



## Industry Commentary

Jamie Hamilton  
+1 470 351 6928  
[jhamilton@williamblair.com](mailto:jhamilton@williamblair.com)

Mike Nelson  
+1 720 844 0003  
[michaelnelson@williamblair.com](mailto:michaelnelson@williamblair.com)

Christin Zindrick  
+1 312 364 8321  
[czindrick@williamblair.com](mailto:czindrick@williamblair.com)

David Oliver  
+1 470 351 6929  
[doliver@williamblair.com](mailto:doliver@williamblair.com)

## Opportunities for Disruption Still Exist in the Massive B2B Payments Market

The facilitation of B2B payments is undergoing significant disruption from software and payments technology providers seeking to digitize and automate traditionally manual, paper-based processes. Despite these error-prone processes, companies have been slow to modernize these manual tasks, as represented by the fact that 40% of B2B payments are made by paper check.<sup>1</sup>

The COVID-19 pandemic, however, placed a brighter spotlight on these existing industry pain points and introduced other complexities such as remote work requirements, which have only accelerated the need for and pace of digitization and automation.

Various accounting systems, complex integration requirements, business-specific internal workflows, the proliferation of point solutions, and limited visibility across departments have driven additional B2B payments challenges. As a result, companies helping automate the facilitation of B2B payments are increasingly seeking to integrate their solutions into workflow software to provide a more seamless experience for businesses to manage back-office processes and payments and accounting reconciliation. Vertically focused software providers that are effective at embedding B2B payments inside their workflow software are proving to be the most disruptive to the status quo given their ability to couple industry-specific functionality and deep knowledge of a vertical's most relevant trading partners alongside the facilitation of a payment.

In addition to workflow complexity, the two-sided nature of a B2B payment creates additional barriers to electronic payment conversion, including limited buyer-to-supplier connectivity and a lack of data

standardization between individual buyers and suppliers. B2B payments companies that are able to integrate accounts payable (AP) and accounts receivable (AR) workflows and create two-sided networks are offering more seamless commerce experiences for trading partners, thus realizing greater volume throughput and electronic payment conversion. Full integration with “network effects” may be the ideal, but there is a middle ground not far behind—collaborative commerce is a growing trend that seeks to improve buyer and supplier relationships and AP/AR system connectivity through digital communication and collaboration tools.

William Blair has recently advised several companies benefiting from these trends, including DadeSystems in its sale to Versapay, BirchStreet Systems in its recapitalization by Parthenon Capital Partners, Mineral Tree in its sale to Global Payments, and Conexiom in its growth investment from Warburg Pincus, among others. It is our belief that ample opportunity remains for continued technology-driven disruption, particularly in certain vertical markets where check writing is still the norm, making B2B payments one of the most attractive subsectors for continued investment and consolidation.

1. PYMNTS.com, “B2B Payments: 40% Are Made With Paper Checks”, March 15, 2022

## Recent William Blair B2B Payments Transactions

Not Disclosed



a portfolio company of Ten Coves Capital, Wells Fargo Strategic Capital, Fifth Third Capital Partners & Ocean Azul Partners

has been acquired by



a portfolio company of Great Hill Partners

Not Disclosed



a portfolio company of Serent Capital

has received a strategic growth investment from



\$500,000,000



a portfolio company of Great Hill Partners

has been acquired by



Not Disclosed



a portfolio company of Luminate and ICONIQ

has received a growth investment from



Not Disclosed



a subsidiary of



has been acquired by



Not Disclosed



has received an investment from



\$93,000,000



has been acquired by



\$1,300,000,000



Capital Markets Advisor

\$1,380,000,000



Follow-on Offering

“William Blair” is a trade name for William Blair & Company, L.L.C., William Blair Investment Management, LLC and William Blair International, Ltd. William Blair & Company, L.L.C. and William Blair Investment Management, LLC are each a Delaware company and regulated by the Securities and Exchange Commission. William Blair & Company, L.L.C. is also regulated by The Financial Industry Regulatory Authority and other principal exchanges. William Blair International, Ltd is authorized and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom. William Blair only offers products and services where it is permitted to do so. Some of these products and services are only offered to persons or institutions situated in the United States and are not offered to persons or institutions outside the United States. This material has been approved for distribution in the United Kingdom by William Blair International, Ltd. Regulated by the Financial Conduct Authority (FCA), and is directed only at, and is only made available to, persons falling within COB 3.5 and 3.6 of the FCA Handbook (being “Eligible Counterparties” and Professional Clients). This Document is not to be distributed or passed on at any “Retail Clients.” No persons other than persons to whom this document is directed should rely on it or its contents or use it as the basis to make an investment decision.