



**ARDENT PARTNERS'  
PUL\$E ON B2B  
PAYMENTS IN 2023**

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Underwritten by:



# Sponsor Page

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**Medius** links invoice capture, processing and payment to replace the worry and wondering of managing AP with calm and confidence. Medius goes far beyond basic automation by using artificial intelligence to do the work, so invoices get coded, approved and paid; you get to go home and rest easy; and your business can trust your budgets and forecasts.

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# About this eBook

High inflation and the corresponding spike in interest rates have raised the stakes in cash management and combined to drive investment in B2B payments to an all-time high. In 2023, a majority of finance and procurement leaders view B2B payments as a core part of the procure-to-pay (“P2P”) process and an area that can unlock great value.

*Ardent Partners’ Pulse on B2B Payments in 2023* eBook draws on market research conducted by Ardent Partners’ research team, and is a compilation of data, knowledge, benchmarks, and strategies that business leaders can use to streamline their B2B payment operations and impact bottom-line results.

# B2B Payments Take the Stage

At its core, accounts payable (“AP”) is a cash-distribution function. In fact, AP is frequently the largest single, non-payroll source of cash outflows of a business. In a period of rising interest rates (and a higher cost of capital), how and when suppliers are paid can have a huge impact on the bottom line. The B2B payments process has always been strategic; now, it has direct and immediate financial impact. In 2023, B2B payments have taken the stage!



**B2B Payments**

# CFOs are Focused on B2B Payments

The ramifications of the COVID-19 pandemic increased the CFO's focus on cash, and therefore, on vendor payments. Ardent's research found that due to the uncertain and difficult times, a majority (53%) of businesses altered how and when suppliers were paid. For many, this meant changing payment terms. Some enterprises even started paying their vendors faster to improve supplier liquidity and assure supply. For AP teams, this meant that more CFOs, treasurers, and other finance leaders were placing their B2B payment processes and systems under a microscope, examining the best way to maintain internal liquidity and/or support their suppliers' financial well-being.



**53%** of businesses (during COVID) started changing how and when they paid their suppliers

# The Evolution of B2B Payments

Business-to-business (B2B) payments have been in existence since the inception of commerce. In the barter economy, payments were made in the form of other goods or services. Eventually, it became common practice to make payments using hard currency made of precious minerals such as gold and silver. Soon there was paper currency followed by paper checks. Amazingly, electronic payments debuted 150 years ago when Western Union introduced the electronic funds transfer in 1871. In the 1950s, Diners' Club introduced the first universal credit card followed by a travel and entertainment card first offered by American Express in 1958. Times have changed and B2B payments now come in wide range of payment types and platforms. Beyond checks, the ePayment Technology landscape in 2023 consists of myriad options.

BC



Middle Ages



1800s



1950s



Today

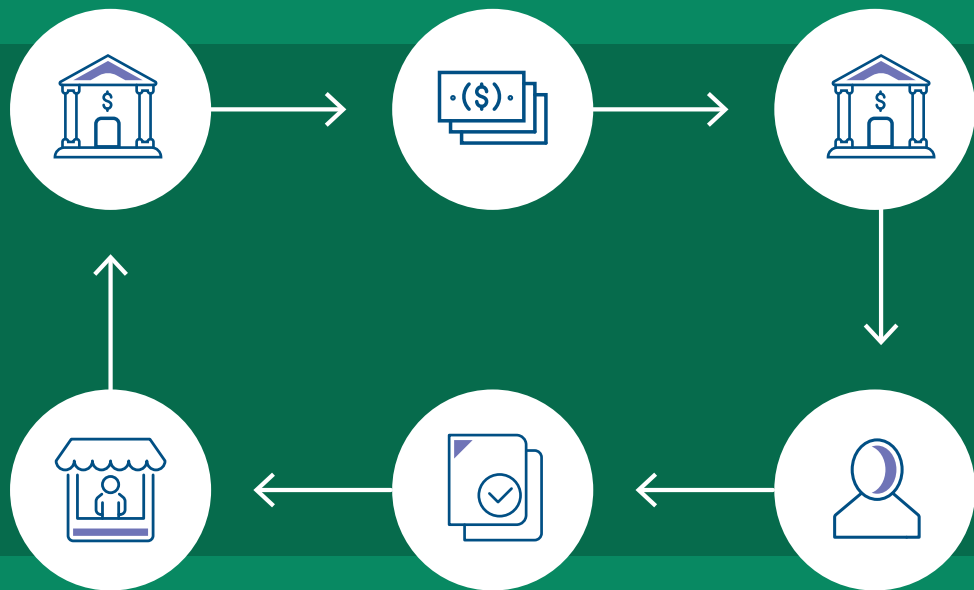


# The ePayments Technology Landscape – ACH

**ACH (Automated Clearing House)** - A digitally-based payment clearing house and settlement facility designed to process the exchange of electronic transactions in the United States, such as credit transfers and direct debits, between participating financial institutions. Cash-back rebates are available with some ACH solutions.

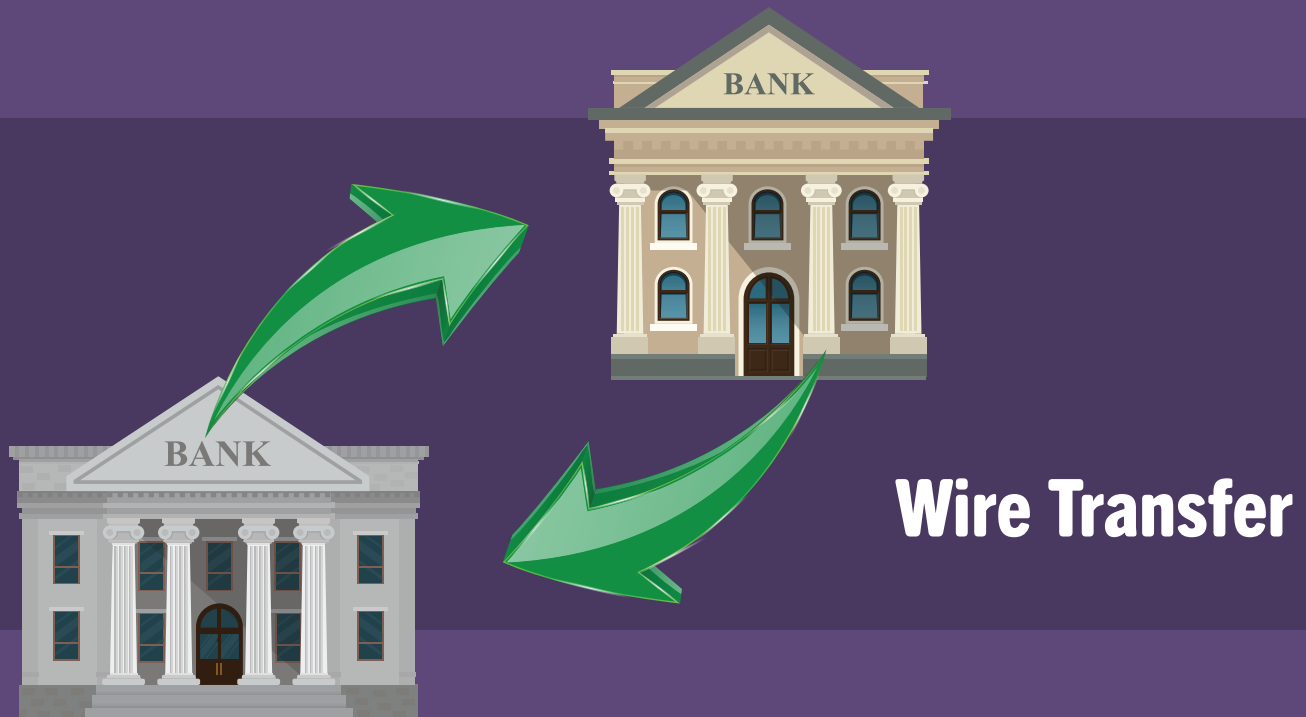
**ACH International** - Similar to the US-based ACH at the core; however, there is no single universal ACH system that can be used to electronically send and receive funds across borders. In fact, there are upwards of 100 unique systems around the world, each one typically representing a distinct region (i.e., SEPA in Europe) or country (i.e., CNAPS in China).

**ACH**



# The ePayments Technology Landscape – Wire Transfer

**Wire Transfer** - Wire transfer is the second largest form of electronic funds transfer (EFT) worldwide. It is a method of electronic-funds transfer from one entity (or person) to another. It can be made from one bank account to another, or through a transfer of cash at a bank. Wire transfers are commonly used for high-value transactions; Payment moves fairly quickly through most wire transfer systems, particularly if the money is used for a domestic transaction instead of an international one.





# The ePayments Technology Landscape – Commercial Cards

**Commercial cards** come in a variety of different types, each of which has distinct uses in the enterprise. Here are the most prominent:

**Purchasing Card (P-card)** — Similar to personal credit cards, P-cards are physical pieces of plastic that an employee must have with them in order to make a purchase. P-cards can be reused for multiple transactions, varying in amount.

**Virtual Cards** — Are just that – virtual. The credit card number is specific to a single transaction and for a predefined payment amount. Since the card number is temporary, it makes it extremely difficult for fraudsters to use the card for another purchase. Cash-back rebates are available with some virtual card solutions.

**Corporate Cards** — Are credit cards used by employees to charge business expenses — such as hotel stays and plane tickets— without having to use their own cards or cash.

**Fleet Cards** — Fleet fuel cards allow your business to purchase fuel and vehicle maintenance within a network of authorized gas stations and other merchants.

**Ghost Cards** — Similar to virtual cards in that there is no physical card issued for its use. However, ghost cards can be used over and over, akin to a physical purchasing card.



## Commercial Cards

# The ePayments Technology Landscape – Business Networks

**Business Networks** - Ardent Partners defines a business network (including supplier, B2B, eInvoicing, and/or payment network) as a web-based platform that enables interconnected buyers and sellers to transact, communicate, and/or collaborate with each other. Businesses use these networks as a mechanism to electronically connect their supply chains.

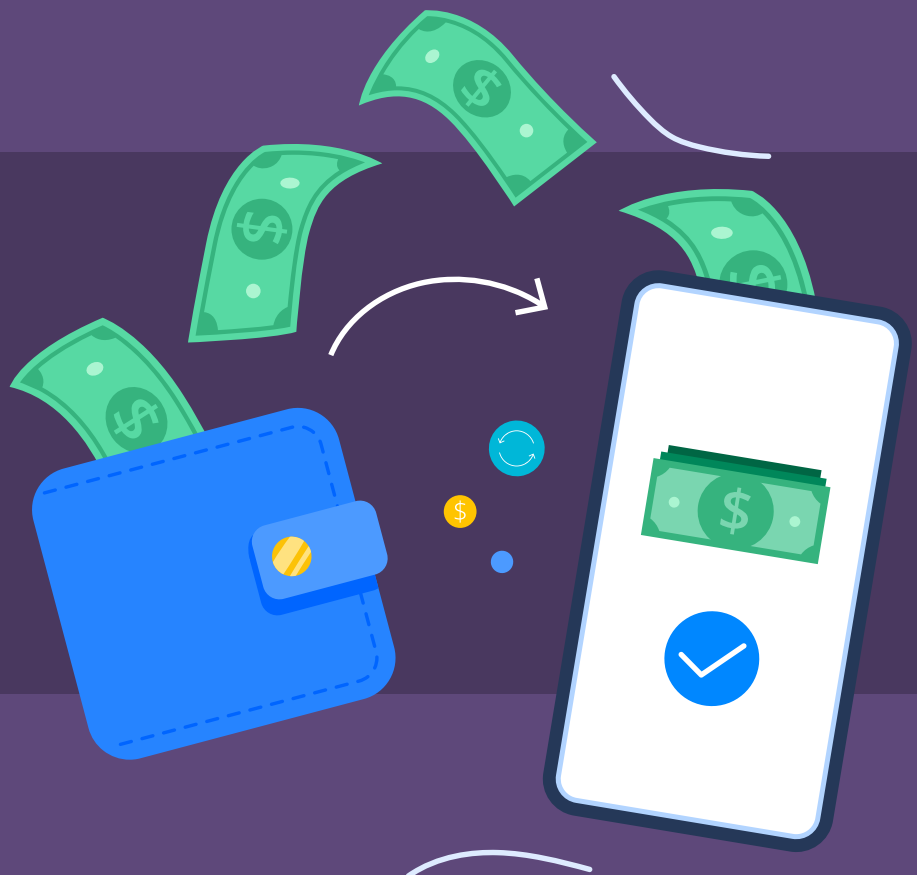


**Business Networks**

# The ePayments Technology Landscape – Digital Wallets and Payment Applications

**Digital Wallets or Payment Applications** - Typically refers to an online application or payment service that allows an individual or business to make an electronic payment or transaction. Similar to debit cards, digital wallets and electronic payment services were initially used by individuals to pay businesses for goods or services. However, their usage has evolved and is starting to emerge as a way for businesses to pay vendors.

## Digital Wallet and Payment Apps



# The ePayments Technology Landscape – Cryptocurrencies???

A cryptocurrency, often referred to as crypto or digital currency, is specifically created to function as a means of exchange within a computer network, without dependence on any central authority (i.e., a government or financial institution) for its use and maintenance. Given the volatility of these currencies, Ardent Partners does not recommend pursuing crypto as a B2B payment method now or in 2024, but it is an innovative space that should be monitored. Stay tuned!



**Crypto**

# Vendor Payments: Paper or Plastic?

Ardent Partners research over the past fifteen years has shown that the use of B2B electronic payments (“ePayments”) is on the rise, albeit slowly. In 2023, Ardent’s survey of AP and finance professionals showed that the use of electronic payments now comprises 62% of all payments. Paper checks, while still popular, are in slow retreat from ePayment methods.



**Manual  
Payments (38%)**



**ePayments (62%)**

# ePayments Rising

The truth is that business process transformations are rarely an overnight success and enterprise-level initiatives, in particular, take time, perseverance, and commitment in order to advance and succeed. With 73% of all enterprises now fully capable of paying a supplier electronically, the industry has made a strong commitment to move away from checks. When asked if their amount of ePayments had been rising, 73% of AP teams said yes, while 10% said no; another 17% were unsure.

## Did You Make More ePayments Last Year?

73%



Yes

10%



No

17%



Dunno?

# Top B2B Payment Strategies

In 2023, B2B payments are driven by three key strategies: paying on time or addressing late payments (60%), extending payment terms (30%), and paying early for discounts (28%). These strategies intersect to form a flexible payment ecosystem. Paying on time ensures financial stability, while extended terms offer cash flow flexibility. Paying early leverages discounts for cost savings. Together, they empower businesses to navigate the complex landscape of B2B transactions effectively, balancing cash flow, supplier relationships, and financial efficiency.



# B2B Payment Optimization Strategies

A significant portion of AP departments are proactively engaged in optimizing supplier payments. Notably, 25% have adopted formalized payment processes aimed at maximizing enterprise value across all or most vendor payments. Meanwhile, an additional 23% have honed their focus on optimizing payments for a subset of suppliers. These dedicated efforts signify a growing recognition of the importance of efficient supplier payment strategies, promising increased cost-effectiveness and enhanced supplier relationships in the world of business transactions.

**48%**  
**of Businesses**  
**are Optimizing**  
**Some or All**  
**of Their B2B**  
**Payments**





# How To Optimize Vendor Payments

Optimizing your B2B payment mix not only requires an understanding of the comparative strengths and weaknesses of the various payment options available; it also requires knowledge of your suppliers and transactions with them. This entails segmenting the supplier base by frequency of transactions, as well as the amounts being paid.



## B2B Payment Optimization Considerations

- ✓ Vendor size
- ✓ Payment amounts
- ✓ Support for domestic and global payments
- ✓ Costs and fees charged for each payment method
- ✓ Rebates available for both buyers and suppliers
- ✓ Availability of payment reconciliation functionality
- ✓ Integration capability with accounting/ERP and AP systems
- ✓ Ability to communicate with payees for payment status, issues, and inquiries
- ✓ Approval rules and security measures for fraud prevention including ensuring regulatory compliance and vendor authentication
- ✓ Cash and working capital management requirements

# AP Automation: A Framework for Success

Created in 2010, Ardent Partners' ePayables Framework™ was designed to aid AP departments of any size improve their processes by segmenting their workflows into three smaller, more manageable pieces: Invoice Receipt, Invoice Processing, and Payments. This segmentation makes it easier for an AP department to establish a clear view into the current state of operations and automation levels in each area, and then improve upon it.

## The Ardent Partners ePayables Framework™



**RECEIVE**



**PROCESS**

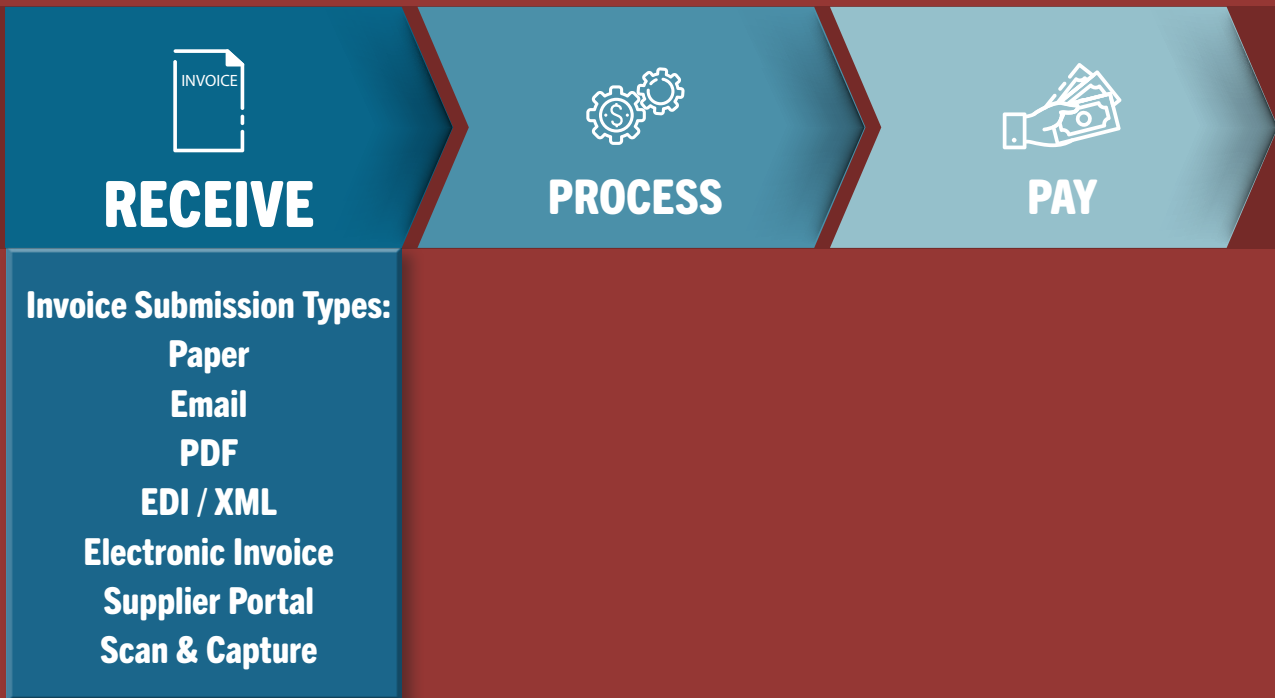


**PAY**

# The Ardent Partners ePayables Framework™: Invoice Receipt

The AP process begins with the receipt of an invoice. The “Receive” phase includes the different methods that AP organizations handle the invoice submissions from suppliers. Enterprises need the option for suppliers to be able to submit invoices in a variety of ways, including via email, portals, electronically, and paper.

## The Ardent Partners ePayables Framework™



# The Ardent Partners ePayables Framework™: Invoice Processing

The second phase of the process is where the received invoices are processed. This typically includes: Validation to ensure the invoice has no errors and contains the correct supplier, amount, price, address, etc; Matching to validate the items were in fact ordered, received, and the price is correct; and Approval if there are no errors or disputes that need to be resolved. The invoice is then routed to the appropriate people to be approved.

## The Ardent Partners ePayables Framework™



**RECEIVE**



**PROCESS**



**PAY**

**Invoice Processing Stages:**  
**Data Validation**  
**Matching**  
**Workflow**  
**Exception Handling**  
**Approval**

# The Ardent Partners ePayables Framework™: Invoice Payment

This final step once an invoice is validated, matched, and approved is the payment. The “payment” phase includes the scheduling, processing, and execution of the vendor payment.

## The Ardent Partners ePayables Framework™



**RECEIVE**



**PROCESS**



**PAY**

**Payment Stages:**  
**Payment Approval**  
**Supplier Validation**  
**B2B Payment Type/Form Selected**  
**Payment Scheduling**  
**Payment Execution**

# AP's Digital Transformation

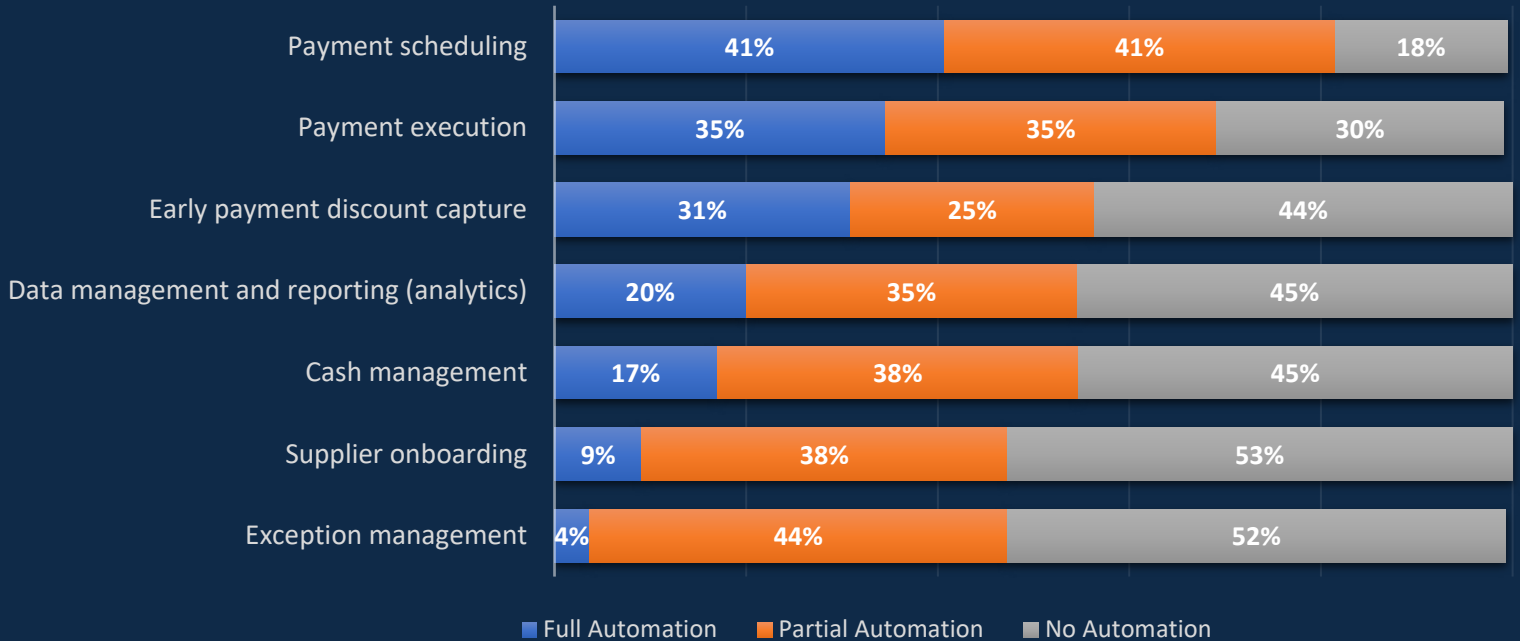
The digital transformation of an AP department is an opportunity to use technology as a means to reimagine the organization's entire scope of operations and how it performs. Unlike the process automation initiatives that preceded it, a digital transformation does not view technology as a process enabler, but rather, as the fundamental process going forward — it is the alpha and omega and everything in-between. A successful digital transformation requires many things, including sponsorship, effort, collaboration, vision, expertise, and a supporting technology infrastructure; superior program design also remains a critical element in the speed and impact of the initiative. Across the full spectrum of ePayables technology, the overall outlook for AP digital transformation looks bright and, according to current adoption rates (see next page), will soon burn brighter.



**Business Has Embraced Digital Transformation**

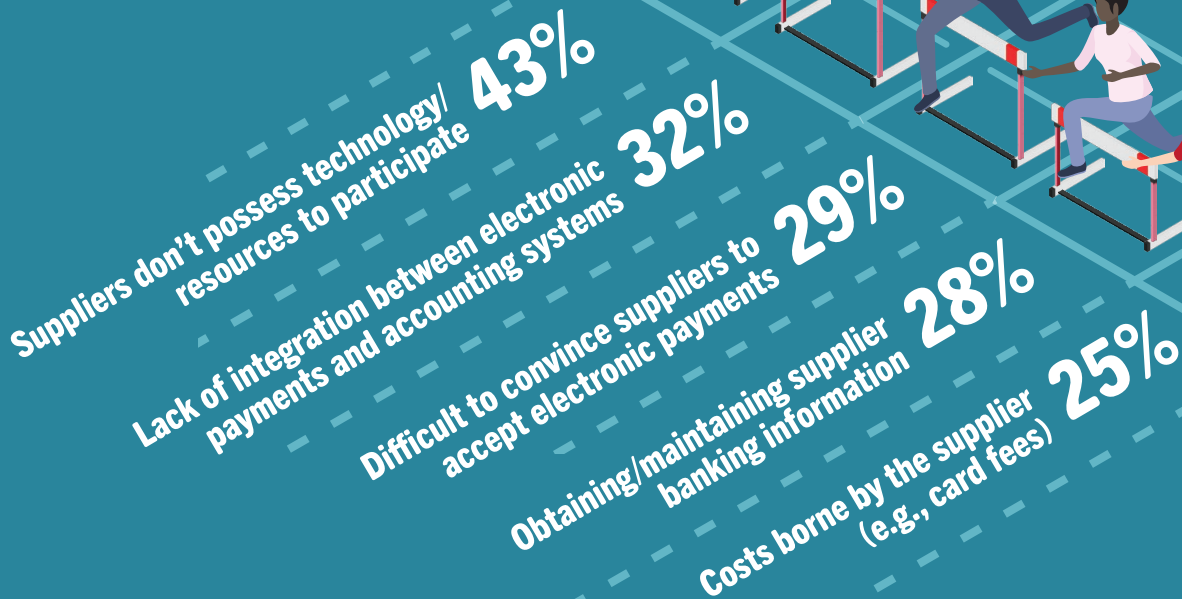
# Automation Levels

One major insight from Ardent Partners' 2023 market research is the low percentage of organizations that have fully-automated their B2B payment processes, while the percentage of organizations that are somewhat automated is quite low as well. When broken into the specific sub-phases across payment processing, less than half of all AP departments have fully-automated any part of the B2B payment process. When deploying an enterprise-level solution, gaining complete or full automation of payment-related processes such as payment scheduling (41%), payment execution (35%), and cash management (17%), should all be high on an organization's goals.



# Top Three Hurdles to Paying Suppliers

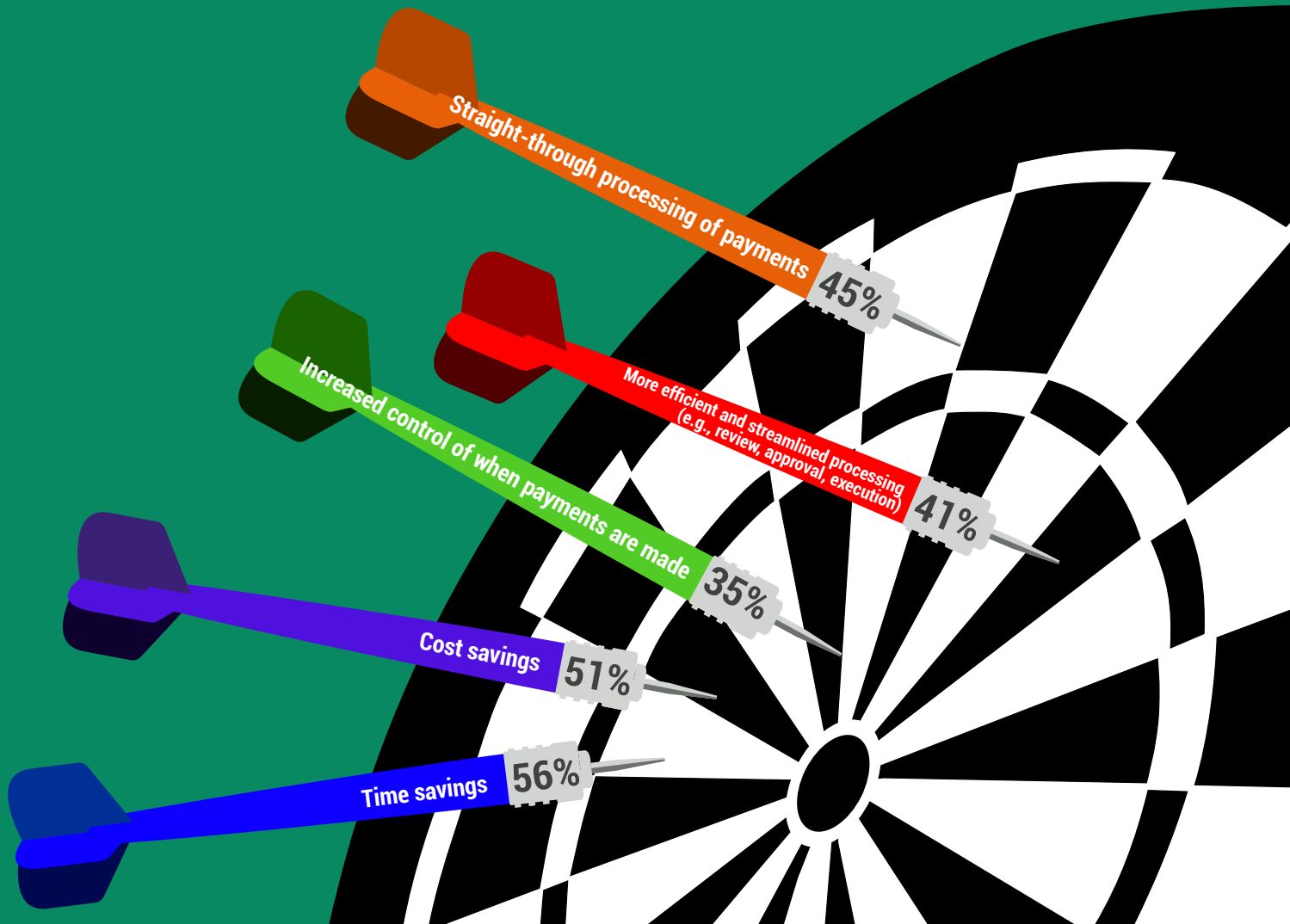
For the modern enterprise, digital payments simply make sense: They are more secure, faster, accurate, and more streamlined than paper checks and other manual methods of payment. But, while ePayments usage continues to rise, the truth is that there are a series of hurdles that stand between the approaches of the past and the efficiencies of the future. The barriers to greater adoption of electronic payments are not insurmountable. Conquering these challenges will require clear and open lines of communication between the AP team and suppliers.





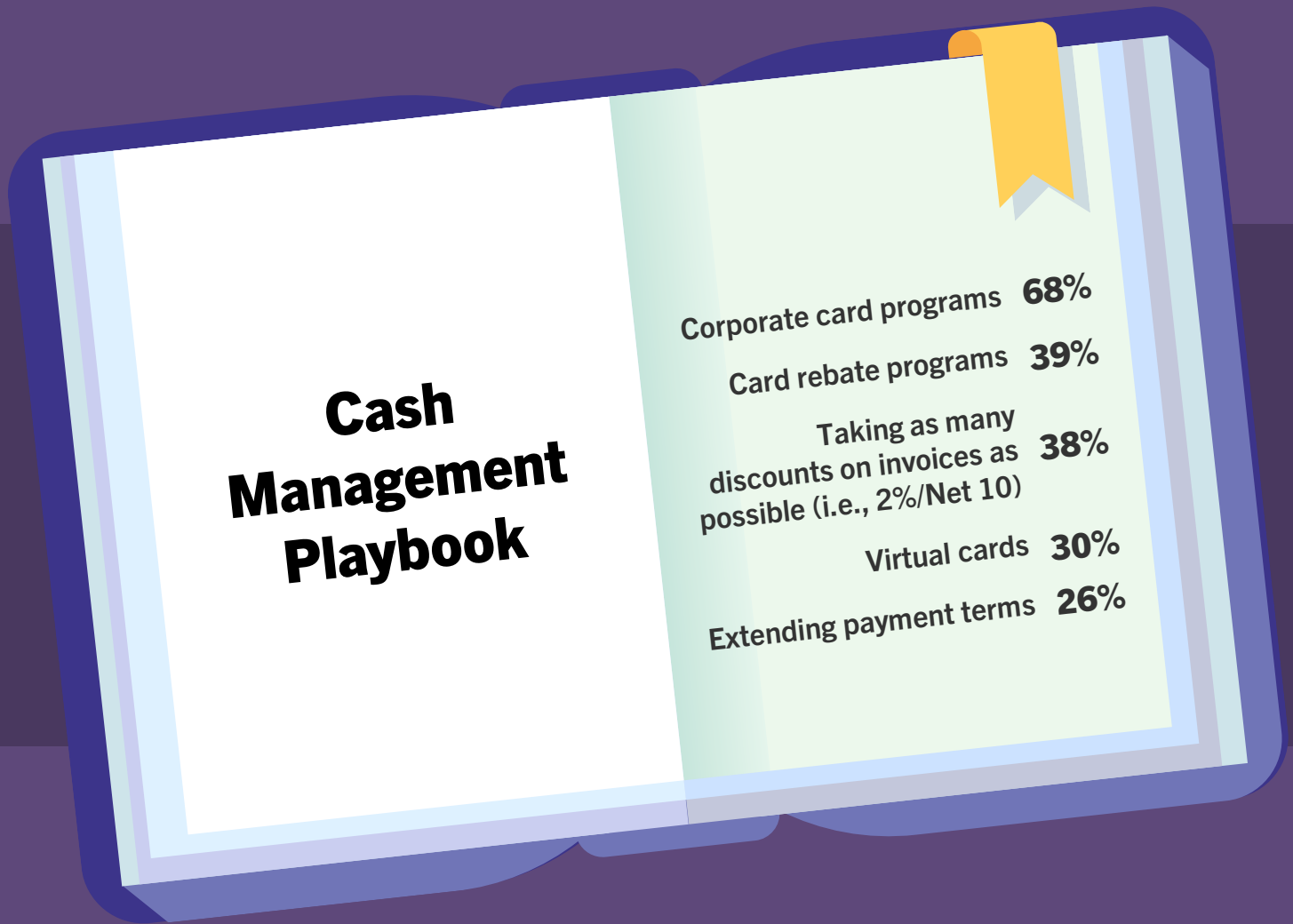
# It Pays to Pay Electronically

Enterprises, in general, and AP teams, in particular, stand to gain the most from paying suppliers electronically, not least of which is the improved visibility into payment data and better control over payment scheduling and execution. Out of almost 200 AP, P2P, finance, and treasury leaders surveyed in 2023, the top benefits, noted by more than half, are time (56%) and cost (51%) savings.



# Cash Management Strategies

Given that AP is fundamentally a cash-distribution function it comes as no surprise that the events of the past 18-months have increased attention on cash management, and therefore, on the vendor or B2B payments side. Given the tougher and more uncertain economic climate, more CFOs and treasurers will look to refine their current cash management strategies to optimize cash on hand in 2024. Current strategies are largely focused on the use of cards. Remember that AP can be invaluable to these efforts if it has the right level of visibility in place.



# Payment Fraud

Conducting more business outside of the office and operating as virtual teams has translated into greater IT and data security risks. Over the past two years, fraudsters took advantage of critical vulnerabilities and attempted to steal money from exposed businesses. Ardent Partners research found that three out of ten (32%) businesses reported a business payment fraud attack over the past year. Not all attacks were successful but it is clear from the sheer number that the risk of payment fraud attacks will be part of AP's "new normal" and that strategies and tools designed to thwart them will become more important.

**32%**  
**of Enterprises**  
**Reported a**  
**Fraud Attack in**  
**the Last Year**



# Cost to Process a Payment

In 2023, the average cost to process a single supplier payment (fully loaded costs including, AP staff, managerial overhead, facilities, printing, mailing, stopped/voided/returned checks, IT support, etc.) is \$8.76, down from the previous year. Over the next few years, this number should decrease as more organizations move away from paper checks and become more digital with their payments. For most AP organizations, the cost to process a payment remains very high and indicates an opportunity to improve operations.

Average Cost per  
Payment  
**\$8.76**



# Suppliers that Accept Electronic Payments

There are many indications that more enterprises are moving toward an electronic payments future. One of those is the fact that 76% of suppliers today accept ePayments from their trading partners. This is a big increase and an even clearer sign that the day may soon come when paper checks are used to pay only a small fraction of invoices.

**On Average, 76% of an Enterprise's Suppliers Accept ePayments.**



# Disputed Payments

Similar to straight-through processing with invoices, payment processing should also be measured by how many exceptions or inquiries AP has from suppliers after payment is made. One would expect this number to be extremely low as an invoice has already been vetted through the approval process prior to a payment being executed.

However, more than 1 in 10 payments made to suppliers are contested. This amounts to a great deal of time and effort spent correcting problems one would not necessarily expect to exist.

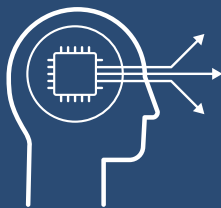
**13.2%**  
of all B2B  
Payments are  
Contested



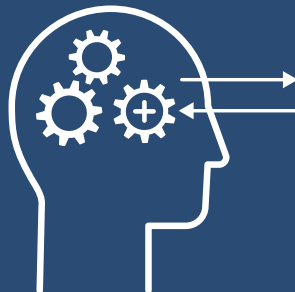
# AI's Expanding Impact on B2B Payments

New and rapidly maturing technologies are entering the marketplace at a pace never before seen. One area that has witnessed extraordinary advancements is AI, a technology that is transforming accounts payable and the way businesses manage their financial operations. The reality is that smart technologies have been a driving force in AP's growth and evolution for decades. The recent commercialization of AI within enterprise technology has triggered massive investment by solution providers in their "Manhattan Project" style race to deliver breakthroughs. This will, in turn, increase the number and impact of AI innovations and, inevitably, shorten the timeline for AI to broadly impact this industry. For B2B payments, AI is already aiding in mitigating fraud. Combining AI with ePayables solutions can enable analysis of historical transaction data, vendor behavior patterns, payment and banking information, and invoice details to detect anomalies and flag suspicious activities.

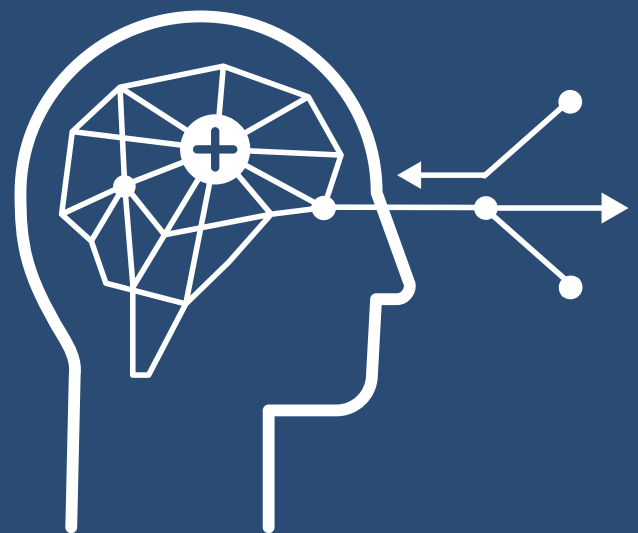
**AI is coming here!**



**Past**



**Present**



**Future**

# Conclusion

The events of the past few years have shown the challenges of relying on paper checks and manual processes for B2B payments. With a huge spike in interest rates, increased attention is being paid to automating this critical process as a way to gain better control over cash distributions and drive greater financial value. This has, in turn, helped improve how B2B payments are viewed by finance leaders around the world.

Forward-thinking AP groups are taking advantage of ePayments and driving operational and financial benefits from this increasingly critical operation. When implemented properly, B2B payment automation can provide substantial financial benefits to the enterprise while also helping to improve supplier relationships. It is clear that a majority of AP teams have the opportunity to increase their financial and strategic impact by expanding their use ePayments in 2023 and 2024.



# Appendix

## About the Author



### **Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners**

With 24 years in the industry and 14 years leading the charge at Ardent Partners, Andrew Bartolini is a globally-recognized expert in sourcing, procurement, supply management, and accounts payable. As the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs including the annual State of the Market and Metrics that Matter eBook Series, Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits. Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders ([www.cporising.com](http://www.cporising.com)).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 575 times in ten different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply management, and accounts payable operations and his research is currently part of the Supply Chain/Management curriculum at several US universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including The Wall Street Journal, Business Week, Investor's Business Daily, Forbes, and Fortune, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at [abartolini \[at\] ardentpartners.com](mailto:abartolini@ardentpartners.com) or 617.752.1620.

# Demographics and Methodology

## Report Demographics

The research in this report is drawn from 190 respondents representing the following demographics:

**Job Function:** 47% accounts payable; 14% finance/accounting; 13% procurement; 12% P2P; 10% information technology; 4% treasury

**Job Role:** 37% VP-level or higher; 15% director-level; 28% manager-level; 20% staff-level

**Company Revenue:** 53% Large (revenue > \$1 billion); 29% Mid-market (revenue between \$250 million - \$1 billion); 18% Small (revenue < \$250 million)

**Region:** 62% North America; 31% EMEA; 7% Asia-Pac

**Industry:** More than 20 distinct industries are represented. Manufacturing, Healthcare, Financial Services, Technology, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.

## Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the accounts payable market. The research in this report represents the web-based survey responses of 190 AP and finance leaders captured between March and May 2023, and includes direct interviews with several survey respondents. These 190 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class AP performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the right.

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