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insights through enhanced visibility, businesses can enhance financial stability and liquidity.

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*By Bob Purcell, CFO, Billtrust.*

The global economy remains on rocky footing, challenging businesses across industries and thrusting the financial professionals tasked with preserving their

financial health into the eye of the storm. One area that's felt an acute impact is the

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towards success.

## **The Impact of Economic Uncertainty on B2Bs**

Since the beginning of 2023, 44% of businesses have reported a slowdown in business activity. And while the majority of businesses report that business has been steady or even increased, the potential of a recession around the corner could result in many more organizations experiencing losses in revenue and slowdowns in cash flow.

Disturbingly, eight out of ten businesses say they have witnessed an increase in delayed payments, with nearly half describing it as a significant rise. Particularly in the manufacturing industry, delayed payments are causing financial strain. A multitude of challenges, including the pandemic, supply chain disruptions, and shifting consumer spending patterns, contribute to this difficult scenario. As a result, it's simply becoming more difficult for many businesses to pay their bills on time.

The consequences of delayed payments can be severe, even in the most normal of times. But in today's landscape where the importance of cash flow is at an all time high, delayed payments pose a much bigger threat. Naturally, this has caused the significance of the accounts receivable function to skyrocket.

## **The Rise in Importance of Accounts Receivable**

83% of owners and C-level executives believe that their AR teams have become more crucial to their business's overall success in recent months. Despite this recognition, there is a concerning gap between the perceived importance of accounts receivable and the resources available to support these teams. Only 44% of respondents believe their AR teams have the necessary tools, resources, and skills to thrive in the current environment. This shortage of support becomes even more pronounced as finance

teams are forced to operate with limited resources and face evolving complexities

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teams with modern tools and training, organizations can unlock their full potential.

## **Bridging the Digital Divide**

Traditionally, the B2B space has lagged behind when it comes to embracing technology, but in today's digital-first landscape, such resistance is no longer viable. The encouraging news is that organizations are starting to recognize this reality, leading to a notable increase in the adoption of technologies such as E-invoicing and digital payments.

The impact from this adoption is undeniable; 73% of adopters reported faster payment processing, allowing them to improve cash flow and liquidity, while a significant portion also experiences benefits such as a reduction in days sales outstanding (DSO) and an improvement in their relationships with customers.

While the benefits of these technologies may seem obvious, it is crucial to acknowledge that the B2B space, and certain verticals in particular, have historically been slow in adopting technology. However, by shedding the traditional aversion to change and embracing technology, businesses can position themselves as leaders in their industries, remaining agile and competitive in an evolving digital landscape.

## **The Way Forward**

The message is clear: to succeed amid this level of economic uncertainty, organizations must invest in accounts receivable, adopt digital payment technologies and prioritize mitigating delayed payments. Modernizing AR empowers financial professionals to ensure steady cash flow, navigate challenges and drive business success.

By streamlining payment processes, reducing administrative costs and gaining insights through enhanced visibility, businesses can enhance financial stability and

liquidity. Embracing modern accounts receivable practices and technologies

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