

Aite Matrix Evaluation: Leading Providers of Integrated Receivables Solutions

This excerpt provided compliments of this Best-in-Class vendor:



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INTRODUCTION

While paper checks still constitute the largest percentage of business-to-business (B2B) payments, the shift toward electronic payment methods, especially ACH and real-time payments in the U.S., is continuing to build momentum. This trend is forcing businesses of all sizes, but especially the largest ones with high receivables volume across multiple payments types, to look for more efficient ways to receive, consolidate, and reassociate payments with their related remittance information. Businesses are seeking a robust solution from their bank, and if their bank is not able to meet their needs, they are going directly to a vendor that can help them solve their payments challenges. This is creating disintermediation that is forcing banks to consider competition with the leading integrated receivables vendors in the market. Due to market demand, creating an integrated receivables solution has become a high priority for many financial institutions that are looking for a partner to help them meet client needs.

This Impact Report explores some of the key functionality and trends within the integrated receivables market and looks at market growth and what functionality is top of mind for vendor roadmaps. The Impact Report also compares and contrasts the leading vendors' offerings and strategies, and it highlights their primary strengths and challenges. Finally, to help financial institutions make more informed decisions as they select new technology partners, the report recognizes specific vendors for their strengths in critical areas.

METHODOLOGY

Leveraging the Aite Matrix, a proprietary Aite Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, product features, and client services.

The following criteria were applied to develop a list of vendors for participation:

- Bank awareness of the vendor as a provider of a viable integrated receivables solution
- Successful implementation of a cash management solution at a minimum of one U.S.-based financial institution or business
- Ability to offer a full out-of-the-box integrated receivables solution as opposed to just components of one

Participating vendors were required to complete a detailed product request for information (RFI) composed of both qualitative and quantitative questions, conduct a minimum 60-minute product demo, and provide active client references.

THE MARKET

The following market trends are shaping the present and future of the integrated receivables market (Table A).

Table A: The Market

Market trends	Market implications
Check volume is declining.	Electronic payments such as ACH are increasing and often have remittance information delivered via a separate channel, such as email.
Corporate customers are experiencing lower STP rates.	Corporate customers of all sizes are finding value in the payments automation of an integrated receivables solution.
Corporate customers are demanding improved payments data and analytics.	Banks are reassessing basic reporting capabilities and trying to provide a more consolidated view of payments activity that is actionable and value-added.
Corporate customers are including integrated receivables as a must-have when selecting a bank partner.	Banks that do not have a robust integrated receivables solution are at a market disadvantage.
Banks are finding it difficult to prioritize the build of a robust integrated receivables solution.	Banks are shifting toward more vendor-built solutions to replace lacking solutions and/or come to market more quickly with a market-leading solution.

Source: Aite Group

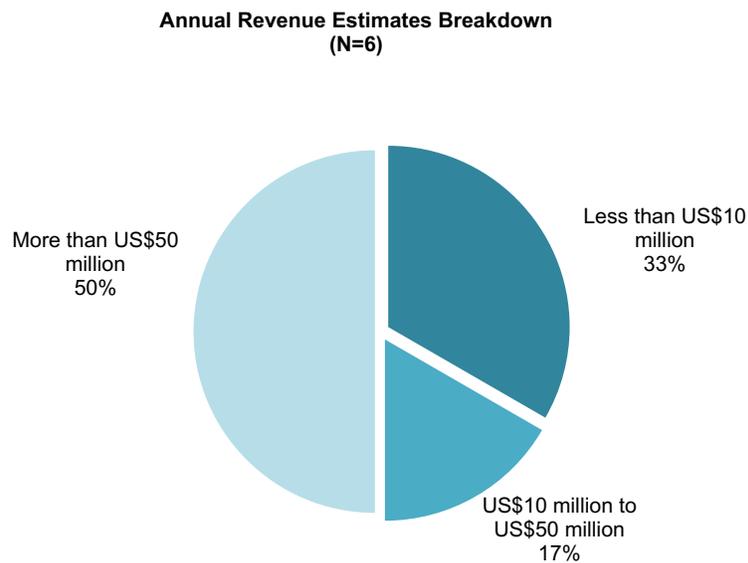
KEY STATISTICS

This section provides information and analysis on key market statistics.

ANNUAL REVENUE ESTIMATES ANALYSIS

The integrated receivables vendor landscape is continuing to evolve and grow. Even some of the most established providers generate less than US\$50 million in revenue annually. As adoption continues to grow, these numbers will continue to increase. Unlike technologies such as cash management platforms that every bank must have, significant new market opportunities are still available in the integrated receivables space. These market opportunities lie within both the corporate landscape and the financial institution landscape (Figure 1).

Figure 1: Annual Revenue Estimates Breakdown



Source: Vendors

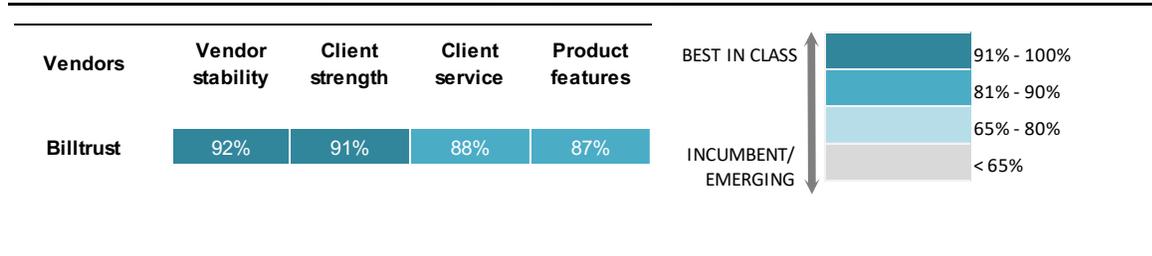
AITE MATRIX EVALUATION

This section will break down the individual Aite Matrix components, drawing out the vendors that are strong in each area and how they are differentiated in the market.

THE AITE MATRIX COMPONENTS ANALYSIS

Figure 2 overviews how Billtrust scored in the various areas of importance. Vendors are rated, in part, based on its own data provided when responding to the RFI distributed by Aite Group as well as on product demos and follow-up discussions as part of the Aite Matrix process. Ratings are also driven by the reference customers of the examined vendors to support a multidimensional rating.

Figure 2: Aite Matrix Components Analysis by Heat Map



Source: Vendors, Aite Group

VENDOR STABILITY

The integrated receivables vendor landscape is still evolving and maturing. Because of the strong market demand, financials are strong and continue to strengthen. Billtrust scored highly in this area due to its strong client base, growth rates, reinvestment in research and development, and annual revenue.

CLIENT STRENGTH

Client strength includes number, variety, and size of clients in the client base as well as average new client acquisitions annually. Billtrust has the greatest number and variety of clients in its portfolio with a large corporate client base that continues to grow at a strong and steady rate.

CLIENT SERVICE

The scoring of this category is based not only on vendor information on service-level agreements and customer support options but also on direct client feedback. The client feedback evaluates service and support, delivering on promises, and cost value as well as product features such as user interface, ease of upgrades and integration, and overall functionality. One of the strongest indicators of how a vendor will succeed and grow over time is the satisfaction of the current client base.

PRODUCT FEATURES

While this category considers feedback from clients regarding the robustness and breadth of the functionality within each of the vendors' cash management offerings, it also measures important factors such as overall solution usability and functionality (based on both client feedback and Aite Group analyst observations), ease of integration, mobile capabilities, and deployment options, and the vendor's ability to stay ahead of the curve with more forward-looking capabilities, such as use of AI, real-time capabilities, mobile features, invoicing capabilities, and credit and risk tools. Billtrust should also be acknowledged in this area, as its functionality is strong in most areas but is lacking in the credit and risk tools, which are next-generation features.

THE AITE MATRIX RECOGNITION

To recap, the final results of the Aite Matrix recognition are driven by three major factors:

- Vendor-provided information based on Aite Group's detailed Aite Matrix RFI document
- Participating vendors' client reference feedback and/or feedback sourced independently by Aite Group
- Analysis based on market knowledge and product demos provided by participating vendors

The Aite Matrix highlights three specific types of vendor groupings as a result of the analysis:

- **Best in class:** Vendors in this grouping represent the leaders in the particular vendor market, with strong financials, diverse client bases, and robust product offerings with industry-leading functionality and reliable client service. These are essentially the leading vendors that everyone else is chasing.
- **Contenders:** Contenders have created stable businesses and client bases as well as competitive product offerings. But they struggle at times to identify the next big market trend or product features, or lack consistent research and development or IT investment, leading to a failure to update overall performance and infrastructure. Contenders' overall competitive positions will vary a bit, from vendors that are having a tough time keeping up with the best-in-class vendors—due to a lack of resources or stable but outdated technology stacks—to vendors that are just inches

away from joining the best-in-class grouping if only they could properly execute on the next release or successfully capture a new client segment.

- **Incumbent or emerging:** This last grouping represents vendors that either have a large potential for future growth or are established vendors with stagnating offerings. This group may represent startups or vendors with limited resources. They may exhibit unstable business models, low client count, and limited client service capabilities. However, this group of vendors may also support innovative product features and transformative business models that will help them home in on the Aite Matrix framework.

BEST-IN-CLASS VENDOR: BILLTRUST

Billtrust provides a best-in-class solution. Outstanding categories for Billtrust are vendor stability and client strength. These are attributable to the breadth and depth of the Billtrust corporate client base. Billtrust's clients include many corporations of varying sizes and profiles across a wide scope of industries. Clients have high levels of satisfaction with Billtrust's service and products, which are not best-in-class but are certainly market-leading. The product features of the Billtrust's integrated receivables solution are also market-leading but trail slightly behind in the capabilities around exception and deductions workflows and customization.

BEST IN CLASS: BILLTRUST

Billtrust is a privately held company that was founded in 2001. It is headquartered in Lawrenceville, New Jersey, and it has major offices in Denver and Chicago. With more than 600 employees, Billtrust partners and integrates with financial institutions, ERP providers, and other technology companies. Billtrust has a large and varied corporate customer base. It has clients in the U.S. and Canada, and primarily caters to the North American market. The solution supports seven languages and can be deployed on the cloud.

Billtrust has delivered a suite of full life cycle solutions with an order-to-cash-centric view of the B2B ecosystem. It enables automated STP of invoicing, payments, and cash applications, along with products designed to help customers order, extend credit, and collect receivables. Billtrust has more than 1,600 corporate clients, which are a mix of small, midsize, and large corporations across more than 40 industries.

AITE GROUP'S TAKE

Billtrust is a power player in the integrated receivables market. The company is well-known primarily because of its deep penetration into the corporate market. With over 1,600 corporate clients, it has an even spread of clients among small, midsize, and large corporate segments providing a strong, stable foundation for continued growth. The user interface is designed with attractive and easy-to-understand graphics and analytics that are valuable to clients in all segments. The system allows for role-based permissions and audit reporting. Its full product suite supports all aspects of the end-to-end order-to-cash process—including invoicing to payment application process.

Billtrust Cash Application has robust features and functionality that is market-leading. Particularly robust is how the software matches payments regardless of a customer's parent-child relationships, installment payments, prepayments, complex deductions, or inaccurate remittance data. Rules are configurable, and the system utilizes weighted confidence scoring as well as advanced application of machine learning. The system is also able to integrate with any ERP system and supports splitting a file between multiple ERP systems.

As a leader in the integrated receivables space, Billtrust has had great success in the space, especially with selling directly to corporate clients. However, this rapid growth has been obvious to clients, creating some concern over scalability and consistency of resources. With the company's continued commitment to growth, particularly in the midmarket, this will be important to address and message accordingly to clients.

BASIC FIRM AND PRODUCT INFORMATION

- **Headquarters:** Lawrenceville, New Jersey
- **Founded in:** 2001
- **Number of employees:** More than 600
- **Ownership and annual revenue:** Billtrust is a privately held company with revenue of more than US\$50 million annually. The growth rate over the last three years has

been greater than 15% annually. Billtrust spends more than 15% of annual revenue on research and development. The percentage of revenue from the integrated receivables product suite is more than 50%.

- **Name of primary integrated receivables solution:** The Billtrust platform consists of six product families: Credit, Order, Invoicing, Payments, Cash Application, and Collections, with one or more stand-alone products in each.
- **Target customer base:** Billtrust targets financial institutions and technology providers for partnerships and services, and small, midsize, and large corporate clients across various industry segments with complex accounts receivable (AR) needs.
- **Number of clients:** Billtrust has one direct bank client and over 1,600 corporate clients.
- **Average net new clients per year (or average client tenure):** Billtrust only experiences low single digit customer churn rates and reported an NPS score greater than 50.
- **Global footprint:** Billtrust is based in the U.S. and has clients in the U.S. and Canada.
- **Implementation options:** The platform is 100% cloud-based.
- **Pricing structure:** Billtrust offers a flexible pricing structure with both subscription-based and volume-based options.
- **Sample clients:** Meir Supply, Chiquita, Ferguson, and Iron Mountain

KEY FEATURES AND FUNCTIONALITY BASED ON PRODUCT DEMO

- User interface that is simple enough for very small businesses, but with robust features for the largest corporate clients
- Extensive use of graphics and charts to provide analysis of trends such as aging invoices, contact methods and frequency, invoice matching rates, disputes, and credit risk scoring
- Credit application provided via DocuSign
- Role-based access to specific exception cues as well as a customized dashboard
- Dynamic exception workflow screens that can be customized, searched, and sorted
- Call scripts/guides available for contacting aging receivables with details dynamically populated
- Tight, real-time integration with any ERP system with the ability to split files between multiple platforms

TOP THREE STRATEGIC PRODUCT INITIATIVES OVER LAST THREE YEARS

- Increasing STP in payment acceptance through Billtrust’s Business Payments Network in partnership with Visa to streamline the delivery of electronic payments to businesses
- Providing a credit management risk solution through acquisition of Credit2B to provide credit reports, online credit applications, scoring, and credit analytics
- Providing a collections management solution to automate contact management and strategically prioritize accounts

TOP THREE STRATEGIC PRODUCT INITIATIVES IN THE NEXT 12 TO 18 MONTHS

- Expansion of Business Payments Network
- Improved integration ecosystem to create tighter, real-time integration with customer systems
- Comprehensive trade-enhanced credit data for real-time monitoring of financial alerts

CLIENT FEEDBACK

Overall, clients are very satisfied with Billtrust’s product, leadership, and reputation in the market. Strengths include the user interface and dashboard, dedicated servicing personnel, the ability to filter and match a lot of data quickly, and a commitment to the industry. Clients have reported that they would select Billtrust again if they were to go to bid, indicating satisfaction with the service. Clients report that they have not been able to reduce bad debt utilizing the platform but have been able to reduce their days sales outstanding (DSO), and they praise the system’s robust functionality and cost benefit.

Clients have expressed concern over the rapid growth of the company and the many new employees and layers that have been introduced. This has caused some loss of continuity and concern over future servicing capabilities. Clients have also expressed a desire to get to higher STP rates than what they have reached on the platform. While still seeing considerable increases, this could be due to expectations set prior to implementation.

Table B displays the vendor’s strengths and challenges.

Table B: Key Strengths and Challenges—Billtrust

Strengths	Challenges
Billtrust has a large corporate base with a strong reputation in the market.	Rapid growth has caused some concerns over continuity and servicing.
Use of machine learning enhances the automated matching process and processes data quickly.	Reports are not able to be customized at this time. (Data visualization powered by Goggle Looker is scheduled to be deployed in 2020)

Strengths	Challenges
Credit risk functionality scores short- and long-term risks.	The system does not provide a single user interface. (Slated to be a 2020 H1 roadmap item)
Payments can be collected by ACH, check, credit card, and real-time methods.	Rules are not automatically created/suggested based on remittance information.
System includes the ability for e-billing/invoicing payments.	Mobile application does not support approval workflow.
It has an unlimited number of configurable rules to improve auto-match rates.	Deduction and dispute identification and handling are behind leading capabilities.
Customizable exception-handling workflows are based on role.	

Source: Aite Group

CONCLUSION

Banks:

- The number of banks investing in integrated receivables solutions is on the rise. Bank clients in all segments are demanding functionality that helps them simplify the receivables process and automate the matching and application of electronic payments, which is becoming table stakes.
- When selecting a new vendor partner, features and functionality should not be the only deciding factors. A robust and forward-thinking roadmap, knowledge of key market trends, and a culture that aligns with that of the bank should also be key deciding factors.
- The small-business space has been identified as a large area of growth for integrated receivables solutions in the future. Selecting a solution that can scale down to this underserved population is important for continued client adoption and market growth.
- Most vendors in the integrated receivables space are also selling directly to businesses. There are providers that can satisfy market demand for microbusinesses all the way up to the largest Fortune 500 corporations. Banks not offering a solution are being disintermediated in the space.
- Select a vendor that has core strengths in the features and functionality needed for your target customer base. Some large banks are working with two vendors to offer a solution specific to both small businesses and large corporations. The small-business space has been identified as the largest area of growth potential.

ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots and delivering insights to make their businesses smarter and stronger. Visit us on the [web](#) and connect with us on [Twitter](#) and [LinkedIn](#).

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