

# The Simple Facts of an Award-Winning B2B Payments Solution...called AribaPay



PYMNTS.com, the premier source of news and commentary on innovation in payments and commerce, has announced the winners of the 2015 PYMNTS Innovation Awards. AribaPay™, a revolutionary electronic payment solution offered by Ariba, an SAP company, and its partner Discover Financial Services (NYSE: DFS), has been identified as both the Most Disruptive and Best B2B Innovation.

The PYMNTS Innovation Awards are among the most prestigious recognition in the payments industry. AribaPay was among more than 80 finalists competing for the annual awards which are made across 16 categories and was selected by an independent panel of judges made up of executives from across the payments spectrum. "B2B payments solution AribaPay has secured a sizable amount of attention in the industry, but when the solution won not one, but two 2015 PYMNTS Innovation Awards, we knew we had to dig deeper into how this solution is changing the landscape" said Karen Webster, CEO of PYMNTS.com.

*The discussion below is based on PYMNTS.com article "B2B Payments' Long Climb To Innovation" published April 29th 2015. In this article, Karen Webster interviews Ariba Senior Director of Marketing Drew Hofler about how AribaPay is disrupting B2B payments, and why the industry is only at the beginning of a very high climb toward innovation.*

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**- Karen Webster, CEO  
PYMNTS.com**

**KW: We think that Most Disruptive and Most Innovative are two of our most important awards. Tell us what you guys did to disrupt, in a very positive way, the B2B payments space?**

**DH:** I think B2B payments were ripe for disruption. Because, quite frankly, the most innovative things that have happened recently are just things around different types of p-cards, whether it be buyer initiated payment, or payment on invoice, or ghost cards, or single use p-cards. But p-card hits maybe 3 to 5 percent of spend, because it's so expensive.

And, before that, the most recent real innovation in B2B payments in the U.S. was the advent of ACH for electronic payment from company to company and then obviously from person to person. That was established in 1975, the limitations at that time for electronic payment were significant.

But now we live in a networked world, where data is flowing between buyers and suppliers on business networks. Gigabits of data, at real-time, every day, flowing back and forth. **And the important thing for B2B payment is the data that's around the payment.** When you're being paid as a supplier, from your customer, they're often paying you for multiple invoices on a single payment, and those invoices may have had things altered on them. They may not be paying you the full amount of the invoice because something was broken, or there was a dispute, or a discount. You get this lump sum payment as a supplier for all of these invoices, and the reconciliation of that is very difficult, time consuming, and costs a lot of money.

**What we did to disrupt is we took a different approach. Instead of trying to extract the data and attach it to the payment and send it on with that, we said, "Well, why can't you just attach the payment to the data that's already there?"**

And that's what we've done with AribaPay. We've taken the strength of all of this data moving back and forth that's necessary for buyers to communicate their intent to pay, for suppliers to receive that payment and then easily reconcile it and apply it, and we combined that with the strength of our partner, the Discover network, that has all of the security in-house to manage and maintain all the bank account information and the payment rails to settle the funds very quickly, easily, securely and simply.

We think that's pretty disruptive, because that's just doing things very differently. **It's not a card offering, there's no financing element involved. It's a way of settling funds and settling information together, for the first time, we think, in a very rich environment.**

**KW: Is that what really makes you distinctive and different? Obviously, it makes you disruptive, but you also won the Best B2B Innovation award. Is what you just described the thing that also makes it "the best"?**

**DH:** I really think it is for a couple of reasons. There are a whole lot of other B2B payment providers, but none of them really tie together that information in such a rich environment as we do.

**We're the largest business-to-business network, by a factor of 10 to 15 worldwide.** We have close to 2 million companies on our network, transacting billions of dollars on a daily basis and millions of transaction documents. So we've already got this strength of rich information.

And we're not just an invoice platform. We've got the contract, the P.O. and the advance ship notice, we've got the invoice and all of the comments and changes to the change orders to that invoice. **All of that information that ultimately has to describe and define what a payment is for, we've got that on a platform that covers that entire P2P process, as opposed to one distinct or discreet piece of the P2P process.**

We've got this platform of collaboration between buyers and suppliers that will allow us to take AribaPay and make it more than simply an on-time settlement of payment with rich information, but also be able to use that as the building block for other things: for pre-invoice payment, if you will, or supply-chain financing, and dynamic discounting, and all of these types of things that go around this payment and timing-of-payment, can build it into one user experience for that supplier to be able to interact with multiple customers, as opposed to a one-to-one type of portal.

***KW: You still have to get both parties to agree to use it. What about the chicken-and-egg problem that exists in the B2B payments environment? What does that look like for you?***

**DH:** I think we've got a pretty strong proposition with the buyers that gets them beyond the hump of inertia in changing payment methods.

We've been trying to go to electronic payment in the U.S. for decades, and we're still only at about 50 percent electronic payment. There's pain around it.

Firstly there are all of the hacks and data breaches around payment information that we see in the news all the time. And buyers are getting very sensitive about the fact that they're holding supplier bank account information inside of their ERPs and inside of their internal systems."

And secondarily, buyers are trying to get their suppliers to join them on a network platform for transacting P2P business. So P.O.s, invoices and contracts, and everything that leads up to the payment, they're trying to automate and do that over business networks. Well, that in itself is a great thing, but it's a difficult task for them because it requires changed management, and change on the side of the supplier, and there's a whole process to go through, and it's hard work, sometimes.

**What AribaPay does – and we've found this to be true with our early customers – is that AribaPay makes the process of what we call supplier enablement on to a network platform or an eCommerce platform much smoother.** Because when you go out to a supplier and say, "Hey, we want to start transacting with you on an eCommerce platform, and the first thing we want to do is we want to pay you, we've found that their willingness to do that is about four to five times greater than if you're going out to them and saying, "Hey, we want to send you P.O.s or get invoices from you on this eCommerce platform."

So, when you add the idea of removing the risk of holding on to that bank information and how important that is becoming now to their other motivations of wanting to drive toward eCommerce and how something like AribaPay can help them do that – that's where we're really starting to hit that tipping point and get over that hump of inertia.

***KW: What does the future look like? How long will it be before the environment around B2B payments really starts to move forward?***

**DH:** I think we are at a beginning of a climb toward innovation in terms of B2B payments. Because we are finally at the place where technology actually can deliver what B2B payments needs.

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## **ABOUT PYMNTS.COM**

**PYMNTS.com** is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of commerce and makes news. This powerful B2B platform is the #1 site for the payments industry by traffic and the premier source of information about "what's next" in payments. For more information visit [www.PYMNTS.com](http://www.PYMNTS.com).

## **ABOUT ARIBAPAY**

**AribaPay** is a unique cloud-based service that combines the applications and insights embedded in the Ariba® Network and delivers them through Discover's trusted global payments infrastructure to streamline and enhance settlement and reconciliation of business commerce. For more information visit: [www.aribapay.com](http://www.aribapay.com).