

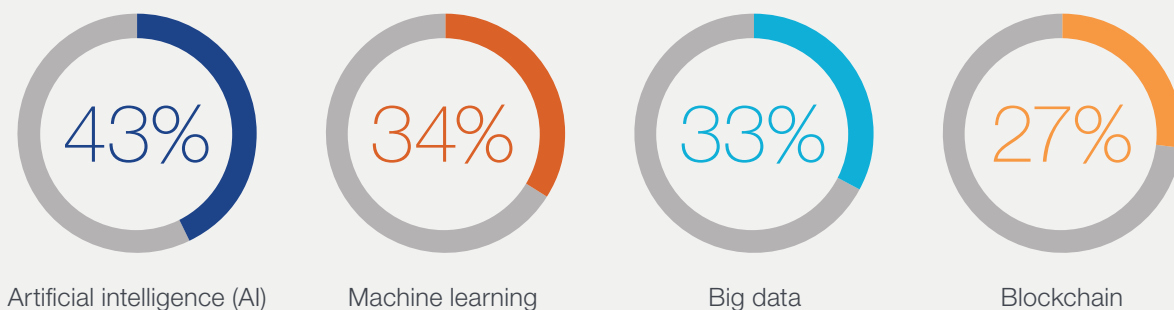
# Embracing Emerging Technologies: The Future of B2B Fintech

New research sponsored by AvidXchange shows compelling new insights on the future of financial technology (fintech) in the business-to-business (B2B) space. In the past few years, B2B fintech has transformed from simple, on-premise accounting systems that help organizations manage their financial data to cloud-based, dynamic solutions that leverage disruptive technologies to transform financial processes. Among the most talked about innovations are artificial intelligence (AI), machine

learning, blockchain, and big data. While the research reveals that B2B companies are becoming more knowledgeable and open to adopting these technologies that promise to change the way they work, it also shows that most businesses are unaware of how these technologies play a part in daily processes and provide newfound advantage.

Here we take a closer look at how these technologies are impacting the B2B fintech space and how they are being embraced by its customers.

## How familiar are you with each of the following technologies used in accounts payable automation?



I'd like to learn more honestly. We have only recently ... begun to rely on technology to drive efficiency in our company.

... would love to embrace more technology.



## Artificial intelligence (AI)

Research respondents are most familiar with AI as an emerging technology — 43% are aware of its use in fintech applications, such as accounts payable (AP) automation. This is likely a result of the revolutionary change AI has already created across industries. Robots have transformed manufacturing, and Siri has changed the way we interact with our devices. Just as it has in the consumer space, the technology is helping to alter the way humans and machines interact in the B2B world, too. In fintech, the technology enables work in real time and creates deep personalization that helps to build customer relationships.

Many B2B companies are already leveraging AI to improve operations, including financial services, with 83%<sup>1</sup> of businesses citing it as a strategic priority. Among numerous benefits, the technology can boost labor productivity by up to 40%<sup>2</sup> by automating mundane tasks that take up valuable time, for instance freeing customer service agents in call centers and back-office staff from tasks such as gathering preliminary information, tracking order status, processing invoices, and transcribing voice to text. By automating this work, companies cut hiring costs and free staff for more fulfilling, strategic responsibilities.

AI is also used to audit financial transactions, detect fraud, and evaluate credit and overall financial history to make a recommendation of loan and credit offerings. Companies like Finiata leverage the technology to provide financing and credit solutions, and others like Onfido use it for identity verification for secure employee on-boarding.

Given these results, it's not surprising that the AI market is predicted to grow to \$190 billion<sup>3</sup> by 2025. Nearly one-quarter of CXOs believe AI will have the biggest positive impact on their organization in the next five years. Eighty-four percent of businesses say AI will enable them to obtain or sustain a competitive advantage, and 75%<sup>4</sup> say AI will allow them to move into new businesses and ventures.

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## Blockchain

Coined “the technology of trust” by Goldman Sachs, blockchain is a distributed network of records data that can record payments and other transactions quickly and in a highly transparent, verifiable, and permanent way. It relies on cryptocurrencies, such as bitcoin, as a medium of exchange. There's limited knowledge of blockchain's abilities among B2B fintech users, with just more than a quarter of research<sup>5</sup> respondents aware of its use in fintech. However, there is growing interest in blockchain applications in the B2B space, as the technology promises to help keep transactions safe and greatly reduce administrative costs. It's already widely used in peer-to-peer payment services — supporting millions of transactions per day — and supply chain tracking, and promises to offer B2B companies far more fintech advantages, transforming e-commerce.



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Exciting examples of blockchain at work include a blockchain integration deal between U.S.-based shipping company UPS and e-commerce company Inxeption to develop a platform to facilitate B2B transactions. The platform, called Inxeption Zippy, will work as an online catalog for businesses. Another example of a blockchain-powered platform that offers tremendous potential is ECoinmerce, an e-commerce platform that utilizes US dollars, Euros, and cryptocurrencies. The platform makes it simple and safe to buy and sell, and it rewards those who use the platform or share Ecoinmerce information on social media to get more users. On the supply chain management front, Vechain is growing as big business users, including Deloitte, BMW, and PricewaterhouseCoopers (PWC), move to utilize the network to track supply flow.

## Machine learning and big data

Companies of all sizes are continually inundated with massive amounts of data. Traditionally, they have relied on trained analysts and data scientists to harness the information and produce insights and analytics that are important components of business intelligence. Now machine learning and big data technology, also known as predictive analytics, can help.

About one-third of AvidXchange research respondents are aware of the use of machine learning and big data in the B2B fintech space, but adoption is on the rise. International Data Corporation reports that worldwide revenues for big data and business analytics will surpass \$203 billion in 2020. The fintech industry is one of the biggest drivers of its growth. According to PWC, the industry is among the best positioned to take advantage of the technologies. Because it can analyze historical data, spot habits, and make predictions, the technology can forecast financial trends, predict market risk, reduce fraud (and even delay a potentially fraudulent transaction until a human makes a decision), and identify future opportunities. It can also produce actionable insights gleaned from advanced reporting and data analytics tools, resulting in in-depth visibility to give high-level members of an organization strategic insights.

An example of a company leveraging machine learning is EverString Technology. EverString deploys machine learning to identify, extract, and model data so that users in the B2B space can accurately identify business opportunities, for instance aggregating companies in a specific market and identifying target buyers. AvidXchange uses the technology to not only automate AP and payment processes, but to help companies improve cash flow by reviewing historical payment data and using predictive analytics to receive electronic payments sooner on approved invoices.

Deloitte Global predicts that large and medium-sized businesses will double their machine learning implementations and pilot projects this year. By 2020, that number will likely double again as machine learning application program interfaces (APIs) and hardware becomes available in the cloud, making it more accessible to smaller companies, too.

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It's only a matter of time before these technologies are considered mainstays rather than emerging, so business leaders should take steps now to identify how their teams can utilize fintech to help drive growth.

Dan Drees, Chief Growth Officer, AvidXchange

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## Conclusion

Are innovations like these essential to the B2B market? We asked Chief Growth Officer Dan Drees at AvidXchange to share his thoughts based on his own experience and his company's research. This is what he had to say:

"These fintech trends are undoubtedly influencing the B2B market right now, most of which are similar to what we've seen in the consumer market, but will ultimately have a much more powerful effect on the role of finance. Organizations are recognizing the importance of leveraging innovations when scaling and developing a long-term competitive advantage.

It's only a matter of time before these technologies are considered mainstays rather than emerging, so business leaders should take steps now to identify how their teams can utilize fintech to help drive growth."

### Let's start the conversation

To learn more about KeyTotal Invoice & Pay powered by AvidXchange, please contact your KeyBank Payments Advisor or go to [key.com/payments](https://key.com/payments).



<sup>1</sup> MITSloan Management Review: "Reshaping Business With Artificial Intelligence", Sept 2017

<sup>2</sup> Accenture: "Artificial Intelligence Poised to Double Annual Economic Growth Rate in 12 Developed Economies and Boost Labor Productivity by up to 40 Percent by 2035, According to New Research by Accenture", Sept 2016

<sup>3</sup> Markets and Markets: "Artificial Intelligence Market by Offering (Hardware, Software, Services), Technology (Machine Learning, Natural Language Processing, Context-Aware Computing, Computer Vision), End-User Industry, and Geography - Global Forecast to 2025", Feb 2018

<sup>4</sup> Accenture: "Artificial Intelligence Poised to Double Annual Economic Growth Rate in 12 Developed Economies and Boost Labor Productivity by up to 40 Percent by 2035, According to New Research by Accenture", Sept 2016

<sup>5</sup> "These findings were made based on research AvidXchange conducted with Levvel Research"

<sup>6</sup> Forbes: "6 Predictions For The \$203 Billion Big Data Analytics Market", Jan 2017

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