



TREND REPORT: MEETING THE NEEDS OF A NEW GENERATION OF BUYERS

Going digital with your financial operations



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HOW CAN YOU TRANSFORM YOUR FINANCIAL OPERATIONS TO MEET THE NEEDS OF YOUNGER GENERATIONS?

As Millennials and Gen Zers start to play an influential role in the B2B decision-making process, business transactions are migrating to a more digital environment. For these digital natives, technology and automation are the norm, as is constant connectivity. And with digital habits naturally blending into their daily lives, it's no surprise that younger generations are pushing for purchasing processes that mirror their digitally driven lifestyles.¹

For example, Forrester forecasts that US B2B e-commerce will reach \$1.8 trillion by 2023.² To cater to the preferences of next-gen leaders, businesses should consider making transactions — including B2B debits and payments — as seamless as possible. Businesses that adapt and respond to these demands could have the opportunity to attract and retain new clients.³

Explore this report to learn more.

Of the Millennials in the
US workforce ...

73%

are involved in business
purchasing decisions.⁴



Profile of the US Workforce⁵

Millennials

(Born 1981–1996)

35%

Gen Xers

(Born 1965–1980)

33%

Baby Boomers

(Born 1946–1964)

25%

Gen Zers / Post-Millennials

(Born 1997–2012)

5%

Silent/ Greatest

(Born 1928–1945)

2%

When it comes to B2B transactions ...

“Make the experience as frictionless as possible.”⁶

— Brandon Spear
President, MSTs



Nearly

70%

of business buyers
indicate they expect an
“Amazon-like” buying
experience from their
business vendors.⁷



EVOLVING AND DIGITIZING YOUR FINANCIAL OPERATIONS

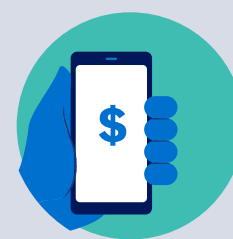
Millennials and Gen Zers are accustomed to researching extensively and independently before making a purchase decision, and they are more willing than previous generations to purchase online without contacting any sales representatives.⁸ When making a purchase, they expect their experiences with B2B e-commerce to be just as seamless as consumer e-commerce.⁹ Can B2B really be as simple as shopping on Amazon? It depends on how the transaction is made.

From easier transactions to greater transparency, seamless payment methods meet the needs of future B2B buyers while also helping businesses streamline the way they operate.¹⁰ To adapt to the next generation and be set up for new opportunities, businesses are now beginning to adopt new digital payment solutions.

Explore the seamless (or frictionless) payment options, where payment occurs in the background, that deliver more consumer-like transactions.



**Commercial
card**



**Mobile
wallet**



**Virtual
card**



COMMERCIAL CARD

What it is: Credit card issued to a business's owner and employees for him or her to use on behalf of the company for business-related purchases

Benefits for the Supplier:

- Makes payment tracking easier
- Allows suppliers to reduce days sales outstanding (DSO), as many buyers are willing to pay earlier by card¹¹
- Supports your buyers' payment choice and can enable greater buyer spend
- Helps improve AR operational efficiencies and reconciliation processes

Benefits for the Buyer:

- Can enable greater spend capacity vs. cash or check
- Makes expense tracking simple and often includes spend controls
- Helps establish and build corporate credit history
- Helps enable efficient purchasing operations
- Can facilitate collection of rewards such as discounts, cash back or airline miles

Benefits for Both:

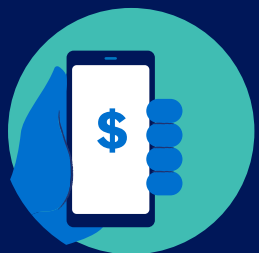
- Enables faster transactions versus invoice and check
 - Less susceptible to fraud than a check
- Gives buyers the ability to spend when funds are not available via cash, check, ACH or wire

Accenture forecasts the US commercial card market to grow

10%

annually through 2022, for a total of \$763 billion.¹²





MOBILE WALLET

What it is: A mobile app, most applicable to banks and other mobile payment companies, that enables payments via smartphone, smartwatch, tablet or other compatible devices

Benefits for the Supplier:

- Less susceptible to fraud than a physical card
- Can improve buyer satisfaction by supporting mobile payments, a growing demand of Millennials

Benefits for the Buyer:

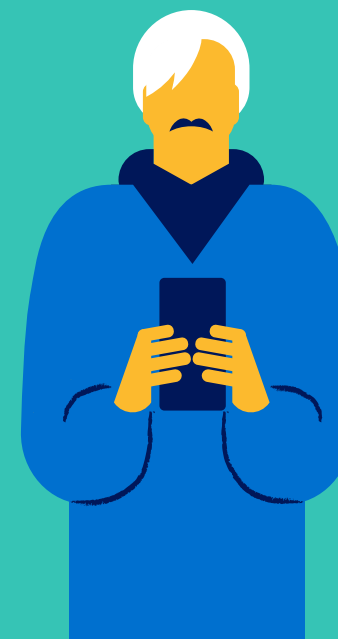
- More secure than a physical card, since it often requires an additional layer of security in the form of biometric authentication or passwords¹³
- Supports convenience of mobile payments

Benefits for Both:

- Faster transactions than processing a physical card
- Enhances visibility of transactions compared to cash or check
 - Increases efficiency through automation

Tokenized mobile spend* could reach \$42 billion in 2022 (43% CAGR).¹⁴

*Included in virtual cards, tokenized mobile spend relates to use of transaction-level virtual identifiers (e.g., mobile-raised single-use accounts, tokenized mobile transactions) as an alternative to plastic corporate cards.





VIRTUAL CARD

What it is: A randomly generated, single-use credit card number and/or account number that changes every time your real credit card account is used for a purchase¹⁵

Benefits for the Supplier:

- Deposits automatically into your bank account, without having to share your bank account information
- Supports mobile payment, a growing demand of Millennials¹⁶
- Helps you meet buyer needs and can enable you to accept payment from more individuals affiliated with a single organization

Benefits for the Buyer:

- Can be used for mobile payments
- Enables project-based workers to make business purchases, removing the need for reimbursement, thereby helping increase efficiency
- Helps increase control and visibility when it comes to purchases made by your extended workforce

Benefits for Both:

- More secure than a physical card due to unique, single-use number
 - Tied to a specified amount with a time limit and credit limit for every payment

Forecasted compound annual growth rate (CAGR) for virtual cards* is 21% for 2017-2022.¹⁷

*Excludes consumer, small business and fleet card spend¹⁸



Now is the perfect time to increase efficiency, security and transparency.

Technology will continue to evolve how payments are accepted, and by whom. As a result, there will be a recalibration of the payments network as we know it.¹⁹



NEXT-GEN PAYMENT PROCESSING AND SECURITY

To process the average B2B invoice, it costs \$17 and takes 10 days.²⁰



Once businesses choose to invest in more seamless experiences and accept digital payment methods, they'll need to effectively process those payments in and for a global economy that knows virtually no bounds. Traditional accounts payable (AP) and accounts receivable (AR) processing is a labor- and time-intensive process, but one that is necessary to execute properly in order to keep your business solvent.

Making AP and AR processing more efficient could also help flag security issues earlier. **While 64% of B2B payments are still made with checks,²¹ they remain the payment method most often subject to payment fraud.²²** In fact, 74% of finance professionals said that their organizations' check payments were exposed to fraud.²³ Physical checks are not only less secure than more modern payment options but also start the payment process with paper — something that riddles the entire experience with unnecessary steps, leaving buyers and suppliers susceptible to unwanted errors.

What if there are more effective and efficient ways to track earnings and costs and deliver a faster, more secure payment experience for next-gen buyers?

Discover three future trends that are driving less cumbersome payment processing.

FUTURE TRENDS THAT AFFECT BUSINESS PAYMENTS

1. INCREASED AP AND AR INTEGRATED AUTOMATION

Trend: Businesses focused on realizing efficiencies and improving financial operations are implementing a combination of software and services that automates invoicing and payments.

Benefits of Adopting:

- Decreases the need for manual processes, freeing up resources for other tasks
- Creates paperless invoices that are easily accessible, trackable and reportable, making cash-flow management less complicated and more streamlined
- Automates document acceptance and tracking to save on costs of processing and archiving (or shredding) paper documents
- Enables organizations to see incoming credits and outgoing debits in real time
- Minimizes risk of human error

Card is becoming increasingly valuable to integrated AP/AR offerings from technology, process and people perspectives.²⁴





15%-20% of e-commerce transaction value in absolute terms is international, and that portion is growing in B2B and B2C transactions.²⁵



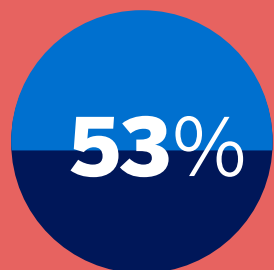
2. HYPERGLOBALIZATION INCREASES DEMAND FOR CROSS-BORDER PAYMENTS

Trend: Businesses no longer compete solely against other enterprises in their region, state or country, but rather all over the world. Even if your business doesn't accept these types of payments today, it's important to understand cross-border payments. You never know who you'll be doing business with next.

Ways to Position Your Business to Help Meet the Need:

- Offer a fast, seamless and secure e-commerce experience.
- Adopt AP and AR automation to enable payment transparency and ease of tracking.
- Consider using blockchain technology to facilitate international transfers, which can reduce costs and make even problematic payments accessible almost instantly.

More than half of
US businesses



experienced a
cyberattack in 2017.²⁷



3. MORE SOPHISTICATED DATA PROTECTION AND CYBERSECURITY

Trend: Technology is growing more sophisticated and so are the tactics of the hackers who use it for personal or financial gain. Make sure you're protected and prepared. Data breaches can be extremely costly, impacting your bottom line, your reputation and your ability to secure new clients.²⁶

Actions to Help Reduce Your Risk and Minimize the Impact:

- Establish a computer security incident response team (CSIRT).
- Protect data with robust end-to-end encryption.
- Incorporate cybersecurity within business continuity management (BCM) plans.
- Train employees to recognize and respond to a threat.
- Use security automation and artificial intelligence/machine learning to identify any threats and orchestrate a response.
- Respond to the threat or breach in a timely manner.

“Focusing on the unique needs of Millennials is no longer a goal only for consumer brands. As Millennials take on more responsibility in business, B2B brands that connect with them through relevant insights and engaging experiences will have greater and more lasting success.”²⁸

— Howard Breindel
Co-CEO, DeSantis Breindel



BECOME A TRAILBLAZER IN THE DIGITAL ECONOMY

Millennials will continue to transform the market, and their buying influence will only grow as they take on more senior roles,²⁹ with Gen Zers about a decade and a half behind them. As a result, the B2B landscape will continue changing and becoming more digitized.³⁰ To remain competitive and ready for the future, it's time to adapt to these new buyer demands.

Adaptation includes harnessing the buying power of Millennials by making B2B transactions as seamless as consumer ones.³¹ Trends in secure, digital payments and automated solutions support this evolution, offering innovations in financial operations to make it easier to do business with shifting — and younger — clientele.

Don't get left behind as your legacy clients' decision-makers turn over the reins to the next in line. Catering to the demands of your next-gen buyers and digital natives will help fuel your business well into the future.

To learn more about B2B payments trends, visit the [American Express B2B Supplier Center](#)



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