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Case study: B2Bpay and Zenith Payments

A tailored SME payment proposition



Case study

B2Bpay and Zenith Payments



As highlighted above, there are a number of tailored digital payment solutions for SMEs in the market. An example of a new-to-market proposition is B2Bpay (outlined below), an online payment solution which aims to improve cash flow and reward benefits for SMEs through the use of online credit card payments.

B2Bpay is a tailored payment solution for SME customers provided by Zenith Payments. Zenith is an innovative payments player with over 12 years experience providing focused payments services to segments such as real estate, schools, child care, and travel agencies.

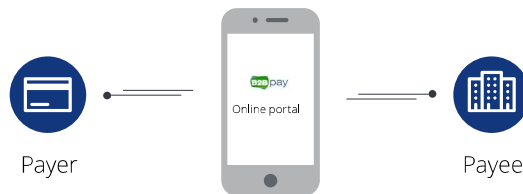
The recently developed B2Bpay service provides the platform through which SMEs make payments to other businesses using their credit cards.

What B2Bpay is

B2Bpay is a payment solution that facilitates payment of necessary business expenses through an online portal that:


- **Allows for credit card payments for all business expenses by SMEs** (N.B. currently the vast majority of billers do not accept or promote credit card payments)
- **Generates rewards** (through credit card points and Qantas Points) for the SMEs making the payments
- **Allows billers to offer Qantas Points** (for additional incentivisation)
- **Simplifies set-up** to enable payments within minutes.


B2Bpay is an example of payment innovation through digitisation of payments and using related information to provide value-added services (as described in Figure 4), in this case rewards.



The use of this platform could potentially drive benefits for SMEs in making and receiving payments

B2Bpay's customer value proposition (CVP) is centred on two main elements:

 **Improving cash flow** – improving cash flow for SMEs, in enabling them to access the credit card interest free period for expenses (that may have otherwise been paid for using cheque, cash, or EFT)

 **Attract and boost rewards points** – earning Qantas Points and utilising a credit card to access reward points. SMEs can then redeem their points for a variety of rewards, including:

 **Flights and upgrades**

 **Gift cards**

 **Products**

From its website, Zenith indicates a number of potential benefits portrayed from the use of its platform, as reflected on this page and overleaf. There are also a number of ancillary benefits for both SMEs and billers, including:



Benefits for Payers

- Improved cash flow management (efficiency and accuracy)
- Improved visibility and reporting
- Automatic bill reminders alerts
- Alerts through SMS and email (for successful and failed payments)
- Low cost processing fee
- Secure payment mechanism through tokenisation (and no storage of card numbers)
- Reporting capabilities and centralised expense management



Benefits for Payees

- No additional cost to receive payments from customers
- Improved cash flow through being paid faster (compared to other payment methods)
- Cost savings through reduced processing efforts
- Ability to gain a competitive edge over other billers in the rewards program
- Improved collections through auto-retry and SMS/email notification to payer
- A secure web payment portal at no cost
- Improved reconciliation and simplification of administration
- Increased engagement with SMEs
- Reduction in admin at minimal cost and promotion
- Simple IT integration

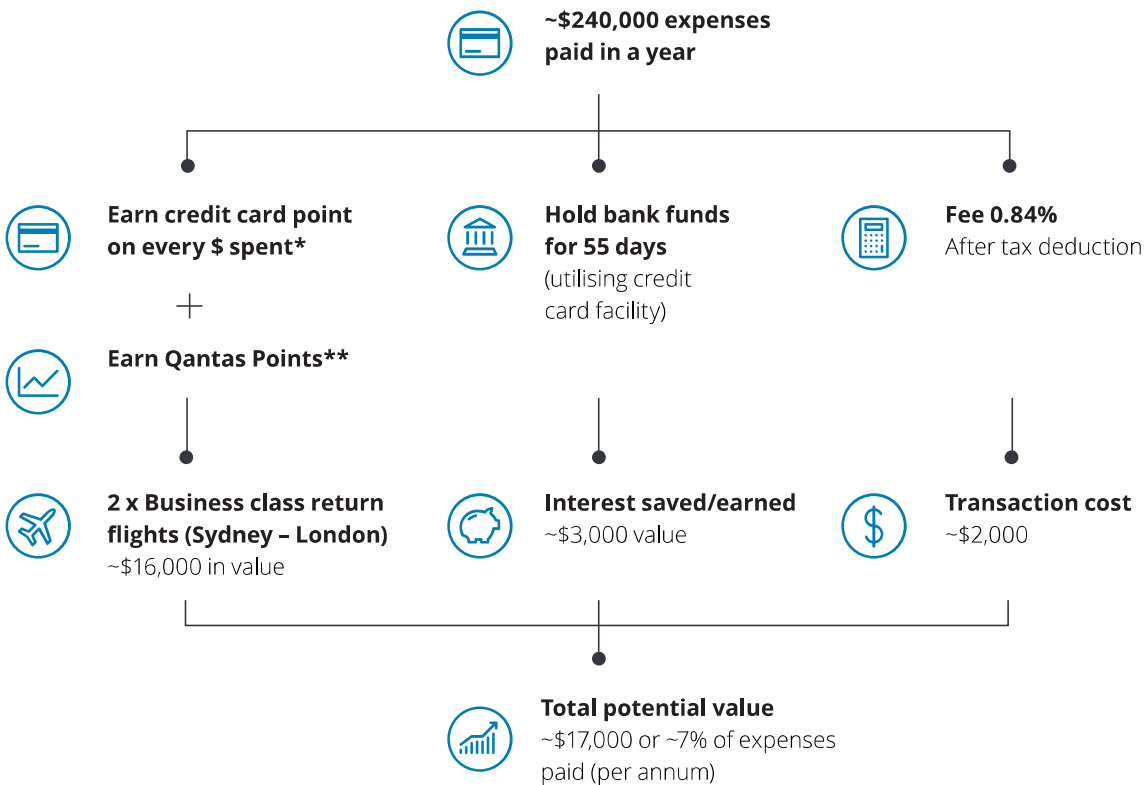
In benchmarking the B2Bpay product features against some of its direct competitors, it evidences the value of tailored B2B payment solutions in relation to: convenience; acceptance variety; business tools for billers; and the presence of a rewards programme (as described in below)

Product features	B2Bpay	Cash	Cheque	EFT	Other direct credit, online bill pay
Convenience features for payers					
Simple biller implementation	✓	✓	✓		
Payment scheduling for payer	✓			✓	✓
Automatic bill reminders to payers via SMS/email (and reply to pay)	✓				
Centralised expense management for payer	✓				
Save biller details for recurring bills	✓			✓	✓
Payee and biller simple record keeping	✓				✓
Payee and biller reconciliation data via transaction reference	✓				✓
Biller business data stored on the cloud	✓				✓
Acceptance variety					
Wide B2B payment acceptance	✓			✓	
Business tools for billers					
Automatic bill reminders to payers via SMS/email (and reply to pay)	✓				
Automatic payments by biller or solution	✓				
Alerts through SMS and email to payers	✓				
Send payer confirmations by email, SMS or print	✓				
Auto-retry for failed payments	✓				
Data encryption	✓			✓	✓
Download transactions in a compatible format to import into MYOB, Xero, etc.	✓			✓	✓
Reward					
Earn Qantas Points	✓				

By utilising the B2Bpay platform, SMEs could attract significant value, potentially at a level of approximately 7% of expenses paid

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Figure 6:
Indicative potential benefit calculation from ~\$240k expenses paid per year (\$20k per month)



Source: Zenith and Deloitte estimates. Assumptions: *Bank-issued credit card points estimated to be 1 Qantas Point per \$1 spent; **Qantas Points are estimated to be 1.2 points per dollar due to a best case scenario; interest saved is based on a market rate overdraft facility or average return; transaction cost is transaction fees minus company tax rate (assuming eligible deduction); excluding flight fees and charges.

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