



FinTech & B2B Payments

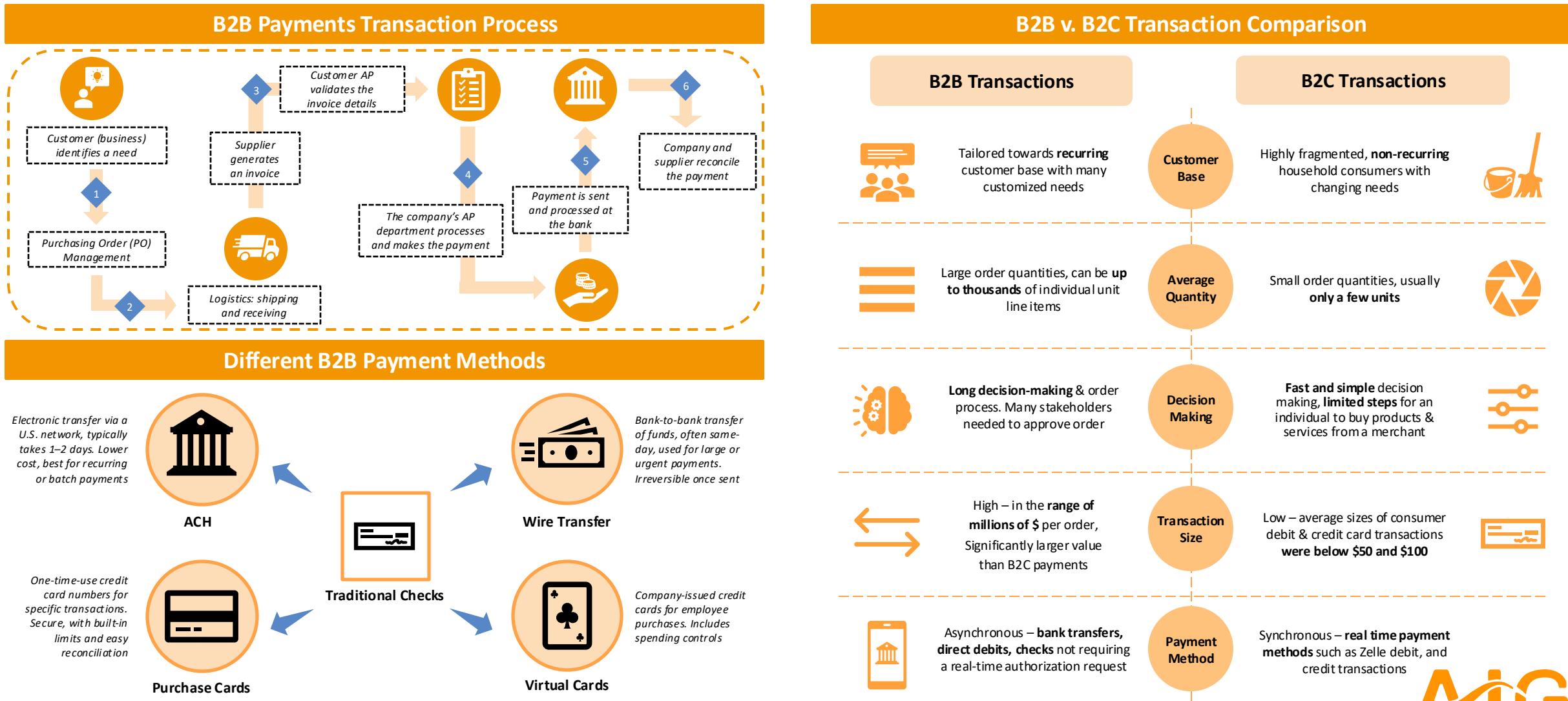
Jeremy Pennington (VP)

Presenters: Wendelin Cheng, Alex Chen, Molly Liu, Isabel Yang

Market Dynamics and Competitive Landscape

B2B Payments Industry Overview

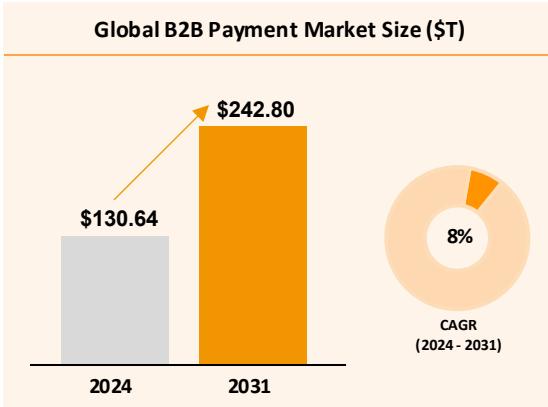
Processes, Methods, and Direct Comparison Between B2B and B2C Payments



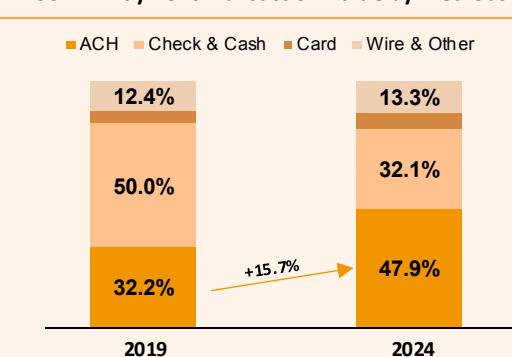
B2B Payments Transformation: Growth Drivers and Competitive Advantages

Automation, Efficiency, and other Benefits are Driving B2B Payment Providers to Capture Market Share in a Rapidly Growing Market

B2B Payments Market Growth & Trends



US B2B Payment Transaction Value by Methods

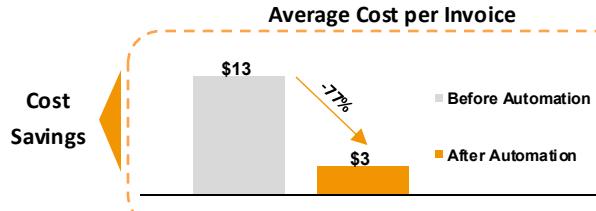


Advantage of Straight-Through Processing (STP)

STP Process

1. Automation of the entire payment process without any human intervention
2. STP boosts efficiency and saves costs through freeing up working capital
3. STP integrates into back-office systems like Oracle, SAP, or QuickBooks

STP Success Rate



Checking Cost Per Transaction



Upsides of Digital Payments



Increased Security

- Companies can easily monitor and reconcile digital payments to ensure that they check supplier invoices before paying them
- Eliminates risk of personal physical documents, often lost or stolen



Improved Cash Flow & Working Capital

- Ensures timely payments, eliminating risk of delayed payments which could lead to fees from supplier partners
- Provides greater visibility & insight into the status of customers' payments



More Efficient Reconciliation

- Compares and verifies internal records of payment history with external resources such as bank records
- Makes it easy to track, process, and reconcile each payment

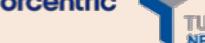


Other Benefits

- Provides advanced analytics to gain business insights
- Reduces errors like duplicate invoices or paying for undelivered services

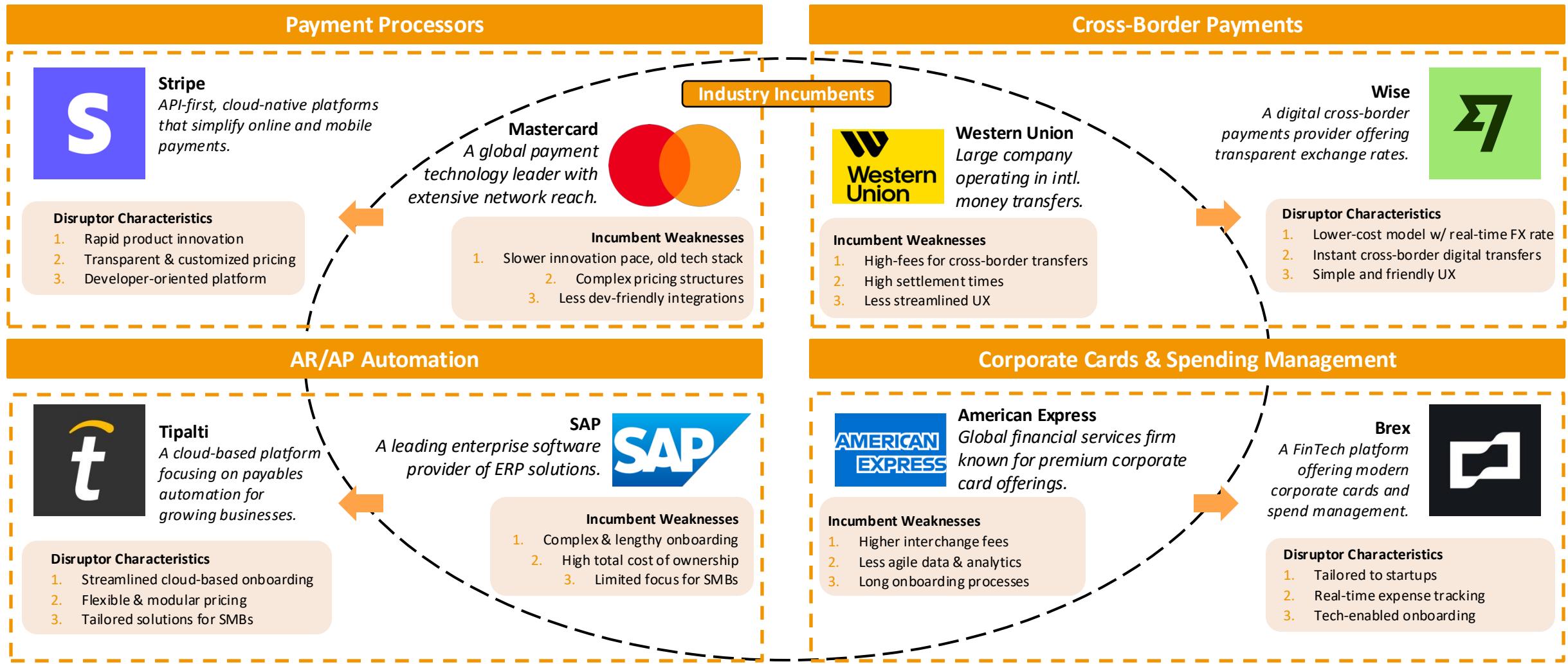
B2B Payments Market Map: 4 Key Subverticals and Leading Players

Key Segments of the B2B Payments Value Chain and Notable Players

Payment Processors	Cross-Border Payments	AR/AP Automation	Expense/Spend Management
<p>Facilitate payments between consumers, financial institutions, and merchants</p> <p>Banks and independent, third-party providers that contract with merchants and provide them with card acceptance and payment processing services</p> <p>Payment & Gateway Processors</p>   	<p>Cross-border payments can be streamlined and sped up by leveraging modern tools such as distributed ledger technology (DLT), which can complete transactions within minutes or even seconds.</p> <p>Product & Services</p> <ul style="list-style-type: none">- Simplified international trade- Global Payments network- Access to real-time FX rates- Large-scale & Secure payments <p>Notable Players</p>      	<p>AR Automation uses automated systems to capture, validate, convert data from a purchase order (PO) into the accounting system and corporate ERP. Invoices are sent to customers, which will be automatically reconciled when matched payment is received.</p> <p>AP Automation uses the same logic but opposite cycle: entering invoices, recording receipts, verifying POs and ultimately making payments.</p> <p>Notable Players</p>             	<p>Virtual card payments/Corporate Cards are designed to streamline the accounts payable process by providing secure ePayments, thereby eliminating the costs and risk associated with physical payment methods and cards.</p> <p>Spend management software allows for businesses to monitor the expenses of the organization</p> <p>Expense management software control and track employee spend</p> <p>Notable Players</p>          

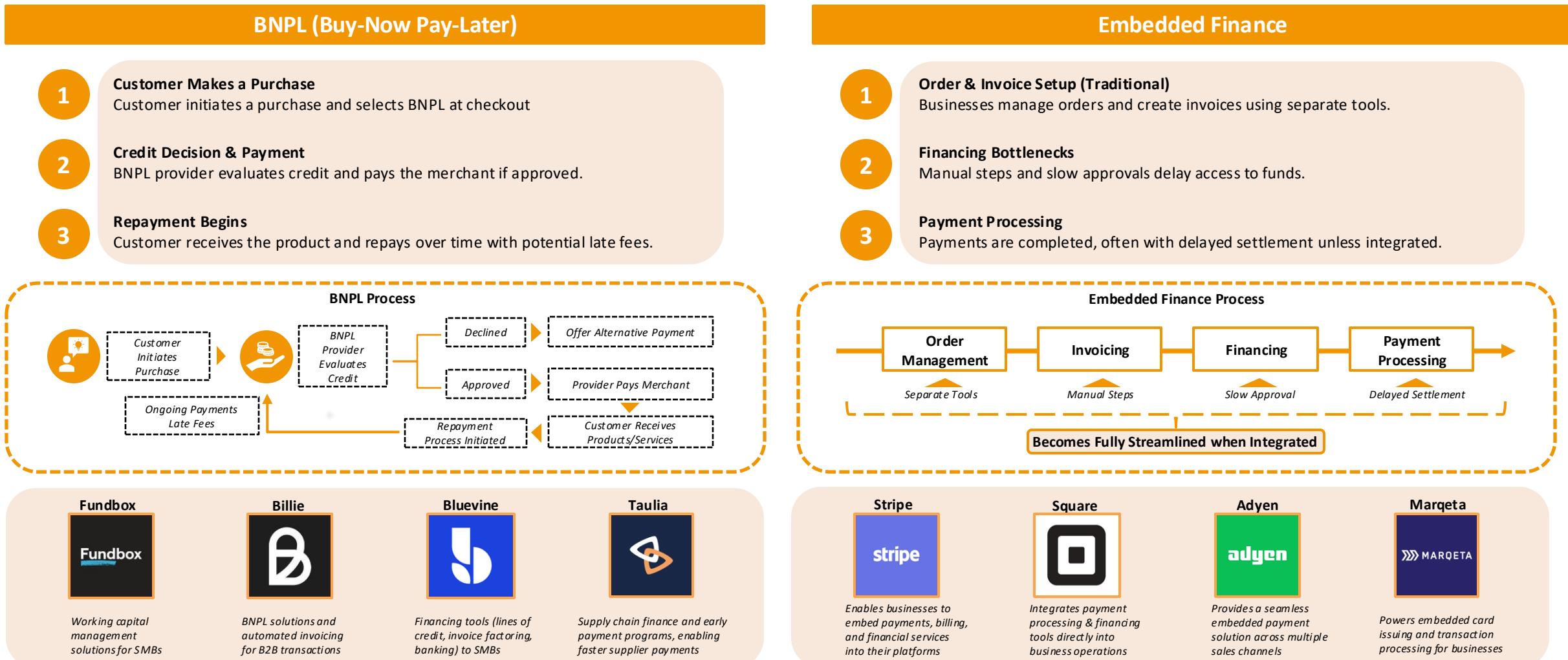
Disruptors vs. Incumbents: Competitive Shifts Across B2B Payment Verticals

FinTech Entrants Are Capturing Market Share by Addressing Incumbent Weaknesses



Emerging Verticals Reshaping the B2B Payments Market

The Rise of BNPL and Embedded Finance in Modernizing B2B Transactions



Sources: Pitchbook, Aeris Partners, FT Partners

Metrics and Retention Analysis

Key SaaS Metrics for Evaluating B2B Payments Companies

Core Financial Benchmarks and Revenue Models Used to Assess Growth, Efficiency, and Valuation

Key SaaS Metrics			B2B Payments Revenue Models
Metric	Description	Ideal Values	
Gross Revenue Retention	% of Recurring Revenue Retained Given Churn & Down-sell	95%+	
Net Revenue Retention	% of Recurring Revenue Retained Given Up/Down-sell, Expansion, & Churn	120%+	
Logo Retention	% of Customers Retained	95%+	
Revenue Growth	Year-over-Year Revenue Growth	40%+	
LTV/CAC	Ratio of Customer Lifetime Value (LTV) to Customer Acquisition Cost (CAC)	5x+	
Rule of 40	Revenue growth (%) + Profit Margin (%)	55%+	
Customer Concentration (Top 10)	% of Revenue from Top-10 Customers	<15%	
Recurring Revenue %	% of Recurring Revenue (vs. One-Time Revenue)	90%+	
Gross Margin	Revenue - COGS	80%+	

Subscription-Based Revenue Model

Company provides Cloud-based Software to Customers via Subscription Fee.

Example Pricing Model

	Basic	SMB	Enterprise
Price	\$9.99	\$19.99	Custom

- Generates stable ARR (annual recurring rev.) & MRR

Transaction-Based Revenue Model

Company A Sends Payment via Company B's Platform to Supplier.

Company B takes a % of the transaction (<1%).

- Generates commission fee per transaction (take rate)

Sources: Maxio, Bottomline Technologies, Stripe

SaaS & B2B Payments Retention & Lifetime Value Analysis

Utilizing Cohort Analysis to Analyze Retention and LTV for Subscription-Based Revenue Model Companies

Cohort Analysis Example to Calculate Logo Retention, Net Revenue Retention, and LTV

Step 1: Logo Cohort Analysis

	0	1	2	3
Jan	42	42	40	39
Feb	37	37	37	-
March	32	32	-	-
April	38	-	-	-

- Column 1 represents **new logos** in each month
- Cell to the right shows **retained logos** in next month

Logo Retention

	0	1	2	3
Jan	100%	100%	95%	93%
Feb	100%	100%	100%	-
March	100%	100%	-	-
April	100%	-	-	-

- Jan3: 39/42 new logos retained in Apr = 93% retention

Step 2: Net Revenue by Cohort

	0	1	2	3
Jan	900	800	700	600
Feb	900	1000	1100	-
March	900	900	-	-
April	900	-	-	-

- Column 1 represents **new revenue** in each month
- Cell to the right shows **revenue retained** from logos

Net Revenue Retention

	0	1	2	3
Jan	100%	89%	78%	67%
Feb	100%	111%	122%	-
March	100%	100%	-	-
April	100%	-	-	-

- Potential underlying problem in marketing or customer acquisition strategy in Jan.

Step 3: Cumulative Lifetime Rev.

	0	1	2	3
Jan	900	1700	2400	3000
Feb	900	1900	3000	-
March	900	1800	-	-
April	900	-	-	-

- Every cell to the right of column 0 shows the **cumulative revenue** gained per cohort
- Ex: Jan. cohort generated a cumulative revenue of \$2.4 while Feb. cohort generated \$3k
- Can make educated predictions on **how much revenue can be expected** from a cohort of customers **a few months or a year** down the line

Step 4: Customer Lifetime Rev.

	0	1	2	3
Jan	21.4	40.5	57.1	71.4
Feb	24.3	51.4	81.1	-
March	28.1	56.3	-	-
April	23.7	-	-	-

- Utilizes the cumulative values obtained in Step 3 and **divides by the # of logos** in Step 1
- Ex: a new logo in Jan. only generates on average of \$21.4, but **will eventually generate** an average of \$71.4 after 3 months
- Creates higher visibility into the **cumulative revenue generated per customer**

Step 5: Customer Lifetime Value

	0	1	2	3
Jan	17.1	32.4	45.7	57.1
Feb	19.5	41.1	64.9	-
March	22.5	45	-	-
April	18.9	-	-	-

Gross Margin 80%
CAC \$50

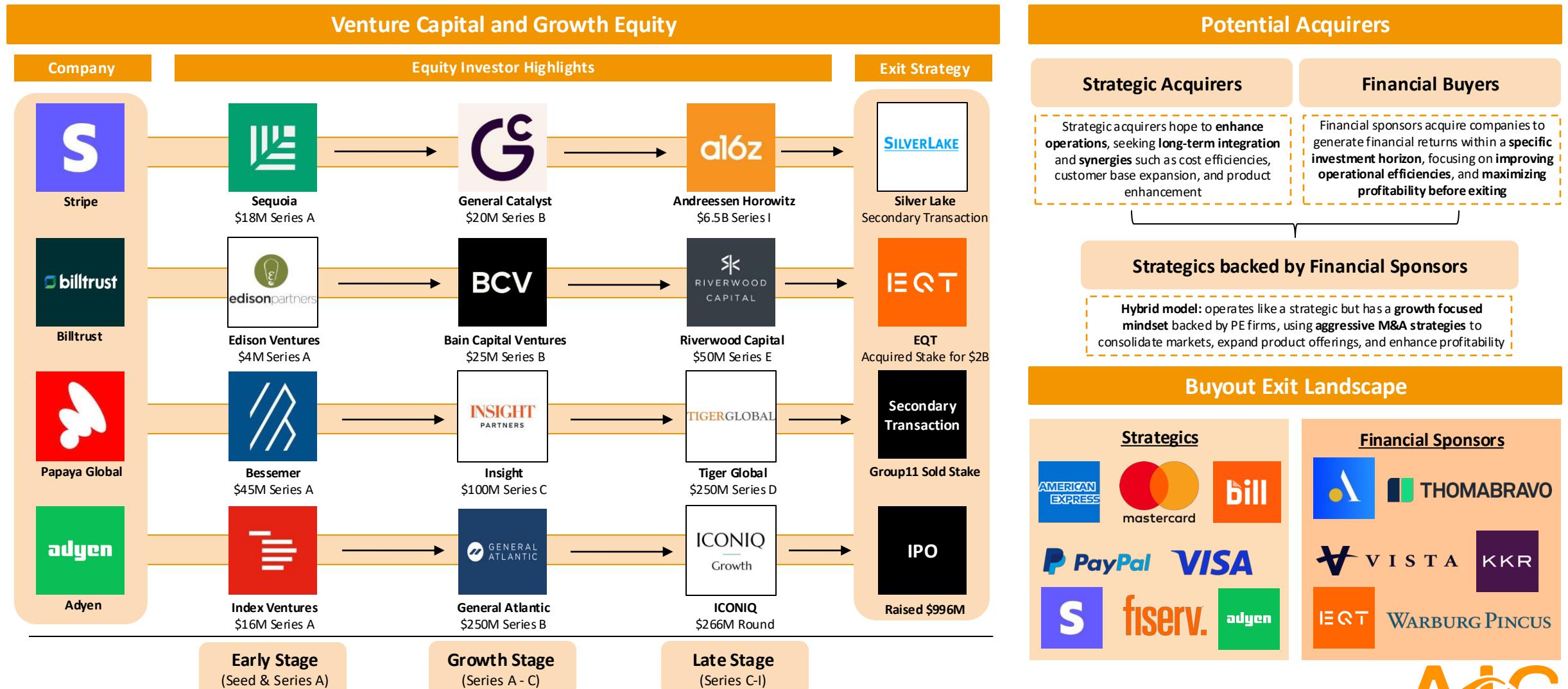
- Multiply revenue per customer in each figure by gross margin to arrive at LTV
- Compare this with CAC (customer acquisition cost) to see time to **breakeven after acquiring a logo**
- **Find LTV/CAC ratio** from this analysis

A professional photograph showing two individuals in business attire. They are seated at a desk, with their hands clasped in a firm handshake. On the desk in front of them are several papers, one of which clearly displays a green bar chart. The lighting is soft, creating a professional and trustworthy atmosphere.

Investment Strategies with Case Study

Start-up Lifecycle: Growth vs. Buyout Investment Strategies

Mapping the Funding Journey and Exit Strategies of Notable B2B Payments Companies

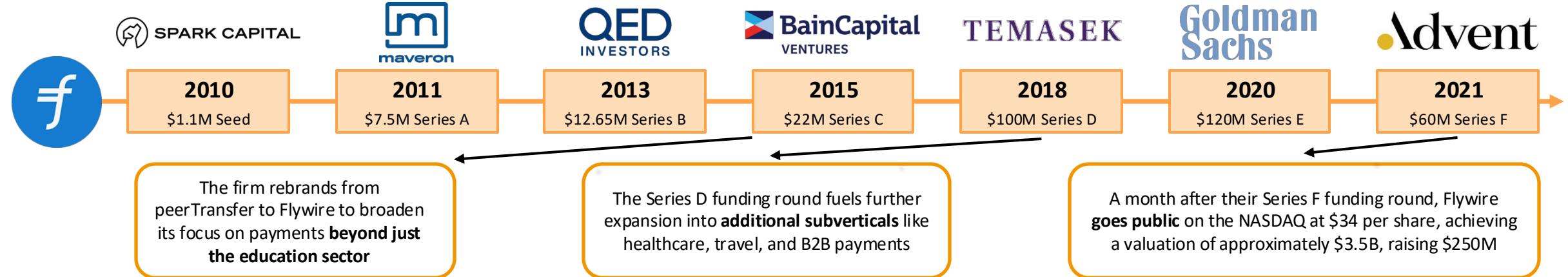


Source: Pitchbook

Case Study: Comparison of Growth vs. Buyout Investment Strategies

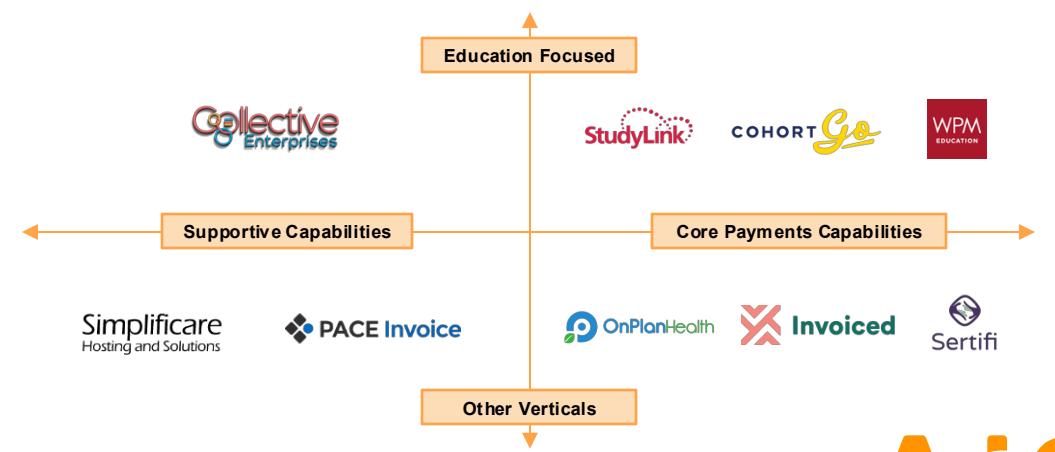
Analysis of Flywire's Funding Rounds and M&A Acquisition Strategy

Flywire's Funding Rounds and Notable Investors



Flywire Acquisitions in a 10-year Span and Investment Focus

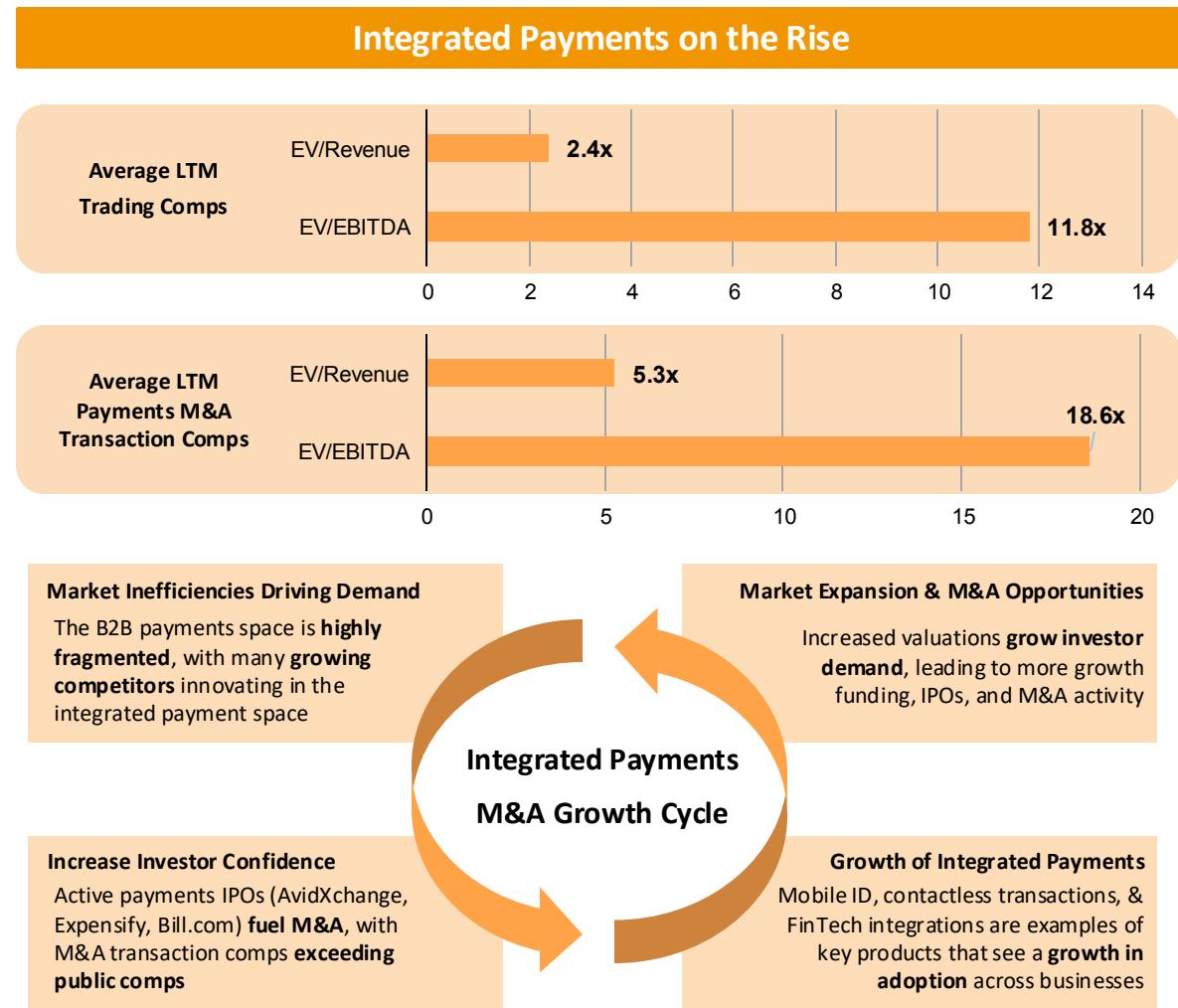
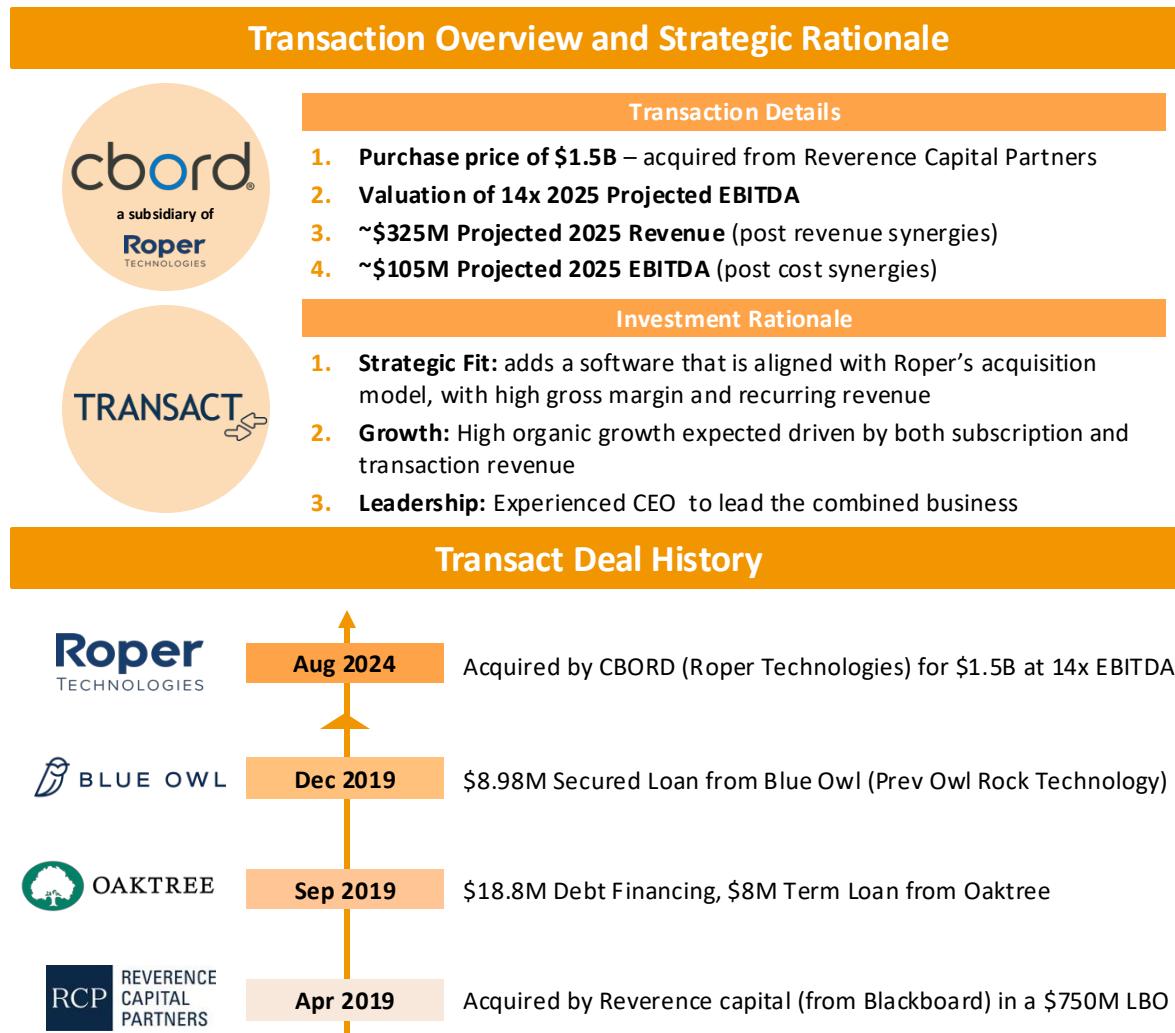
M&A Close Date	Target	Target Industry
2025	Sertifi, Inc.	Packaged Software
2024	Invoiced, Inc.	Packaged Software
2023	StudyLink	Other Consumer Services
2022	Cohort Solutions Pty Ltd.	Packaged Software
2021	WPM Education Ltd.	Packaged Software
2020	Simplificare, Inc.	Packaged Software
2018	OnPlan Holdings LLC	Regional Banks
2017	Pace Invoice Ltd.	Miscellaneous Commercial Services
2016	ScholarFX	Internet Software/Services
2015	Collective Enterprises Ltd.	Miscellaneous Commercial Services



Source: Pitchbook

Case Study: Comparison of Growth vs. Buyout Investment Strategies (cont.)

The CBORD Group (Subsidiary of Roper Technologies) Acquires Transact Campus



Q&A