300%+ ROI**

Get unstuck from costs and delays

To "get unstuck" from these sticking points, costs and inefficiencies, more AR departments are looking to join a **digital B2B payments network.**

What *is* a digital payments network?

There have always been payments ecosystems, as long as there have been buyers and sellers. In the modern sense, though, a future-proofed "payments ecosystem" is actually a digital network, an end-to-end connective framework that links buyers and sellers by integrating applications, portals or other components.

If you've ever paid someone personally for a service or product using an automated payment platform like PayPal or Venmo, you can easily envision how that kind of instantaneous or near-instantaneous transaction could mutually benefit your business and your customers.

A B2B digital payments network is, in the eyes of more and more companies large and small, a smarter and more efficient way for them to get paid faster.

A modern B2B payments network should be expected to be:

Automatic
With the AR technology currently available, companies should be seamlessly paid in real time, dramatically reducing their DSO (Days Sales Outstanding).

Global
The technology solutions a company uses for AR should have partnerships with AP portals and payment processors around the world.

Agile and scalable
Ease-of-use should allow the network to be flexible and responsive, and rapidly scalable to adjust to new demand levels or business growth.

Customer-centric
A payments network should work for a company's best customers – those who are happy to quickly pay using this tool – while also encouraging other customers to embrace new automations with ease-of-use.

Employee-centric
When employees are given state-of-the-art technology that reduces the amount of drudgework and lets them work on more interesting initiatives, they feel valued – and are more loyal and productive.

Get unstuck:

How to radically simplify and accelerate B2B payments

How to radically simplify and accelerate B2B payments

1 Admit there are pain points

It's important that key stakeholders agree if there are areas for improvement in their AR processes and commit to understanding the scope and specifics of any issues and to exploring potential solutions.

2 Conduct an audit

The next step is to audit your AR systems and processes. The best place to start is by collecting feedback from people who consistently engage with those processes.

- Ask your AR team to share their observations about what is working and what isn't.
- Ask your sales team to share the feedback they receive from your customers about how easy – or difficult – it is to process your invoices and make payments.
- And for companies who want to demonstrate a customer-centric commitment, survey your customers' AP departments.

3 Evaluate the feedback

Now that you know what the pain points are for your teams and your customers, you have the opportunity to create state-of-the-art AR processes that improve your bottom line, increase employee and customer satisfaction and build brand reputation in your industry.

The most effective way to get stakeholders involved is to provide financial models for present and future scenarios.

4 Select a modern B2B payment network

The takeaways you have from your evaluations and financial modeling will help ensure that you partner with a payment network that checks all the boxes for your company and your customers.

As you research and compare, it's important to project what your needs will be in the future, not just what they are today. Another important consideration is the ease of implementation and the IT support you'll get from your new network provider.

5 Redesign your AR department

Once you've selected a robust payment network, you can envision your AR department of the future. This team you've worked so hard to recruit and retain will be freed up from tedious manual tasks and able to focus on big-picture, what's-next strategies that provide opportunities for new revenue and professional growth.
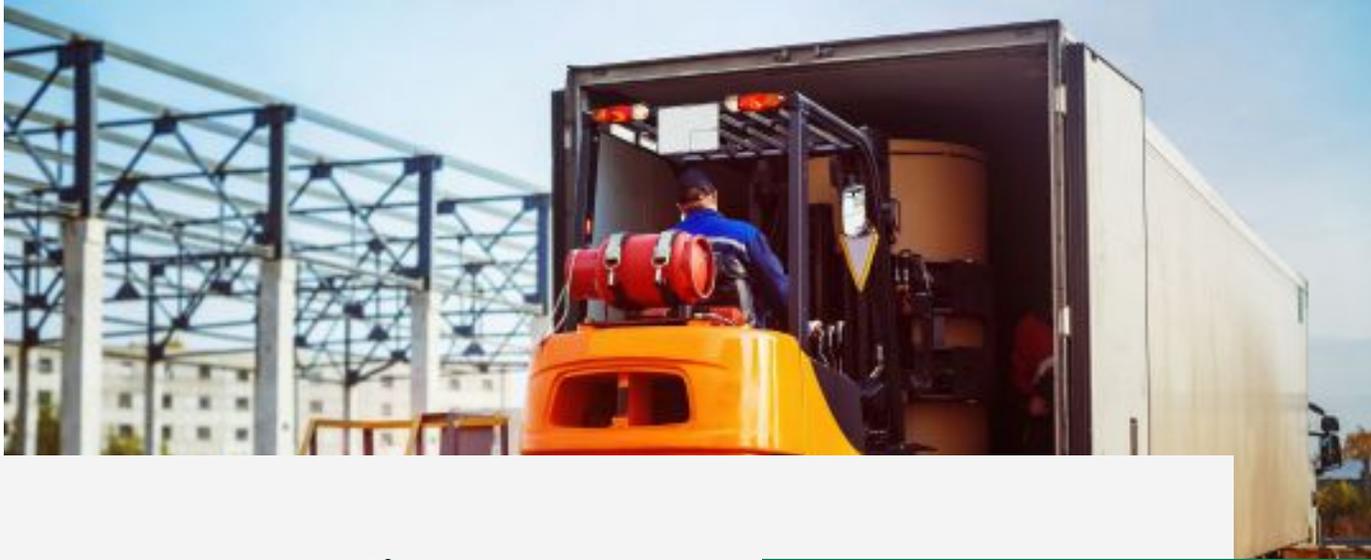
Case Study: Malin

For over 50 years, Malin has offered customers exceptionally engineered and energy-efficient Raymond lift trucks, fleet management, integrated systems and storage solutions, and much more. Like many growing businesses, Malin had manual processes with little to no tracking in place. They **struggled to support their customers' diverse invoice delivery and payment requirements,** as well as their own collections and portfolio management efforts.

Collectors used a monthly spreadsheet to track customer outreach, but the tedious nature of the work caused a lot of team turnover. So Malin struggled to effectively do outreach to customers who were 30 and 90 days past due.

> "Before Billtrust, it took one employee an entire day to post cash, which didn't always post that day. Now it takes under two hours for one person to complete."
>
> **EDDY HARLESS**
> **FINANCE MANAGER**
> **MALIN**

THE SOLUTION

Malin had been advised by their parent, The Raymond Corporation, to take advantage of the automated, digital payment solutions provided by Billtrust. These had already enabled Raymond dealers and The Raymond Corporation to **enhance payment acceptance flexibility** across every touchpoint within the AR process.

Malin first implemented Billtrust Invoicing, giving their customers the option to receive invoices however they wanted, then rolled out Billtrust Cash Application, which streamlined applying customer payments and remittance information. Then they adopted Billtrust's Business Payments Network (BPN) Invoicing, **automating invoice posting into third-party AP procure-to-pay portals** like Ariba and eliminating manual keying. To further enhance the customer experience and reduce days to pay, they launched Billtrust Collections, which automated outreach and increased account coverage on past-due payments.

RESULTS: FAST ROI AND REALLOCATED RESOURCES

Within a year, interchange fee savings alone covered Malin's investment in Billtrust's Invoicing and Payments solutions. Some of the other highlights?

- **91% of their customers** now receive electronic invoices.

- With BPN Invoicing, **just one employee** can manage all of their customers' AP portals.

- **50% of their AR team has been reallocated** to other strategic areas within the business.

- With Billtrust Cash Application, they saw a **75%, or six-hour reduction,** in their daily process.

- Through Billtrust Collections, Malin **reduced aging buckets** for customers 30 and 90 days past due by 74% and 78%, respectively, in under four years.

- The Malin team could easily pivot and **manage their order-to-cash operation remotely,** which proved imperative during the COVID-19 pandemic.

Case Study: WORLDPAC

WORLDPAC imports and distributes original equipment and quality aftermarket replacement automotive parts for the independent service professional, supporting customers with 100+ strategically located facilities across the USA.

WORLDPAC once relied on drivers to hand-deliver customer invoices with deliveries. But the amount of time it took to get paid was taking its toll. They wanted to provide customers with alternative options for receiving, viewing and paying invoices. Plus, their team lost time by manually processing payments made with single-use virtual credit cards. The WORLDPAC team **needed solutions to lower DSO** and **expedite company cash flow** while **providing customers with the flexibility** to pay how they wanted.

"BPN has been a huge timesaver, and with it, our customers are paying us faster. I even encouraged our sister company to use it as well. The payment portal has been very helpful."

SUSAN GRASS
VP CUSTOMER FIRST AND CREDIT
WORLDPAC

THE SOLUTION

WORLDPAC partnered with Billtrust for their automated invoicing and payments solutions, implementing a **customer portal so customers could view and pay their invoices on their own terms.** If customers wanted to receive invoices via mail, email, fax or their portal, Billtrust could make it happen.

WORLDPAC turned to Billtrust for additional support, including joining Billtrust's Business Payments Network (BPN) to **automate virtual card capture** and by letting customers use an **account summary screen** to easily pay on documents grouped together by aging buckets with a single click.

WORLD-CLASS RESULTS

WORLDPAC's customers now have flexibility in how they can view and pay their invoices:

- **49%** of their customers are receiving a form of electronic invoice.

- With the account summary screen, **27% of invoices are being paid digitally** – an **80% increase** in just three months.

- Their average DSO is now **only 27 days.**

- With BPN, automated payments through the network are made **3.5 days faster than other channels.**

- Thanks to Level 2 and 3 card processing data and large ticket interchange optimization via BPN, WORLDPAC **saves an average of $170,000 a year** in credit card processing fees.

- In the first half of 2020, **BPN automated over $16 million** in customer payments.
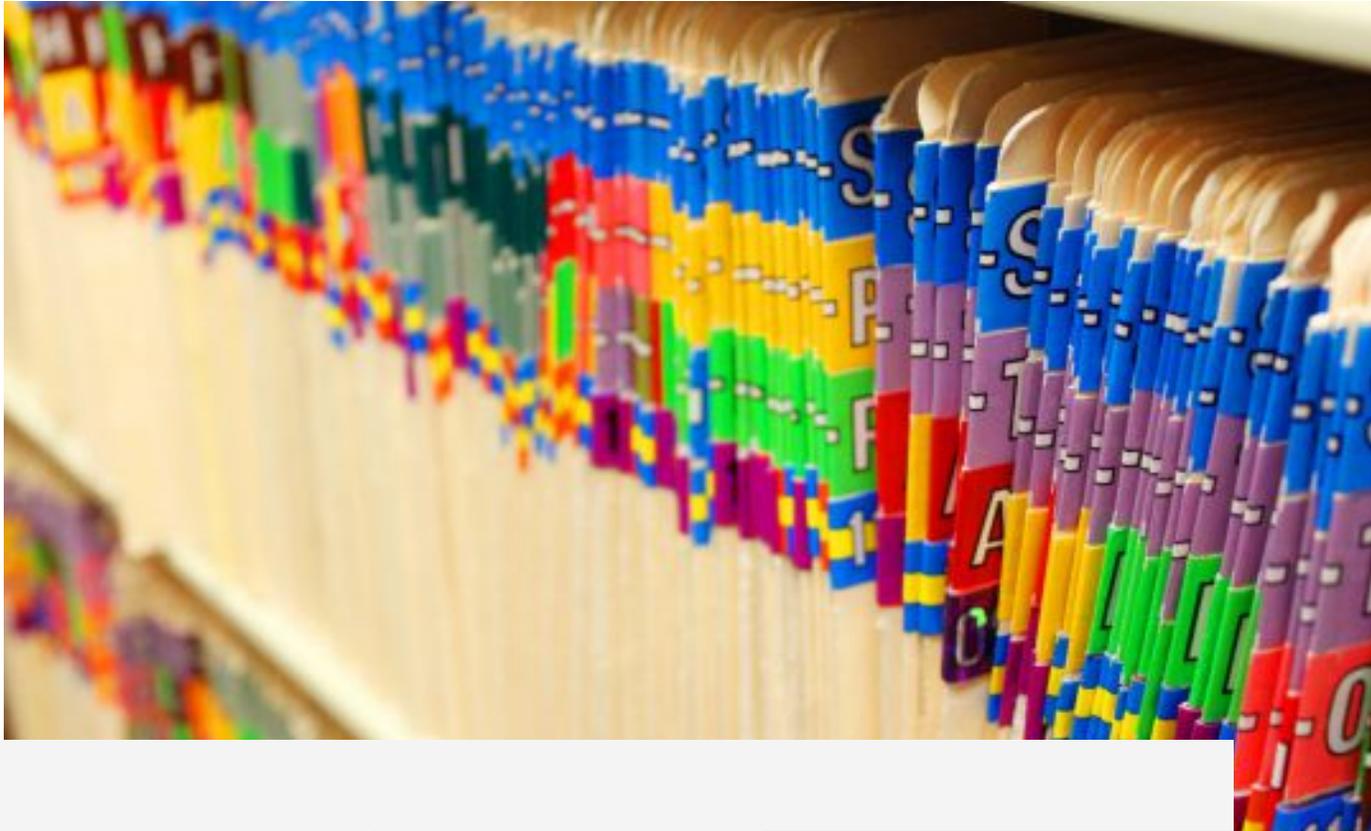
Case Study: SmileMakers

Founded in 1977, SmileMakers specializes in patient giveaways and practice promotion products for dental and medical markets. They are the leader in the creation and distribution of stickers, rewards and incentives featuring popular characters and children's themes.

With so many healthcare customers, they were **inundated with virtual credit card payments.** SmileMakers received over 5,000 single-use credit card payments in 2018 alone. With only one full time employee for customer billing and payments, several hours a day were lost to processing virtual card payments. These time pressures made it difficult to accommodate increasing customer requests to pay electronically with single-use credit cards.

"We like the security and speed of virtual card payments but we didn't have the manpower to process them quickly. Now with BPN, we can scale up easily without adding headcount. Cash application is more accurate and customers are happy."

**BROOKE VALENTINE
ACCOUNTING MANAGER
SMILEMAKERS**

THE SOLUTION

SmileMakers turned to Billtrust's Business Payments Network (BPN) and its virtual card capture technology to address their current challenges.

SMILE-WORTHY RESULTS

In just the first twelve months after going live on BPN, SmileMakers saw dramatic improvements:

- They increased the number of customer credit card payments they were able to process, **automating approximately 8,500 payments,** constituting $3.8M.

- With BPN's virtual card capture technology, their accounting team **saves over 45 minutes of manual labor a day,** which freed up 200 hours in the first year.

- Since they now have **a scalable solution,** SmileMakers is actually encouraging customers to pay with virtual credit cards.

Conclusions and recommendations

The simple fact is the B2B payments landscape is irrevocably changing and doing so at an accelerated pace. Companies that adapt to these changes by finding smarter, more efficient and seamless ways of invoicing their customers and obtaining payment will succeed.

Those that stay stuck in past practices? They'll find themselves at a serious – possibly even *fatal* – disadvantage.

To address this shifting payments paradigm and "get unstuck," companies and AR teams should:

- **Internally acknowledge** whether their payment processes are stuck in antiquated and inefficient modes and practices.

- **Audit their processes and current tools** to identify specific bottlenecks and inefficiencies.

- **Consider their business goals and their customer expectations** to understand what level of performance they'll need to achieve from their AR operations both today and in the future.

- **Investigate the available solutions** for modernizing and digitizing their AR operations, with a focus on adopting one that helps them address the burgeoning ubiquity of AP portals and their varying requirements.

- **Partner with a world-class B2B payments network** that provides access to seamless transactions with more than 175 issuers around the world.

- **Include their stakeholders** by communicating updates, providing training and sharing results.

About Billtrust

Billtrust (NASDAQ: BTRS) is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections. For more information, visit Billtrust.com.

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