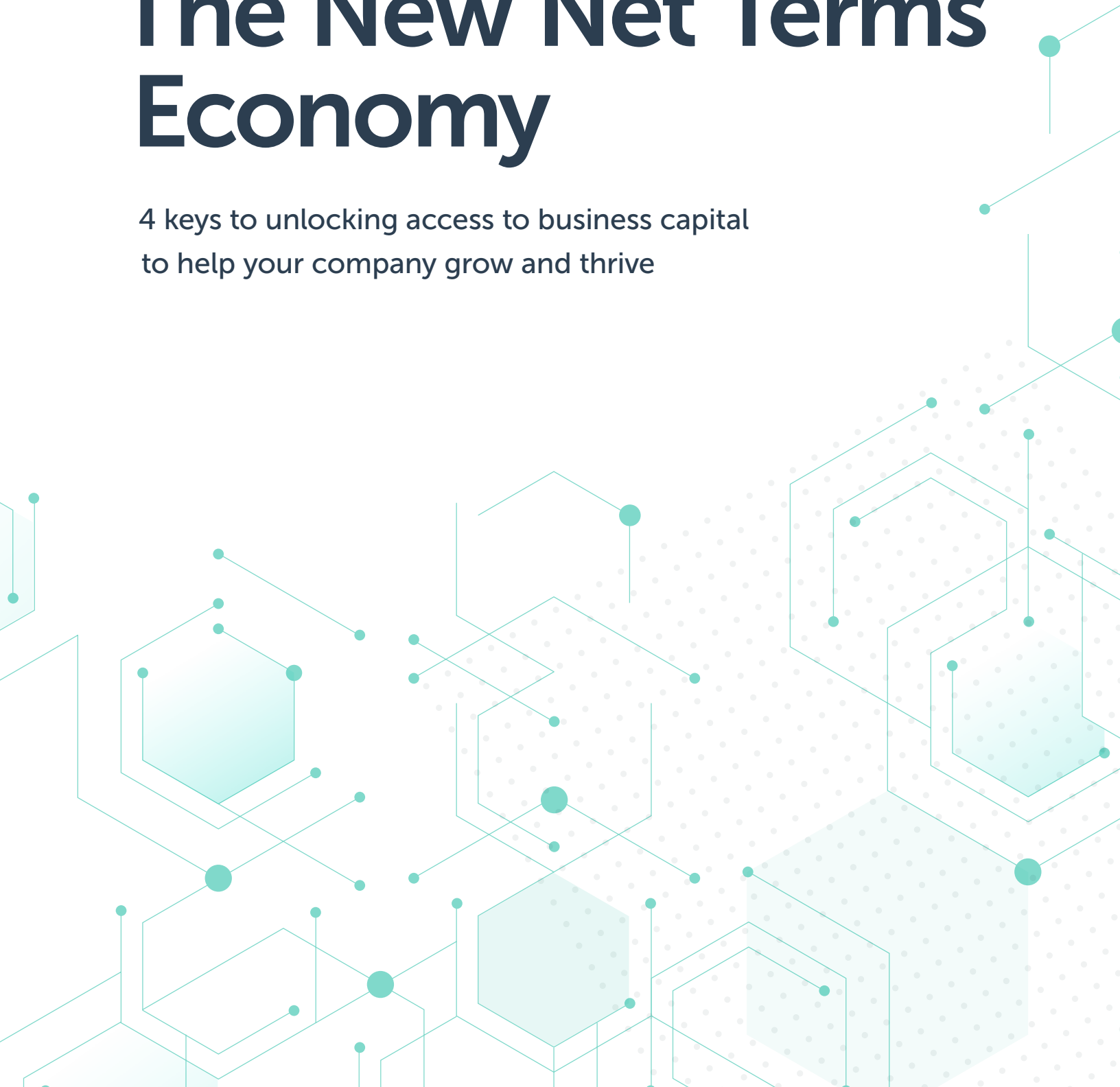




WHITEPAPER

# The New Net Terms Economy

4 keys to unlocking access to business capital  
to help your company grow and thrive



# Table of contents

- The Net Terms Economy . . . . . 3**
  
- Unlocking Access to Capital: The New Net Terms Economy . . . . . 4**
  - 1. On-demand access to business capital. . . . . 5
  - 2. Dynamic risk assessment. . . . . 5
  - 3. Better repayment terms. . . . . 6
  - 4. Financing at the point of transaction. . . . . 6
  
- Solving for the Net Terms Economy: Immediate Payment Platforms . . . . . 7**
  
- Case Study: Fundbox for B2B credit . . . . . 9**
  
- Vast Opportunities From Faster Payments . . . . . 11**
  
- About Fundbox . . . . . 12

# The Net Terms Economy

Have you ever struggled with cash flow when purchasing supplies and inventory for your growing business? If so, you're not alone. [Over 40 percent of small businesses](#) admit they've been short on cash within the previous year.

How about trade credit? Has offering it to B2B buyers ever been a burden? You're far from unique here either: According to PYMNTS' [The Trade Credit Dilemma Report](#), nearly one-third of surveyed companies said offering trade credit makes day-to-day operations more difficult.

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For decades, B2B commerce has been, in many ways, an alternate universe compared to B2C. Unlike a typical consumer transaction where a customer pays for, say, groceries with cash or a credit card, this is a world where sellers wait weeks or months to get paid unless they act as a bank and step in to provide their own short-term credit to buyers. It is a landscape where buyers seeking the necessary raw materials, inventory, and supplies to run their businesses must prove they are a good credit candidate to each seller and abide by (in many cases) non-negotiable payment terms. In this reality, both sellers and buyers often wind up cash-starved and growth-challenged, with money simply hanging in the no-mans-land of accounts receivable.

Trade credit, otherwise known as "net terms," has long-driven this alternate universe. With net terms of 30, 60, 90 days or more, sellers front inventory to cash-strapped buyers, giving them a set amount of time to pay for the delivered goods. While this sounds like a win-win solution, here's how trade credit can actually become a circular, never-ending cash flow problem for both buyers and sellers that we call the Net Terms Economy.



# Unlocking Access to Capital: The New Net Terms Economy

The key to disrupting the Net Terms Economy is creating a B2B payment solution that unlocks access to trillions of dollars now sitting in accounts receivable. New technology, using the innovative power of machine learning and the ability to do business in the cloud, has recently emerged to now make this possible, based on several critical factors:

- 1. On-demand access to business capital**
- 2. Dynamic risk assessment**
- 3. Better repayment terms**
- 4. Financing at the point of transaction**

# 1. On-demand access to business capital

A new, better Net Terms Economy requires accessible capital as soon as an order is captured and the risk assessment process is complete. By paying B2B sellers right way, capital is “unlocked” that would otherwise have remained inaccessible until a buyer pays their invoice off.

## HOW TECHNOLOGY CAN HELP

B2B payments can eliminate the wait, thanks to breakthroughs in machine learning technology that allow platforms to connect to cloud-based data and analyze it in real time, contributing to faster credit decisions.

# 2. Dynamic risk assessment

For buyers to gain trade credit, traditionally a B2B seller must go through a lengthy process to understand the creditworthiness of a new buyer. To provide nearly real-time B2B payments, dynamic risk assessment—so that underwriting happens fast, yet accurately—is a must.

## HOW TECHNOLOGY CAN HELP

Fast, near-instant underwriting is now available thanks to artificial intelligence and machine learning. With the power of machine learning in the background, B2B sellers can live inside the checkout process and provide better user experiences and payment or credit options at the point of financial need.

### 3. Better repayment terms

The net terms of a new, real-time B2B payments solution must provide benefits to both buyers and sellers. Sellers need to get their money quickly, while buyers want the opportunity to capture flexible terms which means they can make the necessary investments in their business to grow without disruptions to their cash flow.

#### HOW TECHNOLOGY CAN HELP

With today's platforms, a "net 60" payment option with no interest can be made available during the online checkout process. They may also be able to extend their terms week-by-week (for 52 weeks) for a flat fee.

### 4. Financing at the point of transaction

A new B2B ecommerce payment ecosystem requires the ability for buyers to get financing at the point of their need, within the context of where they are making the online transaction. If that is not available, and approval for net terms and trade credit is onerous, there will be more and more abandoned carts.

#### HOW TECHNOLOGY CAN HELP

The latest B2B payments solutions bring financing directly to the point of an ecommerce transaction, with plugins within the workflows of other platforms, marketplaces, portals, and applications.



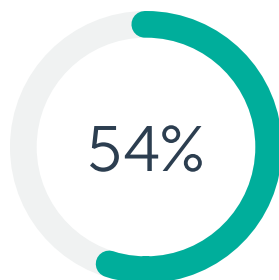
# Solving for the Net Terms Economy: Immediate Payment Platforms

Times are changing for the Net Terms Economy. Many industries are now taking advantage of technology to offer better, speedier B2B credit.

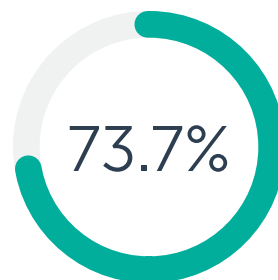
Now, the latest cloud-based technology, driven by machine learning, has paved the way for real-time, immediate payment platforms to emerge for B2B e-commerce across verticals, in the context of a variety of applications and marketplaces. These allow suppliers to be paid very quickly for a small fee, while buyers receive extremely fast trade credit approval that can be used across vendors, with more generous payment terms. Suddenly, B2B can offer payment ease for both buyer and seller like never before.

However, while The Trade Credit Dilemma Report found strong enthusiasm for these platforms, fewer than 14 percent of surveyed businesses currently use them and nearly 20 percent have never even heard of them. For example, 54 percent of surveyed SMBs generating below \$10 million in annual revenue report being “very” or “extremely” interested in using immediate payment platforms, while a whopping 73.7 percent of larger firms cite wanting to send immediate payments as buyers. In addition, companies show almost equal interest in immediate payments as sellers and buyers.

Percentage of firms reporting they are “very” or “extremely” interested in using immediate payment platforms:



Firms <\$10M annual revenue



Firms between \$50M-\$100M annual revenue

Source: PYMNTS Trade Credit Dilemma Report 2019.

**DEFINITION:**

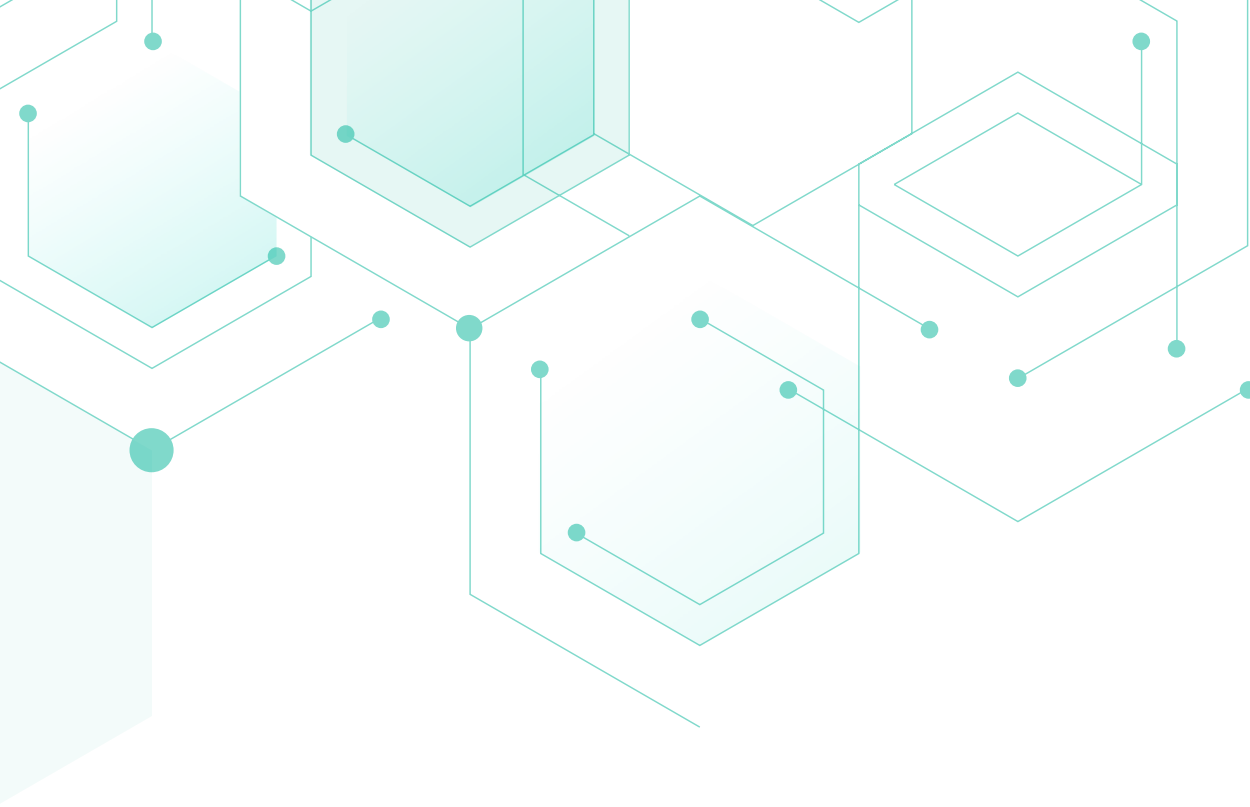
**WHAT’S AN IMMEDIATE PAYMENT PLATFORM?**

An Immediate Payment Platform refers to a point-of-transaction financing option that allows suppliers to be paid right away and for buyers to take a pre-agreed number of days to either pay or to finance payments if they need extra time.

Sellers would pay an interchange fee for the convenience of being paid right away, and buyers pay only if they choose to extend beyond their initial net terms agreement. The PYMNTS survey, which served as the basis for The Trade Credit Dilemma Report, surveyed over 1,000 US. business owners about their reaction to this type of payment platform.

Many survey respondents say immediate payment platforms would not only ensure they’re paid promptly but also allow them to quickly purchase supplies (particularly helpful when there is no pre-existing trade credit relationship between the parties) so they can focus on their core mission and growth opportunities.



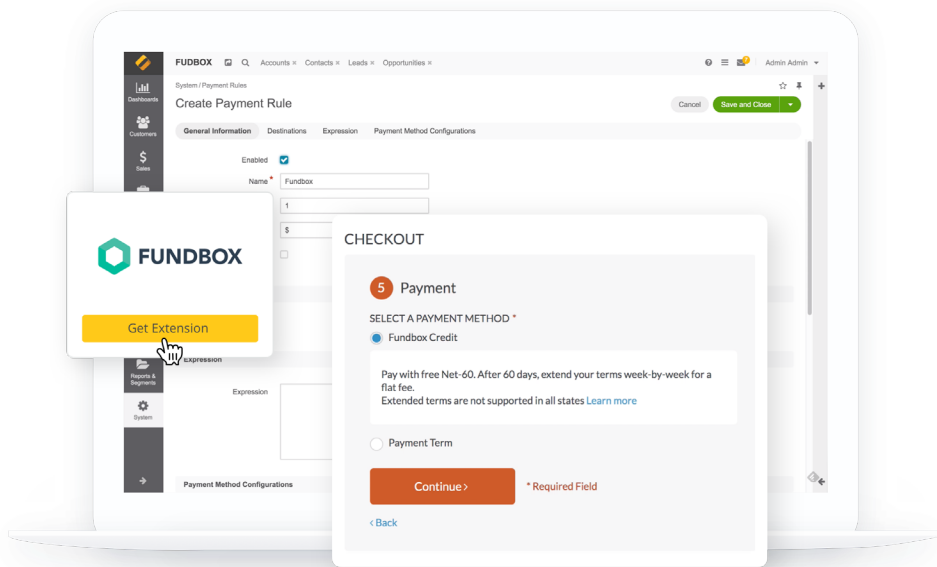


## Case Study: Fundbox for B2B credit

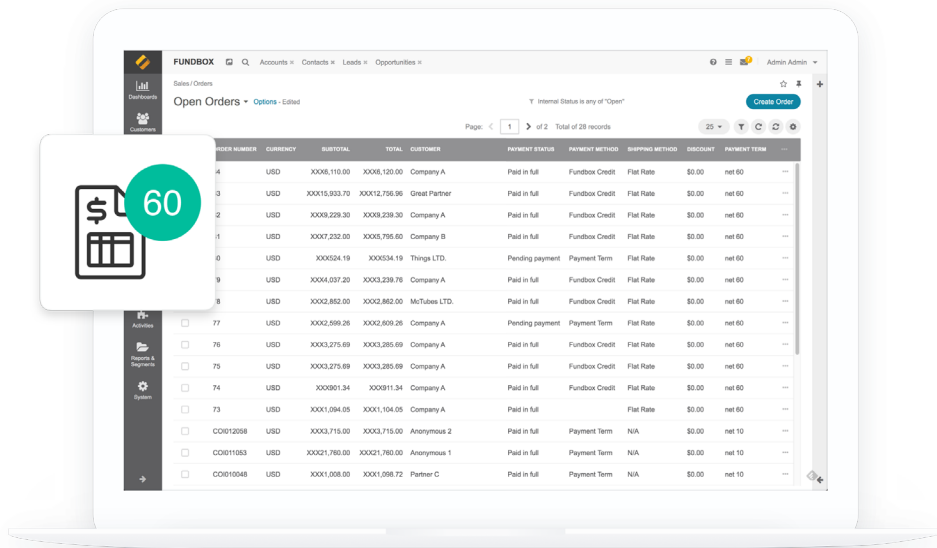
Fundbox is an algorithmically-driven B2B credit and payments platform that offers access to capital at the moment of need, in close to real time, with machine learning-enabled underwriting. It offers approved buyers accelerated growth thanks to favorable terms, while sellers improve their cash flow because they get paid significantly faster. Fundbox handles the trade credit assessment for B2B sellers, so businesses don't need to take on the risk of extending credit to their buyers. Finally, the entire system is seamlessly woven into the selling process.

Fundbox also brings all the essential B2B payment pieces together by integrating financing at the point of transaction. For example, Fundbox offers a simple integrations for [OroCommerce](#) customers: Upon receipt of a key from their Fundbox sales rep, OroCommerce customers can register for a Fundbox account, add the plug-in and begin to present Fundbox as a payment option for buyers in their checkout flow.

**Here's a look at how it works.**

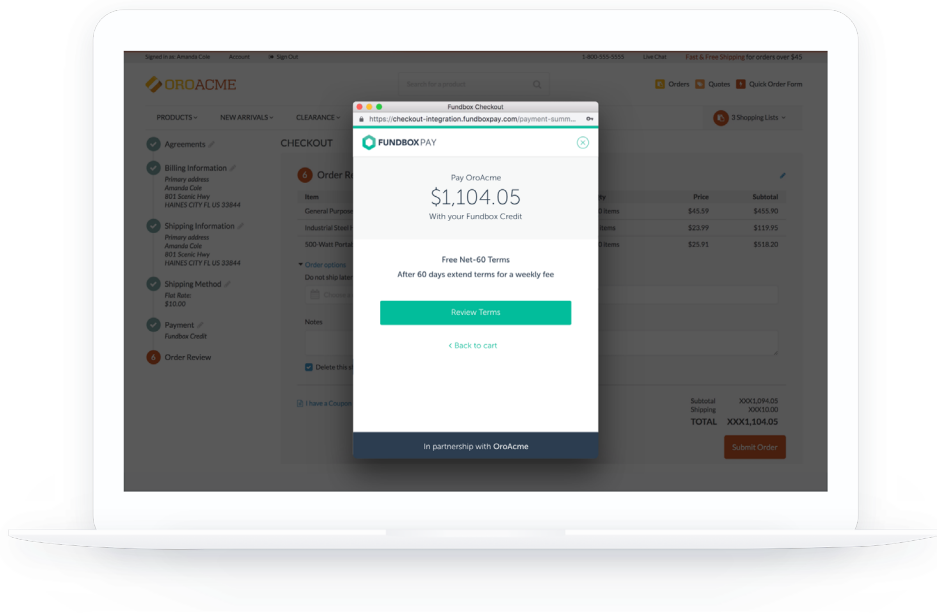


1. While logged in to your OroCommerce account, go to the Settings tab inside the OroCommerce Marketplace and get the Fundbox extension.



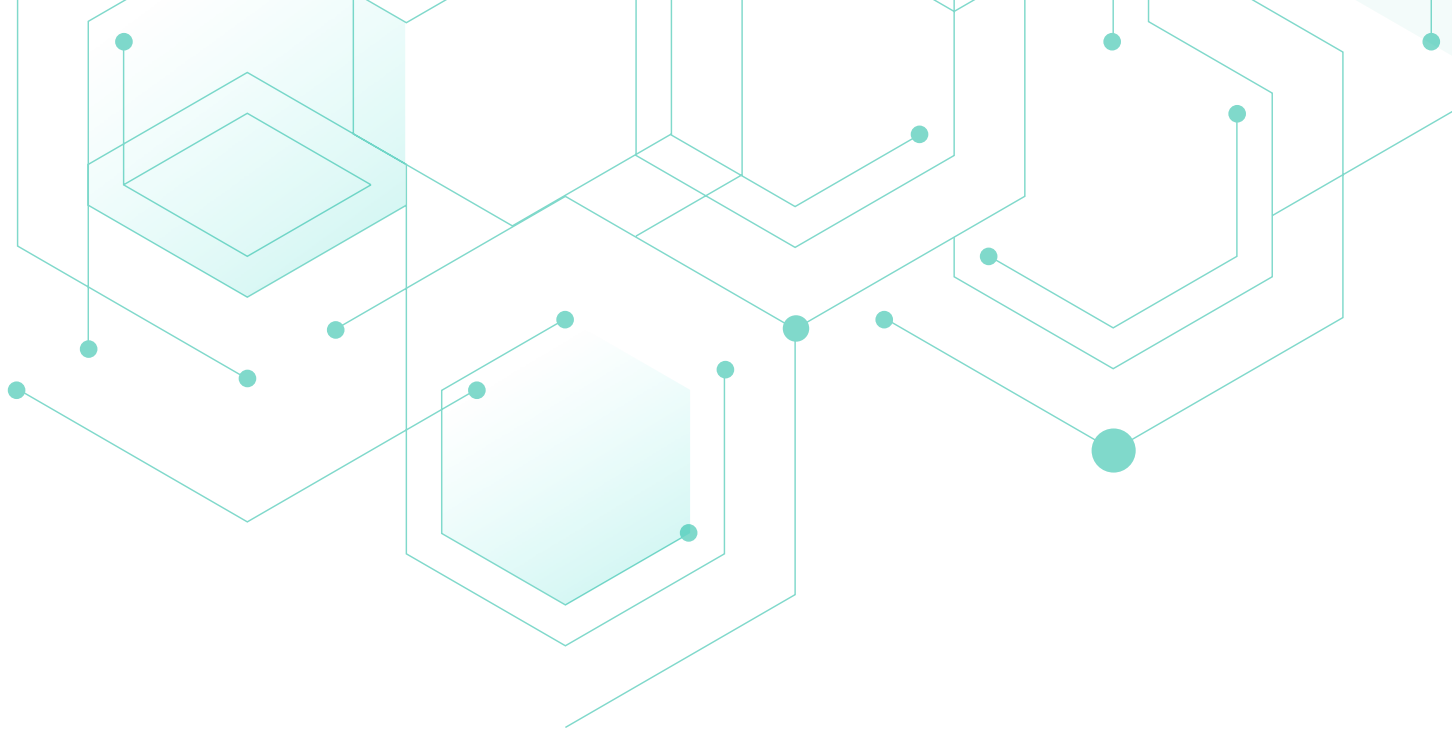
2. Sellers can track open orders and payments inside their OroCommerce dashboard.

**3. Buyers can apply for Fundbox net terms and use Fundbox to pay at checkout, all without leaving OroCommerce.**



When Fundbox is live in the seller’s checkout experience, buyers can apply for credit and, if approved, use Fundbox to make a purchase with extended terms again and again, up to their credit limit. Merchants, of course, get paid right away, as soon as the next business day. As a result, sellers sell more and with more time to pay, customers can buy more, more often.

or visit: [fbx.bz/OroSellers](https://fbx.bz/OroSellers).



# Vast Opportunities From Faster Payments

The concept of net terms has been around for centuries, but the vast capital tied up in outstanding invoices is a bigger problem than it has ever been. Sellers have gotten used to either waiting months for payment or having to take on the risk of extending trade credit directly to buyers. At the same time, buyers have become accustomed to being stuck with payment terms that don't work for their cash flow cycles. It has never seemed like anything could change in the world of B2B payments.

Getting paid right away is very powerful for B2B businesses and the entire small business economy. Now, the opportunity for a new, better Net Terms Economy that provides quicker payments has arrived. Both sellers and buyers can benefit from the combination of credit decisions closer to the point of financial need, and on-demand capital.

Thanks to the speed of today's technology, supported by data and machine learning, there no longer needs to be an alternate B2B payments universe. Instead, B2B companies of all sizes can grow and thrive to the best of their potential—right here in the real world.

## About Fundbox

Fundbox is a leading technology platform focused on disrupting the \$21 trillion B2B commerce market by building the world's first B2B [payment](#) and credit network. With Fundbox, sellers (of all sizes) can quickly increase average order volumes (AOV) and improve close rates by offering more competitive net terms and payment plans to their SMB buyers. With heavy investments in machine learning and the ability to quickly analyze the transactional data of SMB's, Fundbox is reimagining B2B payments and credit products in new category-defining ways.

Fundbox has received numerous awards for Fintech innovation including the prestigious Forbes Fintech 50, Forbes Billion Dollar Startup To Watch, Fintech Breakthrough Awards for Best B2B Payments Platform and, the Atlas Award for Best Israeli Startup among others. Since the company's founding in 2013, Fundbox has raised \$150 million from a blue-chip group of investors led by Khosla Ventures, General Catalyst, Spark Growth Capital and Jeff Bezos, and is currently experiencing incredible growth momentum.

For more information about Fundbox, visit [fundbox.com](https://fundbox.com).

or visit: [fbx.bz/OroSellers](https://fbx.bz/OroSellers).

