Q&A SESSION

# Taking on the Digital Invoicing and Payments Revolution

FEATURING

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*To continue the conversation started in the webinar, "Taking on the Digital Invoicing and Payments Revolution," TreviPay asked Forrester Principal Analyst Jacob Morgan some additional questions about the state of B2B payments.*

## 1. What are the main B2B buying trends for B2B in 2023?

Firms are increasingly clued in to the strategic importance of payments. This is partly from the pandemic and the changes this wrought on buying patterns and supply chains; partly from the technologies that now add value around payments, and partly as a result of a broader shift in the payment market to focus innovation on B2B solutions.

For a long time, consumer payment solutions, like mobile payments, have dominated the headlines and B2B payment has been a poor second cousin. This is no longer the case. The consumer market is saturated, and most payment providers struggle to reach the economies of scale to really drive long-term value in this market. However, within the B2B market there is still a significant amount of friction and inefficiency, which modern embedded payment solutions can elegantly address and resolve.

This is turning payments into more of a strategic operation within many firms, as they recognize the importance of payments to their own firm and to their customers — elevating it from a cost center to an opportunity to anchor value. CFOs see the prospect to turn payments from a reactive management overhead to a proactive insight and efficiency opportunity.

### Guest Speaker Jacob Morgan


Principal Analyst
Forrester


**Jacob is a principal analyst in Forrester's financial services practice. He helps leaders understand and respond to the challenges of digitizing their business strategy and provides insights into how culture, technology, and organizational change can accelerate transformation and innovation. Jacob leads Forrester's research on the future of banking, the future of payments, open finance, and platform business models in financial services.**

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# Q&A Featuring Jacob Morgan

## 2. As businesses look to expand digital transformation efforts, what technologies and solution types should be considered? What areas are ripe for investment?

Payments is a natural opportunity for both AI (artificial intelligence) and ML (machine learning). We see a lot of focus here on solutions which can help drive better forecasting and predictability for cash flow, can route payments more cost effectively, reduce operational overheads for reconciliation and can identify those relationships worth investing in. Leveraging the data to focus on serving different audience and buyer needs is crucial, as 'one size fits all' is becoming a thing of the past – multi-channel, multi-method payment flexibility is now firmly entrenched in B2B payments. Focus investment on sourcing front office flexibility, with efficient back office execution.

Firms also expect payments to move at the speed of their business, and we are seeing a greater focus on real-time payments — leveraging infrastructure investments that have been made at regional and country level, such as faster payments or request to pay services, as well as an increasing desire to provide far better data and insight into the state of payments. Part of the drive for automation is also creating more opportunity for autonomous payments, such as straight through processing or automatic triggering of payments as a milestone is reached.

**Firms expect payments to move at the speed of their business**

## 3. How does the technology that makes payments seamless in a B2C scenario translate into the more complex B2B world?

We see an acute focus on embedded capability, utilizing APIs, software development kits and component-based composable architectures to enable business customers to select and embed the capabilities they need to run their business. This is often alongside virtualization of accounts and cards, using restricted tokens to associate it with that transaction and encapsulate the payment within an invoice — behind a payment button, QR code or autonomous initiation.

The advantage is that many of these solutions can combine to enable light-touch or no-touch business processes where machine-to-machine or automated payments can execute within the rules set up between the businesses.

Many of these solutions are designed to be plug-and-play, data rich, and interoperable, to reduce the overhead of working with the firm — and to ensure that a wealth of data is available to document the payment, simplifying related processes and reconciliation, and driving that all important personalized experience.

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## 4. In many industries, but particularly manufacturing, making a shift to direct-to-consumer model requires new or different technologies to help their business scale. What are a few things to consider?

Think broadly about the channels and access points that a D2C (direct-to-consumer) solution may now need to extend support for – your current distribution models may heavily weight toward one scenario or platform – channels and access points will increase in a D2C model.

Considering what you can do to remove overhead – for yourself and for your customer – is crucial. Will this service generate any additional data that can ease downstream processing, report more accurately on payment status or deepen value for your (and their) customers? Will this capability support a modular approach, to enable it to be embedded in your customers' platforms and tools of choice?

Think carefully about the business models that you need to support, whether the existing ordering, invoice presentment and settlement capability has a long shelf life, or whether the product may switch to a service led, XaaS model any time soon, requiring advanced subscription-based, service-oriented capabilities.

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## 5. What are the biggest drivers of B2B commerce and where should businesses focus to make the biggest impact?

Increasingly blurred boundaries mean that many more businesses can become a payment provider themselves. Think whether you have permission to leverage the network – creating interoperability and opportunities between all parties that use or integrate with you via payments.
An example is Enel, the Italian utility provider and electricity company, which is using this opportunity to take control of their own payments as a Payment Institution and Payment Initiation Service Provider. They recombine embedded capabilities from payment service providers, open banking intermediaries and card networks to create their own platform, offering end-to-end payment solutions for B2B customers, designed to integrate via APIs into industrial, software and OEM partners.

The platform is optimized for buyers: integrating payments and data for electric vehicle fleet owners over a cheaper infrastructure. But they go further, generating new business with a direct-to-consumer digital wallet platform. This enables people to pay their bills more effectively but also supports the network of adjacent businesses that operate alongside Enel, such as cafes and convenience stores, that support their vehicle charging stations. The platform builds user friendly loyalty-driving features into these relationships, and offers the B2X, and X2B payment capability for Enel's partners.

Look at the customers and businesses you serve and look for the friction points you can lubricate or remove with payments – this can then become a differentiator. How easy you make it to integrate and extend your payments and related services ultimately defines how easy it is to do business with you.