2023 TRENDS IN B2B PURCHASING

A look into how organizations are addressing the complexity of today's procurement processes

ZIP

Table of Contents

Executive Summary

Over the last several years, the digitization of back-office processes has allowed businesses to achieve greater operational efficiency—an undertaking that has better positioned organizations to weather the current economic headwinds. However, one process in particular—the end-to-end B2B purchasing workflow—has remained largely stagnant for over a decade. As finance and accounting leaders face new mandates to reduce costs, mitigate business risk and increase operational efficiency, this final frontier of back-office digitization has become increasingly critical to enterprise success.

This *2023 Trends in B2B Purchasing* research was conducted to better understand how organizations are addressing the complexity of today's procurement processes for B2B software and services and how they intend to modernize their practices.

> The responses of 1,056 U.S.-based finance and accounting professionals – director-level and above – were analyzed to determine the challenges teams face in B2B purchasing and assess the opportunity for organizations to improve their approaches to procurement and accounts payable.

The research surveyed finance and accounting professionals across a broad range of company sizes – from small businesses and startups to mid-market and enterprise companies. While larger enterprises inherently face greater complexity when it comes to processes and tools to manage B2B purchasing, the research found no significant differences by company size in terms of respondents' top challenges or priorities. This points to the near ubiquity of modern procurement and purchasing problems that every business faces today.

The research found that:

- Procurement teams face an incredibly high volume of new purchase requests every month.

- It is taking businesses a long time to get purchases approved, and many stakeholders don't have sufficient visibility into the process.

- Many finance and accounting professionals are turning to automation to increase efficiency, save on costs and uplevel team productivity.

Key Findings

1 The vast majority (nearly 8 in 10, or 79.4%) of respondents say their company faces challenges when purchasing B2B software and services, and nearly one-third (32.1%) say their B2B purchasing process is broken.

2 More than half (57.7%) of respondents said that at their company more than 50 new purchase requests are made for B2B software or services at their company on a monthly basis.

3 There is significant room for improvement in the purchase approval process. For 48.4% of respondents, six or more approvals are required for a new software or vendor purchase in their company. Close to one-third (32%) said it takes 3 weeks or longer to receive approval.

4 While a majority of respondents (71.3%) indicated they have a uniform process for employees to initiate a purchase request or renewal, more than one-third (34%) of those respondents reported their employees are largely unaware of the process.

5 A majority of respondents (70.9%) believe most of their process for initiating purchase requests and approvals for B2B software and services should be automated.

6 Finance and accounting professionals are struggling to ensure all purchases are backed by purchase orders. Only 10.9% of respondents said 81%-100% of the spend in their organization is under management or PO-backed.

7 Almost half of organizations (47%) are looking to save more than 20% of operating expenses in the next year.

8 When asked what executive-level initiatives their company would be able to achieve if they could improve the procurement or purchasing process, the top three answers from respondents were to increase operational efficiency (42.7%), improve finance team productivity (37.5%) and improve employee productivity (38.7%).

9 User experience is important to almost all respondents (93.4%) when seeking out new software for their accounting team. For 73.1% of respondents, the accounts payable teams at their company struggle to ensure that purchase orders and invoices match.

10 The top B2B purchasing/procurement priorities for the coming year include increasing efficiency and team productivity (62.6%), ensuring compliance with financial regulations (48.7%) and ensuring compliance with security and privacy regulations (48.2%).

Businesses Struggle to Keep Up With Purchase Requests and Approvals

In the face of today's economic uncertainty, finance and accounting professionals are carefully evaluating ways to improve their operational efficiency and reduce the complexity of their processes—particularly in light of an increasingly distributed purchasing landscape. The 2023 Trends in B2B Purchasing research found that broken processes are leading to high volumes of purchase requests and lengthy approval timeframes and workflows.

This is creating new challenges in the B2B purchasing process, leading some respondents to seek out an all-in-one software solution that automates the entire process, from the initial purchase request through payment to third-party vendors. This ensures requests are completed in a timely and organized manner—removing any roadblocks.

Businesses are facing a high volume of purchase requests that require a large amount of cross-functional approvals before they are able to complete a purchase.

More than half (57.7%) of respondents make more than 50 new purchase requests for B2B software or services at their company on a monthly basis.

42.9% make 100 or more new purchase requests for B2B software or services at their company on a monthly basis.

For nearly half (48.4%) of respondents, 6 or more approvals are required for a new software or vendor purchase in their company.

For roughly 1 in 4 respondents (27.1%), more than 10 approvals are required for a new software or vendor purchase in their company.
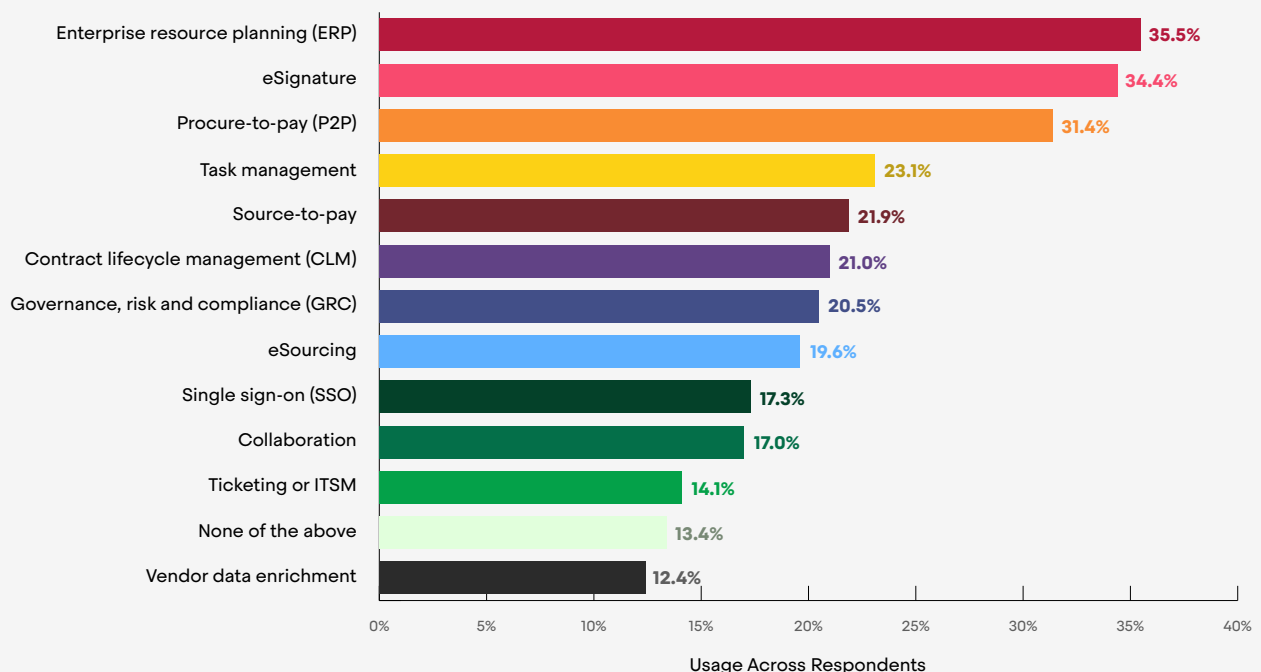
With the high volume of purchase requests and approvals required to bring on new software and services, approval times can often be lengthy. Only 31.8% of respondents said employees are able to secure approval for new software or vendor purchases in less than a week.

Nearly one-third (32%) of respondents said it takes 3 weeks or longer to receive approval for a business purchase.

Time to Approval

21.9%	**6.5%**	**3.6%**
3-4 weeks	1-2 months	More than 2 months

The current software tech stack for B2B purchasing is expanding as businesses are attempting to keep up with the pace of digital transformation and the influx of new software and service purchase requests. The three most used software applications in the end-to-end purchasing process (the top 3 technologies in the modern purchasing tech stack) today are enterprise resource planning (ERP), eSignature and procure-to-pay (P2P).

Technologies in the Modern Purchasing Tech Stack

Technology	Usage
Enterprise resource planning (ERP)	35.5%
eSignature	34.4%
Procure-to-pay (P2P)	31.4%
Task management	23.1%
Source-to-pay	21.9%
Contract lifecycle management (CLM)	21.0%
Governance, risk and compliance (GRC)	20.5%
eSourcing	19.6%
Single sign-on (SSO)	17.3%
Collaboration	17.0%
Ticketing or ITSM	14.1%
None of the above	13.4%
Vendor data enrichment	12.4%

Usage Across Respondents

7

59.8% of respondents use three or more software applications in the purchasing process and **1 in 5** respondents (**21.5%**) said they use one software application in the purchasing process, which may indicate preference for a "one stop shop" software solution for B2B purchasing.

User experience is important to almost all respondents (**93.4%**) when seeking out new software for their accounting team.

86.9% of respondents said it would be beneficial if their company could use an all-in-one software solution to manage the procurement process for B2B software and services – from the initial purchase request through payment to third-party vendors.
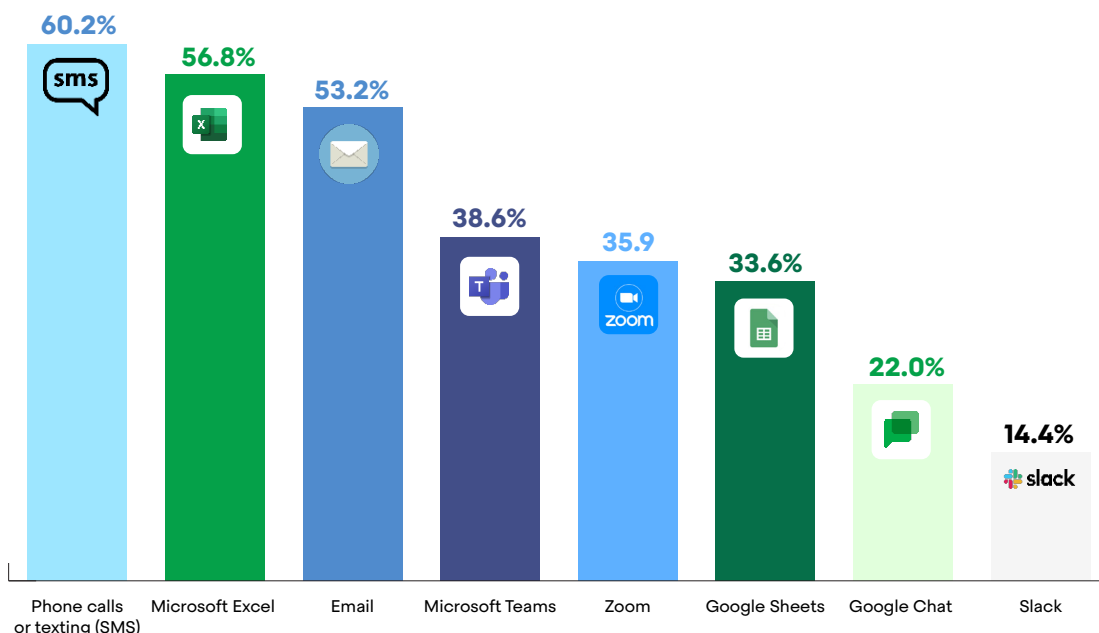
Challenges Accelerate Across the B2B Purchasing Lifecycle

As the volume of purchase requests and approvals for new software and services continues to skyrocket, many businesses are struggling with outdated and largely manual procurement processes. This results in significant challenges for businesses, including a lack of adequate visibility into overall business spend, difficulties ensuring purchase orders and invoices match, and an impeded ability to ensure all purchases are backed by purchase orders.

As a result, many respondents believe that their procurement process is broken, which can slow down the ability to bring on new software and services and even have negative consequences on the employee experience.

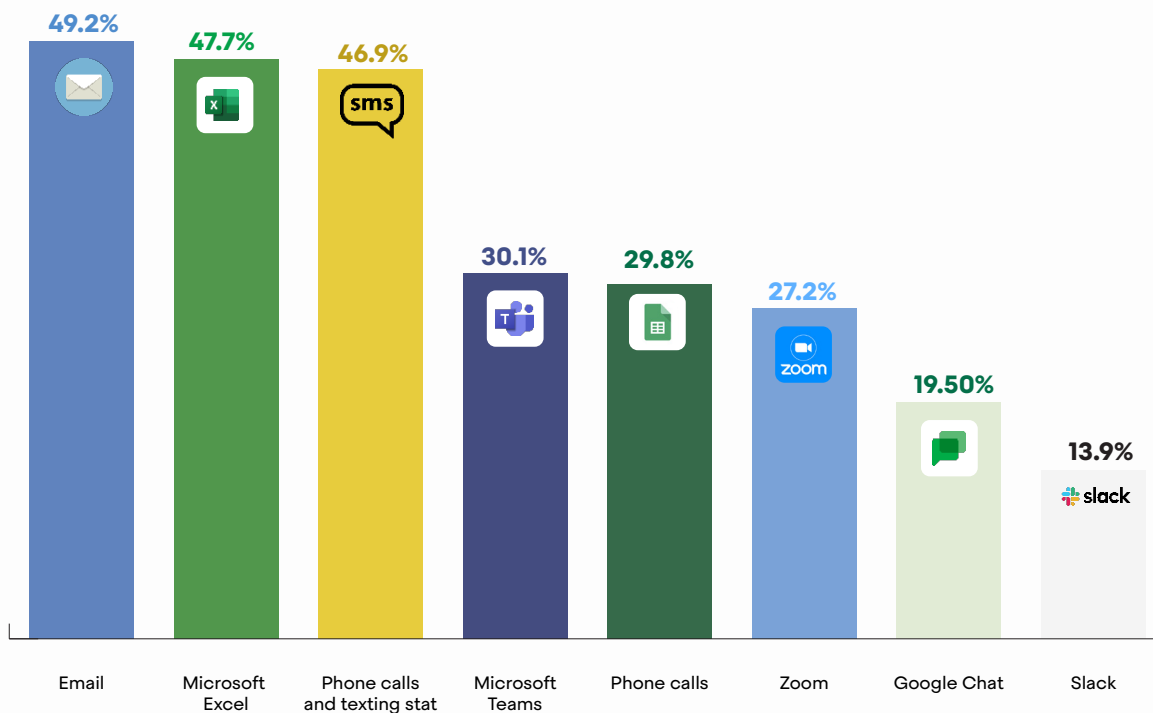The majority of respondents still rely on manual forms of communication to manage initial purchasing requests for new software and services.

Tools to Manage Purchase Requests

Phone calls or texting (SMS)	Microsoft Excel	Email	Microsoft Teams	Zoom	Google Sheets	Google Chat	Slack
60.2%	56.8%	53.2%	38.6%	35.9	33.6%	22.0%	14.4%

The same goes for managing approvals of purchasing requests: with email, Microsoft Excel and Microsoft Teams being the top three tools used for communication.

Tools to Manage Approvals

49.2%		
47.7%		
46.9%		

Email — 49.2%
Microsoft Excel — 47.7%
Phone calls and texting stat — 46.9%
Microsoft Teams — 30.1%
Phone calls — 29.8%
Zoom — 27.2%
Google Chat — 19.50%
Slack — 13.9%

Perhaps as a result of increasingly lean procurement teams and the prevalence of outdated tools and processes for purchasing, respondents concur that there is a lack of communication and clear processes among employees and stakeholders. Despite a large majority of respondents (71.3%) indicating they have a uniform process for employees to initiate a purchasing request or renewal, more than one-third (34%) of those respondents reported their employees are largely unaware of the process.

15.8% of respondents said employees don't follow the process in place to initiate a purchase request for B2B software and services.

Likely as a result of process complexity and implementation challenges, only 10.9% of respondents said 81%-100% of the spend in their organization is under management, or PO-backed.

Half of respondents agree that stakeholders (e.g., executives, finance, legal, IT, security, etc.) lack sufficient visibility into the company's purchasing and approval process.

40.4% of C-level executives strongly agree that stakeholders (e.g., executives, finance, legal, IT, security, etc.) do not have sufficient visibility into the company's purchasing and approval process

Finance professionals (32.2%) were significantly more likely to agree that stakeholders lack visibility into the purchasing and approval process compared to accounting professionals (18.9%)

40.6% of **companies with 1,001 - 2,500 employees** strongly agree that stakeholders (e.g., executives, finance, legal, IT, security, etc.) do not have sufficient visibility into the company's purchasing and approval process

New challenges also rise in the accounts payable process. In fact, one in four respondents (25.6%) stated that their company (25.6%) does not have accounts payable automation software in place. When it comes to payment methods, employees will most frequently use their managers' corporate credit cards to complete payments for third-party software and services vendors. This creates an unnecessary financial burden on the cardholder.

73.1% of respondents claim their accounts payable teams struggle to ensure that purchase orders and invoices match.

Data cleanliness (e.g., the reliability and accuracy of our data) is a challenge for 64.1% of respondents when paying third parties for software and services.

40.9% of respondents said they do not have separate processes or tools in place for each of their subsidiaries to make payments to third parties.

When asked how they manage payments for third-party software and services, **Finance** respondents said these were the top 3 ways within their company:

- Manager's corporate credit card (42.4%)
- Employee corporate credit card (33.1%)
- Employee personal credit card (31.8%)

When asked how they manage payments for third-party software and services, **Accounting** respondents said these were the top 3 ways within their company:
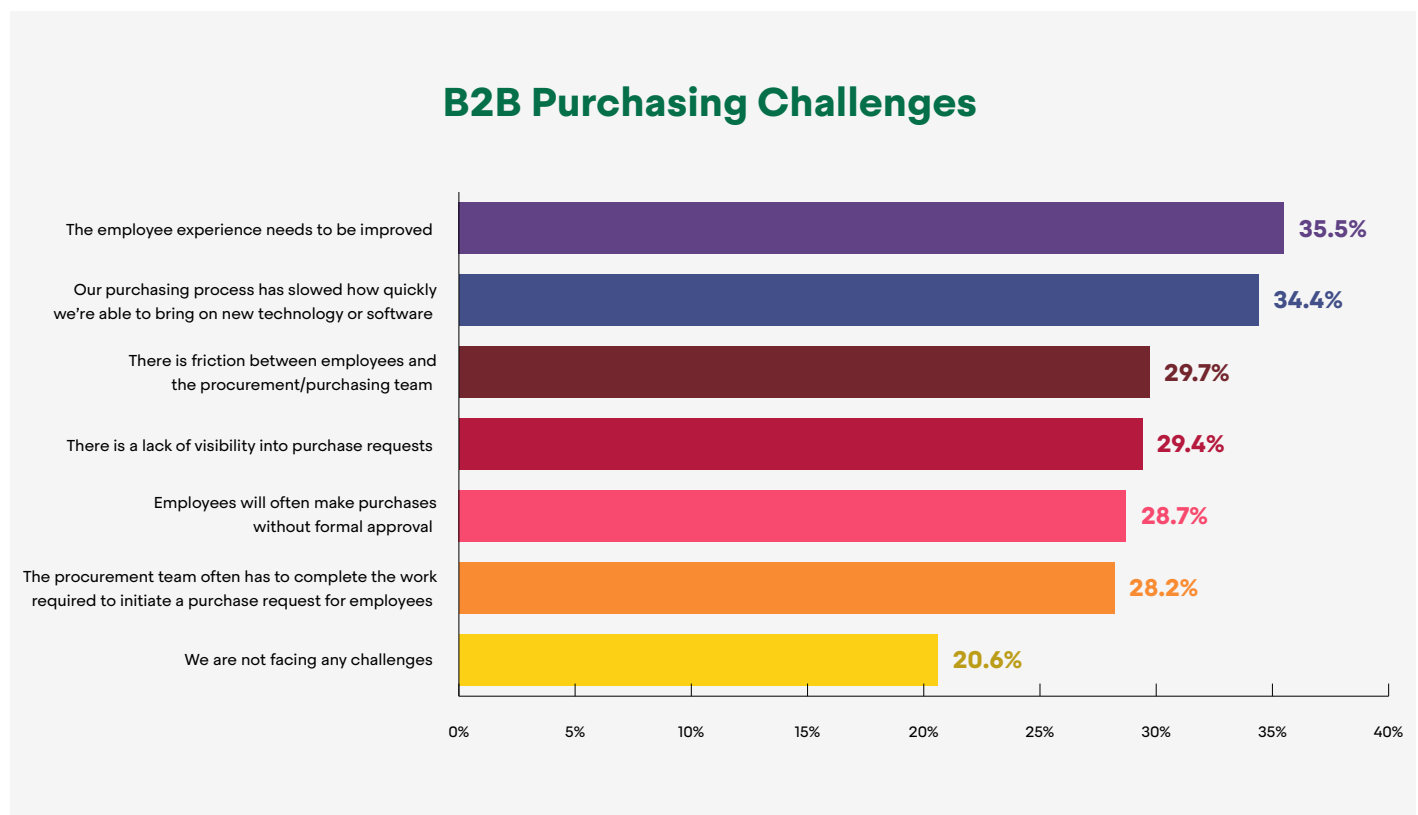
- Only members of the procurement or finance departments complete payments (26.1%)
- Manager's corporate credit card (25%)
- Payments are made with direct integration to banking partners (24.4%)

Nearly one-third (32.1%) of respondents say their B2B purchasing process is broken.

Only 20.9% said the process is working "very well" and that they are not looking to make any changes.

Nearly 8 in 10 (79.4%) respondents face challenges when purchasing B2B software and services. The top 3 reported challenges include challenges with employee experience (35.5%), slowed purchasing process (34.4%) and friction between employees and the procurement/purchasing team (29.7%).

B2B Purchasing Challenges

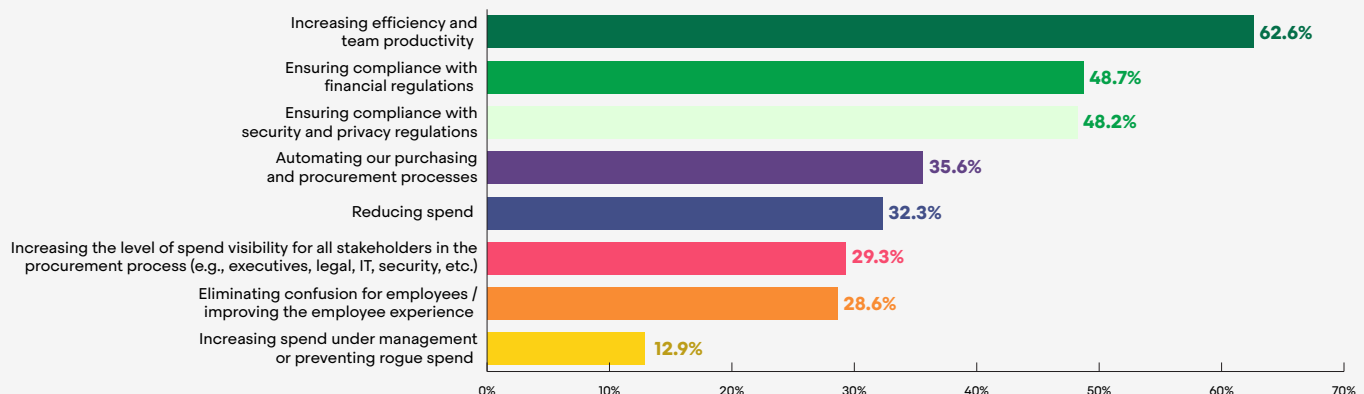| Challenge	Percentage
The employee experience needs to be improved	35.5%
Our purchasing process has slowed how quickly we're able to bring on new technology or software	34.4%
There is friction between employees and the procurement/purchasing team	29.7%
There is a lack of visibility into purchase requests	29.4%
Employees will often make purchases without formal approval	28.7%
The procurement team often has to complete the work required to initiate a purchase request for employees	28.2%
We are not facing any challenges	20.6%

B2B Purchasing Improvements Can Yield Significant Business Impact

With many respondents reporting a broken purchasing process, the research found that businesses are looking to change this by making improvements that save money and resources and increase employee productivity. Making positive changes to the purchasing process contributes to the topline objectives of the business, from boosting operational efficiency to increasing productivity and improving operating margins.

The top B2B purchasing/procurement priorities for the coming year include increasing efficiency and team productivity (62.6%), ensuring compliance with financial regulations (48.7%) and ensuring compliance with security and privacy regulations (48.2%). The top B2B purchasing/procurement priorities for the coming year include:

Top B2B Purchasing Priorities for 2023

Priority	Percentage
Increasing efficiency and team productivity	62.6%
Ensuring compliance with financial regulations	48.7%
Ensuring compliance with security and privacy regulations	48.2%
Automating our purchasing and procurement processes	35.6%
Reducing spend	32.3%
Increasing the level of spend visibility for all stakeholders in the procurement process (e.g., executives, legal, IT, security, etc.)	29.3%
Eliminating confusion for employees / improving the employee experience	28.6%
Increasing spend under management or preventing rogue spend	12.9%

Industry Spotlight – Financial Services: When analyzed by industry, **59.1%** of respondents in the financial services industry indicated they are prioritizing compliance with financial regulations and **55.9%** indicated they are prioritizing compliance with security and privacy regulations.

Almost half (47%) of organizations are looking to realize more than 20% of operating expense savings in the next year. Almost all companies (91.6%) are looking to achieve some level of operating expense savings in 2023.

By improving purchasing processes, respondents see a clear opportunity to contribute to the high-level objectives of the business.
Three in four respondents (77.8%) think greater visibility into their software purchase request and renewals process would allow them to reduce their overall software spend.

When asked what executive-level initiatives their company would be able to achieve if they could improve the procurement or purchasing process, respondents reported the ability to:

Increase operational efficiency (42.7%)
Improve finance team productivity (37.5%)
Improve employee productivity (38.7%)

Automation Can Improve Operational Efficiency and Employee Experience

As businesses seek out ways to increase operational efficiency and boost productivity, some are turning to software solutions for help. Many businesses are already using automation technology—whether through general purpose automation tools, ERP solutions, in-house software tools or P2P software—to remove the manual work from the B2B purchasing process. If they don't have automation yet in place, they are seeking to do so. In fact, 40.8% of finance professionals and 33.1% of accounting professionals listed automating purchasing and procurement processes as a priority.

The majority of finance and accounting professionals believe that the entire process for initiating purchase requests and approvals should be automated. Yet some are only just beginning to take advantage of automation. Only 3 in 10 respondents report a fully automated process for requesting new purchases.
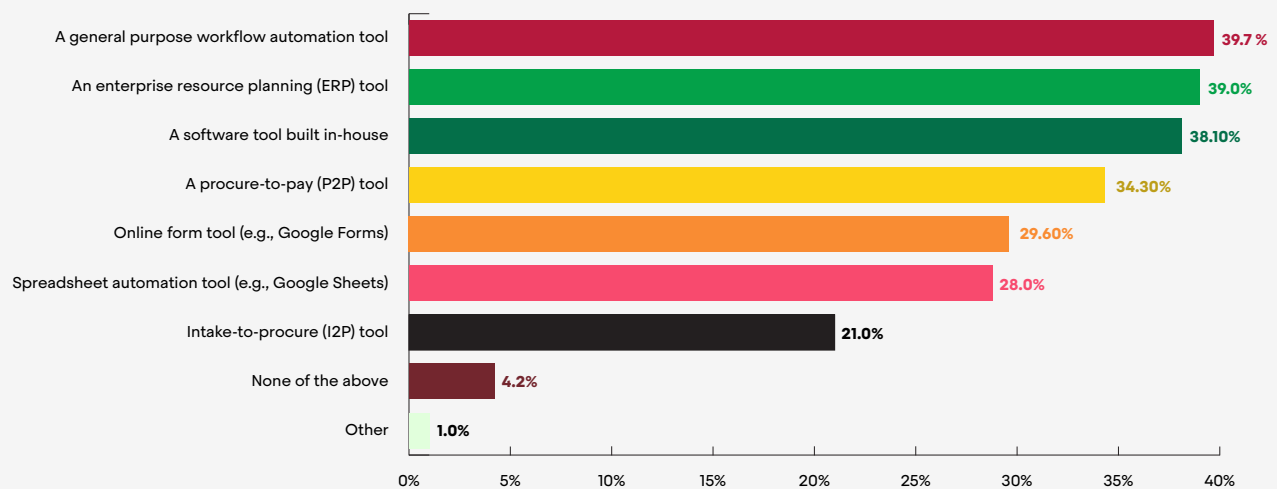
Of the respondents who reported they have a fully automated process in place, 29.4% indicated the employee experience needs to be improved and 23.5% indicated that there is a lack of visibility into purchase requests and their purchasing process has slowed how quickly they are able to bring on new technology or software. This could indicate that even those who are embracing automation still require better solutions to improve their processes.

Nearly 1 in 5 (17.8%) said there is no automated process in place—meaning all purchasing processes are manual.

76.9% of respondents in the financial services industry agree much of their process for initiating purchase requests and approvals for B2B software and services should be automated.

Businesses are currently using a wide variety of software tools to automate purchasing processes. The three most used tools to automate new B2B purchasing requests are general purpose workflow automation tools (39.7%), enterprise resource planning (ERP) tools (39.0%) and software tools built in-house (38.1%). ERP solutions, in particular, were more common among certain industry groups, as reported by more than half of respondents in the technology (56.8%), retail wholesale and distribution (51.8%), and automotive (50%) industries.

B2B Purchasing Automation Tools

Tool	Percentage
A general purpose workflow automation tool	39.7%
An enterprise resource planning (ERP) tool	39.0%
A software tool built in-house	38.10%
A procure-to-pay (P2P) tool	34.30%
Online form tool (e.g., Google Forms)	29.60%
Spreadsheet automation tool (e.g., Google Sheets)	28.0%
Intake-to-procure (I2P) tool	21.0%
None of the above	4.2%
Other	1.0%

A majority of respondents (70.9%) believe most of their process for initiating purchase requests and approvals for B2B software and services should be automated.
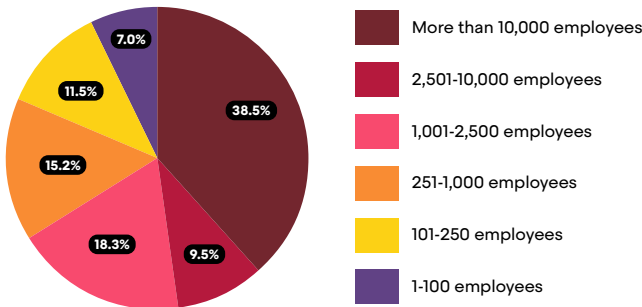
Conclusion

The seemingly straightforward task of buying software or services has become increasingly complex. For many survey respondents, high volumes of purchase requests are stacking up and getting lost in convoluted and antiquated approval workflows. The number of approvals and tools needed to complete the purchase of new software and services is hindering team productivity and reducing efficiency, which is a top priority for many businesses. Finance and accounting professionals report that employees are still vastly unaware of the correct procedures for making purchases in the first place. As a result, employees are unable to easily get the software and services they need to do their jobs - or worse, employees could choose to purchase software and services without proper approval, introducing significant risk and compliance issues for the business.

Businesses are eager to see improvements to the purchasing process, as they look to save on operating expenses in the next year and prioritize team productivity and compliance. Given the opportunity to improve procurement processes, finance and accounting professionals believe their businesses could see increased operational efficiency, improvement to finance team productivity and improvements to overall employee productivity.
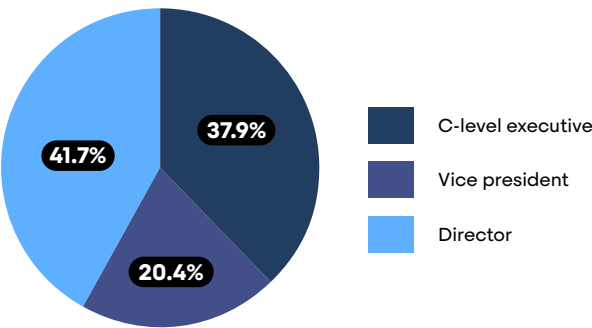
The findings of the 2023 Trends in B2B Purchasing research demonstrate that many businesses are eager for an all-in-one software solution that can orchestrate the end-to-end B2B purchasing process across the procurement tech stack—managing the procurement process for B2B software and services from the initial purchase request through payment to third-party vendors. The majority of respondents express an interest in moving away from legacy forms of communication and approval workflows and towards automation to improve the B2B purchasing experience and unlock new levels of efficiency.
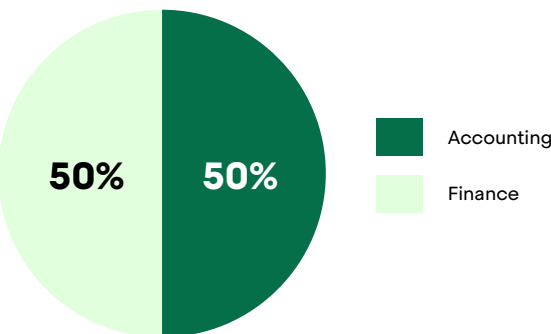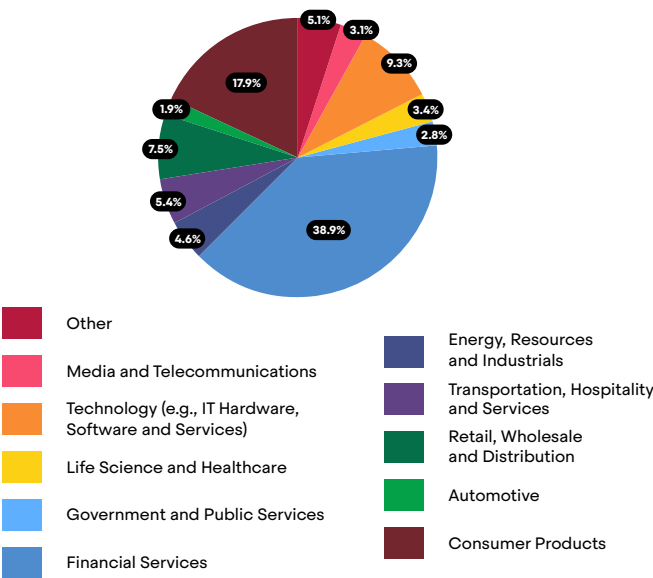
Demographics

Company Size

- More than 10,000 employees — 38.5%
- 2,501-10,000 employees — 9.5%
- 1,001-2,500 employees — 18.3%
- 251-1,000 employees — 15.2%
- 101-250 employees — 11.5%
- 1-100 employees — 7.0%

Job Level

- C-level executive — 37.9%
- Vice president — 20.4%
- Director — 41.7%

Department

- Accounting — 50%
- Finance — 50%

Industry

- Other — 5.1%
- Media and Telecommunications — 3.1%
- Technology (e.g., IT Hardware, Software and Services) — 9.3%
- Life Science and Healthcare — 3.4%
- Government and Public Services — 2.8%
- Financial Services — 38.9%
- Energy, Resources and Industrials — 4.6%
- Transportation, Hospitality and Services — 5.4%
- Retail, Wholesale and Distribution — 7.5%
- Automotive — 1.9%
- Consumer Products — 17.9%

ZIP