IDC MarketScape

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Receivable Automation Applications for Enterprise 2020–2021 Vendor Assessment

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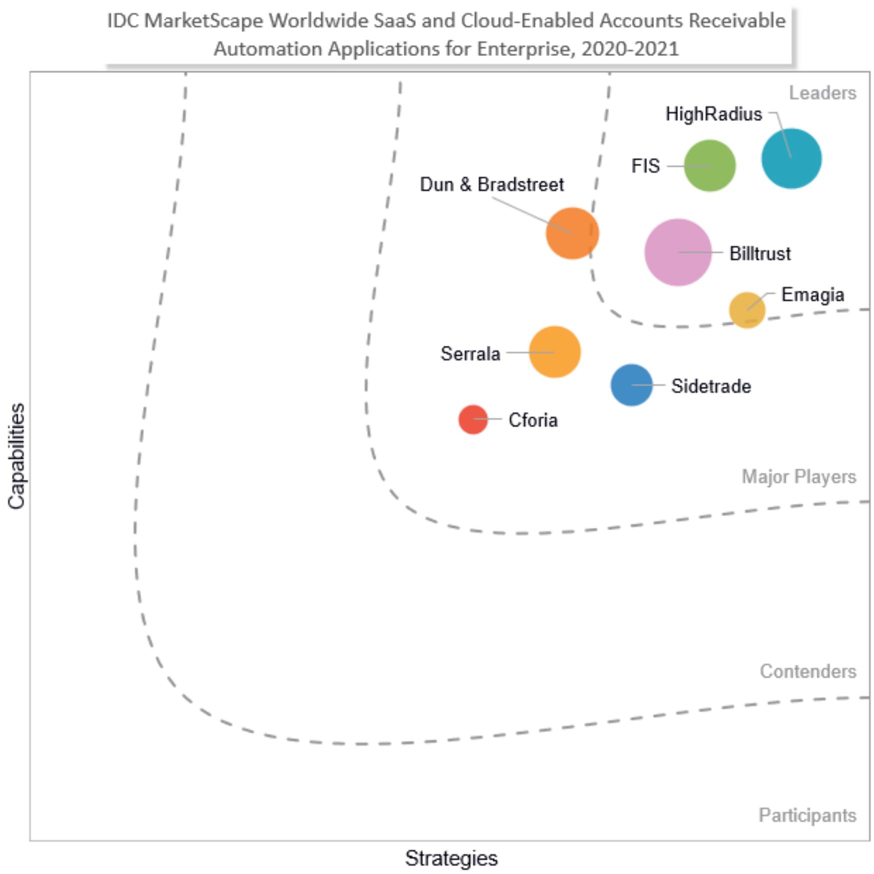
THIS IDC MARKETSCAPE EXCERPT FEATURES BILLTRUST

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Accounts Receivable Automation Applications for Enterprise Vendor Assessment



Source: IDC, 2020

December 2020, IDC #US46791520e

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Receivable Automation Applications for Enterprise 2020–2021 Vendor Assessment (Doc # US46791520). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1, Figure 2, and Figure 3.

IDC OPINION

The COVID-19 pandemic has simultaneously halted and changed much of society as we know it. We are living in times of unprecedented uncertainty and volatility. The first priority for companies is to quickly shore up their money and financial processes. Core financial processes like collections, cash management, working capital, and managing spend have become even more critical to the business as companies large and small deal with the sudden impact from COVID-19.

Cash flow is the lifeblood of any business and those who manage it represent the frontline workers of the corporate world. As many as four out of five businesses that go out of business can point to cash flow (running out of money) as the main reason. This is especially so in times of uncertainty. Figure 2 shows the scope for growth of SaaS applications in AR.

FIGURE 2

YoY Growth in the Number of Businesses Planning to Use SaaS for Accounts Receivable in the Next 12 Months

n = 100

Note: For more details, see *SaaSPath 2020: Worldwide Banner Tables* (IDC #US46455420, June 2020).

Source: IDC's *SaaSPath Survey*, 2020

During these times of uncertainty, businesses of all sizes turn to accounts receivable (AR) as an essential element of maintaining positive cash flow. In fact, AR, when done properly, can minimize revenue loss while simultaneously providing your customers with excellent customer service.

While AR plays a role in the cash flow of the business, AR also plays a more subtle role as part of the company's customer service profile. While a customer may be in the collections process, the tone and communication must be well considered as they impact how well or poorly the customer reacts to your collection efforts. Some of these customers may provide essential goods or services for your business. They may be strategic for other reasons as well, including scarcity or location. In any case, businesses must prioritize maintaining customer relationships and be strategic in their collection efforts. This is an essential aspect of a modern AR solution.

Benefits of Accounts Receivable Management

In many ways, the events associated with the COVID-19 pandemic have highlighted the AR professionals' need for transparency, flexibility, and visibility into their collections and cash management activities. Here are the key benefits of AR software:

- **Improved cash flow/optimizing working capital:** The inherent unpredictability of AR can often leave large sums of money tied up on the balance sheet. This is the money the company cannot use to fund its operations. As a result, unlocking these funds becomes one of the top reasons for adopting a modern AR solution.
- **Improved management and automation of the credit review processes:** The credit review process can be complicated and slow — often requiring multiple exchanges with key stakeholders, both external and internal. This process can result in unnecessary and costly delays. Many modern AR applications offer tools to manage or the ability to automate aspects of the credit review process.
- **Enhanced business insight:** Moving away from manual AR processes and incorporating a modern solution allow greater analytic capabilities. A modern AR application will allow organizations to monitor cash flows and the AR staff to ensure maximum productivity.
- **Enhanced customer experience:** Not only must businesses effectively collect from their customers, but they must also be strategic about how they go about collecting from their customers as it can heavily impact business relationships. A modern AR application allows for managers to create individual collection plans for key customers or select customer groups to maintain a healthy business relationship.

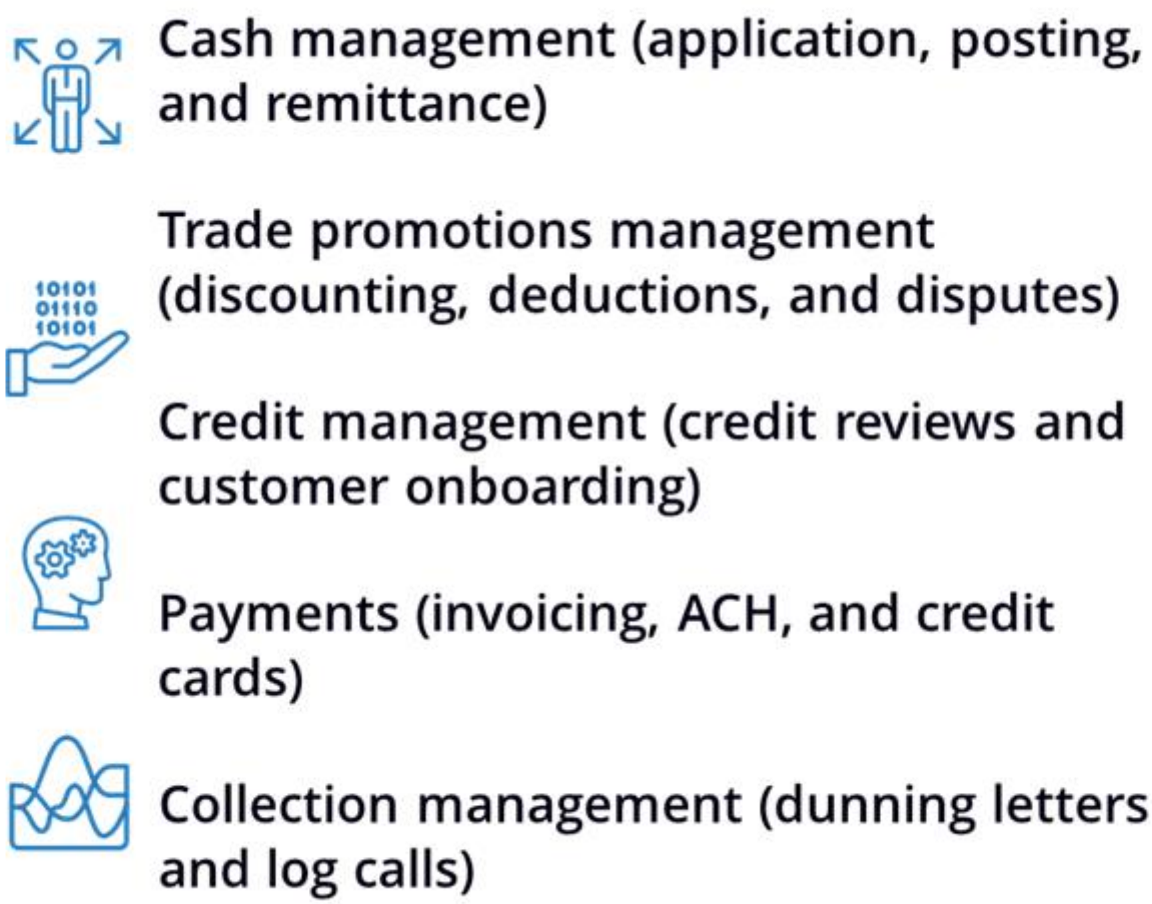
The AR applications when implemented properly improve productivity, reduce layers of inefficiencies in antiquated technology and business processes, and bring additional flexibility to quickly respond to market changes.

Accounts Receivable Management Challenges

With the pace and complexity of business increasing, AR is quickly becoming an area of focus. Figure 3 lists the most challenging areas within the AR processes according to IDC's 2020 *SaaSPath Survey*.

FIGURE 3

Most Challenging Aspects of Accounts Receivable



Note: For more details, see *SaaSPath 2020: Worldwide Banner Tables* (IDC #US46455420, June 2020).

Source: IDC's *SaaSPath Survey,* 2020

Cash management (including application, posting, and remittance) continues to be the most time-challenging aspect for AR management teams. Fortunately, many AR management application vendors are focused on solving the cash management challenges for finance and accounts receivable processes. More and more, the key points of differentiation will be how vendors leverage advanced technology to address these challenging areas.

Accounts Receivable Management Technology Trends

While organizations have sought out their real-time cash flow information, many of these organizations have realized that they simply did not have the visibility, flexibility, and agility they need to adjust to the "new normal." Unfortunately, a multitude of organizations have yet to fully embrace the digital transformation (DX) within accounts receivable departments. As a result, organizations find themselves struggling with legacy tools and antiquated processes. And because of this tipping point of demand and reality, there has been an unprecedented urgency regarding the immediate modernization of AR management tools. In detail:

- **Rise of machine learning.** Recently, companies have turned to structured machine learning to speed up/streamline key reconciliation, collections, cash management, and deductions.
- **Automated workflows.** AR vendors must work to embed intelligence within the order-to-cash workflows to unleash the full power of artificial intelligence (AI).
- **Focused on analytics.** Many organizations are flooded with business data from a variety of sources and a variety of data types.
- **Application programming interfaces (APIs)**. APIs allow developers and managers the opportunity to quickly add/modify data flows into and out of the software application.
- **Virtual assistant.** A virtual assistant can be used to augment and even automate many of these lower-level tasks — freeing up valuable financial organizational resources to focus on higher-level strategic tasks.

The Enterprise Difference

Among the largest businesses (with 1,000+ employees), effectively managing increasing complexity is the name of the game. Today's enterprise businesses see a more complicated kaleidoscope of business challenges, including the rising pace of business, the expanding volume of business data, and the growing scope of global commerce.

As a result, AR managers within large enterprises must be more strategic. They must be able to look at AR data and find strategic trends and glean insights that will impact key performance indicators like days sales outstanding (DSO), average days delinquent (ADD), and accounts receivable turnover ratio (ART). Enterprise AR managers must manage a larger group of customer accounts, with a larger variance in size, importance, and risk profile. To that end, the emphasis of enterprise-level software must focus on technology/tools to help them cope with their evolving roles. Enterprise users want technology solutions with the following characteristics:

- **Greater receivable analytics:** Enterprise organizations are typically more complex AR environments, with collections accounts spread over multiple different business units, multiple countries, and multiple different account profiles. As a result, their analytical needs are more advanced. Enterprise needs detailed functionality, including dashboards, predictive analytics, and robust visualization capabilities.
- **Investment in microservices:** Enterprise-level AR vendors are more likely to have made heavy investments in the microservices architecture for their software development protocol. Microservices provide vendors with the ability to create highly maintainable yet loosely coupled services that can combine and be recombined to form large applications dynamically. This provides vendors with the necessary flexibility/agility to meet the demands of a highly dynamic market landscape.
- **More predictive features:** So much of AR has been backward facing, examining historical data to predict the likelihood of payment. AR has been so backward focused that it has been difficult switching gears to look up and see what's coming next. The potential of predictive analytics in AR is where AR software uses algorithms to predict patterns to determine past due risk and then account stability and credit worthiness and estimate late payment likelihood. Predictive analytics is picking up momentum, especially among larger and more complex AR environments.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this study was selected to accurately depict the vendors that are most representative of any given software application on a buyer's selection list based on the following:

- Vendors must have a SaaS or cloud offering — on-premises-only applications are out of scope.
- Software application can be purchased separately (not just functionality built into a larger system) and is available off the shelf without required customization.
- Software application has capabilities for collections, cash application, credit management, deduction/dispute management, and/or invoice presentment and payment.
- The vendor had 2019 revenue in at least two countries.
- The vendor had at least $5 million in 2019 AR management software revenue.
- The vendor has a minimum of one AR solution in market for at least three years.
- The vendor must have a significant footprint with businesses with 1,000+ employees.

ADVICE FOR TECHNOLOGY BUYERS

Accounts receivable applications are evolving rapidly as vendors invest research and development dollars into bolstering, augmenting and, in some cases, redesigning their applications. The applications must align with the new digital enterprise and its preferred way to absorb technology. The vendors must work to align their go-to-market strategies and product development strategies with the new digital enterprise. While the vendors in this study may vary widely in size, experience, levels of support, and sales model, the goal for all the vendors listed in this study is the same — create/curate a differentiating user experience (UX). To do that, the user experience must go beyond the software to include the sales process, accounting management, implementation, and post-implementation support. As a buyer in this market, here are a few of the key questions to consider during the buying process:

- **Begin by looking inward.** Before making purchasing decisions on AR software, here are a few key questions to ask regarding the internal resources and processes:
  - What are some of the issues I would like to resolve with this new system?
  - Are the issues technology related?
  - What are my internal support resources and capabilities?
  - How should we define success for this implementation?
  - Which internal stakeholders should we include in the evaluation processes?
  - How will a new system change my organization?
- **Select the right partners (internal and external).** The first step in the journey to finance and accounting system is developing a strategy and plan for the implementation. This includes doing the due diligence in finding the right vendor. Here are a few key questions to ask regarding the AR software vendor:
  - Does the vendor have experience with my type of product, service, and company size?
  - Can the vendor show me a hands-on demo with my organization's "live/real" data to show the benefit to the business?
  - Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product and how will it change in the future?

  - What is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?
- **Consider the foundation.** AR application vendors have seen many iterations from a technology architecture standpoint. Even among cloud vendors, there are many different varieties of software architectural approaches. IDC believes that taking time to understand the foundation of the software and its advantages (or limitations) is of critical importance during the buying decision. Here are a few key questions regarding the AR software vendor:
  - What is the data flow design within the current solution?
  - What kind of APIs are available now from this vendor? RESTful? SOAP? GraphQL?
  - What kind of developer tools does the vendor provide (e.g., sandbox, dedicated portal, low-code/no-code tools, and database management tools)?
  - Is any part of the software currently built on a microservice architecture? If so, which parts?
- **Take ownership of the implementation.** For the best results, organizations must take a very active role in the actual implementation of the software. AR software touches upon a lot of other back-office systems (order management, inventory management, supply chain management, sales management, human resources [HR], etc.). As a result, extreme attention must be given to how the AR system is set up and how it interacts with other systems within your organization. Here are a few key questions to ask regarding the software implementations:
  - What levels of support are available and are they geographically available for my business?
  - How should I set up the service-level agreement (SLA) before signing any contracts?
  - Can the system integrate with my company's other IT systems and those of my partners?
  - Which IT system needs to be integrated and to what degree?
  - How are we set up to deal with frequent product updates?
- **Note that post-implementation is critical.** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage and the people's side of AR management becomes essential. Here are a few key questions to ask regarding the post–go live phase of software implementations:
  - Do we have a strategy to encourage rapid adoption among employees?
  - Do we have the right amount of training for employees to master the new features within the system?
  - Are we communicating the purpose and benefits of the system change to the relevant employees?
  - Have we aligned existing policies and procedures to enable the adoption of the new workflows?

This IDC MarketScape assists in answering the aforementioned questions and others.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Billtrust

After a thorough evaluation of Billtrust's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020–2021 IDC MarketScape for worldwide SaaS and cloud-enabled accounts receivable automation applications for enterprise market.

Billtrust offers a SaaS platform for accounts receivable and B2B payment processes. The platform includes automated order capture, credit decisioning and monitoring, invoice delivery, payments and remittance capture, cash application, and collections. Billtrust's software is deeply integrated into the banking and AP ecosystems with Billtrust's Business Payments Network (BPN), which allows suppliers to fully automate invoices into AP portals and receive digital payments and remittance data without human intervention to apply the cash.

Quick facts about Billtrust:

- **Employees:** 550+
- **Total number of clients:** 2,000+
- **Globalization:** Supports 7 languages and 86 currencies across 196 countries
- **Industry focus:** 40+ distinct industries
- **SaaS:** Multitenant SaaS platform
- **Pricing model:** Annual recurring based on volumes, services, and transactional (i.e., payments)
- **Partner ecosystem:** 100+ partners including Visa, JPMorgan Chase, AvidXchange, Avalara, KeyBank, and Infor

Strengths

- **Payment functionality:** Billtrust offers a fully integrated payments platform, enabling access to an extensive financial ecosystem that includes financial institutions, Visa, and JPMorgan Chase as well as 150+ accounts payable solutions like AvidXchange. Through Billtrust's BPN, remittance is automatically gathered and consolidated in a digital lockbox and subsequently delivered to your ERP. Billtrust supports ACH and checks and offers fully PCI-DSS-compliant credit card processing.
- **Customer focus:** Customer experience is deeply rooted into the company culture and is a key priority for the leadership team. Billtrust leverages its Billtrust Community and Customer Advisory Council programs to drive innovation and product development.

Challenges

- **Highly competitive market:** Billtrust most often competes with incumbent solutions residing in point solutions or legacy ERP. Getting prioritized on the broader IT road map is a common challenge for finance practitioners. Second, full-featured modern ERP solutions in which IT departments have made large investments are looked at first to deliver AR with integrated payments functionality complicating the value proposition discussion.

- **Expanding international footprint:** Much of Billtrust's business is within the North American market. Billtrust must find ways to increase its momentum in the large European and Asian cloud-based AR software markets.

Consider Billtrust When

Consider Billtrust when you are a B2B enterprise with >$50 million in revenue, diverse buyers, and complex AR with high-velocity needs looking for a SaaS-based AR management solution with deep payment functionality.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IDC defines accounts receivable (AR) software as software that supports the tracking, analysis, and management of money owed to the company. AR software provides reporting and analysis of unpaid accounts and collection efforts. Core functionality for AR software includes cash management, credit management, presentment/billing, deduction management, collection, and reporting capabilities.

LEARN MORE

Related Research

- *IDC Market Glance: Financial Applications, 1Q20* (IDC #US46148220, March 2020)
- *Selling to the Buyer in the Digital Enterprise* (IDC #DR2020_GS3_MW, March 2020)
- *IDC's Worldwide Software Taxonomy, 2020* (IDC #US45718419, January 2020)
- *Market Analysis Perspective: Worldwide Financial Applications, 2019* (IDC #US45477119, September 2019)

Synopsis

This IDC study provides an assessment of the SaaS and cloud-enabled accounts receivable automation applications for enterprise and discusses the criteria that are important for companies to consider when selecting a system.

"Businesses of all sizes have turned their focus toward the most fundamental aspects of business — cash management and working capital. As a result, accounts receivable software, especially SaaS software, has been highlighted as a place to get a quick return from digital transformation efforts." — Kevin Permenter, research manager, Enterprise Applications at IDC

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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