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2017 | SPECIAL REPORT

Bill Payment Trends Survey

Presented by Bill.com and CPA.com



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Introduction by Randy Johnston, Executive Vice President, K2 Enterprises

Digital payments and consumer payments are intimately and innately interlinked. With a website, you can pay a bill in a couple of clicks. You can buy a dresser from your neighbor via an app. You can walk into a store, hold up your phone, pay, and leave without even touching your wallet. All of this is second nature to consumers.

The business payments world has lagged in this respect. Bill payment, in the traditional sense, used to call for a complicated, time-consuming, and paper-clogged process. But businesses and their accounting firms are quickly catching up. Every day, more organizations and the leaders who run them turn to electronic bill payments. As evidenced by the results of this survey, a growing number of practitioners prefer digital bill payments. They recommend electronic bill payment to their business clients. And some even require it.

The simple truth is digital business bill payments create a multitude of benefits for firms and their clients: mobility, real-time access to data, workflows that automatically run an entire approval process, the ability to do more with the same number of resources, and opportunities to turn these efficiencies into competitive edges, and revenue-generating initiatives.

Thanks for joining me on this thought-provoking exploration of bill payments. This is the third year of the survey, so it uncovers a variety of trends, such as increasing acceptance of digital bill payments, who is leading the charge, and what the next frontier will encompass.



Randy Johnston
Executive Vice President
K2 Enterprises

Digital Payments on the Rise

The use of paper checks – a form of payment that gained widespread popularity in the 1500s – is in decline in today’s modern practices. Data from the survey shows that the use of computer-printed and handwritten checks has dropped significantly from 2016 to 2017. As one respondent wrote, “Paper checks waste so much time from an operational standpoint. They’re way too manual to issue and account for.”

What contributes to this decline? The increasing preference for digital payments, which represent a more effective solution for business bill payment. Fifty percent of the 2017 respondents said that they wish clients would eliminate paper checks – a 7% increase from 2016 survey results. Large and small firms demonstrate the most significant jumps in favor of paper-free payments, each up almost 10% from last year.

Firms say they prefer a paper-free bill payment experience for one main reason: efficiency. For the third year in a row, “efficient” ranked as the number one feeling firms equate with a paperless bill payment environment.

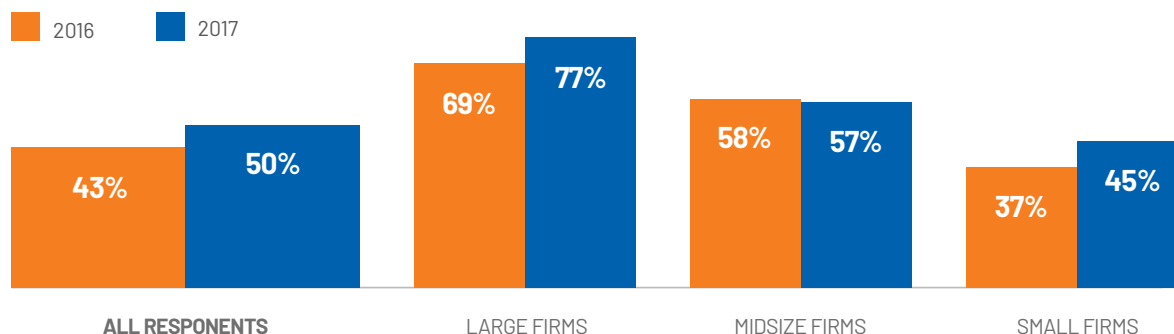
“Digital payments are a significant improvement over paper payments when it comes to efficiency,” says Michael Cerami, vice president of strategic alliances and business development for CPA.com. “There are distinct advantages—automation, built-in audit trails, mobility, collaboration—that lead to increased productivity and better service for clients.”

PAPER CHECK USAGE FOR CLIENT BILL PAYMENTS.



I WISH ALL OF MY CLIENTS WOULD ELIMINATE PAPER CHECKS.

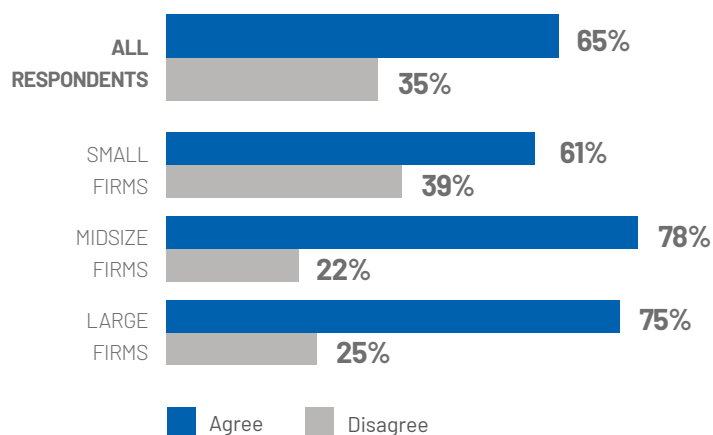
(RESPONDENTS THAT AGREE)



Midsize and Large Firms Pave the Way to Electronic Payments

While firms show an expanding preference for digital payments, midsize and large firms demonstrate the highest acceptance and promotion of the concept. Sixty-five percent of all firms recommend clients pay bills digitally. However, when compared by firm size, 75% of large firms and 78% of midsize firms say they do this.

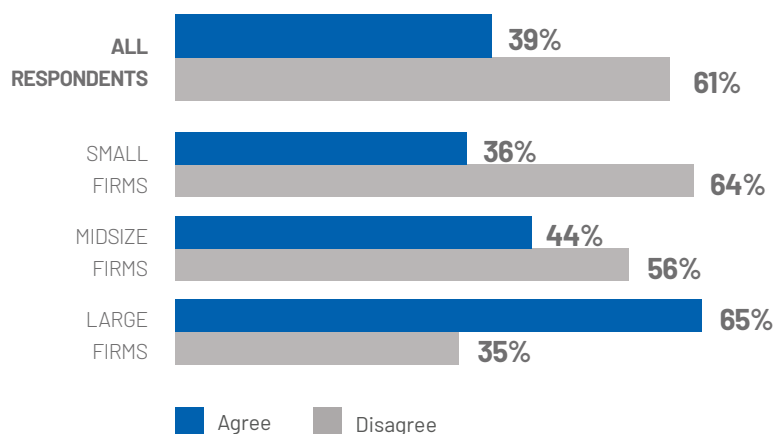
I RECOMMEND THAT MY CLIENTS PAY BILLS DIGITALLY.



"Digital payments are a significant improvement over paper payments when it comes to efficiency."

—MICHAEL CERAMI, VICE PRESIDENT OF STRATEGIC ALLIANCES AND BUSINESS DEVELOPMENT FOR CPA.COM

MY CLIENTS REQUEST THAT I PAY THEIR BILLS ONLINE.

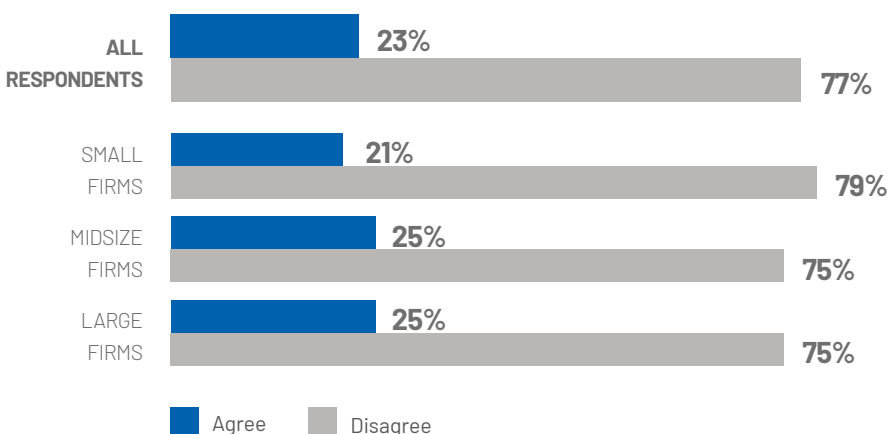


Midsize and large firms also show higher percentages of clients requesting digital bill payments. This tendency, combined with a more aggressive recommendation rate by the larger firms, can track to several influences.

According to Randy Johnston, executive vice president of K2 Enterprises: "More companies now expect the same mobile, automated, and simplified experience in business bill payments that they have on a consumer level. This trend will continue to increase as more millennials are put in charge of payables or the accounting firm relationship and as the use of online and mobile payments increase in general. Larger firms are winning a valuable competitive advantage by targeting and attracting business clients that share an appreciation of a more efficient and modern bill payment process."

Firms, however, show a lower acceptance of actually requiring clients to pay electronically. Twenty-three percent of respondents require new clients to pay bills digitally, with large and midsize firms marking slightly higher at 25%. These results, coupled with a growing push towards digital payments, speak to an upcoming and most likely increasing trend.

I REQUIRE MY NEW CLIENTS TO PAY BILLS DIGITALLY.

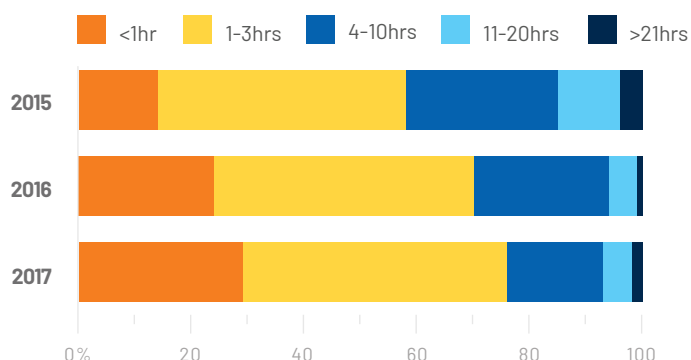


The Benefits of Digital Payments

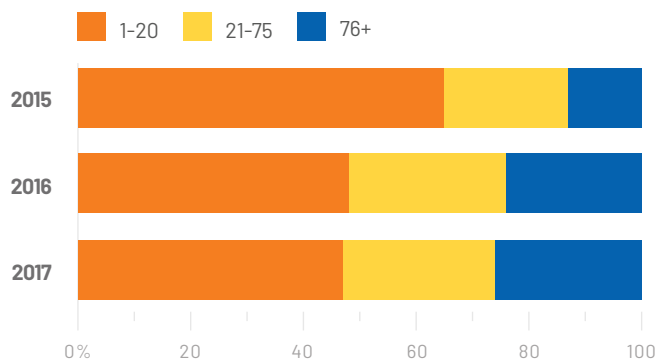
Compared to previous years, firms on the whole spend less time on client bill payments – a testament to efficiency and the electronic payments and technology that support it. Firms with more than 76 clients have increased by 50% since 2015. Yet, these firms are spending less than an hour per client per month on bill payments. This number has doubled when compared to 2015 (14% in 2015 vs. 29% in 2017).

Firms with 150+ clients show the greatest decline in time spent on bill payments, with 38% spending less than an hour per client per month on them. In 2015, only 7% of these firms indicated the same.

HOW MANY HOURS A MONTH PER CLIENT DO YOU SPEND ON BILL PAYMENTS?



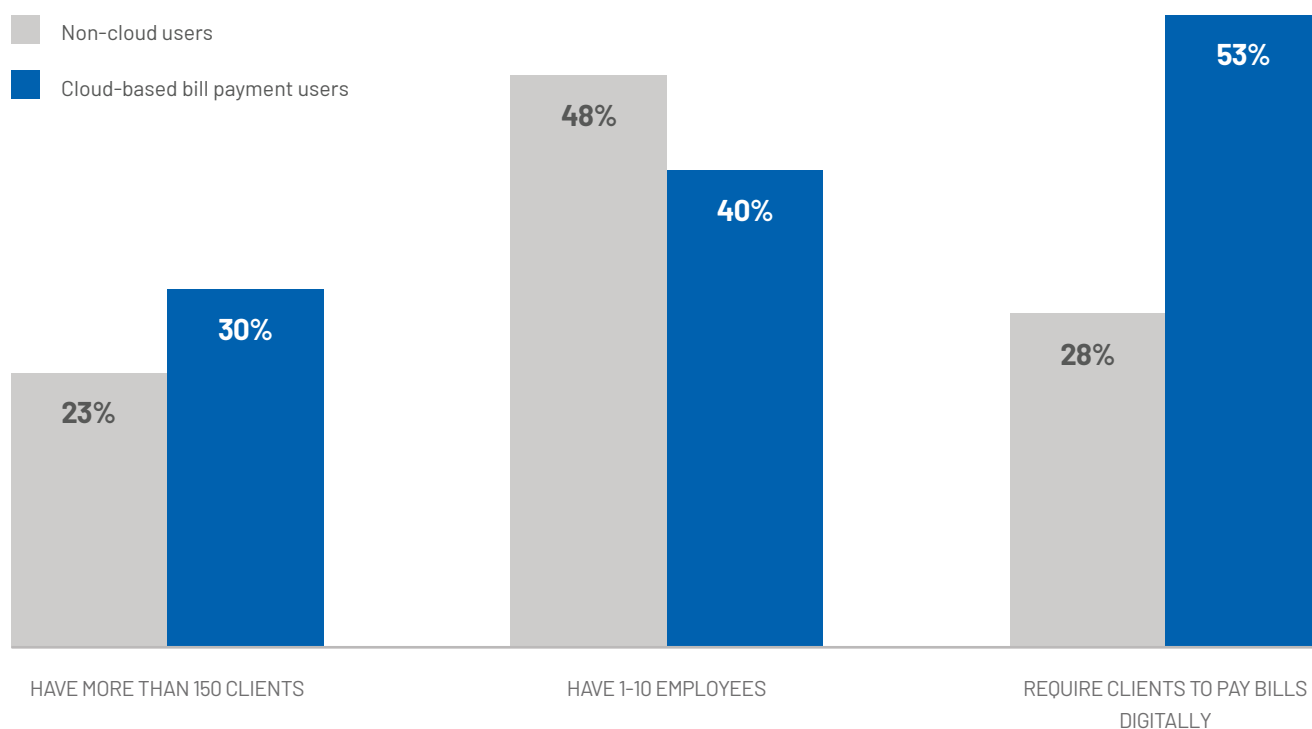
NUMBER OF BOOKKEEPING AND ACCOUNTING CLIENTS.



The efficiencies on a whole manifest more assertively in firms that use cloud-based solutions for bill payments.

"According to the survey results, firms that actively use cloud-based bill payments for their clients show more effective operations. They often have more clients with the same number or fewer employees, and more than 50% of the firms that use the cloud require clients to use a specific bill payments solution. This shows clear movement toward standardizing processes and efficiencies for bill payments," comments Pete Potsos, CPA, strategic account manager and client accounting services strategic advisor for Bill.com.

DO CLOUD-BASED BILL PAYMENT USERS DO MORE WITH LESS?



The Next Frontier: Bill Payment Standardization

While the widespread adoption of digital payments continues, firms are showing increases in efficiency and the ability to take on more clients with the same or fewer staff. This data shows evidence of increased efficiency. However, for the most part, firms have not standardized an approach for client bill payments.

Firms employ a multitude of payment methods across their client base. Digital payments for clients cross multiple formats, including online banking (47%), auto-pay (34%), accounting software integrated payments (25%), and cloud-based solutions (17%). Non-digital modes of client bill payments show lowered yet still present usage, with 59% still using computer-printed checks and even 28% using handwritten checks. This diversity in payment methods means each firm must adopt different processes for each client or even each bill.

The lack of standardization also reflects the number of respondents that require clients to use a specific bill payment solution. Only 19% do this in their practices, with large firms coming in higher at 30%.

HOW FIRMS PAY CLIENTS' BILLS? (RESPONDENTS COULD SELECT MORE THAN ONE ANSWER)

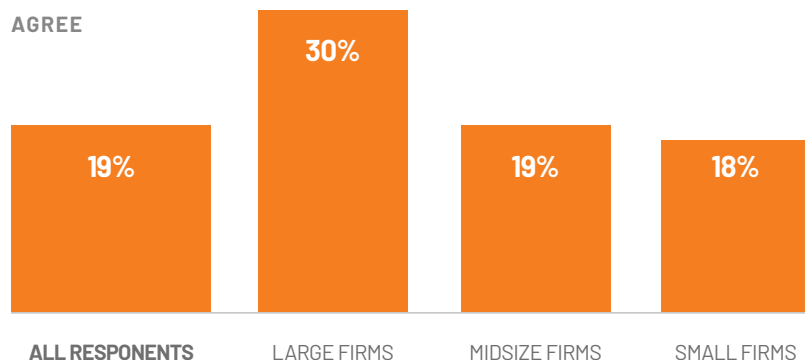
METHOD	2016	2017
Computer-Printed Checks	73%	59%
Online Banking	48%	47%
Auto-Pay Direct to Vendors	43%	34%
Handwritten Checks	37%	28%
Credit Card	30%	27%
Accounting Software Integrated Payments	26%	25%
ACH Payment File Uploaded to The Bank	25%	22%
Cloud-Based Service	17%	17%

“Standardization of a process across all clients gives you the ability to optimize resources, cut costs, and improve realization,” explains Johnston. “When you pair technology with standardization, you accelerate all of these results and provide client service benefits such as mobility, collaboration, and access to real-time data.”

Shockingly, firms still rely on handwritten checks to pay their own bills. Forty-two percent use handwritten paper checks to pay firm bills, with computer-printed checks coming in slightly higher.

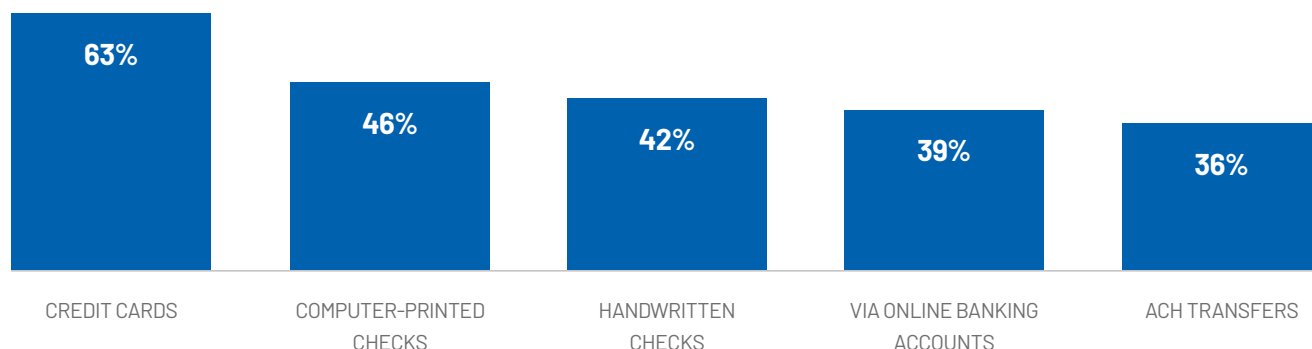
“The propensity of firms to use paper checks for their own bills conflicts with their recommendations to clients on how to pay bills,” remarks Potsos. “When you see 28% of firms using handwritten checks to pay clients’ bills and then 42% of firms using the same to pay their own bills, it suggests a disconnect. The awareness is there for the benefits of digital bill payments, but the processes have not fully infiltrated internally.”

I REQUIRE MY CLIENTS TO USE A SPECIFIC BILL PAYMENT SOLUTION.



TOP-FIVE WAYS FIRMS PAY THEIR OWN BILLS.

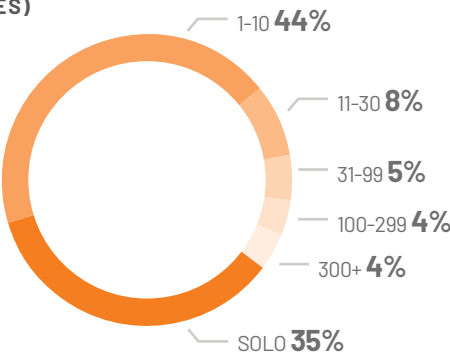
(RESPONDENTS COULD SELECT MORE THAN ONE ANSWER)



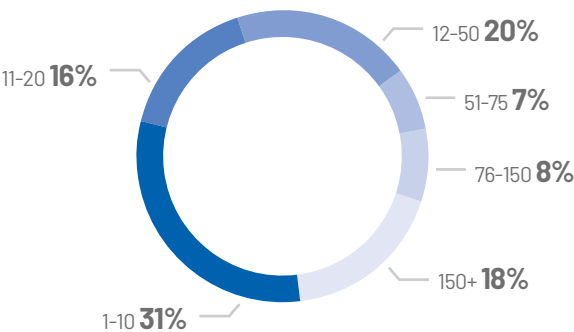
Overview of Survey Respondents

There were a total of 553 respondents to this year's survey.

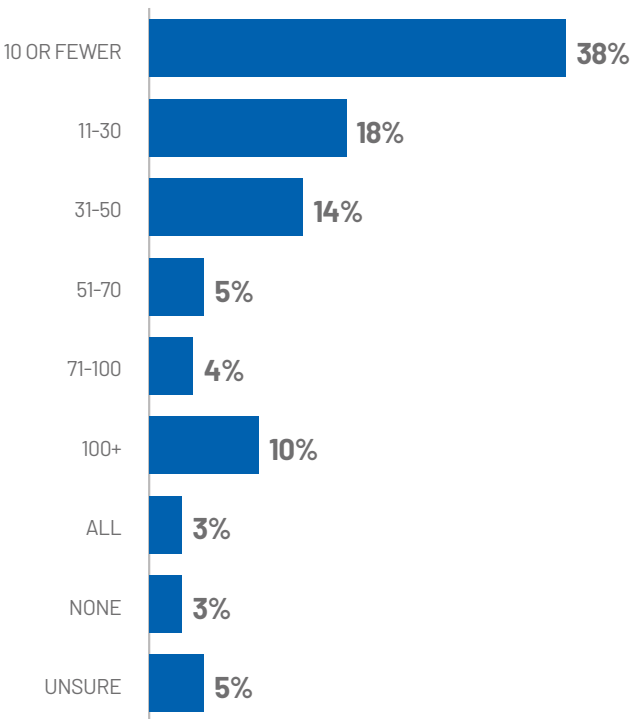
SIZE OF FIRM
(NO. OF EMPLOYEES)



NUMBER OF CLIENTS



NUMBER OF CLIENTS THAT PAY ANY BILL ELECTRONICALLY



About the Survey's Supporters



Bill.com is a leader in financial process automation for small businesses, mid-size companies, and accounting firms. Making it simple to connect and do business, the Bill.com Back Office Cloud digitizes, automates and simplifies legacy payment and financial processes. With an integrated, end-to-end platform, Bill.com leverages AI to reduce manual work, and provides a cloud workspace to help run your business anytime, anywhere. The company partners with many of the largest U.S. financial institutions, more than 70% of the top 100 U.S. accounting firms, and major accounting software providers. Bill.com manages more than \$70B in annual payment volume across ACH, virtual cards, checks, and international payments.

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Many thanks to CPA Practice Advisor and K2 Enterprises for their support of the 2017 Bill Payment Trends Survey.