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Reimagine Buyer Account Management

Modernize Account Management Practices To Boost Your Bottom Line

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY OPENPAY, DECEMBER 2021

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Executive Summary

Buyer-supplier interactions have changed. For buyers, the adoption of procure-to-pay suites has liberated sourcing professionals from mundane tasks such as invoice processing to more important supplier value management activities.[1] Since the pandemic, the adoption of procure-to-pay suites has accelerated across buyers' organizations. While the market is awash with solutions for buyers, what about suppliers?

Suppliers manage large volumes of buyers, and manual, inefficient processes negatively impacting working capital and buyer experiences have traditionally weighed them down. In manufacturing, for example, order volumes increased by 80% year over year (YoY) in March 2021, but invoice volumes grew by only 20% over the same period.[2] Despite this, suppliers have been slow to change and struggled to find a solution that accommodates the complex and interconnected architecture of today's supply chains.[3]

But modern commerce doesn't wait. To survive and thrive during the 2020s, suppliers must reexamine how they engage their buyers, assess how effective current practices are in meeting buyers' needs, and revise capabilities to deliver leading buyer experiences that win, retain, and grow profitable buyer relationships.

In September 2021, Openpay commissioned Forrester Consulting to evaluate the role of buyer account management platforms in supporting buyer-supplier relationships.[4] Forrester conducted online surveys with 200 senior IT and business decision-makers at supplier organizations and 400 business decision-makers at buyer organizations. Forrester also conducted three interviews with senior decision-makers at supplier organizations and three interviews with senior decision-makers at buyer organizations to explore this topic.

Key Findings

Today's buyer account management practices are not fit for purpose. Manual or labor-intensive processes slow business and distract suppliers from delivering strong buyer experiences. At the same time, suppliers lack the tools to properly support business buyers, with 68% using a non-purpose-built solution to manage their business buyer experience.

Outdated buyer account management practices damage suppliers' bottom line. Manual or labor-intensive processes have increased buyer account management costs, stretched out payment terms, and resulted in payment failures — affecting suppliers' profitability and increasing buyer churn.

Suppliers' buyer account management practices negatively affect business buyers. Ineffective account management processes impact buyers' ability to manage cashflow. This added complexity has forced buyers to invest in headcount and procure-to-pay suites to consolidate and manage transactions across suppliers.

Modernizing buyer account management practices benefits suppliers and buyers. Sixty-four percent of suppliers expect to increase investment in buyer account management platforms over the next 12 months, expecting the solution to improve payments success and profitability, cashflow, employee productivity, and buyer experiences. Buyers are also seeking suppliers with these solutions, reporting increased engagement, enrichment, and loyalty with those suppliers.

Today's Buyer Account Management Practices Fall Short

Buyer-supplier relationships are under pressure amid the growing supply chain crisis, with suppliers' shortages, excess inventory, and delivery delays compromising the customer experience for business buyers. Suppliers' need to address the challenges of this crisis has exposed critical gaps in supplier organizations' buyer account management practices. Suppliers must address these gaps to continue winning, retaining, and growing buyers, as our study found that:

- **Buyers expect more than goods and services from their suppliers of choice.** Buyers want a supplier that not only is quick and easy to work with but also supports and services them (see Figure 1). As a CIO from a US-based healthcare buyer organization described: "We don't work with vendors. We work with business partners. We only work with suppliers that are invested in our success."

  To succeed, suppliers must have the right processes and tools in place to streamline buyer experiences and actively engage buyers from the first touch. Suppliers have recognized this, with 82% agreeing that their level of support and service was the reason their buyers selected them as a supplier of choice and the vast majority (77%) prioritizing improving customer experience over the next 12 months to take this further.

- **Manual or labor-intensive buyer account management processes hold suppliers back.** Matching payments to open invoices (60%),

Sixty-three percent of supplier organizations agree that manual or labor-intensive buyer account management processes have increased losses at their organization.

Figure 1

"In your opinion, how important are the following in selecting a supplier for your business?"

(4 or 5 on a scale of 1 [not at all important] to 5 [extremely important])

1. The supplier's goods and/or services
2. The level of support and service the supplier provides its business buyers
3. How quick and easy it is for business buyers to manage their accounts with the supplier

Note: Top three responses are shown.
Base: 400 business decision-makers with responsibility for and influence over their business's supplier relationships and finance decisions
Source: A commissioned study conducted by Forrester Consulting on behalf of Openpay, September 2021

chasing unpaid invoices (57%), and reporting on business buyer activity (57%) make up a significant portion of buyer account management processes today and are manual or labor intensive. This increases costs, slows business, and distracts suppliers from delivering better business buyer experiences by introducing process and system issues that make it difficult to report on the organizational impact of buyers' activities (60%) or leverage data and insights to better engage buyers (52%) and force suppliers to rework manual input errors (54%).

According to the head of customer experience at a UK-based agriculture, food, and beverage supplier organization, this compromises one of the most important elements of buyer account management: "Managing and growing good buyers is the most important and most difficult part of buyer account management. To manage this effectively, you need metrics and visibility into the metrics on a daily, weekly, and monthly basis to make effective changes."

- **Suppliers are investing in technology solutions that are not fit for purpose.** After CRM systems (85%) and POS systems (75%), non-purpose-built solutions (68%) were the most common technology solutions suppliers used to manage buyer accounts. But non-purpose-built solutions only bandage process and system issues and require more staff to support them. Indeed, suppliers reported having to use an average of three to four technology solutions and having an average of 29 FTEs involved in managing buyer accounts at their organization — adding complexity and raising costs.

Figure 2

Business buyers' value preference

Supplier

- Provides goods and/or services
- Responds to queries
- Shows minimal buyer recognition
- Engages in siloed roadmap development

Partner

- Provides solutions
- Actively engages and problem-solves
- Rewards buyers' good behavior (e.g., increased flexibility)
- Engages in collaborative roadmap development

Source: Forrester Research

Inefficient Buyer Account Management Negatively Impacts Suppliers' Bottom Line

Today's buyer account management practices have introduced numerous challenges for suppliers. Our study found the key being that:

- **Buyer account management costs have increased.** Over the past 12 months, 31% of suppliers indicated that buyer account management costs stayed the same, but close to half (46%) indicated that the cost of managing buyer accounts increased due to manual or labor-intensive processes. Of those suppliers, costs had increased by an average 21%.

"DSO was 50 days in 2016; it is now 35 days. Every day of improvement was equivalent to roughly $60M of value saved at our organization."

Head of customer experience, agriculture, food, and beverage supplier organization, UK

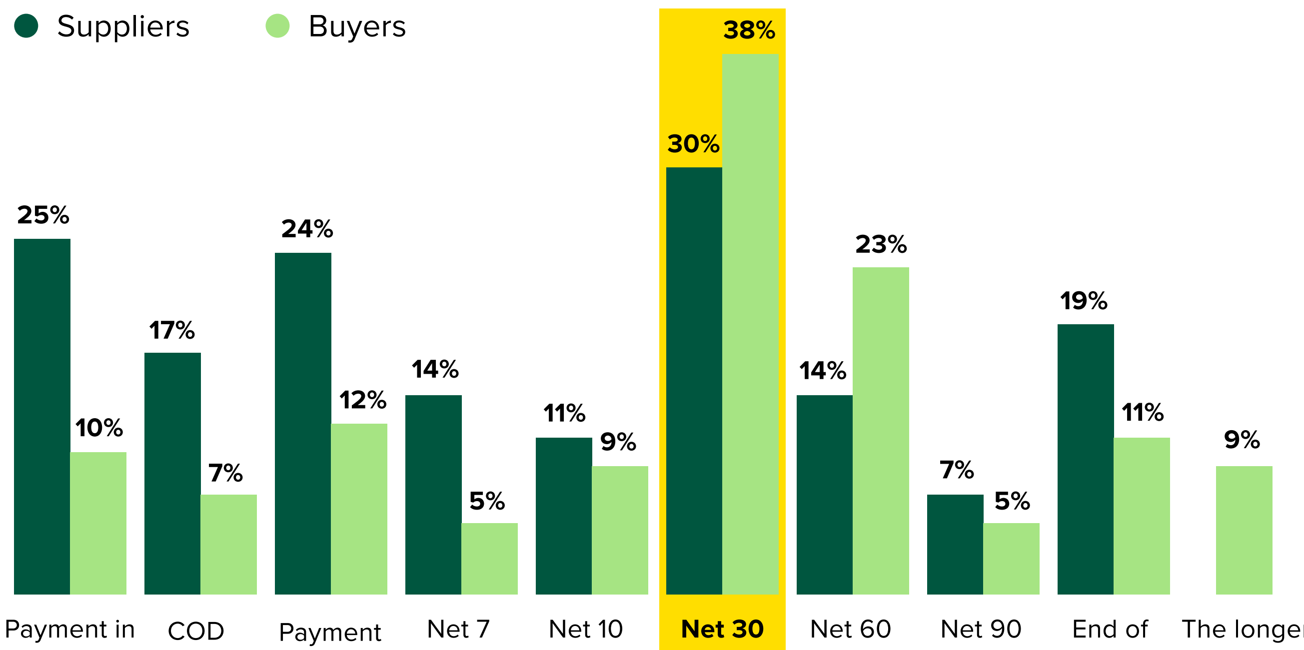
- **Delays in receiving payments have increased.** Thirty-eight percent of suppliers reported an increase in the amount of time taken to receive payments over the past 12 months. While suppliers and buyers have gravitated toward net-30 payment terms, our study found that close to half (47%) reported an average day sales outstanding (DSO) of more than 30 days over the past 12 months (see Figure 3). Payment terms are stretching out, and when they aren't, late payments are a growing issue, representing significant risk to suppliers' bottom line. The head of customer experience at a UK-based agriculture, food, and beverage supplier organization shared, "From my experience, if a payment is overdue by 15 days, you've lost the money."

- **Payment failures affect suppliers' bottom line and buyer churn.** Over the past 12 months, suppliers reported an average 4.6% of buyer payments failing. In response, suppliers have used manual reconciliation processes (56%), automatic reminders (47%), and manual reminders (21%) to recover those payments. Manual reconciliation processes in particular are costly, resulting in suppliers reporting an average cost of failed payment recovery close to a quarter (22%) of average payment size. This represents a significant cost and impact on suppliers' bottom line.

Our study also found that an average of 7% of buyers with failed payments at supplier organizations churned over the past 12 months. Losing buyers represents a significant loss to a supplier. A key accounts manager at a US-based manufacturing and materials supplier organization described: "Retention is far more important than gaining a new buyer. You know what a current buyer is already doing, you know in the future you're going to keep doing business with them, and they're going to recommend you to other buyers. A new buyer doesn't have all that value."

Figure 3

"What payment terms has your organization generally been offering its business buyers over the past 12 months?" "What payment terms does/would your business generally prefer to receive from its suppliers?"



*Note: "The longer the better" was not an answer option for suppliers.
Base: 200 senior IT and business decision-makers with responsibility for or influence over business buyer credit account management strategy and solutions at their organization and 400 business decision-makers with responsibility for or influence over their business's supplier relationships and finance decisions
Source: A commissioned study conducted by Forrester Consulting on behalf of Openpay, September 2021

HOW HAS THIS AFFECTED BUYERS?

Suppliers' manual or labor-intensive account management processes have also impacted buyers. Our study found that:

- **Manual processes have forced buyers to invest in headcount.** Buyers spend a significant amount of time managing supplier-related activities including setting up and modifying purchase orders (58%), reviewing or reporting on overall supplier effectiveness (53%), and matching payments to open invoices (50%). As a result, buyers have had to invest in headcount, reporting an average of 11 FTEs spending an average of 15 hours per week managing suppliers at their organization. This represents a significant resource burden for buyers' organizations, slowing business and increasing costs.

  But investing in headcount alone hasn't solved the problem for many buyers. A CEO of a UK-based manufacturing and materials buyer organization described: "There is a lot of confusion on what is going on where and whether things are under control. Our organization is overly dependent on people, and working across time zones further complicates this (a simple request could extend a process by up to a week). Our current processes slow business, make us make mistakes, and make us insecure over what we are doing."

- **Difficulty managing invoices have added to buyers' cashflow woes.** Managing cashflow has been the leading challenge for buyers over the past 12 months (see Figure 4). Manual or labor-intensive supplier processes have added to that challenge: 64% of buyers reported difficulty managing cashflow due to difficulty consolidating and forecasting supplier payments — the leading supplier

Figure 4

"Which of the following have been key challenges for your business over the past 12 months?"

(4 or 5 on a scale of 1 [not at all a challenge] to 5 [a critical challenge])

1. Managing cashflow to ensure a consistent positive cashflow position
2. Attracting and retaining new customers
3. Managing invoices to avoid late payments

Note: Top three responses are shown.
Base: 400 business decision-makers with responsibility for or influence over their business's supplier relationships and finance decisions
Source: A commissioned study conducted by Forrester Consulting on behalf of Openpay, September 2021

challenge that buyers reported over the past 12 months. When asked to describe challenges they had experienced working with suppliers, a CIO from a US-based healthcare buyer organization attested to this: "Payments was the biggest issue. Everything related to payments was manual, introducing a lot of issues and inefficiencies when working with our suppliers. We even had one invoice that was 498 days late."

- **Buyers have adopted procure-to-pay suites.** To deal with these challenges, buyers have responded by leveraging technology solutions to track and manage payments across multiple suppliers (69%). Vendors have recognized the demand for this type of solution, and the procure-to-pay suites market has gained significant traction as a result, forecasting growth from USD $1.7 billion in 2020 to USD $3.1 billion in 2027 (CAGR of 8.9% from 2021 to 2027).[5] This represents enormous appetite from buyers for a fix to suppliers' current account management practices. The CIO at a US-based healthcare buyer organization described: "Antiquated brick-and-mortar processes were inefficient and creating revenue leakages. As a digital company, we needed to streamline and automate our processes. So we put a lot of work into identifying and using technology to enhance our processes."

But procure-to-pay suites are expensive, and not every buyer can or should invest in one. Suppliers must take on the onus of addressing buyer-related challenges that their own buyer account management practices introduce if they want to become a supplier of choice.

Elevate Buyer Experiences By Modernizing Buyer Account Management Practices

To continue winning, retaining, and growing buyers, leading suppliers have recognized the need to provide the best business buyer experience, and this means modernizing their current buyer account management practices. These organizations are investing in buyer account management platforms that support and streamline all aspects of buyer account management and, in doing so, taking the first step to becoming long-term partners for their key business buyers.

> "We pride ourselves on being an easy company to deal with. We put a lot of work into ensuring our processses are simple for our buyers, and this has paid off across a number of measurable KPIs."
>
> **Head of customer experience, agriculture, food, and beverage supplier organization, UK**

Forrester defines a buyer account management platform as a solution that combines and manages all buyer account management processes in one solution. This includes all onboarding (e.g., KYC and fraud checks), account management (e.g., raising/managing purchase orders, trade accounts, commercial accounts, invoicing terms), invoicing, and reconciliation processes involved in managing an organization's business accounts offered under terms of trade other than cash. While suppliers use this solution to manage buyer accounts, buyer account management platforms also typically include a buyer-facing component (e.g., business buyer portal) that allows buyers to manage and conduct all activities related to that supplier from one location.

Sixty-four percent of suppliers are planning on increasing investment in these solutions over the next 12 to 18 months, expecting to benefit with:

- **Improved payments success and profitability.** Suppliers are optimistic that investing in a buyer account management platform will help reduce payment failure (74%) and improve profitability (66%).
- **Improved cashflow.** Suppliers also expect a buyer account management platform to improve cashflow by helping reduce bad debt from failed payments (65%), reduce the cost of failed payment recovery (62%), and reduce DSO (58%).

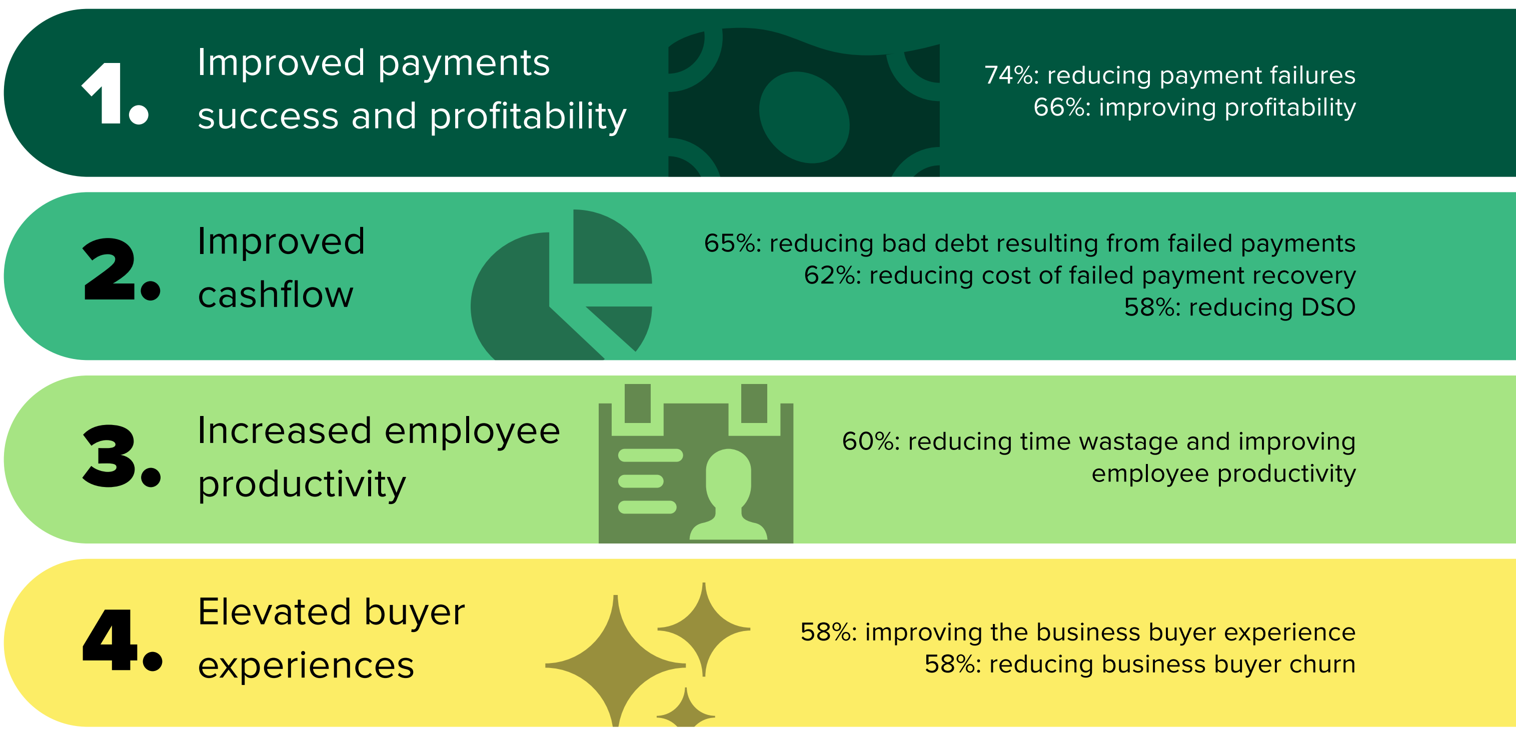
- **Increased employee productivity.** By streamlining all aspects of buyer account management, suppliers expect the deployment of a buyer account management platform to help reduce time wastage and increase employee productivity (60%).

- **Elevated buyer experiences.** Suppliers also expect improvements in buyer account management practices to translate to buyers, anticipating improved buyer experiences (58%) and reduced buyer churn (58%) after investing in a buyer account management platform.

Improving existing buyer experiences also opens the door to new buyers. As an operations manager from an Australian-based automotive supplier organization described: "When we provide a valuable service to one buyer, they're likely to spread the good word. We do a lot of advertising, but a lot of our buyers come to us through word of mouth."

Figure 5

Benefits of adopting a buyer account management platform



Base: 200 senior IT and business decision-makers with responsibility for or influence over business buyer credit account management strategy and solutions at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Openpay, September 2021

MODERNIZED BUYER ACCOUNT MANAGEMENT PRACTICES INCREASE BUYER ENGAGEMENT

The benefits of investing in a buyer account management platform don't stop there. Buyers also benefit, and this affects how they choose to engage with suppliers that provide these solutions, with buyers indicating that they:

- **Value suppliers that provided buyer-facing account management platforms.** Eighty-six percent of buyers working with suppliers currently providing access to a buyer-facing account management platform indicated that they were very important in helping them manage their accounts with those suppliers.

  Buyers that hadn't yet received access to a buyer-facing account management platform still saw the value in such a solution, with 78% indicating that it would be moderately to extremely valuable in helping manage their accounts with their suppliers. A CEO of a UK-based manufacturing and materials buyer organization shared: "This would be incredibly valuable for our business. It would help us manage our suppliers and customers across time zones more effectively, it would systemize and consolidate processes — making supplier management more effective and easier — and it would allow us to shift specific supplier management processes to more junior staff."

- **Prefer suppliers that provide access to a buyer-facing account management platform.** Seventy percent of buyers indicated that they would be significantly more likely to select a supplier that provides access to a solution that makes it easier to manage their business accounts with them as opposed to one that didn't provide such a solution. As a GM of an Australian-based construction buyer organization explained: "As we continue growing, our business needs will grow more complex. Consolidating suppliers will be a priority and we will prioritize working with suppliers that are easy to work with."

- **Recommend suppliers that provide access to a buyer-facing account management platform.** Buyers indicated that if a supplier provided access to a solution that made it easier to manage their business accounts with them, they would recommend that supplier to other businesses (71%), purchase goods and/or services at a higher frequency from that supplier (58%), and be willing to pay a higher premium (48%). Supporting buyers with account management platforms increases buyer engagement, enrichment, and loyalty, which leads to stronger business outcomes. As a GM of an Australian-based construction buyer organization shared: "You tend to overlook problems, issues, and price when you have a stronger relationship with someone. We would be willing to pay 10% extra for a product with a supplier we have a good relationship with."

Key Recommendations

Suppliers have lagged in modernizing their buyer account management practices, with buyers having to compensate for a lackluster customer experience by investing in more people or buyer-side solutions to address gaps on their own. To become a supplier of choice, this can't continue. Suppliers must recognize that buyer account management practices are key to improved business buyer customer experience, and investing in the right tools to support buyers will be a key element of success.

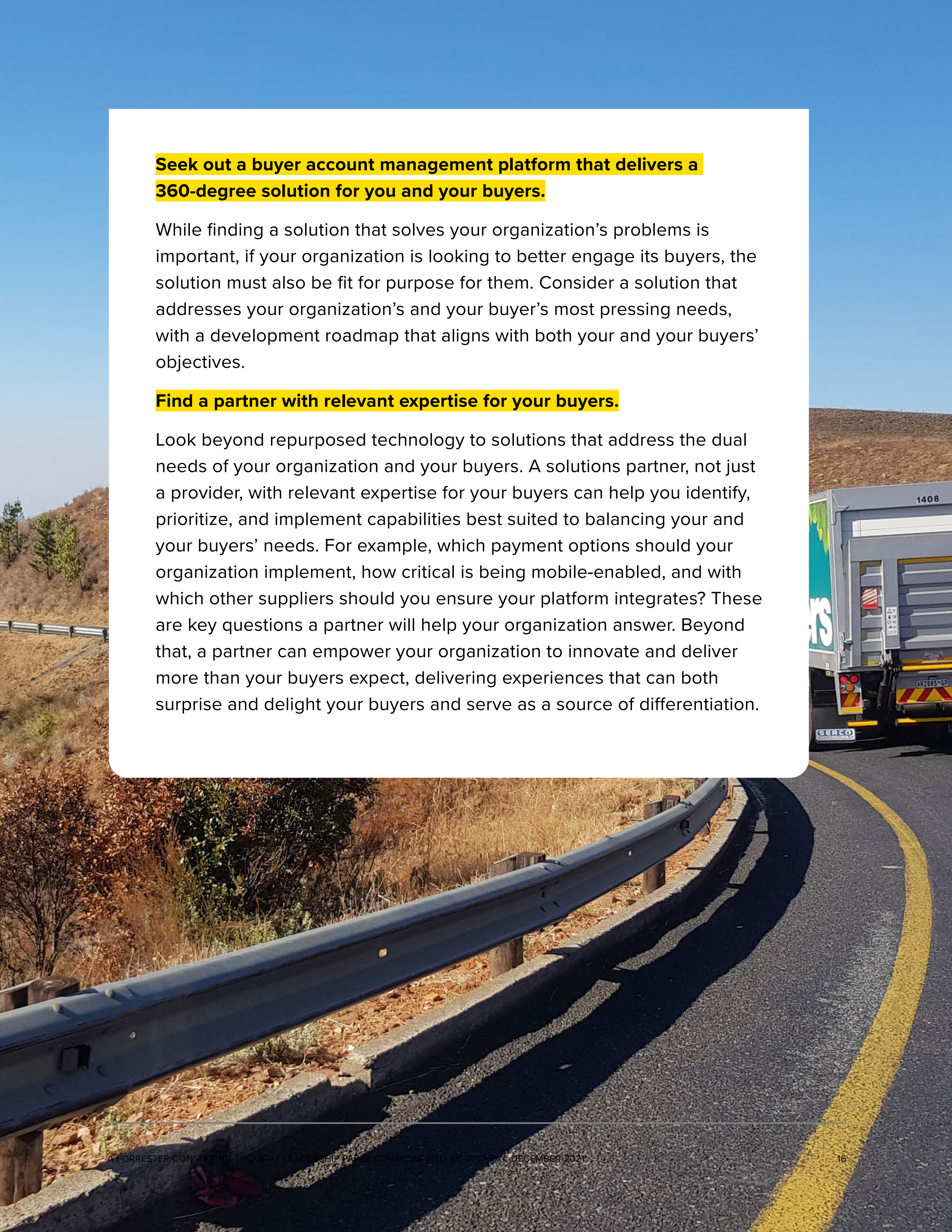
In this context, Forrester's in-depth surveys of 200 senior IT and business decision-makers at supplier organizations and 400 business decision-makers at buyer organizations, alongside interviews with three senior decision-makers at supplier organizations and three senior decision-makers at buyer organizations yielded several important recommendations:

Partner with your buyers.

Buyers want more than goods and services. They want a partner that supports them. To do so, you will need to engage your buyers, understand them, and offer solutions to their problems. Building stronger relationships with your buyers will be key to delivering better buyer experiences, which will be critical to winning, retaining, and growing your buyers moving forward.

Recognize the gaps in your current buyer account management practices.

Current buyer account management practices burden your organization and your buyers. Recognizing what those gaps are and how they affect your organization and your buyers will be the first step in building the case for change beyond manual or labor-intensive buyer account management processes.



Seek out a buyer account management platform that delivers a 360-degree solution for you and your buyers.

While finding a solution that solves your organization's problems is important, if your organization is looking to better engage its buyers, the solution must also be fit for purpose for them. Consider a solution that addresses your organization's and your buyer's most pressing needs, with a development roadmap that aligns with both your and your buyers' objectives.

Find a partner with relevant expertise for your buyers.

Look beyond repurposed technology to solutions that address the dual needs of your organization and your buyers. A solutions partner, not just a provider, with relevant expertise for your buyers can help you identify, prioritize, and implement capabilities best suited to balancing your and your buyers' needs. For example, which payment options should your organization implement, how critical is being mobile-enabled, and with which other suppliers should you ensure your platform integrates? These are key questions a partner will help your organization answer. Beyond that, a partner can empower your organization to innovate and deliver more than your buyers expect, delivering experiences that can both surprise and delight your buyers and serve as a source of differentiation.

Appendix A: Methodology

In this study, Forrester conducted online surveys with 200 senior IT and business decision-makers at supplier organizations with responsibility for or influence over buyer account management strategies and solutions at their organization as well as 400 business decision-makers at buyer organizations with responsibility for or influence over their business's supplier relationships and finance decisions. Forrester also conducted three interviews with senior decision-makers at supplier organizations and three interviews with senior decision-makers at buyer organizations. The surveys and interviews were conducted with decision-makers working for organizations based in Australia, the UK, or the US. The study began in August 2021 and finished in October 2021.

Appendix B: Demographics

SUPPLIER SURVEY

COUNTRIES	
Australia	**34%**
UK	**33%**
US	**34%**

NUMBER OF BUSINESS ACCOUNTS	
500 to 999	**21%**
1,000 to 2,499	**36%**
2,500 to 4,999	**26%**
5,000 to 9,999	**11%**
10,000 to 19,999	**4%**
20,000+	**3%**

RESPONDENT DEPARTMENT	
Operations	**25%**
Finance/accounting	**22%**
IT	**19%**
Sales	**19%**
Customer success	**16%**

ANNUAL REVENUE (US$)	
$100M to less than $200M	**2%**
$200M to less than $300M	**14%**
$300M to less than $400M	**20%**
$400M to less than $500M	**21%**
$500M to less than $1B	**22%**
$1B to less than $5B	**16%**
$5B or more	**6%**

TYPE OF SUPPLIER	
General goods and/or services	**15%**
Home and office	**14%**
Automotive	**11%**
Chemicals and/or materials	**11%**
Construction	**11%**
Electronics	**11%**
Agriculture, food, and/or beverage	**10%**
Healthcare	**10%**
Manufacturing and materials	**10%**

BUYER SURVEY

COUNTRIES	
Australia	**34%**
UK	**33%**
US	**33%**

TYPE OF BUSINESS	
Technology and/or technology services	**6%**
Business or professional services	**6%**
Home and office	**6%**
Education and/or nonprofits	**5%**
Healthcare	**5%**
Manufacturing and materials	**5%**
Transportation and logistics	**5%**
Travel and hospitality	**5%**
Advertising and/or marketing	**5%**
Agriculture, food, and/or beverage	**5%**
Consumer services	**5%**
Electronics	**5%**
Financial services and/or insurance	**5%**
General goods and/or services	**5%**
Government and public services	**5%**
Legal services	**5%**
Media and/or leisure	**5%**
Automotive	**2%**
Chemical and/or metals	**2%**
Construction	**2%**
Energy, utilities, and/or waste management	**2%**
Telecommunications services	**2%**

YEARS IN OPERATIONS	
1-2 years	**14%**
3-5 years	**28%**
6-10 years	**42%**
More than 10 years	**16%**

NUMBER OF SUPPLIERS	
1-5	**17%**
6-20	**43%**
21-40	**35%**
More than 40	**6%**

ANNUAL REVENUE (US$)	
$0 to less than $100,000	**2%**
$100,000 to less than $250,000	**2%**
$250,000 to less than $500,000	**9%**
$500,000 to less than $1M	**10%**
$1M to less than $5M	**15%**
$5M to less than $10M	**20%**
$10M to less than $25M	**26%**
$25M to less than $50M	**9%**
$50M to less than $100M	**6%**
$100M or above	**2%**

FREQUENCY OF SOURCING GOODS AND/OR SERVICES	
Multiple times a week	**10%**
Once a week	**15%**
Once every two weeks	**19%**
Once a month	**26%**
Four times a year	**23%**
Two times a year	**8%**

JOB FUNCTION	
Finance/accounting	**24%**
IT	**35%**
Operations	**42%**

Appendix C: Endnotes

[1] For this study, we define supplier value management as business processes for sourcing, contracting, buying, and managing supplier relationships. Source: "Modern Smart Applications Are Transforming Supplier Value Management," Forrester Research, Inc., April 21, 2021.

[2] Source: "The Tradeshift Index of Global Trade Health," Tradeshift, April 20, 2021.

[3] Source: "Why It's Time To Reset The Relationship Between Buyers And Suppliers," Forbes, June 16, 2021.

[4] For this study, we define buyer account management as including all onboarding (e.g., KYC and fraud checks), account management (e.g., raising/managing purchase orders, trade accounts, commercial accounts, invoicing terms), invoicing, and reconciliation processes involved in managing an organization's business accounts offered under terms of trade other than cash.

For this study, we define a buyer account management platform as a solution that combines and manages all buyer account management processes under one solution. Suppliers use this solution to manage buyer accounts offered under terms of trade other than cash, while the solution also typically includes a buyer-facing component (e.g., business buyer portal), allowing buyers to manage and conduct all supplier-related activities from one location.

[5] Source: "United States Procure-To-Pay Suites Market Report & Forecast 2021-2027," 360 Research Reports, August 10, 2021.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