

AT THE FOREFRONT: FINTECH

Acceleration in Accounts Payable Automation

As a leading Technology & Services Investment Banking practice in the market, our team is committed to delivering insights and actionable ideas to help you drive your business forward.

OVERVIEW

Accounts payable (“AP”) automation represents an attractive investment and acquisition opportunity given many strong tailwinds. Traditional payables processes are labor-intensive and inefficient, with manual intervention needed to receive and approve invoices as well as to make payments and reconcile accounts. AP automation enables companies to process supplier invoices without any human intervention by providing a digital workflow to manage steps previously handled by an AP staff member. While thus far the digitization of AP has been slow, especially among small businesses, we believe the market is poised to accelerate. We are seeing leaders emerge in both horizontal and vertically-focused strategies and software and payments models converging.

WHAT’S THE CURRENT STATE?

While AP automation is still in the early stages, numerous solutions have emerged to address different pain points in the payables process. Software providers are focused on reducing data entry and human error by leveraging artificial intelligence and machine learning, while horizontal and vertically-focused AP automation companies create a full B2B payment network, managing supplier onboarding and eliminating paper invoices or checks.

ACCOUNTS PAYABLE MARKET AT A GLANCE

Businesses in North America are spending **\$187B** on AP processing, which includes only direct processing and labor costs.



These same businesses are spending closer to **\$510B** after taking indirect costs - such as short-term credit and additional fees for cross-border transactions - into account.

North America represents only a fraction of the B2B market. The total global costs related to AP amount to **over \$2.7T**.



Over 60% of B2B volume is still paid by paper checks in the U.S. and closer to **80%** among SMBs.



AP Automation can cut costs by **up to 75%** by eliminating paper checks, reducing labor expenses and minimizing late fees.

KEY TRENDS IN THE ACCOUNTS PAYABLE SEGMENT



Transition from paper-based invoices and checks to electronic payment methods



Focus on operating efficiencies to reduce costs and errors



Increased verticalization and vendor / supplier industry end-market focus



Tighter integration between AP and ERP systems



Better alignment of procurement and AP



Increase in single-use virtual cards and buyer initiated payments or “pushpay”



Emergence of cloud-based technology



Deployment of artificial intelligence and machine learning initiatives



Increased emphasis on fraud prevention technologies



Focus on enhanced reporting and dashboards

NOTABLE RECENT MARKET TRANSACTIONS

**TPG SIXTH STREET AND MASTERCARD INVESTMENTS IN AVIDXCHANGE | APRIL AND JANUARY 2020**

AvidXchange, a provider of accounts payable and payment automation solutions, raised \$260 million in equity capital in January followed by an additional \$128 million in April, bringing its total funding to more than \$900 million. The new capital will fuel growth and innovation, allowing AvidXchange to invest in its solutions for both buyers and suppliers.

**BILL.COM INITIAL PUBLIC OFFERING | DECEMBER 2019**

Bill.com, a provider of back-office financial automation software, raised \$216 million in its initial public offering at \$22 per share, valuing the company at \$1.5 billion. The proceeds will be used for working capital and corporate purposes, including research & development and sales & marketing.

**MEDIUS ACQUISITION OF WAX DIGITAL | NOVEMBER 2019**

Medius, a provider of cloud-based accounts payable automation software, acquired Wax Digital, a procurement solutions provider headquartered in the U.K. The acquisition allows Medius to expand its product offerings and explore geographic growth opportunities.

**BAIN CAPITAL INVESTMENT IN ZELIS AND REDCARD MERGER | OCTOBER 2019**

Zelis, a provider of healthcare payments and cost-management technology, and RedCard, a provider of healthcare payments and communication solutions, announced a merger to combine the two companies. The merger was supported by Parthenon Capital, an existing investor in both Zelis and RedCard, and by Bain Capital and Bain Capital Ventures.

**SIGNALFIRE INVESTMENT IN STAMPLI | OCTOBER 2019**

Stampli, a provider of cloud-based accounts payable management software, received a \$25 million investment led by SignalFire, a venture capital firm based in San Francisco. The new capital will allow the company to scale operations, increase headcount, and expand in other market across the country.

**ZEEV VENTURES INVESTMENT IN TIPALTI | SEPTEMBER 2019**

Tipalti, a provider of cloud-based payments automation software, raised \$76 million in a funding round led by Zeev Ventures. Tipalti will use the funds to grow its platform and its artificial intelligence tools that can read, process, pay and track invoices.

**GREAT HILL INVESTMENT IN MINERALTREE | MARCH 2019**

MineralTree, a provider of accounts payable and payment automation solutions, received a \$50 million investment led by Great Hill Partners, a Boston-based private equity firm. The new capital will allow the company to continue its growth momentum by expanding its partner network.

**FLEETCOR ACQUISITION OF NVOICEPAY | MARCH 2019**

Fleetcor, a provider of commercial payment solutions, acquired Nvoicepay, a leader in accounts payable automation solutions. The acquisition bolsters Fleetcor's Corporate Payments division, enabling the company to manage the full disbursement of accounts payable for businesses.

**EDENRED ACQUISITION OF CSI | NOVEMBER 2018**

Edenred, a provider of transactional solutions, acquired Corporate Spending Innovations, a provider of automated corporate payment software. Edenred is now well positioned to seize the multiple opportunities offered by the North American corporate payment market.

**ALDRICH CAPITAL PARTNERS INVESTMENT IN PAYMERANG | MARCH 2018**

Paymerang, a provider of electronic AP payment solutions for businesses, received a \$26 million investment from Aldrich Capital, a private equity firm based in Vienna, Virginia. The investment will allow the company to expand operations and pursue organic and inorganic growth opportunities.

**SERENT CAPITAL INVESTMENT IN BIRCHSTREET SYSTEMS | JANUARY 2018**

BirchStreet Systems, a provider of cloud-based procure-to-pay automation software for customers in the hospitality, restaurant, and foodservice industries, received a minority investment from Serent Capital. The investment will be used to further the company's growth strategy, while furthering its product innovation.

COMPANIES TO WATCH IN ACCOUNTS PAYABLE AUTOMATION

HORIZONTAL ACCOUNTS PAYABLE AUTOMATION

				Finexio			
END-MARKET FOCUS	Mid-Market, SMB	Enterprise, Mid-Market	Mid-Market, SMB	Mid-Market	Mid-Market	Mid-Market, SMB	Mid-Market, SMB
HEADQUARTERS	Charlotte, NC	Vancouver, BC	Newport Beach, CA	Orlando, FL	Cambridge, MA	Richmond, VA	San Mateo, CA
FOUNDED	2000	2012	2002	2015	2010	2009	2010
CURRENT INVESTORS	TPG Sixth Street Partners, MasterCard, Temasek, Bain Capital Ventures	BDC Capital, FINTOP Capital, TIMIA Capital	Serent Capital	Florida Funders, Mobile Financial Partners	Great Hill Partners	Aldrich Capital	Zeev Ventures, TrueBridge Capital, Group 11, 01 Advisors

VERTICAL ACCOUNTS PAYABLE AUTOMATION

END-MARKET VERTICALS	Healthcare, Government, Education, Media	Insurance	Insurance	Media	Insurance	Real Estate	Insurance
HEADQUARTERS	Atlanta, GA	Ontario, Canada	Westlake, OH	Los Angeles, CA	Concord, CA	Falls Church, VA	Plano, TX
FOUNDED	2011	2014	1997	2009	2003	1999	2008
CURRENT INVESTORS	Private	FairVentures, Connecticut Ventures, Blue Sky Capital	Private	Citi Ventures, Oak HC/FT	Westview Capital	Mainsail Partners	FTV Capital

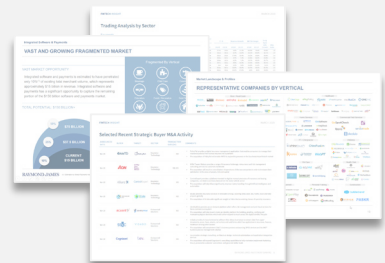
Contact our team to learn more about our detailed views and transaction activity in the Payments market.

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REPRESENTATIVE B2B PAYMENTS TRANSACTIONS

[View our full fintech transaction history here >](#)

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