WHITE PAPER

A/R's Role in Creating a Better Purchasing Experience

Best Practices for Exceeding B2B Buyer Demands and Increasing EBITDA

Can Your A/R Team Keep Pace With Customer Expectations?

By function, accounts receivable (A/R) teams maintain the systems and processes that keep cash flowing into the organization. No matter the economic circumstances, A/R teams must rise to the occasion to support the growth and stability of their businesses.

The Challenge

Technology has fundamentally transformed the purchasing and payment process. As a result, B2B buyer expectations are shifting and accelerating amid unprecedented business disruption. A/R teams need to be savvy to adjust. Increasingly, their customers are seeking a B2C-like payment experience for B2B purchases — something closer to the "one-click" experience of Amazon but with the flexible invoicing terms and more hands-on customer experience provided by A/R teams. And as more advanced ways to pay enter major marketplaces and your competitors' sales channels, there is ample opportunity to make your A/R payment and customer experience better.

When A/R teams aren't equipped to meet buyer demands, the impact on the business can be extreme. You risk dissatisfied customers, abandoned carts, resource heavy collection efforts and diminished customer loyalty.

And like most business challenges, the source of these struggles can be hard to identify and intimidating to fix. In many cases, A/R departments and organizational leadership are unaware that technology solutions and better strategies exist to address these issues. But when these technology solutions are vetted and implemented correctly, the positive impact on revenue and efficiency is significant.

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The Opportunity

A/R is ready for a transformation. As you turn over every stone to gain more share of your customers' wallet, are you where you need to be? Are your digital payment imperatives aligned with the purchasing experience customers are demanding? Are you able to provide the necessary flexibility across all of your purchasing channels, especially the digital channels receiving increased sales? Have you considered the opportunities left on the table when your A/R team does not provide the payment experience buyers now expect?

Investing in tools that automate certain A/R functions is a double-edged opportunity for business leaders. First, strategic A/R automation helps teams focus on high-level service and processes, instead of administrative tasks or manual processes, such as onboarding, billing, reconciliation, dispute management and collections. Second, A/R automation improves the customer service experience, leading to a larger share of wallet, more loyal clients and the reduction of non-payment risk.

Investing in better processes and technology helps A/R teams better fulfill their business function within their respective organizations — increasing earnings before interest, taxes, depreciation and amortization (EBITDA) by ensuring cash flow is more efficient and reliable. This gives the A/R department a bigger seat at the table, while making a greater impact on the organization's goals and becoming a stronger steward of cash flow through improved tools.

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The Path Forward

In this guide, we've compiled data from our surveys of B2B buyer expectations[1] and the experience of modern A/R managers[2] to show where opportunities for improvement and positive impact on EBITDA exist. This aggregation of best practices and strategies is being used by leading-edge A/R departments to improve their customer experience and capture more revenue.

The A/R department of the future drives positive EBITDA and provides impeccable purchasing through better technology and streamlined processes.

Are your A/R teams ready to meet this new reality?

[1] B2B Buyers Want Net30 Terms at Online Checkout   [2] Improve Working Capital Management with Back-Office A/R Automation

A/R Teams Are Not Equipped to Meet Customer Demand

Behind the scenes, A/R departments are struggling with manual processes and legacy technology, making it difficult to manage an increasingly advanced payment process. This clashes with the buyer's expectation of flexibility, immediacy and support during the purchasing process.

The Disconnect Between Buyer Demand and A/R's Capabilities

What B2B Buyers Want[3]

Where Changes are Needed in A/R[4]

Credit

A better payment instrument

50%

50% of all B2B buyers prefer a payment method other than credit card when purchasing for their company, such as an invoice with terms.

Underwriting and credit assessment is the top pain point for A/R teams

27%

27% of A/R teams still screen and extend credit with in-house teams, leaving the customer with limited payment options.

Omni-channel

An omni-channel experience

98%

98% of buyers believe it's important to have the same purchasing experience across all channels (in-store, salesperson, online/app).

A/R departments lag in their payment offerings

40%

40% of A/R managers indicate their top priority is making this experience consistent across all channels.

Payment terms

Flexible terms

82%

82% of buyers would choose one vendor over another if that vendor offered invoicing at checkout with 30-, 60- or 90-day terms.

A/R departments aren't set up to offer the flexibility of payment terms

94%

94% of A/R managers say working capital is a consideration when extending credit.

Automation

A B2C-like experience

57%

57% of buyers have not completed a purchase for their company because the checkout or buying process took too long.

[3]B2B buyers report

A/R departments are still doing many functions manually

52%

52% of A/R departments take 4-5 business days to onboard new customers. Only 2% said they onboard in one day or less.

[4]A/R managers report

# The Business Impacts of a Disconnected Purchasing Experience

The disconnect between buyer expectations and the A/R department's capabilities can drive away potential customers and lead existing customers astray.

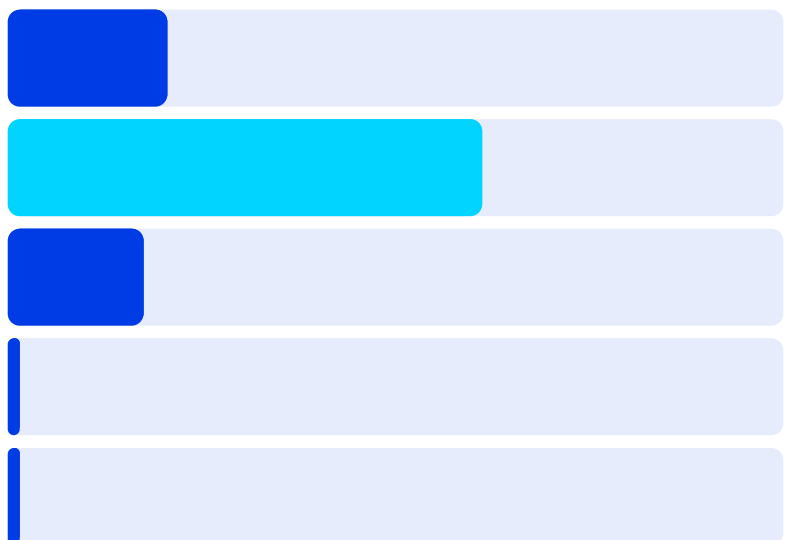## Business days it takes to onboard a new customer when providing net terms

Days to Onboard

2% 1 day or less

43% 2-3 days

52% 4-5 days

4% 6+ days

How often sales teams are involved with A/R tasks
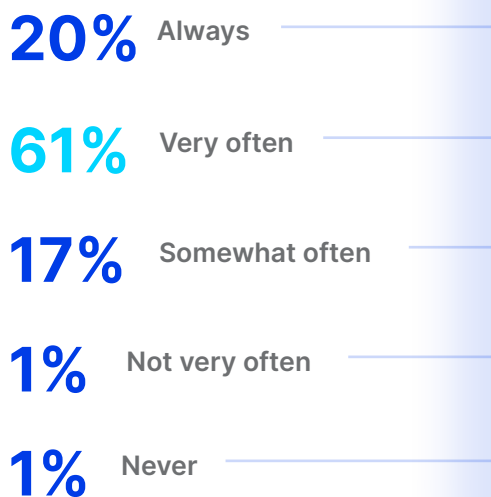
Sales team involvement

☑ Onboarding   ☑ Collections

☑ Disputes   ☑ Credit limit increases

20% Always

61% Very often

17% Somewhat often

1% Not very often

1% Never

Common Lapses in Customer Experience Have Real Consequences

Longer onboarding time

A/R teams that still spend days onboarding new customers are falling behind. Buyers want their experience to mimic "one-click" ordering and don't want to wait days to confirm their purchase. A/R departments with high onboarding times lose business to competitors who can accommodate immediate purchases.

Heavy sales involvement

Sales teams are too involved in some organizations' A/R processes. Most directly, having to help onboard, approve credit increases, settle disputes and aid in collections for customers is a hindrance to sales teams' day-to-day duties. This also indicates a strain on A/R resources and indicates that sales teams can't fully recover their customer service responsibilities.

Burdensome collection efforts

A/R team resources are greatly stretched by collections efforts, taking away time they could be using to improve customer experience. Plus, they shoulder the stress of collections efforts failing and reducing expected cash flow.

Number of team members who work on collections each week

2%
1 employee

18%
2-5 employees

51%
6-10 employees

25%
11-20 employees

3%
> 20 employees

How Better Customer Experience Helps Increase EBITDA

A/R teams should not see these challenges as a hindrance, but an opportunity for lasting growth and improvement. Through more strategic approaches, practices and tools, A/R teams can:

Decrease manual work

Automating processes such as onboarding, collections and credit assessments can give A/R teams time back to provide their most valuable accounts "white glove" service. With their biggest customers well taken care of, automation can help scale an A/R team's efforts and provide improved customer service for all accounts. It's also important to note these improvements most always augment — not reduce — the responsibility of A/R team members.

EBITDA impact

Automating or outsourcing resource heavy tasks like collections or onboarding frees up capital and makes these tasks more efficient. Quicker onboarding, for example, means customers can start making purchases faster and more new customers can get started at once. Streamlining this manual work puts A/R in the best position to get paid on time.

Soft benefits

Whether it's collections, onboarding or invoicing, reducing manual processes for A/R teams by automating parts of the customer experience can improve morale and productivity in the A/R function. A/R teams with more time and better tools can spend their time helping support the biggest and most high-touch customer purchases.

Create more loyal customers

Customers who can choose their payment terms and have a seamless buying experience are more likely to buy again, and to recommend you to others. With ever-increasing places to buy, customers are more loyal to experience than ever.

EBITDA impact

A customer base with a reliable cadence of purchases is a major driver of cash flow. Happy customers keep spending, and growing this loyal pool helps create a larger percentage of regular payments. This kind of financial security is particularly valuable during economic downturns and periods of uncertainty.

Soft benefits

Loyal customers can become your biggest brand advocates. A/R teams create enormous word-of-mouth value when they support loyal customers — a favorable recommendation to a peer can help you establish yourself as a leader in that an industry or vertical.

Reduce risk of non-payment and fraud

Organizations can offload collections efforts and creditworthiness evaluations, significantly freeing them to do other tasks.

EBITDA impact

Improving the credit assessment process, fraud detection and collection success ensures all expected income is realized. Additionally, with strategies that outsource credit and underwriting alleviates the risk of non-payment altogether, as a partner assumes the risk.

Soft benefits

With a trusted third party managing the onboarding and supporting collections, A/R teams significantly reduce the potential for fraud. A smart partner takes significant stress off the A/R team, who no longer has to consider these risks to EBITDA as their purview.

Increase share-of-wallet

With features that allow segmented and personalized shopping experiences, buying managers at large organizations can feel confident their teams are buying within budget and authority.

EBITDA impact

Segmented and personalized shopping experiences allow large organizations to buy from you with confidence. With purchase controls like these, customers are likely to keep all their shopping in one place, increasing your overall share of their business and improving cash flow. This also helps reduce chargebacks by ensuring all transactions are approved and being made by the appropriate people.

Soft benefits

When more buyers within an organization are able to make purchases, it gives A/R teams additional opportunities to segment and personalize the buying experience. Departments within large customer organizations can be given their own storefront to shop from, which changes with the season or in response to historic business needs.

Decrease settlement times and reliance on credit cards

Organizations that create settlement windows of 48 hours or less without the risk of credit cards improve the experience for all parties.

EBITDA impact

While credit cards can help sellers get paid faster, their high transaction fees and the potential for chargebacks threatens EBITDA. Reducing the reliance on credit cards and using other methods to get paid on a similar timeline is a better way to improve EBITDA.

Soft benefits

Offering alternatives to traditional credit cards means customers can avoid tying up available credit for common purchases. Additionally, it takes the burden of coding and sorting expenses off of the buyer's side, creating a seamless and less time-consuming process.

Evolved Customer Experience Through A/R

Best Practices in Action

A/R departments have ample opportunity to improve the customer experience and buying process. In turn, they can help plateaued sales figures rise and, with the right solution, can even reduce the risk of non-payment and bad debt. The following industry use cases demonstrate how automation and customer experience improvements through modern payment technology services — like those offered by TreviPay — have unlocked real benefits for customers.

Payment Solutions for Retailers

Challenge

B2C retailers often struggle to replicate the consumer customer service and payment experience in their B2B accounts. In many cases, these retailers use traditional banks to secure the required capital to extend terms to commercial customers, putting the burden of crediting decisions, onboarding and invoicing on internal A/R teams. Additionally, today's B2B buyers are increasingly looking for terms-based payments across channels, purchase controls and SKU-level invoicing that is difficult for retailers to provide regularly and consistently without better tools and processes.

"**Today's B2B buyers are increasingly looking for terms-based payments across channels,** purchase controls and SKU-level invoicing that is difficult for retailers to provide."

Solution

TreviPay provides retailer a white-label solution to help scale B2B payments to more customers across channels. Through their solution, retailers provide Net 30 payment terms and full service support of underwriting, collections, billing and payments programs with the following features:

- **Automated fraud detection:**
  Helps eliminate fraudulent orders and payment information.

- **Automated credit decisions:**
  Speeds time to purchase.

- **Back-office support:**
  Automates and augments many manual processes that help smaller A/R teams focus on higher-level tasks.

- **Collections:**
  A particularly useful feature with a dispersed network, where smaller businesses and third-party vendors can be more difficult to track down.

- **Invoicing in a variety of formats, including EDI, XML and cXML:**
  Invoicing can be provided in several familiar formats depending on customer needs.

Soft benefits

- **Customers onboarded in seconds:**
  The burden of onboarding is taken off A/R teams, and customers can begin purchasing almost immediately.

- **Decreased manual work for A/R and sales:**
  Collections, creditworthiness decisions and invoicing are no longer under A/R's purview, allowing them to focus on higher-level tasks.

- **Enhanced customer loyalty:**
  Customized eCommerce portals and familiar net purchasing terms provide a B2B-like experience for buyers.

- **Growth in new markets and verticals:**
  With significantly improved customer experience and an A/R team unburdened by manual tasks, sales teams no longer need to assist in A/R tasks and can spend more time pursuing larger, more valuable accounts.

- **Reduced operational costs:**
  With many operations streamlined by a trusted vendor, many retailers' existing A/R teams can handle significantly more customer-related tasks without having to expand the team proportionately.

EBITDA IMPACT

Growth in stalled revenue for online B2B sales and elimination of non-payment risk

Payment Solutions for Manufacturers

Challenge

Manufacturers know their products inside and out, and take pride in delivering a quality product to the customer. However, in the B2B market, products are often sold in a distributed network of third-party sellers or servicers, and manufacturers have no bridge that can connect all parties and make payment settlements seamless for the end customer. Further, as more manufacturers pursue direct-to-consumer strategies, they are unable to scale A/R processes from hundreds of business accounts to thousands of potential relationships with consumers. Without improvement, manufacturers often find themselves unable to pursue larger and more globally distributed clients and see growth hindered as a result.

> "As more manufacturers pursue direct-to-consumer strategies, **they are unable to scale A/R processes.**"

Solution

A fully automated turnkey payment and credit management solution via TreviPay can replace the largely manual processes that keep manufacturers competing for larger accounts. Features included:

- **Eligibility management:**
  Credit decisions are made immediately using an automated process.

- **Purchase controls:**
  Allows customers to create custom segments of buyers within their organization to ensure compliance, budget adherence and only approved items are being purchased.

- **Outsourced A/R:**
  Brings the manual and tedious elements of A/R outside the organization, so existing staff can focus on providing excellent customer service to their biggest accounts.

- **Consolidated invoicing:**
  Can batch multiple orders to eliminate confusion and help encourage on-time payment, especially important in manufacturing where order size and frequency can vary significantly.

- **Full reporting capabilities:**
  Eliminates manual work for both sales and A/R teams.

Soft benefits

- **Digital account management:**
  Can easily organize and track tens of thousands of accounts simultaneously.

- **Advanced reimbursement and vouchers:**
  Manufacturers can create digital vouchers and customer datasets that allow third-party retailers to reimburse the correct parties automatically and on time.

- **Omni-channel sales support:**
  Customers have a similar experience when making purchases
  no matter the device or method of purchase.

- **24/7/365 customer support:**
  Allows traditionally small manufacturing A/R teams to scale superior customer service.

EBITDA IMPACT

Annual savings with more efficient processes

Payment Solutions for the Marketplace

Challenge

Marketplace operators have made many improvements for sellers over the past decade, but many still struggle to offer a truly seamless experience between the buyer and the seller. Marketplace buyers desire a one-stop shopping experience for all their business purchasing. They expect flexible terms, invoicing and dynamic purchase controls that many marketplaces struggle to offer with their current payment workflows and technology. What's more, buyers expect these experiences to be available cross-platform, which has not traditionally been a simple task.

"Marketplace buyers expect flexible terms, invoicing and dynamic purchase controls **that many marketplaces struggle to offer.**"

Solution

TreviPay offers a turnkey solution that works within all major B2B marketplaces, offering:

- **White-label services:**
  Credit approval, onboarding, collections and customer service are branded; helps convert more customers.
- **Dynamic pricing controls:**
  Allows sellers to quickly and easily modify pricing.
- **Contract pricing validation by customer, to the SKU level across geographies:**
  Grants micro-level management of all customers regardless of their location.
- **Support for multiple currencies:**
  Payment options through TreviPay at checkout supports currencies on several different continents.

Soft benefits

- **Streamlined invoicing:**
  Smarter invoicing tools create a measurable reduction in billing errors.
- **Value-added benefits:**
  By making purchasing easier for the buyer and the seller, marketplaces create a value-added service improving loyalty between the parties.
- **Growing addressable market:**
  Better payment options let sellers grow their potential customer base and make more transactions via the marketplace.
- **Competitive advantage:**
  Fast onboarding, approval, checkout and invoicing puts your marketplace page ahead of competitors who don't have the resources or infrastructure to deliver as quickly.
- **Expanded seller share-of-wallet:**
  Customized marketplace pages and purchasing controls make a seller's marketplace page a one-stop shop, helping them capture more spending from their customers.

EBITDA IMPACT

Potential for significant revenue growth from digital channels

Opportunity Awaits

Ready to bridge the gap between buyer expectations and your A/R department's ability to meet them?

Contact Us for a Demo | Visit us at TreviPay.com

About TreviPay

TreviPay is a global B2B payments company, facilitating $6 billion in transactions per year in 18 currencies for customers in more than 27 countries. We specialize in payment and credit management for B2B companies across the globe, setting the stage for the future of omni-channel B2B payments by extending terms, handling invoicing and managing collections.

For more information, visit [trevipay.com.](trevipay.com)