

# Modernizing the B2B Customer Experience for the digital age

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Tuesday, November 6, 2018



# Today's Discussion

**Modernizing the B2B customer experience for the digital age is a challenge suppliers are facing in nearly every vertical.**

- How commercial customer experience expectations are changing
- How to insulate against Amazon Business and other competitive threats
- How to transform the 'back office' billing and payment experience from an attrition driver to a competitive sales weapon

# Mega Trends Impacting B2B Payments



**Advances** in  
consumer technology



**Amazon**  
has shown the way



**Savvy merchants**  
seize \$ opportunity





# Seismic shifts in technology in less than a generation



**Early  
2000s**

- Land lines
- Mobile phones and blackberries
- Palm Pilot
- Fax machines
- Connect to internet via Ethernet
- Road Atlas and Mapquest
- Dial-up vs. broadband
- “Black Friday” mall shopping

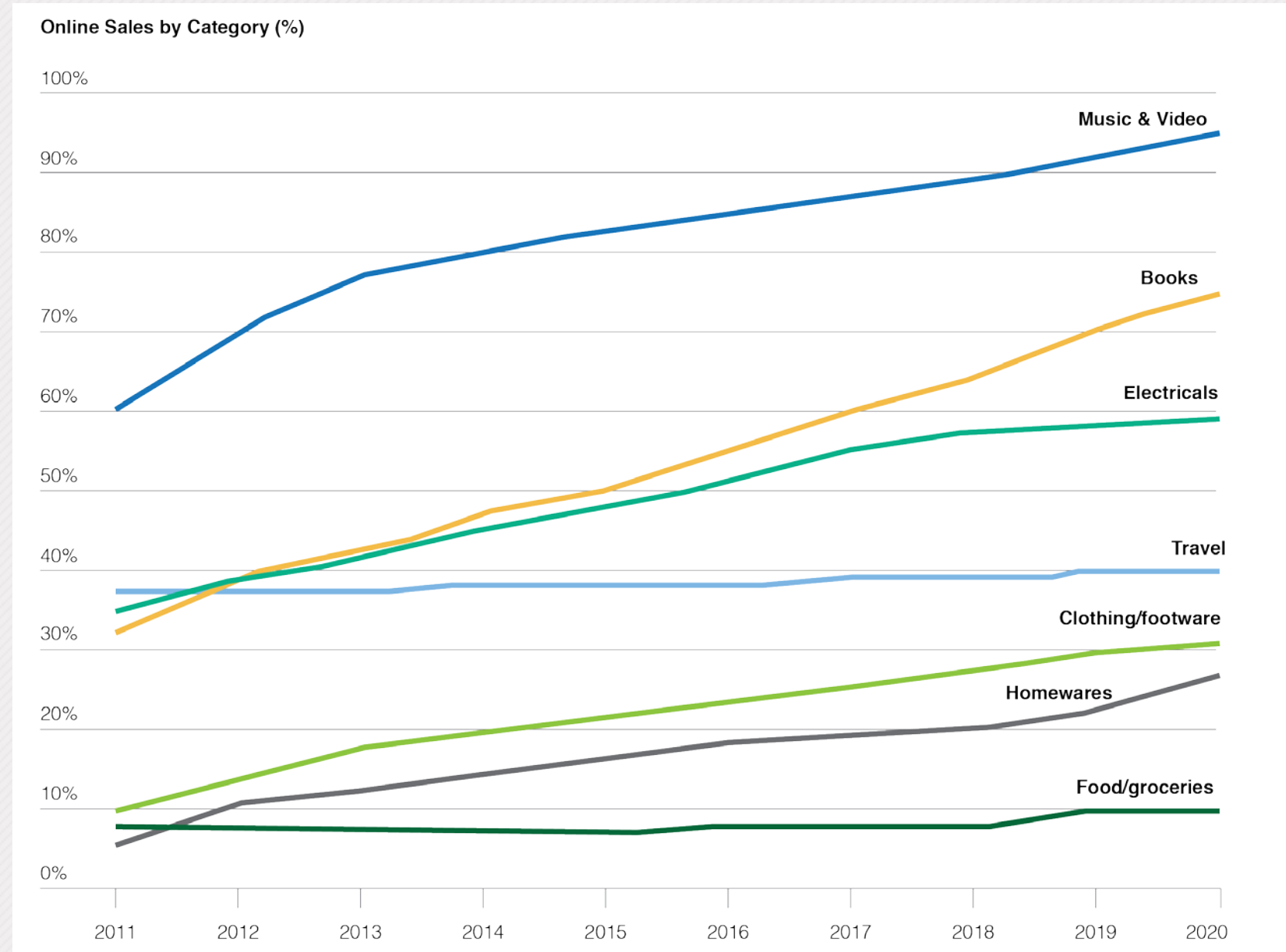


**2018**

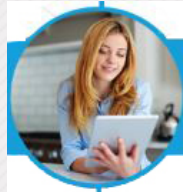
- Smartphones that do everything
- Expectation of connectivity
- Facebook, Twitter, Instagram
- Drones
- WiFi everywhere
- GPS via Google maps, Waze
- Streaming
- “Cyber Monday” and dying malls



# The transformation of sales to online channels



# Technology has radically changed consumer buying experience



## TODAY'S CONSUMERS RELY ON NUMEROUS CHANNELS AND DEVICES TO FIND PRODUCTS



start product searches on  
**amazon**

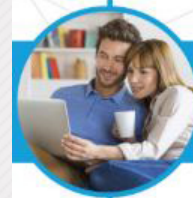


purchase products they see  
on social media



follow brands on  
*Instagram*

1 in 9 regularly use smart speakers to shop



## THEY EXPECT EASE ...



63%

expect brands to use purchase history  
to personalize shopping

54%



expect deliveries in 2 days or less



## ...AND REWARD CONVENIENCE

Consumers have been shown to spend:

66%

more on Amazon when  
using a smart speaker

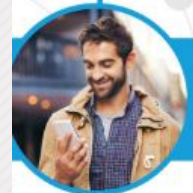


17%

more per order when  
the experience is matched  
on multiple devices

30%

more when using a branded  
mobile app



## MOST OF ALL, THEY MULTITASK



70%

frequently browse and  
shop on smartphones  
while watching TV

80%



use smartphones in  
stores to read reviews  
and compare prices









# Buying experience is being revolutionized


	 Early 2000s	 Now
Barista made-to-order drinks	✓	✓
Comfortable seating	✓	✓
Online site	✓	✓
Rewards		✓
Mobile app		✓
Text alerts		✓
Starbucks card-mobile payment		✓
Tweet-a-Coffee		✓
Order via mobile – pick up in store		✓



Starbucks recognizes time and convenience are powerful differentiators

  
**94%** of all Facebook  users are either a **Starbucks fan** or are **friends** with one

**≈ 100,000**  
**DOWNLOADS**   
of its mobile apps /week

  
**34.8 million**  
**visitors** on Starbucks web sites and mobile applications

In 2012, the company booked  
**\$3 billion** in payments  
via its **loyalty card**



**Reduced 10 seconds**  
from every card or mobile phone  
transaction, cutting customers'  
time-in-line by **900,000 hours**





“It used to be you went to work to take advantage of the best technology.

**Now the most advanced technology is at home or on my phone.”**



# Focus on B2B is increasing, driven by multiple forces





# Cavernous gap in B2C vs. B2B experience



## Typical B2B Experience

*Slow • Error Prone • Manual*

*High Cost • Missed Sales*

- Offline, paper or emailed application
- Manual review, 1-3 days turnaround
- Omni-channel purchasing rare
- None
- Physical bill, mailed USPS
- Call during business hours; No online tools
- Outbound calls if very late; No 'past due' notifications
- Physical check via mail
- Manual application. No algorithms





# Amazon's real lesson

**amazon.com**

☒ **One-time payment:**  
From: **\$119.99**

Qty: 1

☐ Yes, I want **Unlimited Two Day Shipping** with [Amazon Prime](#)

 **Customize & Add to Cart**

or 1-Click Checkout

1-Click® configuration: **Black, Wi-Fi Only, With Special Offers**  
(\$119.99 **In Stock**)

 **Buy now with 1-Click®**

## TRUE

- Disruptive shift of consumer purchasing from traditional brick and mortar to online

## BUT ALSO

- Weaponization of friction-less purchasing as a source of competitive advantage
- This critical insight is applicable beyond consumer



# Neutralizing any advantage to buying offline

- Free shipping with Prime
- 1-Click
- Recommendations
- Reviews
- Amazon Wish List
- Amazon Appstore
- Amazon Music
- Kindle Fire
- Amazon Underground
- Amazon Prime drone delivery



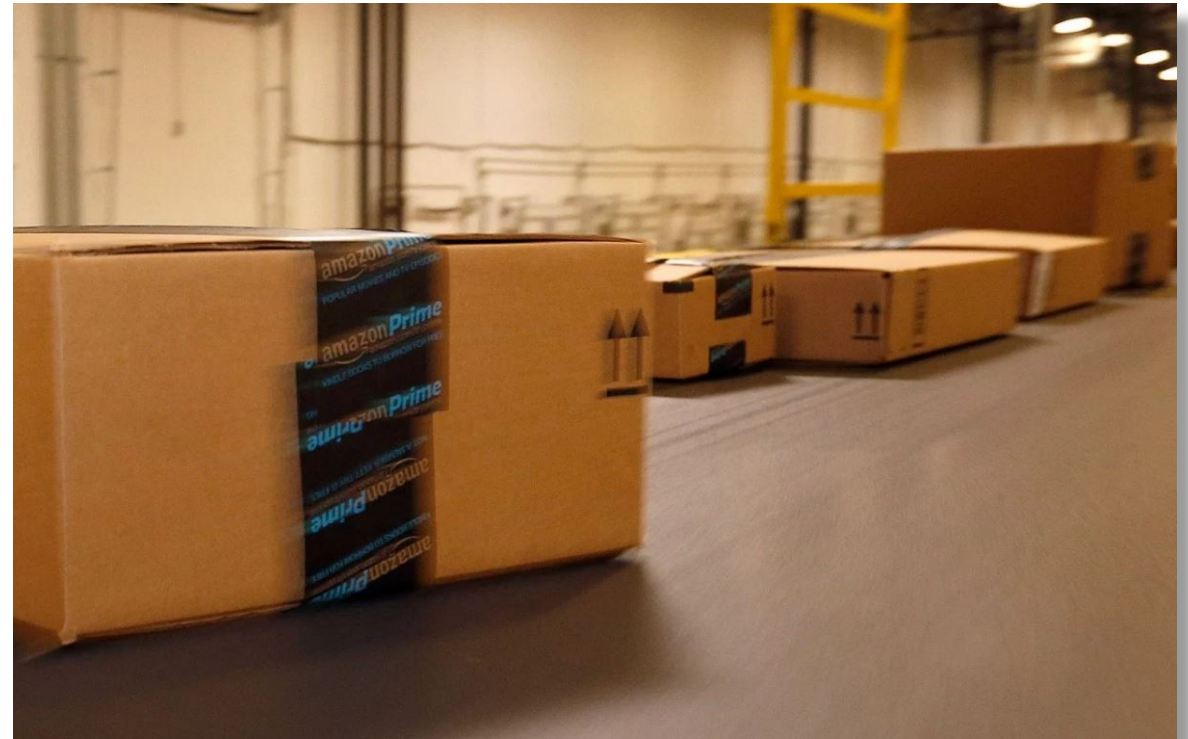
# Amazon keeps raising the stakes

## The Amazon Business American Express Card



- Exclusive rewards for the Prime member
- Cash back or up to 90-day interest-free term

## Amazon Business Prime adds same-day shipping







# Modernizing offers meaningful cost and risk reduction

	Good Year	Average Year	Bad Year
Cost of Money	0.49%	0.58%	0.66%
Bad Debt	0.25%	1.63%	3.00%
Legal, Collection Agency and Lien	0.05%	0.15%	0.24%
Cost of Billing, Bureau, Credit Scoring	0.36%	0.36%	0.36%
Labor and Benefits Costs - Credit Program	0.47%	0.47%	0.47%
Customers Paying In-House Account with Credit Card (%)	15%	15%	15%
Card Processing Fees	0.413%	0.413%	0.413%
<b>In-House Program as % of Sales on Account</b>	<b>2.0%</b>	<b>3.6%</b>	<b>5.1%</b>

# Blind Case Study

# A need to innovate to grow

- National retailer seeking to further penetrate middle market segment
- Under competitive threat from both brick-and-mortar and online competitors (Amazon)
- Lack underwriting and fraud sophistication to handle this customer segment
- Trade credit processes manual, costly, and error-prone. Significant portion of sales rep time spent on servicing issues vs. selling
- Highly-focused on customizing credit program to enhance sales effectiveness and reduce the friction in customer experience



# What really matters



**Friction-Free**  
Customer Experience

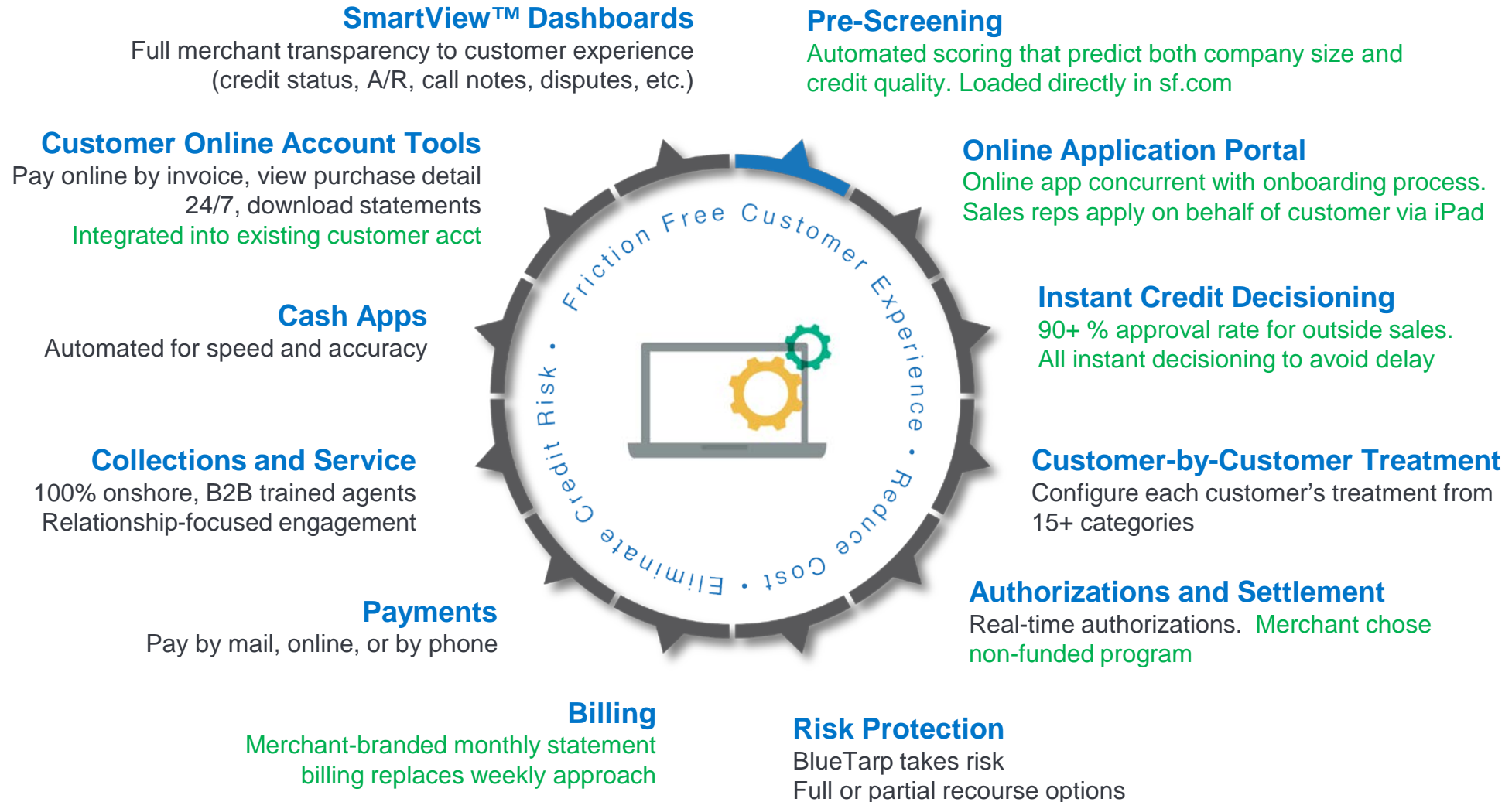


**Win New and Grow**  
Existing Customers



**Protection** from  
Bad Debt and Fraud

# A customizable program from purchase to payment





# Improving the customer experience

Before	After
<i>Invoice every shipment</i>	1 statement
<i>Rolling due dates</i>	1 due date
<i>No payment reminders</i>	Email notifications for statement due date reminders, past due notices
<i>Paper billing/payments</i>	Online billing and online bill pay

**“It is absolute heaven.”**

- Customer comment about the online billing integrated into the existing ordering platform

**“Thank you so much for your lightning fast response.”**

- Admin from pipeline company

**“WOW, you can access everything on here! This is great and it’s going to save me a ton of time.”**

- Construction company book-keeper about online bill and payment features

**“It’ll make my job so much easier.”**

- AP rep from chemical company reacting to statements being emailed instead of postal mail

**>90%**

Instant ‘terms’ buying power

**37%**

Reduced inbound customer calls

**29%**

Decrease in emails

**65%**

Reduced misdirected payments

**~18%**

New online bill payers each month





# Online banking build

MAKE A PAYMENT

ACTIVITY & STATEMENTS

My account balance

Invoice history

Payment history

Monthly statements

## My account balance

The transactions on this page show how we have calculated your current Account Balance.  
Note that any pending charges that have been deducted from your Available Balance may not yet be reflected in your Account Balance.

**CURRENT ACCOUNT BALANCE** ?

<input type="checkbox"/>	Transact date ▼	Order #	Transaction type	PO	Budget center	Invoiced amount	Payment amount
<input type="checkbox"/>	10/16/2018	7206418770-0-1	Sale			\$472.31	
<input type="checkbox"/>	10/2/2018	7205475746-0-2	Sale				
<input type="checkbox"/>	10/1/2018	7205475746-0-1	Sale				
<input type="checkbox"/>	9/17/2018	7204618450-0-1	Sale				
<input type="checkbox"/>	9/17/2018	7204579132-0-1	Sale				
<input type="checkbox"/>	9/14/2018	168810775-0-2	Sale				

Account summary ▼

Credit available

\$5,573.01

Account balance

\$1,926.99

Pending charges \*

\$0.00

\*Not yet included in account balance

Total credit

\$7,500.00

MAKE A PAYMENT

ACTIVITY & STATEMENTS

Pay current statement

Pay account balance

Pay by invoice

Pay other amount

Auto pay

To pay the total balance due on your account, choose this payment method.

Account balance

\$1,926.99

Bank account \*

Wells Fargo (ending in \*5815) ▼

Add new bank account

Payment date \*

10/19/2018

Cancel transaction

Make payment



# Invoice before & after

Before

LOGO

INVOICE DATE	CUSTOMER	SUMMARY INVOICE
11/07/15	DAL 1816229	8036710296
PLEASE PAY BY	TERMS	AMOUNT DUE
11/07/15	Net 45 Days	1023.42CR

INVOICE DETAIL

WEATHERFORD LABS  
ATTN: ACCOUNTS PAYABLE  
5200 N SAM BOBSTON PKWY W  
STE 500  
BOBSTON, TX 77086

P.O. Number : 12376369  
P.O. Desc :  
Release :  
Release Desc:

WEATHERFORD LABS  
ATTN: BRISA JOHNSON  
5200 N SAM BOBSTON PKWY W  
STE 500  
BOBSTON, TX 77086

Invoice Number: 3283557553  
Order : 7118531561-001-001  
Ordered By : BRISA JOHNSON  
Order Date : 10/14/15

Order Line	Item Number	Description	Order Qty	U/O	Unit Meas	Ship Qty	Unit Price	Extended Price
9	656503	PICKUP/NO RESHIP/CREDIT HP CB4 IDE.74521.526050.000.5	1	0	EA	1	234.30	234.30-
Freight:							.00	
Tax: ( 8.2500 %)							19.33-	
Sub-Total:							234.30-	
Total:							253.63-	

\*\*\*\*\*Credit for Invoice# 3269946007\*\*\*\*\*

After

LOGO

Kevin Smith  
123 Company  
443 Congress St.  
Portland, ME 04101

Credit Account # 123456  
Staples Account # 111111  
Statement Date 12/25/2016  
Statement # 1614870614

Previous Account Balance \$129.00  
New Purchases \$515.00  
Other Charges and Credits \$0.00  
Payments -\$200.00

Account Balance \$444.00

Credit Limit	\$5,000.00	Payment Due Date(s)	Amount
Account Balance	\$444.00	Past Due	-\$71.00
Available Credit	\$4,556.00	01/20/17	\$515.00
Amount Due			\$444.00

Hello Online Bill Pay.

SHOP NOW → →

Make Purchases Receive Your Monthly Statement Pay Online

Pay online - it's fast, easy and secure!

Don't forget you can make quick and easy payments online! Log into your secure account today!

To avoid late charges, please make payment within 5 days of the due date.  
Please detach and return stub with payment to address below.

Kevin Smith  
123 Company  
443 Congress St.  
Portland, ME 04101

Statement Date 12/25/16  
Statement # 000123456789

Address Change: \_\_\_\_\_

Account Balance \$444.00

Amount Enclosed \$



# Increasing speed and quality of sales

Before	After
<i>Blind door-pulling targeting</i>	Pre-screen
<i>All customers approved</i>	Real-time credit decisions
<i>Line increases slow or null</i>	Fast credit line increases
<i>Sales acted as admins</i>	Outsourced billing administration

**“It’s diligent work ethic like yours that keeps us one step ahead.”**

- Sales rep after receiving instant credit line increase for customer

**“I love that we partnered with you. It makes my job much easier.”**

- After receiving a real-time increase to a food market customer.

**“You are a joy to work with and very quick to respond to emails.”**

- Sales rep’s response after working with a BlueTarp customer service rep.

**5.9 sec**

Online credit decision time

**95%**

Outside sales approved instantly

**74%**

Greater spend with targeted leads

**30%**

Increase quality of sales wins



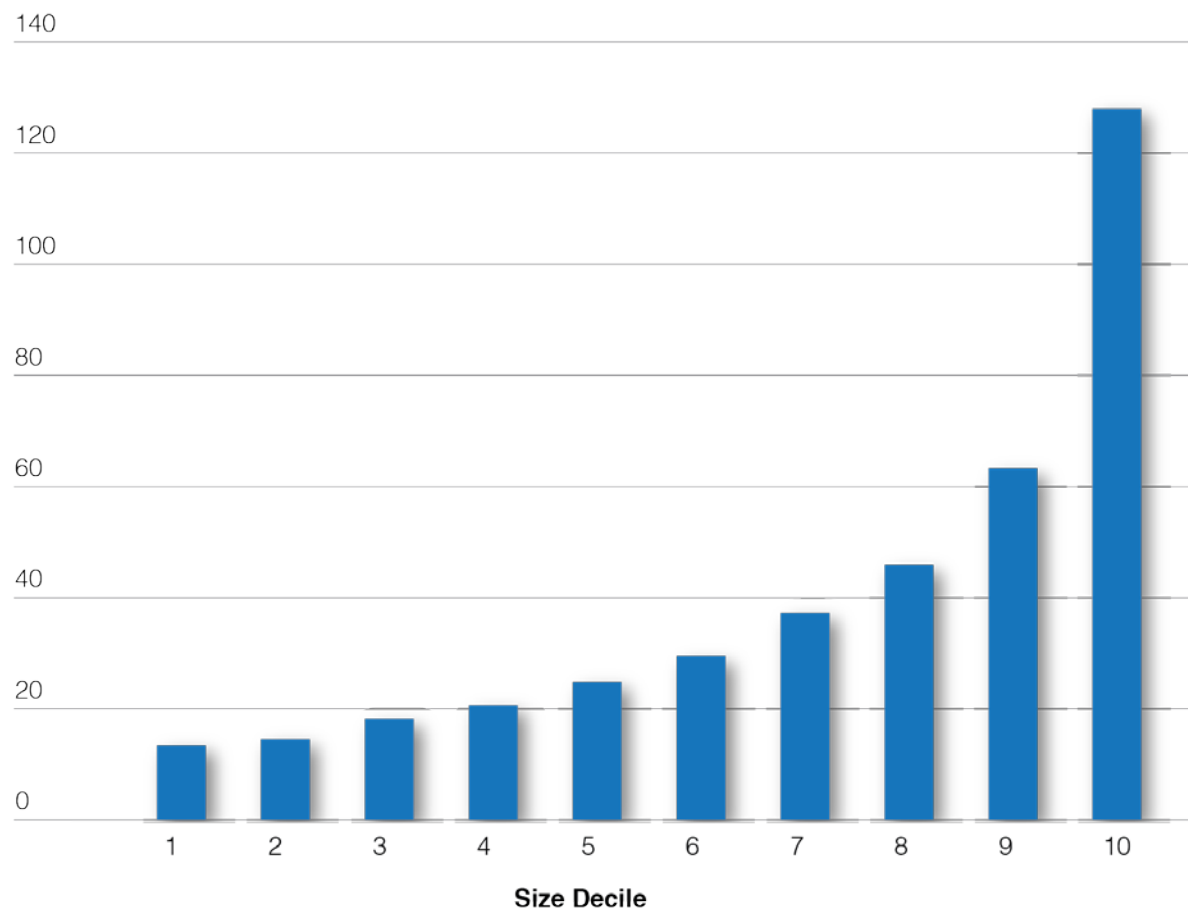
How does your credit team help to  
accelerate sales or identify top targets?



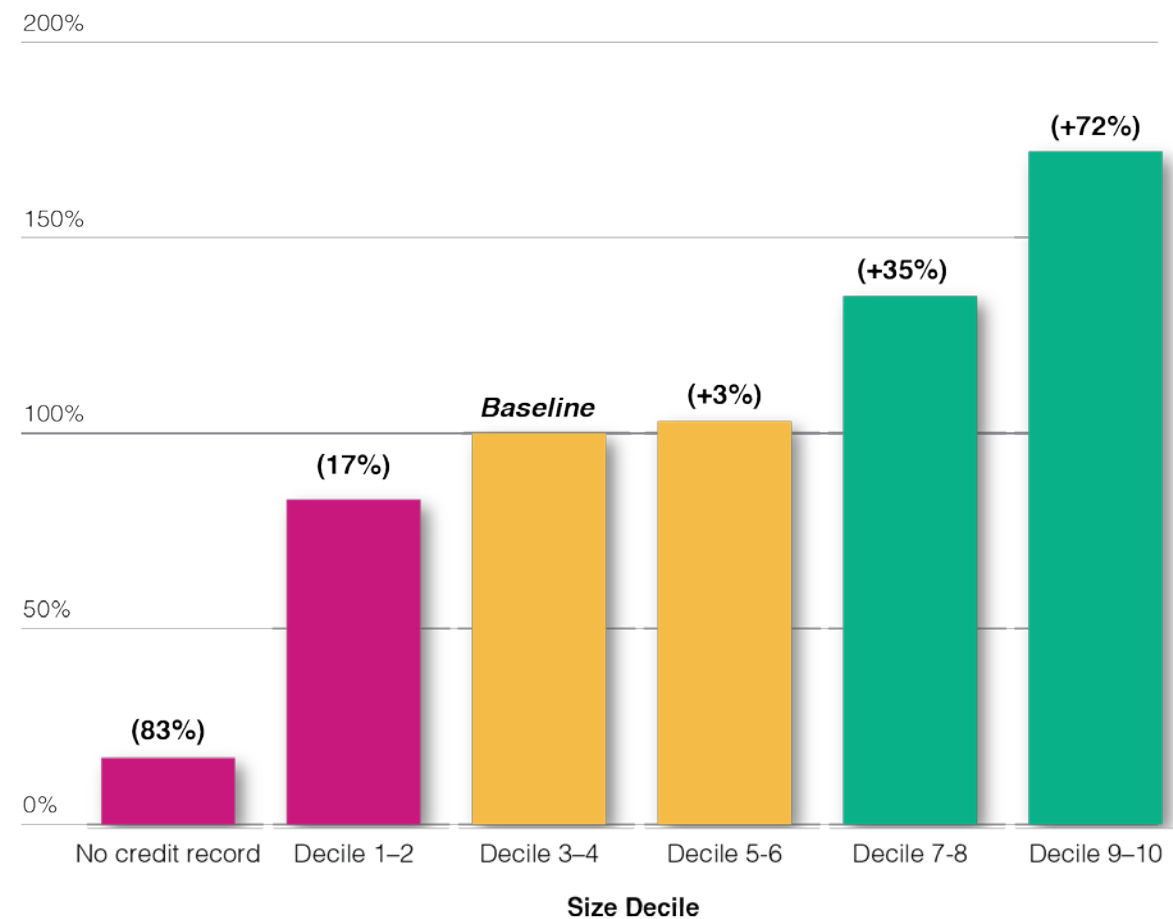


# Pre-Screens drive sales targeting

# Employees by Size Model Decile



Difference in Cumulative Sales After 15 Months



\* Pre-screen for size is a regression model that includes variables like age of account, max spending in last 12 months, # trades, etc. Employee count is not a variable in the



# Improving margins and reducing risk

Before	After
<i>Customers paid terms acct with credit cards</i>	Migrated customers to other forms of payment
<i>Loyalty membership fee collection was inconsistent</i>	Re-sold program benefits, collected fees
<i>Slow/incorrect payment application</i>	Algorithms automate fast cash application
<i>Slow and disconnected collections' efforts</i>	Proprietary collections' activities with soft touches and phone calls
<i>No fraud review, after sale manually reviewed potential risks</i>	Risk & Fraud models part of new customer screen

**84%**

Reduction in double dip  
credit card payments

**1100 bps**

Improvement in  
membership fee collection

**55%**

Faster cash applications

Improved cash apps by

**91%**

**33%**

Reduction of DSO

Reduced 60+ delinquencies by

**46%**

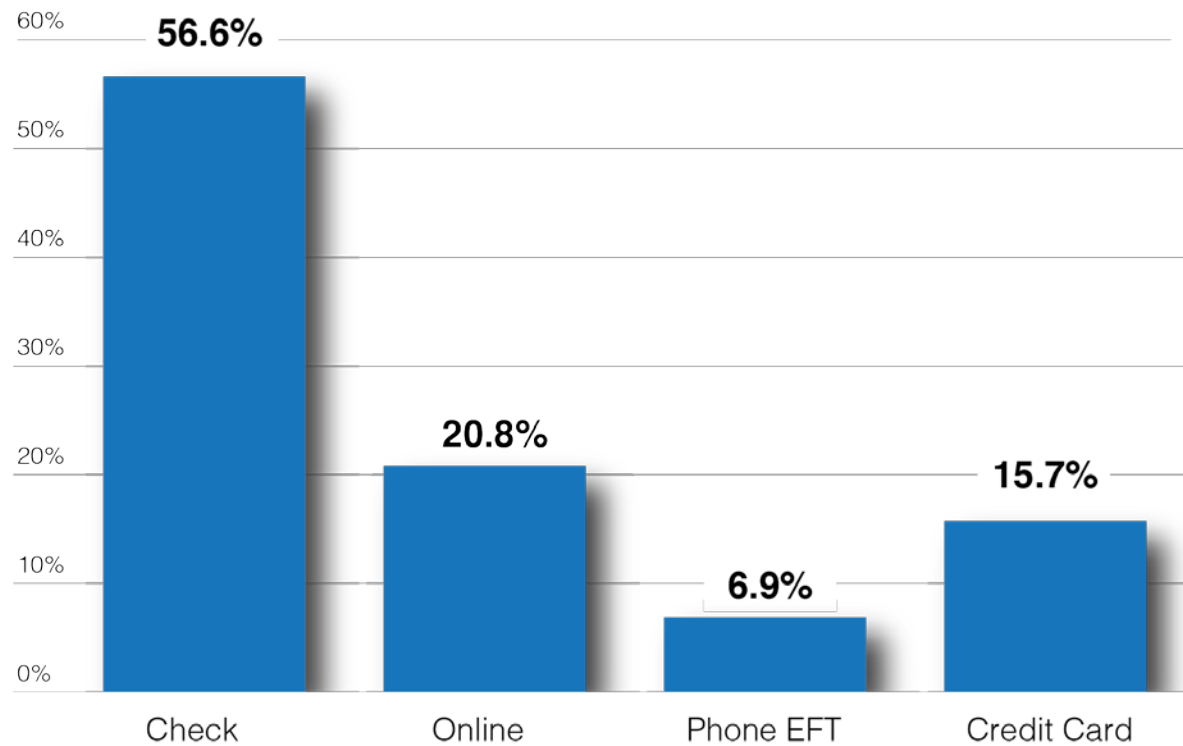
**100%**

Customers' credit risk



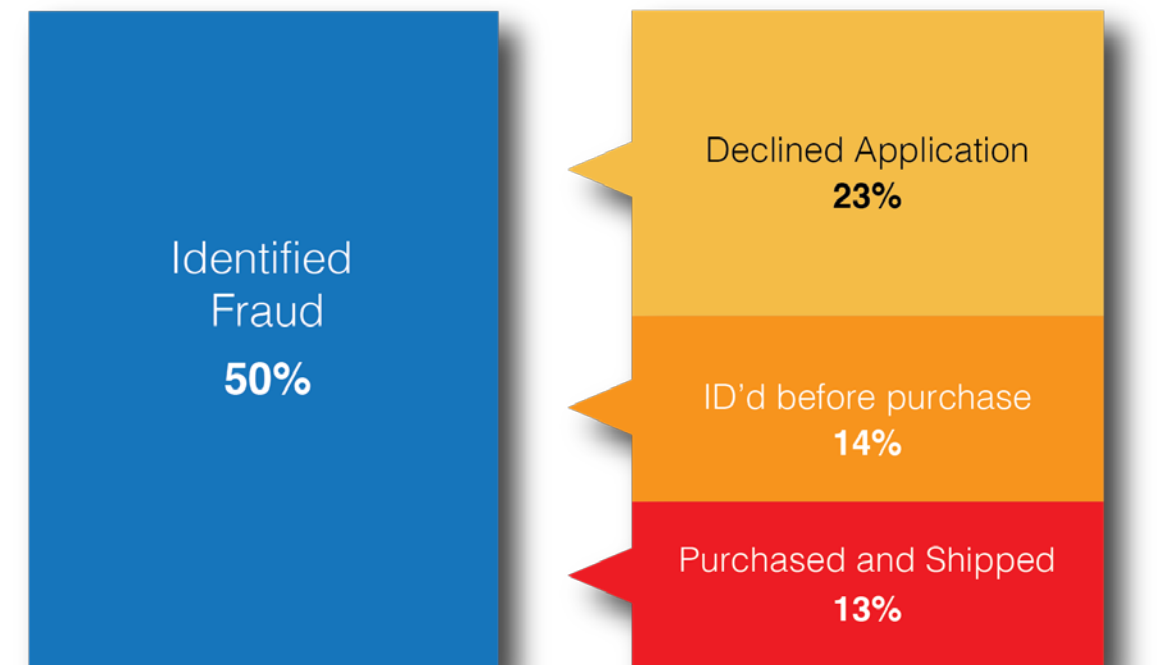
# Agility to mitigate financial exposure

% of May – August Payments by Type



*Our Call Center and Collections Teams proactively sold payment alternatives to change credit card paying of 'on-account' terms' behaviors*

Quickly Identified Fraud GAP in Model



*Insides Sales due to significant fraud from the 'faceless' nature of incoming, unsolicited credit applications*



Are you seeing more fraud as you move your business online? What other kinds of risk are you seeing?



# Closing the gap in B2B vs. B2C experience



## Typical B2B Experience

*Slow • Error Prone*  
• *Manual • High Cost*  
*Missed Sales*

- Offline, paper or emailed application
- Manual review, 1-3 days turnaround
- Omni-channel purchasing rare
- None
- Physical bill, mailed USPS
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- Physical check via mail
- Manual application. No algorithms



## Savvy Merchant

*Real-time • Accurate*  
• *Faster • Repeatable*  
*Buying Power*

- Online, real-time credit decision
- Immediately use credit account
- Authorizations via multiple charges
- Marketing imbedded billing notifications
- eMail immediately after billing cycle closes
- Extended daily service hours, also holidays & weekends
- Past due email default setting; soft touches around 30-45 days
- Automated with online bill pay or via ACH
- Proprietary solutions for cash applications

# Adapt or die

LINENS-N-THINGS®



**SHARPER  
IMAGE®**

**BORDERS**



**TOWER®**  
RECORDS • VIDEO • BOOKS

# Take-aways

- If you take the long view, the trend lines are obvious...as is the right strategy
- These megatrends are happening whether you pay attention to them or not
- Ease of use and convenience is the emerging competitive front in B2B commerce
- Gains to early movers will begin slowly and steadily compound. The pain of inaction, likewise, will be slow at first and then very difficult if not impossible to catch up

# Thank you

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