Power your next move

Make progress through a changing B2B payments landscape

The payment part is just the start

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The evolution of B2B payments

Finance teams are up against it – facing everything from supply chain disruption and changing customer expectations to rising costs and inefficient legacy systems

Thanks to the rapid evolution of B2B payment technology, finance leaders can rise to the challenge, reduce costs and drive growth with new powerful tools.

In this guide, we consider the route towards more flexible, secure payments. We explore the technology available to help create seamless customer payment journeys and look at how businesses can take control of their payment choices.

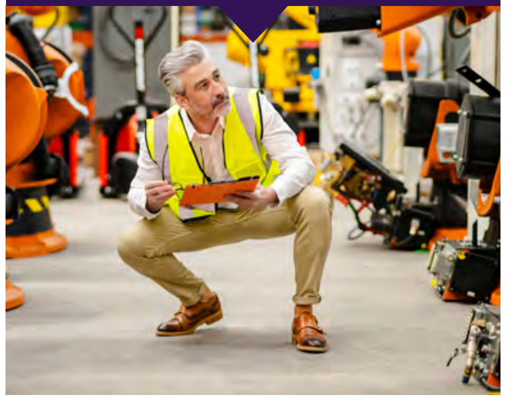
B2B payments have never offered such transformative potential. Automation and in-depth data analytics are paving the way for greater payments optimisation, smarter payment strategies are contributing to more robust supply chains and virtual cards are helping improve working capital.

Businesses willing to adopt a smarter, more agile approach to their payment strategy will reap the rewards: greater efficiency and resilience, smarter decision-making and empowered teams.

Read on to discover the future of payments technology

Tomorrow's world today

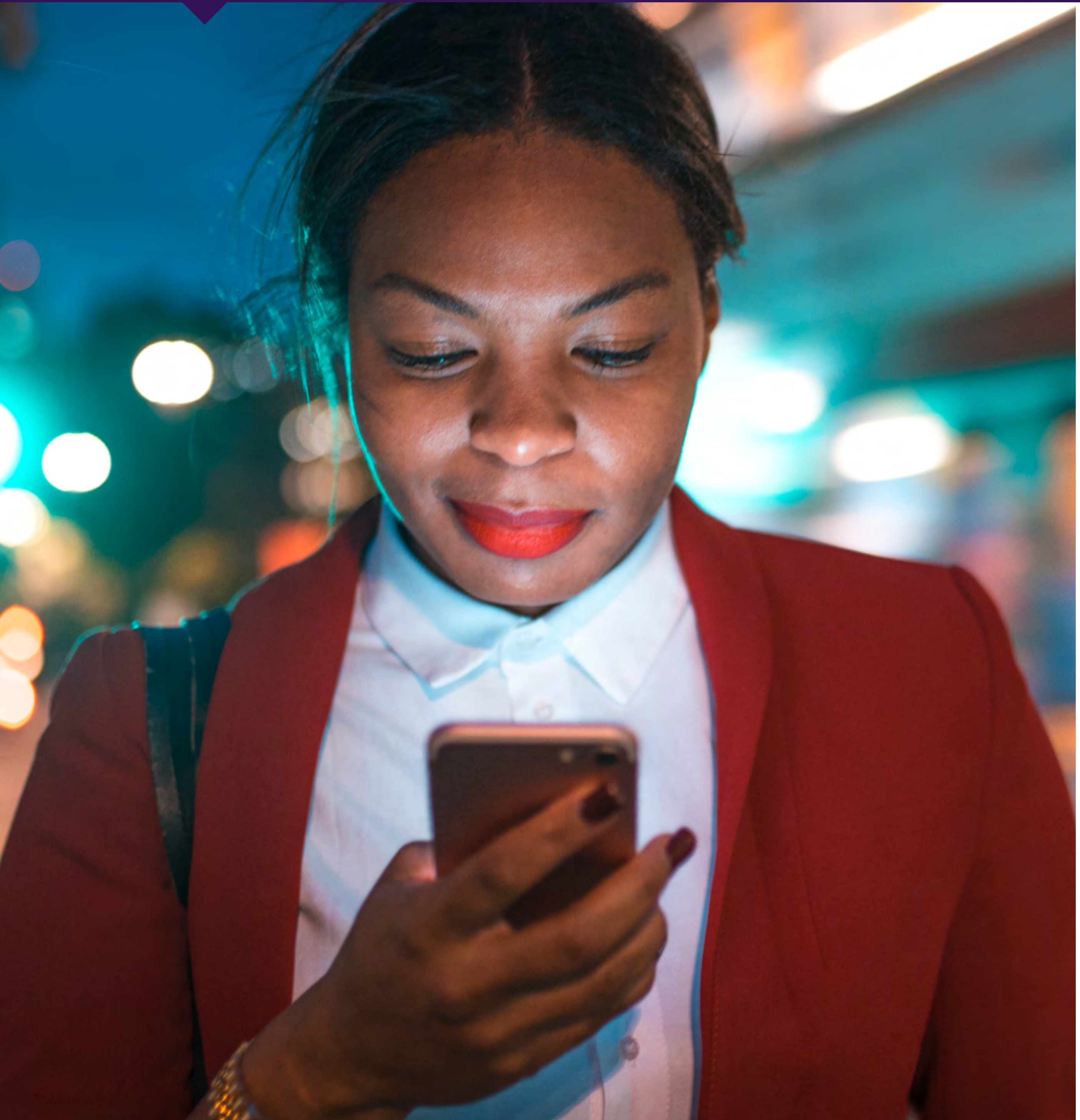
Think faster, act smarter



Unlocking a world of payments possibility

Fast and frictionless: How B2B can act more like B2C

Take B2B payments from transactional to transformational



Tomorrow's world today

CFOs have rarely faced a more challenging operating environment. But they're ready to embrace B2B payments innovation, form new partnerships and make the most of new opportunities

The challenges – what does the data say?

Rising operating costs

98% of CFOs anticipate a rise in operating costs and 46% expect those rises to be significant[1]

Supply chain disruption

31% of CFOs experienced significant or severe levels of supply chain disruption between Q3 2021 and Q1 2022[1]

Lack of skilled workers

One in four anticipate significant or severe labour shortages into 2023[1]

[1]The Deloitte CFO Survey, Q1 2022.

For most organisations, developing streamlined payments structures and a strong, diverse single provider is the gold standard. But not every business has achieved that.

In the era of Finance 4.0, payments solutions are evolving rapidly, providing finance teams with the tools they need to not just survive, but thrive.

The possible solutions

- Automation to improve efficiency and optimise cashflow
- Embedded analytics to improve transparency across B2B payments and allow for real-time decision making
- A consolidation and simplification of data and payment methods

Some of the technology already exists, but we'll see major strides over the next five years that could further transform finance teams.

So, how are consumer expectations and behaviours changing, what do we think this means for the long-term future of payments, and how could this change the work of finance departments over the coming years?

How are payments changing?

- B2B companies now expect omnichannel: 94% feel new omnichannel sales models are as effective or more effective compared to sales models used before the pandemic[2]
- Companies will pay more for a payments solution if they understand the benefits and added value it offers[3]
- eCommerce is now considered a more effective sales channel than face-to-face: 65% v 53%[2]
- B2B decision-makers will spend more on eCommerce channels: 35% are willing to spend over $500k in a single transaction; 77% are willing to spend over $50k[2]

CFOs' challenges are driving greater payment flexibility

£3.2tn
is the expected annual spend on virtual cards by 2026, up from **£787bn** today[4]

£15.7tn
of instant payments are expected annually by 2026, growing from **£2.6tn** in 2021[4]

[2]McKinsey & Company, B2B sales: Omnichannel everywhere, every time, December 2021.
[3]Barclaycard Research, Truth Closeness – Understanding Multinational Acquiring Needs, September 2022.
[4]Juniper Research, B2B Payments Market Report: Size, Trends, Forecasts 2021-26.

What does this mean for the evolution of payments technology?

We're entering a period of rapid digitalisation (aka Finance 4.0):

82% of CFOs say that their investments in digital are accelerating[5]

But where do we expect them to invest? 64% of CFOs believe autonomous finance can become a reality within the next six years.[6]

Longer-term, we could see finance teams moving beyond automation to things like self-learning and self-correction:

- Machine learning to improve cash and investment forecasting (currently used by 21% of finance teams)[6]
- Prescriptive analytics to improve decision-making (19%)[6]
- Natural language processing to better understand and predict future trends (12%)[6]
- Blockchain to improve control, increase efficiency and support auditing (8%)[6]

Payments solutions need to be futureproof and keep up with new trends. Providers need to be reputable, reliable and responsive.[7]

What could this mean for finance teams?

Finance teams will become more efficient, but could also fundamentally change from being a team whose primary function is number crunching, to one that can deliver real strategic insight to counter the challenges facing business. Why?

1.5x increase in above-average growth expected by companies actively using analytics in marketing and sales[8]

15-25% increase in EBITDA by companies creating above-market growth by using data-driven B2B sales-growth engines[8]

Where does the data come from? You guessed it: finance teams powered by smart payments solutions.

But the payments evolution reaches beyond the finance team alone. Payment strategy optimisation can benefit the business as a whole, leading to holistic operational business success.

The future of B2B payments poses a vast opportunity, but the ecosystem remains fragmented and complex. The next step in the evolution is an expansion of integrations.

The future of payments technology is coming: get ready.

[5]Gartner, These Are the Top CFO Priorities for 2022, January 2022. [6]Gartner, Achieve Autonomous Finance With 3 CFO Mindset Shifts.
[7]Barclaycard Research, Truth Closeness – Understanding Multinational Acquiring Needs, September 2022. [8]McKinsey & Company: How to be a B2B outperformer, 2022.

Think faster, act smarter

Manual payments aren't good for business. Or people. The rise of remote and hybrid working has cemented that fact and prompted organisations to take a more agile approach to their payment strategy

Linda Weston,
Head of Core Product,
Barclaycard Payments

> **"Digitisation is here to help. Any business reluctant to change their payable and receivable practices risk being left behind. They'll miss out on faster payments, smarter decision-making, and stronger client and supplier relationships."**

With automated payments increasingly critical to business success, limited budgets and legacy systems don't have to stand in the way of change. After all, anything that has the potential to transform a business's financial performance has to be worth the effort. Daunting? Yes. Impossible? Absolutely not.

Making the case for automation

Now might not feel like the best time to embrace automation, but with the right tools, organisations have a great opportunity to become more resilient.

And resilience is key right now. According to ONS data,[9] inflation and energy prices remain the top two concerns for businesses, while 18% are experiencing global supply chain disruption. With this in mind, any investment is going to need a heavy-duty business case and a clear, measurable ROI.

Automate, optimise, integrate, repeat

If your business is still manually paying vendors, it's time to act smart. By centralising data, you save time, increase productivity and create a payment HQ whether you're at home, in the office or on the move.

Automation is about making the payment journey as frictionless as possible. Simply by processing an invoice, a payment is made and the sales ledger is reconciled.

[9]Business insights and impact on the UK economy, Office for National Statistics, October 2022.

The benefits are clear:

Empowered teams with more time
By limiting time-consuming tasks, such as keying in data and matching invoices to purchase orders, finance professionals have more time to become authoritative, strategic voices within the organisation.

Greater efficiencies
Payments solutions remove the need to manually input information and can be integrated into existing ERP or Procure to Pay systems. As a result, processes are streamlined.

Meaningful insights
Automation gives you access to accurate data and meaningful insights, which in turn leads to smarter decision-making. For example, real-time data can provide greater transparency of productivity, performance and contract fulfilment across the supply chain.

A more robust supply chain
Strong analytics help to identify the greatest risks in your supply chain. By capturing when money actually leaves the business, they also help you make payments place quickly and reliably - while optimising your balance sheets. This could improve the buyer-supplier relationships, and protect your reputation.

Revenue generation
Process efficiency and optimisation free up your people. Employees can then be redeployed for revenue generation and value-added strategic conversations.

Four steps to a more agile payments strategy

By optimising payments processes, businesses are able to respond strategically, quickly and flexibly – benefiting both the business and its suppliers.

Businesses can move to a more agile payments strategy by following these four steps:

Step 1	Define your objectives. What are you trying to achieve with your payments strategy?
Step 2	Next, turn your attention to the technical architecture of the systems required to meet your goals.
Step 3	Ensure clear integration between your payment gateway and payment processor to achieve streamlined payment processing.
Step 4	Find the right payment partner to support you. With an experienced solutions provider by your side, your business can achieve a seamless payment experience and value-added benefits.

Innovative solutions that automate payments can help solve the challenges businesses are facing today. From meeting customer needs to getting to grips with regulation, automated payments can be transformational – not just transactional.

> **“Businesses can fall into the trap of paying all their supplier invoices using one payment method at full invoice terms. Pairing supplier invoices with the most appropriate payment method can drive cost savings for the business as well as helping increase the supplier's cashflow.”**

Linda Weston, Head of Core Product,
Barclaycard Payments

Unlocking a world of payments possibility

Supply chain disruption, increased costs and inflation are all front of mind for businesses right now. Fortunately, the solution could already be close at hand. In-depth data analytics can give companies a better understanding of everything from how suppliers like to be paid to how payments can be structured to best protect working capital

Turning existing data into a smarter payments strategy

We spoke to **Rob Tuckwell**, Director of Partnerships and B2B at Barclaycard Payments about smarter payments strategies. He revealed that they could be the answer to some of businesses' biggest supply chain challenges right now.

Why do businesses need to get smarter with their payments?

You only have to look at the macro economy to see why. Interest rates are rising. Inflation is at record levels. Disruption to global supply chains is rife. Fortunately, an optimised payment strategy can help businesses navigate some of that disruption and ultimately drive down costs – for them and their suppliers.

What's the starting point for optimised payments?

In a word, data. It gives a business the foundation it needs to better understand the buyer-supplier dynamic. By getting to grips with things such as invoice numbers, total spend, category of spend and working capital cycles, businesses can start to unlock the potential of payments.

> "Businesses are sitting on a huge wealth of useful data."

Rob Tuckwell, Director of Partnerships and B2B at Barclaycard Payments

How can Barclaycard Payments help businesses use that data?

Most businesses are sitting on a huge wealth of potentially useful data, but they need to turn it into meaningful insights. Barclaycard Payments can help give them the bigger picture of their supply chain by delivering:

1. **Accounts payable (AP) data and third-party information:** AP data helps us understand the buyer-supplier dynamic. We supplement that data with third-party information (e.g. working capital cycles, suppliers' profitability and the role a buyer plays in that relationship).
2. **Recommendations:** based on these insights, we can then make recommendations on how to optimise payments and offer value across departments. For example:

Treasury
Insight into how suppliers and buyers are working together to help boost cashflow

Procurement
Category management of suppliers to help strengthen relationships

Accounts payable
Invoicing optimisation to help ensure a frictionless process

How can data analytics help a business understand its supplier payment profile?

To develop a smarter payments strategy you need to understand your suppliers. Data analytics allows you to understand the transactional volume and value of payments from each supplier, which in turn allows for smart segmentation. Suppliers tend to fall into one of three categories:

Strategic
Generally high-value transactions

Regular
Characterised by the number of transactions occurring between buyer and supplier

Ad hoc
More sporadic, one-off transactions

Each of these groups has very different characteristics, and each presents very different challenges. A one-size-fits-all strategy won't do.

How else does data analytics help businesses?

Data can also help businesses figure out how important they are to suppliers. You might be a large corporate that represents 50% of a supplier's business, or you could be one of many businesses buying from a supplier.

Either way, understanding the strength of that relationship is crucial when negotiating.

The goal – especially for large corporates – is to become the buyer of choice. Paying suppliers on time is essential for fostering and maintaining closer relationships. It also mitigates against risk in the supply chain by reducing unnecessary pressure on suppliers.

Why are supplier payments and timings so important?

Getting supplier payments and timings right is crucial. UK regulation states that corporate suppliers must be paid within 60 days and SMEs within 30 days. If you don't know which supplier you're paying when, you risk non-compliance.

Of course, buyers and suppliers have different ideas when it comes to payments. Buyers want to extend terms as long as possible. Suppliers want to be paid as early as possible. Understanding that dynamic and optimising when you make payments can lead to better relationships with crucial businesses across your supply chain.

Every business needs a smart payments strategy; it makes good business sense on so many levels. A more streamlined process makes you more efficient, saving time and money. It helps solidify stronger buyer-supplier relationships, and it can deliver improved working capital for both buyer and supplier.

> "Paying suppliers on time is essential for fostering and maintaining closer relationships."

Rob Tuckwell, Director of Partnerships and B2B at Barclaycard Payments

Fast and frictionless: How B2B can act more like B2C

B2B payments are a world away from B2C. Where B2C offers remarkable simplicity, B2B all too often comes with lengthy processes. But there's also common ground. **Rob Tuckwell**, Director of Partnerships and B2B, Barclaycard Payments explains what the world of B2B payments has learned from its consumer cousin

When it comes to payments, a customer's a customer. Whether buying for yourself or on behalf of a business, everyone wants an efficient payment process. And if it's fast, flexible and frictionless, even better.

To keep pace with customer expectations, B2B payments are having to evolve fast. Already accelerated by the pandemic, digital and automated B2B payments are predicted to have a global market value of £1.36tn by 2028.[10] Meanwhile, research by Gartner suggests 80% of B2B payments will be digital by 2025.

Thanks to the era of Finance 4.0, businesses are enjoying the benefits of greater payment flexibility and security. However, B2B payment processes are not without their challenges.

Payment ecosystems: B2B vs. B2C

It used to be that businesses led the way and consumer behaviour followed. Today it's the opposite, with B2B payments having to keep up with B2C.

On one hand there's B2C, where paying with a credit card is delightfully simple. A business can simply take orders from customers, safe in the knowledge that the necessary due diligence checks have been carried out on their behalf.

On the other hand, you've got some forms of B2B payments. Involving budget holders, PO numbers, cost centre codes, goods receipt notes, invoices and more, the process can be lengthy. From three-way matches (between PO number, goods receipt and invoice) to processing expenses, businesses end up juggling demands around budgeting, forecasting and compliance. And all this before an invoice can even be generated. That's a lot of friction to overcome.

Bridging the payments process gap

However, while the language around B2B and B2C payments might sound poles apart, there is some common ground.

For instance, a rebate in B2B terms is simply what the world of retail calls cashback (aka incentivising customers to make a payment on a card).

A business's working capital is virtually the same as a consumer's interest-free credit period. And, arguably, B2B net payment terms are simply what the consumer world now refers to as Buy Now, Pay Later (BNPL).

Another similarity is people. The individuals who are making purchases in their everyday lives are also making transactions in the workplace. This is perhaps most keenly seen among the digital generation.

As millennials are promoted into leadership roles, they want intuitive systems and transactions that mirror their own customer journeys.

[10]Global News Wire, 2022.

Benefits of B2B card payments

Thankfully, innovation in the B2B payment landscape is giving buyers and suppliers the convenience and confidence they have come to expect. Leading the charge are B2B card transactions.

With due diligence checks (e.g. Know Your Customer and credit assessments) on corporate buyers taken care of, B2B suppliers can accept orders knowing they'll receive the money in a fast and frictionless way. Due diligence is also carried out on companies wanting to accept payment by card, going further than many of the checks buyers complete on their suppliers.

The detail and consistency of these processes ensures the integrity of the network and gives corporate buyers the confidence to use their cards for both one-off and more regular payments.

> "The language around B2B and B2C payments might sound poles apart, there is some common ground."

Rob Tuckwell, Director of Partnerships and B2B at Barclaycard Payments

B2C payments trends benefitting B2B

Here are some of the ways in which B2B payments are taking B2C trends and making them their own.

Virtual cards

Like traditional company cards, but better. Generated out of Procure to Pay (P2P) systems, virtual cards help improve working capital, protect the supply chain, reduce risk, increase rebates and boost payment agility. Generated on demand, they are fast, efficient and flexible.

Straight-through processing

Seen by many as the future of regular spend (which can involve millions of invoices), straight-through processing (STP) avoids the need for human intervention. An order comes in on a virtual card, the card is automatically charged and the money finds its way into the supplier's bank account. STP helps simplify reconciliation, protect working capital and offer more control of cashflow.

Mastercard Track

By streamlining connectivity across the B2B ecosystem, Barclaycard Precisionpay with Mastercard Track creates optimised, efficient, enhanced payments. Benefits for buyers include improved working capital, stronger relationships with suppliers and increased security, while suppliers benefit from improved cashflow, greater efficiencies and saved resources.

Ready to revamp your payment strategy?

Here's how your business can unlock untapped value through B2B card payments:

Earlier settlement

Payment is prompt, reducing your Days Sales Outstanding (DSO) without impacting your cashflow.

Process efficiency

Compared to traditional bank rails (e.g. BACS or Faster Payment), you're in control. Ad hoc payments and reconciliation are simplified.

Manage risk

Added protection means you shouldn't be left out of pocket, while visibility of spend helps minimise fraud.

Key differentiator

Card acceptance can be used to stand out from the crowd, drive additional wallet share and boost business development.

Take B2B payments from transactional to transformational

Linda Weston, Head of Core Product, Barclaycard Payments, talks to **Chad Wallace**, Executive Vice President of B2B Solutions at Mastercard, about the future of the B2B payments landscape, how automation can drive your business forward and the importance of managing supplier relationships

Hot topics for payments

In a world where money moves fast and supply chains are pressured, Linda and Chad acknowledge the challenges faced by businesses today. Crucially, they explore how corporates can find ways to react in real time to ever-changing buyer and supplier expectations.

The conversation covers opportunities available for corporate businesses: from automation and unlocking working capital to recreating the B2C experience. And, as they dig deeper into the payments landscape, they share learnings on the changing relationships between buyers and suppliers, and how to best manage those relationships.

The key to success?

According to Chad, it's a willingness to meet in the middle. This means more interaction between buyers and suppliers, greater collaboration, better negotiation and stronger partnerships.

If you want to get more value from your B2B payments, watch the full interview to discover how a connected, automated payment solution can benefit buyers and suppliers, and open a world of possibilities.

Ready to make your next move?

Call us on 0808 231 4754, Monday to Friday, 9am-5pm,
or request a call back from our B2B payments specialists **here**

Find out more at barclaycard.co.uk/b2b-payments