

Small Business, Big Trends

Payment luminaries share insights on how banks can meet the needs of SMBs



BY JAN HOYT

Technology is changing the way small businesses manage their information and processes—at an accelerating pace. Businesses are relying more and more on tools that create efficiencies, and expect that these technology-enabled features and functions be available with all of their service providers—including their banks.

To put this in perspective, in 2011, only 15% of small businesses stated that they typically adopt technology as soon as it is available. Today that percentage has doubled to 30%, and among millennial-run small businesses it is 50%*.

What is sparking this change?

Small and mid-sized businesses (SMBs), which typically run tight ships with firmly established business processes, have historically lagged behind consumers and larger businesses in their adoption of new technology. That said, business owners are first and foremost consumers. They are inevitably influenced by their experiences with disruptive tech companies like Uber and Airbnb, who effectively serve their personal needs in new and previously unimagined ways. As a result, their pace of technology adoption is accelerating, as they open their businesses to opportunities to simplify and work more efficiently. They find that this enables a new level of focus on what they are really passionate about: delivering a better product or service, delighting their own customers, and growing their businesses.

Simplification is a worthy objective. According to Harshul Sanghi, managing partner of American Express Ventures**, “Businesses are growing more complex in nature due to how they are operating and the

number of people touching their processes. There’s an imperative to remove or reduce that complexity with a minimal amount of training and overhead.”

Three big trends are influencing the pace of technology adoption by businesses, according to payment industry thought leaders: mobile, data analytics, and the electronification of paper processes. Banks can gain a valuable competitive edge by leveraging these trends to strengthen SMB relationships, enabling ease and simplicity.

Mobile

In 2011, 40% of small businesses considered the sophistication of a bank’s mobile capabilities to be an important or very important consideration when selecting a new bank partner. Today that percentage is 61%. If we look at millennial-run businesses, 53% already bank via a mobile device*. Delivery of a robust mobile banking experience is no longer just nice to have, it’s required.

Mobility offers a new level of efficiency and accessibility for SMBs. They can handle critical business tasks from anywhere, at any time. And more and more, SMBs are demanding the same level of convenience from their banks.

“Mobile is changing everything today,” explains Mark Johnson, co-founder of Checkfree and partner at TTV Capital. “It’s changing how consumers function, how businesses interact with consumers, and how businesses interact with other businesses. Mobile will lead to one of the most dramatic evolutions for business in the next decade.”

Data analytics

The ability to extract meaningful business insight from large amounts of data has historically been a challenging and expensive process. However, with advances in technology, best practices, and cloud-based analytics, this type of intelligence is becoming much easier to attain.

“There are many companies now that understand how to use data analytics and we see a significant increase in how it impacts businesses,” says Johnson.

Businesses are looking for ways to extract meaningful data in all facets of their organization to increase productivity, meet market demands, and grow faster.

Electronification of paper processes

Paper works against efficiency, collaboration, and mobility. By digitizing the processes that paper usually supports (for example bill payment or payroll), business owners are able to share information more easily, complete critical tasks more quickly, and manage their businesses anytime, anywhere. With greater efficiency, cost savings are realized, and as a result, the demand for paperless processes continues to gain traction with SMBs.

How banks can enable SMBs

These trends converge with SMBs’ need to run efficient businesses powered by simple processes. “Small business owners really want to focus on their product or service,” comments Sanghi. “What they don’t want to worry about is the back office and the administration part of business.”

There are three ways banks can utilize these trends to create more powerful and profitable relationships with SMBs.

First, remove obstacles. Don’t add to business processes. Instead, integrate with commonly used business processes and become a part of the end-to-end workflow.

For example, the AITE [report](#) cited below found that only 22% of small businesses currently manage their finances on their banking website. The remaining 80% turn to third-party technologies to handle expenses, invoicing, budgeting, bill payments, and more. By bridging the gap with additional services, technologies and partnerships, banks can supplement and simplify processes.

Secondly, provide the “trust” factor and leverage your bank’s role as financial advisor. There is no one with whom small businesses would rather partner, if the user experience, level of integration, and simplification of processes is sufficiently compelling.

As Johnson explains, “When it comes to mission-critical financial activities, businesses require proven results. There’s a hesitation to trusting those activities to unknown third parties. Banks, however, have that credible relationship and level of trust with their customers. They can enable mass adoption simply by connecting successful use cases.”

Finally, provide tools that work like the technologies SMBs rely on every day. These technologies—already used by SMBs for sales automation, lead generation, and supply chain management—offer intuitive interfaces, mobile apps, and data transparency. They also offer advanced features that enable process automation, integration, and the ability to move toward the ideal: a paperless office.

“Typically, advancements in technology have only benefited large enterprises. However, advancements such as cloud computing and mobile are allowing small businesses to take advantage of new systems and processes for their benefit,” says Sanghi.

These technologies, which are easy to use and provide powerful results, are rapidly becoming the rule rather than the exception for SMBs. If banks aren’t able to provide a similar experience, they are missing an opportunity to optimize their relationships with valuable SMB customers.

Trends such as mobile, data analytics, and paper-free processes are impacting SMBs and their business operations. By recognizing these trends when developing products and offerings for SMBs, banks can further cement their role as an indispensable partner. They can deliver the ultimate service, tools, and capabilities that free business owners to focus on their passions—not their back office.

Jan Hoyt – [LinkedIn](#)

Director, Bank Solutions Specialist at Bill.com

Prior to joining Bill.com to ensure the success of bank partners, Jan worked as a leader in the banking and tech sectors, specializing in digital channels and payments. Jan holds an MS in Information Science from the University of Pittsburgh and a BA from Bowling Green State University.

** Ten Things Banks Need to Know About Their Small-Business Customers, AITE Group, March 31, 2016*

*** American Express Ventures is an investor in Bill.com*



Bill.com | 1810 Embarcadero Rd. Palo Alto, CA 94303 | Main 650.353.3301

©2016 Bill.com. All rights reserved. Business Payments Network is a trademark and Bill.com, the Bill.com logo are registered trademarks of Bill.com, Inc. in the United States. All other company names may be trade names or trademarks of their respective owners.