

B2B Procurement Revolution Underway

The way of doing business is changing, and it is having an impact on business-to-business (B2B) credit and trade creditors across the globe. Much of the revolution can be attributed to the B2B sector wanting to be more like the consumer world in terms of ease of use and functionality. Amazon.com is among those leading the way in this uprising, according to an article with the *Globe and Mail* of Canada.

Amazon is already among the world's e-commerce leaders with its Marketplace online retail operation, Prime membership and video service and cloud-based computing Web Services. The e-commerce, retail giant has started to expand to another venture, Amazon Business, which launched in 2015. It has more than a million customers in a handful of countries including the U.S., India and Japan. Amazon Business is aimed at easing B2B wholesale and distribution transactions in the digital world. "Amazon Business is purpose-built to address the concerns of B2B purchasing agents and professional procurement teams concurrently," explained the *Globe and Mail*.

Amazon Business was rolled out in India several months ago as a way for businesses to grow and meet their procurement needs. "GST [goods and services tax] is the moment for us to make B2B big," said Amit Agarwal, Amazon India head and senior vice president, in an article with the *Economic Times*. "Over the long run, B2B has to be bigger than B2C as the industry is bigger....It's highly profitable. It is pristine, untouched territory." B2B wholesale and distribution is an \$8 trillion market in the U.S., said the *Globe and Mail*.

Research and advisory company Gartner believes there are several factors that will change the B2B procurement process. They include the advent of B2B marketplaces like Amazon Business and Alibaba's 1688.com. Gartner predicted that by 2022, 75% of B2B tail spend will be done through online marketplace providers. Artificial intelligence (AI) and chatbots, or virtual assistants, will also change the B2B landscape.

An article with American Express went into further detail about the use of AI and virtual assistants, which have already been widely introduced in the consumer world. "AI is also being used to help reduce cost and improve compliance by analyzing spend data in real time, checking for compliance and exceptions," explained the article. "Some experts say that next-generation spend analytics may evolve to predict pricing patterns, check prices online against existing deals with suppliers, and analyze supplier risk." However, these chatbots are still in their infancy in B2B procurement and payments. The hope is that AI and similar technology will help B2B purchasers navigate the procurement complexities.

B2B e-commerce is expected to continue its upward climb in the years ahead. Forrester Research forecasts that B2B e-commerce will reach \$1 trillion by 2020, which will be roughly 12% of all B2B sales. Even before Amazon Business went live, a Forrester study from 2014 found that "business-to-consumer (B2C) customer experiences are driving B2B buyers to expect the same level of omni-channel service from their suppliers for work-related purchases." This was one of four key findings of the study. Technology upgrades and investments was another factor. Just under half of those surveyed four years ago said they prefer to make work-related purchases on the same websites they do for personal use.

"This dramatic shift—from traditional top-of-the-funnel activity based on searching print catalogs and talking to sales representatives, to starting the discovery process by performing digital searches—is remaking the B2B buyer journey," noted Forrester.

Many industries still need that personal touch of a phone call or a customer visit, but B2B e-commerce outlets such as Amazon Business are breaking ground on new avenues for B2B procurement. Advancements in AI and similar technology are paving the way for businesses as well. B2B companies are also interested in the ease of business, which can be seen in how they want to make purchases.