

# Bill.com's New Tools: A Good Step Toward Fending Off Threats

Companies: AVDX, AXP, BILL, EXFY, GOOG/GOOGL, HUBS, INTU, MA, SGGEF, SIVB, ORCL, XROLF

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## Research Question:

**Will Bill.com's recent acquisitions propel the company to a new level in an increasingly competitive environment?**

## Summary of Findings

- [Bill.com Holdings Inc.](#) (BILL) is becoming more vulnerable to competitors on price, putting heightened importance on its effort to become a broader financial platform, according to interviews with 12 accountants, customers, and vendors.
- Bill.com's expansion into expense management and invoicing through its recent [acquisitions of Divvy](#) and [Invoice2Go](#) were smart moves, eight sources said. Having a single platform for multiple financial functions is attractive to small businesses, said six sources, including one Bill.com customer who was unsure about adding Divvy but did so after the acquisition.
- Bill.com's core payments platform got strong reviews, in line with [Blueshift Research's Nov. 19, 2020, report](#). But unlike a year ago, when sources described its software as reasonably priced, multiple sources now consider it pricey compared with competitors. [Melio Payments Inc.](#), for example, offers a less robust platform but free check and automated clearing house (ACH) payments, while [Veem's](#) blockchain approach makes it cheaper for cross-border payments.
- Such competition makes Bill.com's push toward being a broader solution critical to its long-term ambitions. Integrating the new tools in a seamless way that makes its whole suite more valuable than the individual parts will also be key, three sources said.
- [Divvy](#) was widely praised for its elegant approach to managing corporate credit card spending. Three sources see good cross-selling opportunities between Bill.com and Divvy customers, with two saying they already are seeing aggressive marketing. One source suggested that the key asset in the acquisition is Divvy's trove of transaction data. Another said he sees a path for an integrated workflow between Divvy and Bill.com's payment functions that would propel the suite to another level of value.
- The [Invoice2Go](#) acquisition makes sense largely because Bill.com's native invoicing solution is not very good, three sources said.
- Bill.com faces increased competition from not only a host of smaller vendors targeting specific finance office features but also established software developers like [Expensify Inc.](#) (EXFY) that are encroaching on the bill payment space. One accounting source said that so much overlap exists among vendors that it can be difficult to discern who does what and which platforms excel in which areas.

## Silo Summaries

### 1) Accounting Firms

**Bill.com's core payments platform works extremely well** for simplifying accounts-payable operations—eliminating paper, offering a clear audit trail, and allowing for easy separation of duties. The biggest knock on Bill.com was around difficulty getting customer support. **Sources applauded Bill.com's acquisition of Divvy**, which was praised for its management and controls over employee credit card spending. The acquisition opens cross-selling opportunities between the two products and gives Bill.com an opportunity to create a seamless workflow between its payments functions and Divvy's expense management software. **Finance platforms that combine multiple functions are extremely appealing to Bill.com's small-business customers.** Reaction was more mixed on Bill.com's purchase of Invoice2Go. Three sources see it as a necessary move because Bill.com's own invoicing tools are not well-developed, but two others said that so many invoicing options are available that the acquisition is unlikely to change Bill.com's fortunes. **Six sources cited Melio as a growing competitive threat to Bill.com because it offers free check and ACH payments, even though Bill.com offers a better overall platform.** Similarly, four sources praised Veem as a great alternative to Bill.com for international payments because of lower cost.

### 2) Bill.com Customers

Both sources in this silo are satisfied users of Bill.com's payment software. Both suggested **Bill.com can get traction cross-selling Divvy to its customers.** One started using Divvy as a direct result of the acquisition, and the other said he will reevaluate his decision to use a Divvy competitor once Divvy is fully integrated into Bill.com. Both said **having multiple functions in a single finance platform has key advantages.** Neither has any interest in Bill.com competitors.

### 3) Vendors

**Invoice2Go is a great app for sending professional-looking invoices, making it easy for customers to pay, and tracking incoming payments,** according to the one source in this silo. Receiving credit card payments through the app is convenient, even if there is a fee, because payment is quicker. The source was happy to see Bill.com acquire Invoice2Go and hopes Bill.com will bring even better technology and customer service.

# Bill.com Holdings Inc.

	Quality of Bill.com's Core Platform	Value of Divvy and Invoice2Go Acquisitions	Bill.com's Competitive Positioning
Accounting Firms	↑	↑	→
Bill.com Customers	↑	↑	↑
Vendors	NA	↑	NA

## Background

Bill.com, a developer of software for automating B2B payments, delivered [another stellar performance in its fiscal Q1](#). Its organic core revenue surged 78% year over year to \$77.7 million, as total payment volume on the platform climbed to nearly \$47 billion. The company, which once relied mostly on subscription revenue from users of its accounts-payable software, saw organic transaction revenue grow by 127% over last year's Q1. Such revenue—including fees for international payments, instant transfers, and virtual credit card payments—accounted for almost 70% of the company's core revenue in the quarter. For the current fiscal year, executives have forecast 125% revenue growth, an estimate that includes full-year contributions from its recent acquisitions.

With its momentum in digital payments growing, Bill.com made a big move in May to extend its tentacles within small and medium-sized businesses (SMB) finance offices, agreeing to pay \$2.5 billion to acquire Divvy, a provider of corporate credit cards and expense management software. Bill.com sees a big opportunity to cross-sell Divvy to its customer base and vice versa. Already, about 10% of Divvy's customers use Bill.com's payment software. During Divvy's first full quarter as part of Bill.com, its customers completed \$1.5 billion in credit card spending across 4.6 million transactions. Bill.com executives have outlined ambitious goals since the Divvy acquisition, suggesting the combined company can become a multibillion-dollar revenue business.

Less than two months after closing the Divvy deal, Bill.com announced it was expanding its accounts-receivable (AR) capabilities, acquiring Invoice2Go for \$625 million. The mobile-first AR software has more than 225,000 small-business users, including a significant international base. Invoice2Go is in the early stages of monetizing. As of June, it had an annualized revenue run rate of about \$35 million, with almost all its revenue coming from subscription fees. The acquisition was another step in Bill.com's efforts to become the backbone of back-office finance operations.

Bill.com, however, is far from the only company eyeing the growing opportunity in digital payments. The space is increasingly competitive, with gobs of money flowing from private equity and venture capital firms. This year, [Brex Inc. raised \\$425 million](#) in a funding round that valued the payments startup at almost \$7.5 billion. Brex is one of several companies that started out offering corporate credit cards but is now building out its software suite to help SMBs manage multiple elements of their spending. Ramp, which similarly has its roots in corporate credit cards, is also trying to expand into the broader B2B payments space. [Its \\$300 million financing round](#) over the summer valued the company at almost \$4 billion. A third competitor, [AvidXchange Holdings Inc. \(AVDX\)](#), went public in October with a nearly \$5 billion valuation.

Blueshift's Nov. 19, 2020, report said Bill.com offered a reasonably priced, simple platform for automating bill payments, making it an appealing option for a wide range of small and medium-size businesses. Sources were enthusiastic about Bill.com's push to make international payments in local currencies. However, sources said Bill.com's effort to shift payments to its own virtual credit card will be limited by suppliers' not wanting to accept credit cards and by some customers' wanting to make card payments themselves to keep the cash back and other rewards. During the company's fiscal Q4, volume from virtual card payments was about 2.2% of Bill.com's total payment volume, while cross-border payments climbed to 4.1%.

## Current Research

Blueshift Research assessed the competitive landscape facing Bill.com and the impact of its recent acquisitions. We employed our pattern mining approach to establish four independent silos, comprising 12 primary sources (including five repeat sources) and two secondary sources focused on credit card payments. Interviews were conducted Nov. 8–22.

- 1) Accounting firms (9)
- 2) Bill.com customers (2)
- 3) Vendors (1)
- 4) Secondary sources (2)

## Next Steps

Blueshift Research will monitor Bill.com's progress in integrating and cross-selling Divvy and Invoice2Go, as well as continue to evaluate the strength of competing products.

## Silos

### 1) Accounting Firms

Bill.com's core payments platform works extremely well for simplifying accounts-payable operations, all nine sources in this silo said. It eliminates paper, offers a clear audit trail, and allows for easy separation of duties. The biggest knock on Bill.com was around difficulty getting customer support. Five sources applauded Bill.com's acquisition of Divvy, which was praised for its management and controls over employee credit card spending. The acquisition opens cross-selling opportunities between the two products, three sources said, and gives Bill.com an opportunity to create a seamless workflow between its payments functions and Divvy's expense management software, one source said. Finance platforms that combine multiple functions are extremely appealing to Bill.com's small-business customers, four sources said. Reaction was more mixed on Bill.com's purchase of Invoice2Go. Three sources see it as a necessary move because Bill.com's own invoicing tools are not well-developed, but two others said that so many invoicing options are available that the acquisition is unlikely to change Bill.com's fortunes. Six sources cited Melio as a growing competitive threat to Bill.com because it offers free check and ACH payments, even though Bill.com offers a better overall platform. Similarly, four sources praised Veem as a great alternative to Bill.com for international payments because of lower cost. Overall, more overlap exists between various vendors in digital finance operations, one source said.

### Key Silo Findings

#### Automating AP Operations

- 9 of 9 consider Bill.com a top-notch tool for streamlining accounts-payable functions.
  - o 1 uses it with more than 90% of clients and another with more than 60% of U.S.-based clients.
  - o 4 said clients that use Bill.com send at least 80% of their payments through the platform.
- 3 said Bill.com's strength is the elimination of paper and the flexibility offered by a digital system.
- 3 said they appreciate Bill.com's simple audit trail.
- 2 said the platform's user interface is good, and 2 others said improvement in its artificial-intelligence (AI) capabilities have made it easier to use.
- 5 said a key strength of Bill.com is its mechanism for separating duties and multiple approval levels.
- 1 said Bill.com's API for payment processing gives it an advantage over some competitors because it allows for a more fully integrated workflow.
- 3 said Bill.com is expensive compared with some competitors, but 1 said it more than makes up for its cost in time saved.
- 1 said Bill.com's reliance on bank connections means it cannot serve some industries, such as cannabis and cryptocurrency.
- 1 said Bill.com is missing integrations with some general ledger systems, and 1 other said it does not offer a clear book-versus-balance readout.
- 6 said they are seeing little to no client use of Bill.com's [Vendor Direct](#) program for paying suppliers via credit card, while 1 said he is seeing increased uptake of the option.

# Bill.com Holdings Inc.

- 4 said Bill.com is a good solution for cross-border payments.
- 3 complained about Bill.com's customer support, although 1 of those said it has improved.
- 1 said Bill.com has shown a renewed commitment this year to improving relationships with accounting firms.

## Bill.com's Acquisitions

- 5 were extremely positive about Bill.com's acquisition of Divvy.
  - o 4 called Divvy a high-quality platform that gives users excellent administrative control over employee spending.
  - o 1 said the acquisition adds a missing piece for Bill.com, allowing customers to pay by credit card cost-effectively and smartly.
  - o 1 said a lot of potential exists for Bill.com and Divvy to combine into a full-functioning workflow.
- 3 said the Divvy acquisition opens a lot of cross-selling opportunities for the two platforms, but 2 others said such opportunities may be limited.
  - o 2 of the positive sources said they are already seeing Bill.com market Divvy to its customers.
  - o 1 of the negative sources said expense management tools such as Divvy do not have much appeal for very small businesses, which constitute a big segment of Bill.com's user base.
  - o 1 said the data that Bill.com will get from Divvy transactions will be more valuable than cross-selling.
- 4 said all-in-one finance solutions are increasingly attractive to small businesses, making Bill.com's recent acquisitions potential winners.
- 3 were positive about Bill.com's acquisition of Invoice2Go, while 2 others were lukewarm.
  - o The 3 positive sources said Bill.com's invoicing was severely lacking, making the purchase of Invoice2Go a smart move.
  - o The 2 more negative sources said plenty of options of invoicing are available; 1 said she would have no reason to switch from [QuickBooks](#) for invoicing.
- 1 said an area where Bill.com could distinguish itself is if it embraced cryptocurrency.
  - o If it doesn't do so, competitors that focus on blockchain-based solutions could jeopardize bank-based platforms such as Bill.com.
- 1 said he would like to see Bill.com add capabilities for multientity, international businesses.
- 1 said Bill.com could stand out from competitors if it could develop a fully integrated system for managing corporate spending, discretionary employee spending on company credit cards, and reimbursements for personal card use.

## Competitive Landscape

- 1 said the digital-payments space is getting crowded with a lot of overlap between vendors and functions, making it increasingly difficult to choose solutions.
- 6 said Melio is a growing competitor to Bill.com.
  - o 5 said Melio is a threat because it is less expensive, not charging for check or ACH payments.
    - 1 said it is unclear that Melio can sustain its current cost structure.
  - o 5 said Melio has some limitations compared to Bill.com, including a less robust approval flow.
- 4 said Veem is a growing challenger for international payments.
  - o 1 said Veem's blockchain-based approach makes it less expensive than Bill.com by cutting out intermediary banks.
- 1 said Brex is a good platform for tech-driven clients with a lot of online spending and IT subscriptions, but 1 other said her clients have had bad experiences with Brex.
- 1 said Brex does a better job than Divvy when rolling out new features.
- 1 said [Intuit Inc.](#) (INTU) is Bill.com's biggest competition now that it has acquired some AP [accounts payable] functions like TSheets.
- 1 said clients who use Ramp like it.
- 1 said [Tipalti](#) has a lot of great features and support, while 1 other said both Tipalti and AvidXchange compete for larger businesses than Bill.com does.
- 1 said he has been steering more clients to [Relay Financial](#) for the ease of setting up bank accounts.
  - o The combination of Relay, [Dext](#), and QuickBooks Online is a great solution for AP operations.

## 1) Consulting CFO at a global accounting firm

Bill.com's acquisition of Divvy was a smart move, giving it access to vast troves of customer data that can be used for marketing. The addition of Invoice2Go will have less of an impact because so many similar products are on the market. The digital-payments space has become extremely crowded with a lot of function overlap between products, making it difficult for accounting professionals to differentiate between vendors. Bill.com's biggest headwind may come from blockchain fintechs such as Veem, which is the clear winner for cross-border currency payments.

### Automating AP Operations

- "We are an [official Bill.com partner], but our firm is [vendor] agnostic and I'm agnostic. We're partnered with Bill.com, Veem, and Expensify [among others], which means we're not exclusive."
- "We have about 3,000-plus clients and about 800 employees, so we're pretty big. Our clients [range from] startups to very large public companies. [With regards to the latter], we wouldn't do all of their accounting, but we'll do a subsection of what they need—for example, handling expenses."
- "I've been working with Bill.com for many, many years, and I've got a high opinion of them. It's a great platform and a very good solution for a vast majority of our clients."
- "Bill.com's strengths are that it's well-established; people know how it works. It tends to simplify the accounts-payable process because Bill.com takes one lump amount out, pays 300 vendors, and on your bank statement it's one transaction. In your books, the transaction is fully broken out on the workflow, so you know which vendor's been paid and when."
- "It's fully auditable, so it provides a full audit trail. In any audit I've been in where we're using Bill.com, I go into the instance; and I can tell you when the bill came in, who touched it, what they did with it, who approved it—the whole thing. I've been able to go through audits without touching a piece of paper or pulling anything other than what's in Bill.com."
- "Its reliability is second to none; functionality is second to none. They've redesigned the UI [user interface] several times, and that's table stakes [a minimum offering to be considered a player]; it's good."
- "Bill.com's little gem that most people aren't aware of, and that I promote heavily, is Bill.com is a payment processor. You can buy and use their API [application programming interface] to enable payment processing on other systems or systems that clients are building."
- "There are certain very large software systems—[Oracle Corp./ORCL's] [NetSuite](#) is a perfect example—that do not currently have an embedded payment processing engine. [Xero \[Ltd./XROLF\]](#), Intuit, and other systems do, but Bill.com's API is a valuable solution that enables clients to build their own platforms and solutions using this capability."
- "You can send invoices out and pay vendors on your platform—very well-developed technologies. We are rapidly moving to fully integrated capability for payments, workflow, etc.; avoiding having to go to different systems to complete one key function, like analyze against a PO [purchase order], enter a bill, track a back-order status, and pay a bill."
- "So when we, as accountants, want to build a truly integrated system, we know we have the Bill.com API to serve as the payment engine."
- "On the weakness side, [Bill.com] can be very expensive for very small or young companies. [Our clients] get our partner discount, but even [the discounted fee of] \$40-plus, or \$60 on their website, plus costs for every additional user and 49 cents a transaction—it doesn't sound like a lot, but to very small companies, every dollar does count; and they're very used to a freemium offering, which [Airbase](#) is now going to do."
- "The other thing is that when you pay these [software] licenses, the vendor has full control in sucking you in on the freemium model, or the cheap model, and then raising the price every single year. Bill.com's done that with our clients, and we've had clients [complain]."
- "[Another weakness] is [Bill.com] is restricted in some of the verticals they can work in, and those verticals are very lucrative [such as cannabis and cryptocurrency]."
- "We're a global organization, and Bill.com doesn't work in all regions. But if we're talking just U.S.-based clients, I would say upward of 60% [of our clients] are using Bill.com. That is probably staying steady right now. The clients that are on Bill.com are processing 90%-plus of their payments on Bill.com."

I've been working with Bill.com for many, many years, and I've got a high opinion of them. It's a great platform and a very good solution for a vast majority of our clients.

*Consulting CFO at a global accounting firm*



- “Those payments that aren’t on Bill.com would be, for example, large payments for purchasing goods from China. They have to send a wire [for such purchases].”
- “[Bill.com’s Vendor Direct program] doesn’t make sense for our clients at all. We really don’t care how the vendor elects to be paid. If we’re getting 49 cents waived [by participating in Vendor Direct], that’s fine, but is that a key determinant or differentiator for us? No. As far as we’re concerned, that’s on the vendor to determine how they want to be paid. I don’t want to think about it—and personally, and my clients, we really don’t care. Nobody has time for that.”
- “[Bill.com’s cross-border payments] can be a good solution. My preference, if we’re making a lot of cross-border payments, is to use Veem because Veem’s cost is much lower generally than with Bill.com and generally lower than with a bank. [With Veem], we’re using multirail blockchain and not an intermediary bank situation where I pay \$35 for the wire and my poor vendor pays \$35 out of his pocket to go through some intermediary bank. On Veem, you still get deposits to a bank. We’re not avoiding banks, but we’re avoiding the bank intermediaries.”
- “You can pay in a lot more countries and receive in a lot more countries using Veem than you can with Bill.com. So if I have clients that are pretty much international companies, they’re going to go on the Veem platform.”
- “The way Veem does their costing is U.S.-to-U.S. transactions are free. If Bill.com were to do that, it would blow the doors off; that would definitely change things.”
- “Let’s say I want to pay my vendor in Poland, and he’s requested Polish zloty. If I have to go through a bank, they will give me some foreign-exchange rate, and I have no idea how they came up with it. When I’m paying on Veem, Veem charges between 1% and 1.9% of the published midmarket rate. That’s the rate that’s on Google, so I know exactly what my costs are; and I know the vendor’s not going to pay \$35 [in wire fees], and I know exactly what I’ll have to pay. If I want to pay that same vendor in [U.S. dollars], I can do that at a flat cost of \$20 no matter how much I send. So it’s very cost-effective, and it’s an intriguing way to pay globally.”
- “There are things you can do on these fintech platforms that are really intriguing from a cash management and working-capital-when-I-need-it standpoint.”

## Bill.com’s Acquisitions

- “We worked with Divvy separately [before its acquisition by Bill.com] and were also partnered with them for their credit card and payment card solution. Divvy is also of the highest quality as far as being straightforward and honest.”
- “What’s important to us as accountants is functionality, security, and reliability and honesty. Divvy was always very good at doing a credit analysis of our client, offering them a corporate credit card. And if they couldn’t, then the client could use a payment card. So Divvy always covered all the bases.”
- “When Bill.com acquired [Divvy], to us in the accounting field and for me specifically, it was just a natural progression.”
- “I think [buying Divvy] was a very clever move on [Bill.com’s] part, to make sure they now have the ability to process credit cards and let people pay by credit cards cost-effectively and intelligently, and then leverage out the reach that Divvy has into the small and medium-sized businesses.”
- “Divvy has been around a long time and is pretty highly regarded. Because of that, I don’t know that the cross-sell opportunities are really there, but I think the data is the real value here. Now that [Bill.com] owns Divvy, they’ve got a data warehouse that’s massive. If they’ve got the data that’s coming in from all the Divvy cards, think about what they own at that point.”
- “They’ve got the ability to look at that data and say: ‘We’re finding with this supply chain issue that more and more companies are going to these vendors. So maybe we need to market a certain way.’ That’s where the value comes in—not in the actual cross-sell of the product but in the data that is being provided from that channel.”
- “[For expense management and tracking] we use Expensify. It’s a beautifully built platform and has been for many, many years. We will work with [Concur](#) and all the others that are out there—[Tallie](#), [Abacus](#), [and others]—but Expensify is [AICPA](#)-certified. The biggest criticism they get is customer service; you can’t talk to a live person. [However], that’s going away, with new generations of folks that are used to not ever talking to a live person. They’ve also greatly improved their customer service.”

[Buying Divvy] was a very clever move on [Bill.com’s] part, to make sure they now have the ability to process credit cards and let people pay by credit cards cost-effectively and intelligently, and then leverage out the reach that Divvy has into the small and medium-sized businesses.

*Consulting CFO at a global accounting firm*

- “Expensify is my top recommendation, and I look at new systems literally every single day. That would be my across-the-board solution, whether you’re a small company or a very large one.”
- “[As for Invoice2Go], there’s a lot of solutions for that. I don’t see a lot of value in that because there always have been other solutions.”
- “Where Bill.com could really differentiate itself entirely would be to embrace the blockchain and cryptocurrency capability. I think that would give them tremendous reach and show them as a true innovator, versus, ‘This is a terrifically built, functional AP and AR platform.’ ”

## Competitive Landscape

- “The payment space used to be held by the banks, and now there are fintech companies coming in right and left, taking bank business. And now, coming on the heels of all these payment processing abilities—whether it’s cards or virtual cards or whatever—is the blockchain and cryptocurrency, which, little by little, is eating more and more into this space, which is very threatening.”
- “Veem does exactly what Bill.com does only ... does not charge license fees, and payments to U.S. vendors [are] free. [With Veem], you can pay global vendors in fiat currency, local currency, or U.S. dollars—a lot of countries prefer USD. And that’s for free. How is this possible? This is multirail blockchain technology, true use case in place.”
- “These are the types of solutions that will put standard solutions [like Bill.com] that work with a bank, that work with a credit card company [in jeopardy]. Veem and other companies in the space that are nontraditional have really raised their head and caused some of these other companies to be very worried.”
- “Bill.com is top of the tier; they’ve done everything right, and I couldn’t say enough good things about [CEO] René Lacerte. He and his team are very quality-conscious. But their license model with the 49 cents per transaction [may not last].”
- “You can pay overseas [with Bill.com], but the problem is they will not serve clients in nutraceuticals or in cannabis or in crypto. We have clients in all those spaces. The reason Bill.com can’t work with those [verticals] is that they work with a standard bank that doesn’t want to deal in those industries.”
- “Veem doesn’t do that. They attach to your bank account, and they pay. But I pay probably hundreds of transactions in a month on Veem, and it costs me nothing, it costs my clients nothing.”
- “Veem’s API is free. Bill.com’s runs around \$3,500. This is where we’re seeing these incursion revenue streams and capability streams. Differentiation becomes very difficult in a crowded space and in a space that is increasingly being encroached by newer technologies.”
- “Veem has been invested in by [Alphabet Inc.’s/GOOG/GOOGL] Google and by [SVB Financial Group’s/SIVB] [Silicon Valley Bank](#). So even the banks know this is coming.”
- “We [also] use [Bitwave](#), a crypto ledger. You can pay people in crypto instead of in fiat. But that’s very crypto-centric. We’re [looking to] work with a competitor [of Bitwave] as well. These crypto ledgers are very important because they enable you to have an interface between what’s happening in the blockchain exchanges and all of these weird codes that are coming through from the hashers, right into your accounting software, and pay people in crypto.”
- “Bitwave is a little quirky and not a perfect solution, but I’m sure its functionality will continue to improve. And paying people in crypto may not be legal in a lot of countries.”
- “But there are many day-to-day use cases for the blockchain, and the easiest one to understand is Veem. In the back, everything is settled in Bitcoin. When a customer sees it or when I see it, it’s fiat dollars or a currency. “
- “There are a lot of people that put out these virtual cards and call them credit cards when they are not, and specifically Brex. That is not a credit card; you cannot roll over your balances. They pride themselves on saying, ‘This is a corporate card,’ but all they do is attach to the existing banking cards you’ve got. They claim that they do credit assessment but do not. They have some algorithm where they just take whatever’s in your bank—and I know this for a fact because I’ve had clients on Brex, and I’ve had a terrible experience with them. They’ve done a good job of marketing but a very poor job in general of being straightforward.”
- “Expensify is a great example of the bleed-over between who’s doing what. Expensify launched, ostensibly, as the only AICPA-certified expense-tracking management reimbursement platform many years ago. But what their founders had always wanted was Expensify to be a way for people to interact, be paid for their work, and support

**Veem does exactly what Bill.com does only ... does not charge license fees, and payments to U.S. vendors [are] free. ... This is multirail blockchain technology, true use case in place.**

*Consulting CFO at a global accounting firm*

communities. They're public now, but even before, they were saying, 'You can also use Expensify to pay vendors for AP,' so the space is becoming very muddy."

- "Expensify has a card, by the way, that works exactly like the Brex card, only better. On the Expensify platform, that virtual card that looks just like the Brex card [means] that person doesn't need to take money out of their pocket for business expenses. When they hit their limit, it's self-enforcing. They've got to submit that required expense report with receipts and business purpose stated before the card can be used again. So it's very cleverly designed."
- "The payments space is very, very crowded now. There's lots and lots of overlap. It's becoming really difficult to discern who does what and who does what well."

## 2) Senior technology integration specialist at an accounting firm

Bill.com's recent acquisitions will propel the company to a new level. The acquisition of Divvy is a good addition, as clients would love an all-in-one bill payment and expense management solution. Bill.com's accounts-receivable and invoicing features were lacking, which is why the Invoice2Go acquisition makes sense. Bill.com's artificial intelligence has been improving in the past few years and is one of the platform's strengths. International payments work well. Bill.com's customer service is a point of frustration for accountants. Melio and Intuit are key competitors.

### Automating AP Operations

- "We've been using Bill.com for about 10 years. We have 250-plus clients using Bill.com."
- "Bill.com's AI has really improved. Our accountant specialists are able to enter the bills faster in the system. The Bill Pay features have also improved. The client can pay anytime and anywhere, from their mobile phone or any of their devices, like iPads or laptops."
- "They started improving their AI about three or four years ago. Before, we were using a third-party program to code the bills and then sync them to Bill.com. Now, we can upload the bills, and we just have to verify the AI reads the bill correctly. It's pretty slick."
- "Another strength is their international payments—the ability to pay vendors in foreign currency."
- "Their greatest weaknesses are their accounts-receivable module and their invoicing module. I assume that's why they acquired Invoice2Go, so they could use that technology to better their system."
- "Their invoicing module is very simple. You can't customize the invoice that goes out. It's all or nothing. A client can either pay by credit card or ACH. It is not as robust as we would like it, like an invoice coming from other accounting systems."
- "We are currently unable to invite international users via the setup. We are unable to do that because they have to have a U.S. phone number. It doesn't support sending to international phone numbers to verify their account. They are unable to receive the authentication code."
- "About 90% to 95% of our clients are in Bill.com, and probably 90% of those clients' bills are paid through Bill.com. The other 10% may be recurring charges on their own credit card or one-off checks that we then mark as paid. Using Bill.com is so that they have a documentation of the bill."
- "We currently discourage our clients from using the Bill.com credit card feature to pay bills. It's a 3% charge every time they use it. If a client were to pay a bill via their Amex [American Express Co./AXP] card, they would incur a 3% fee to use the card. The vendor would still receive the ACH or check payment for the full dollar amount."
- "We also have Vendor Direct turned off in our portal. The payments weren't clearing. The vendors weren't getting the cards. We can't get background to see if it's gone out."
- "We encourage all our clients to use ACH. The split is probably 60-40, with 40% of payments in checks."

### Bill.com's Acquisitions

- "Divvy is a good addition for them. Along with Invoice2Go, they want to get a full tech stack in that area. Divvy is a great program. We are excited that Bill.com acquired it. It wasn't a shock to see it. I think they're going to bring in

[Bill.com] started improving their AI about three or four years ago. Before, we were using a third-party program to code the bills and then sync them to Bill.com. Now, we can upload the bills, and we just have to verify the AI reads the bill correctly. It's pretty slick.

*Senior technology integration specialist  
at an accounting firm*



good things, and hopefully the support won't go downhill like Bill.com's support. We have clients who are using Divvy, and we have great support with them right now."

- "Bill.com hasn't said how they plan to integrate Divvy and what they're going to do, but it would be nice to have an all-in-one expense reporting and bill pay program. That would be nice to have for our clients."
- "We met with our Bill.com rep right after the acquisition, and they brought in a Divvy team. I talked to Divvy about how they are integrating with Bill.com, and currently, they will still be standalone. They are being a bit hush-hush about their plans."
- "I do think they will get traction [cross-selling Divvy] because they are already marketing it to clients. Also, Divvy is a great program."
- "I'm hoping that with Invoice2Go, Bill.com will build out their AR side better. I've never used that application, but I've seen it. Bill.com hasn't started talking about it yet, but I am interested."
- "For invoicing, we use QBO [QuickBooks Online], NetSuite, and QB Desktop. For some of our clients, we use some third-party programs for invoicing depending on their specific field, such as [ServiceTitan](#) or [BOE CORE](#). We even use Excel for some invoicing for our [government] clients. We also use [Biller Genie](#) for some of our clients on top of QBO to send out invoicing after it's created in QuickBooks. We have a handful of clients using Bill.com for invoicing—fewer than 10."
- "Bill.com has started rolling out a lot of the features we've been asking for, such as a more robust approval process. The approval goes to a specific person, based on the vendor. They also allow approvals based on classes."
- "I would still like to see improvement on their support because our staff get frustrated frequently."
- "I like it when small companies aren't acquired by big companies because they like to give us what we need, and they want to make sure we're happy as accountants. When you get as big as Bill.com, that can go away a lot of times. That's also my concern about Divvy being acquired by Bill.com."
- "Getting people to submit bills in a timely manner is a pain point [in AP operations]. We work on a 24-hour turnaround, and clients are supposed to send things to us daily and not send a stack of 50 bills once a week."
- "As a virtual accounting firm, the biggest obstacles are getting clients with an old-school, mom-and-pop-type mentality to become comfortable with going virtual. You don't need the bill on your desk. You can see it in Bill.com. Getting those clients comfortable with technology is the biggest obstacle that our implementation team faces and also that I face working with existing clients and new technology."
- "Bill.com's acquisitions will propel them to a new level. Their acquisition of Invoice2Go was a smart move because they know they need improvement in AR. Their acquisition of Divvy was smart because they want to be able to have all the business. If you have invoicing, accounts payable, and also expense reporting, that is the core of accounting, other than payroll."

## Competitive Landscape

- "Veem ... and Melio [are competitors]. Their biggest competitor, though, is probably Intuit, now that it has acquired AP applications that can then be synced into their files, like when they acquired [QB \[QuickBooks\] Time](#) or TSheets, and they are all integrated now. Otherwise, I would say Melio is their biggest competitor."
- "Bill.com stands out from Melio because of the segregation of duties. Bill.com is more robust and has more options to segregate the payments. Melio doesn't currently have that option. Only the client releases payments. That's why we don't use Melio. I've told them what I would need to start using their program, and we're working with David Leary of Melio on the behind-the-scenes engineering that needs to be done. We have some clients that could be using Melio, but we can't put them in there because of the segregation of duties."
- "Veem is very good with international payments. They use blockchain to pay vendors. We primarily use them for clients that need to pay international vendors. Bill.com is also building up their international side, and so now we've moved more clients to Bill.com than to Veem."
- "The nice feature in Tipalti is that it links purchase orders and bills together. It also bills multiple companies, putting all the entities all in one setting or account. It's very good with international vendors. They have great onboarding and great support."
- "We have two clients using Ramp, and they love its ease of use. It's seamless."

**Bill.com's acquisitions will propel them to a new level. ... If you have invoicing, accounts payable, and also expense reporting, that is the core of accounting, other than payroll.**

*Senior technology integration specialist  
at an accounting firm*

### 3) Dan Luthi, partner, [Ignite Spot Accounting Services](#); repeat source

Bill.com's most recent acquisitions have the potential to help it gain market share in the very crowded accounts-payable space. Its addition of Divvy could help it take advantage of the wider trend of payments shifting to credit cards. A lot will depend on how seamlessly Bill.com can integrate the new tools, especially Divvy, and also leverage the significant talent coming from both Divvy and Invoice2Go. The rate of Ignite clients adopting Bill.com slowed this year compared with last, with competitors Melio and Relay Financial gaining traction.

#### Automating AP Operations

- "We're a partner of Bill.com, but we have clients where I'll suggest alternative products at times. And I'm seeing some really unique things that have come up in the product mix that have really transformed the space."
- "We had some increase in our Bill.com customer base as well, but it didn't escalate as much [this year as last, when Ignite added about two new customers to Bill.com a month]."
- "Two years ago, [overall payments] were a solid 50-50 between checks and ACH. It's transitioned really heavily, especially over the last year, with credit cards [taking much more of the pie]. ACH still has a really strong hold, but the paper check has really heavily dropped."
- "We've seen more people wanting to shift to credit cards because it's faster than ACH. Credit card gets you money fast, so they're willing to take the hit [in fees]."
- "Our check [ratio for clients overall] is probably down to 20%, and then we're probably at a solid split between ACH and credit card on the other [80%]. We have a really good amount of customers who are comfortable with both credit cards and ACH, and it's been tough to balance and give them both options, to really create a clean solution."
- "Our customers don't use [Bill.com's Vendor Direct]. The way that they rolled it out just pissed people off. Customers were upset that they had to go and turn it off because their money wasn't going directly to them. I don't have anybody who uses it right now."
- "We don't do a huge amount of international payments for our firm. Most of our clients that do [need cross-currency payments] have stuck with Bill.com. For the clients that we have used Veem with, they have liked the international payment functionality. They say it works really well, but it hasn't been a big driver for us."
- "Veem lost quite a few of their key sales staff to [Corpay](#) at the beginning of the year, and it's been interesting to watch Veem evolve from that transition. I think it's been good for them to get some new blood in there and some changes to the organization as a whole."

#### Bill.com's Acquisitions

- "I think [the Divvy acquisition] definitely will [propel Bill.com's growth]. I think they were just needing to get a product to market because they were so late into the credit card space. I think the thinking was that if they waited any longer, they'd lose more ground, so let's just [acquire] something."
- "I do believe that there's a lot more that the two systems can do together. I think there is a full-functioning workflow that those two systems will interact extremely well together with. It's just going to take some time to bolt them together. That's the part we're all waiting for or, at least, I am—waiting for that system to be aggregated. I'm hoping that there's at least a version of it sometime in Q1 of 2022."
- "We have clients that use both [Divvy and Bill.com]. Quite a few."
- "Bill.com has made really good choices with both companies that they picked up this year. The two companies they chose were energetic, developing organizations still. The talent they picked up at both places was much more than just people trying to sell something. I think there's a lot that can grow and develop from the talent pool that comes from both of those organizations, which can mold Bill.com into being a greater product."
- "What Bill.com chooses to do with the assets of the people they acquired, along with the tech, is really going to decide what they actually gain from it. If they go all-in and fully connect and implement and really double down on what these both can be for them—and it's not just a kind of polishing up a shiny acquisition that you have to have as a publicly traded company—they can become really monumental developments for Bill.com and really set them apart from all these other small, minor softwares that have been a flash in the pan for the last 24 months."

[The Divvy acquisition] definitely will [propel Bill.com's growth]. I think they were just needing to get a product to market because they were so late into the credit card space.

*Dan Luthi, partner, Ignite Spot Accounting Services*

- “Melio, for example, is just a credit card payment solution. They would be nothing if Bill.com could really create that valuable connection [with Divvy].”
- “One of the things we’ve found with those other corporate credit cards [other than Divvy] is you still have to have receipt management in a lot of cases because you’re not completely controlling the spend on that card externally. You’re still making it available for people to spend money without fully controlling the entire overall usage.”
- “What we’re finding is that these corporate cards, like Divvy, give so much more structure around those systems and those environments, to be able to force an entire team into that cohesive nest. One of the things I’ve been suggesting, and leaning heavily into, over the last eight to 10 months is the fact that Divvy gives you more control from an administrative standpoint for the whole organization.”
- “We released a case study earlier this year regarding one of our clients that really emphasized how much money they saved as a company, but also how much time they saved by putting a system like [Divvy] in place. It gave the people who were actually spending the money more control over the money that they were using. It cut down on time that they spent on communicating requests, and it gave them that ability to control that outflow.”
- “That real big shift of pushing off those smaller payables to be paid later through a credit card spend has shifted the dynamics of AP management. For the small businesses that we work with, it’s created a different mindset of how to manage and how to control your cash flow, to where you’re not necessarily worrying about the smaller balances on a give-and-take basis. You’re more managing your credit card flow as a whole consideration.”
- “This all lends really well to the way that Divvy’s charge card is built. Divvy and all these companies that use a charge card structure instead of a credit card structure are built more in that mindset anyway—use it like a credit card, but pay it off in lump sums or pay it off on a later date, but pay off the whole balance. This gives you much better control as a business owner to not have to worry about onesy, twosey bills that consume your mind. I think it gives so much value and control to the small-business owner, but doing it at a lower interest rate than some of these other credit cards that were just killing small businesses with these 20% to 30% interest rates.”
- “That’s one of the shifts that we’ll start to see really heavily into this next year—these companies and solutions that are offering credit card alternatives within their products, a deeper connection to alternative credit payment solutions that are connected to them. Instead of using your Amex, you can utilize the organization’s charge card. You can get a lower rate and better interest.”
- “Bill.com made their move toward [this trend] by acquiring Divvy but didn’t even add Divvy as a full-fledged offering in their product before they offered other credit card solutions. [Not long after acquiring Divvy], Bill.com announced that they had [partnered with Margeta](#) to allow Bill.com’s [financial institution] customers to launch their own credit card.”
- “I wonder if there’s more we can expect from that environment; and maybe there’s a bigger play, too, in that midstream enterprise-level client base that Bill.com has that maybe they’re not really addressing. It was interesting that that wasn’t the heavy push into the Divvy environment for more of a developed relationship. Maybe it’s because Divvy integration isn’t fully developed.”
- “Products that, like Divvy, are a standalone over the next couple of years won’t be able to sustain, which is why I think it’s good that Bill.com was able to acquire Divvy at the time they did.”
- “What I love about that [Invoice2Go] acquisition is how quick and how easy it is for them to create a website for collection of payments. One of the biggest struggles that Bill.com had with their merchant system was how difficult it was to collect payments. It just required a whole lot more extra work, and so most people I think weren’t using it. We used it at one point for our firm, but it was cumbersome, it wasn’t clean; the interface for customers was difficult to use.”
- “Invoice2Go [by comparison] is very user-friendly. You can connect pretty much any third-party merchant system that you want into it. It even links into [HubSpot](#) (HUBS), so there’s so much functionality available that I think there’s a huge amount of possibility with Invoice2Go for Bill.com, to where it becomes a centralized connection between your CRM [customer relationship management] and really any ERP [enterprise resource planning].”
- “I think Bill.com is really positioning themselves well with both of those acquisitions this year to shift well into 2022. It’s just making sure that they connect correctly. That’s becoming the big piece: What will Bill.com do to make sure they’re connecting correctly to their acquisitions?”

**Melio is a nice solution if you’re only paying a handful of bills, and we have some clients that really like it. I personally don’t like the system. I think it has a lot of limitations, and I think there are a lot of ways you can get around the approvals flow.**

*Dan Luthi, partner, Ignite Spot Accounting Services*

## Competitive Landscape

- “We did add some clients with Melio this year and now have about a dozen clients which use it. Melio is a nice solution if you’re only paying a handful of bills, and we have some clients that really like it. I personally don’t like the system. I think it has a lot of limitations, and I think there are a lot of ways you can get around the approvals flow. It’s just missing a lot of that security, and it’s missing a lot of the pieces that you can create workarounds with very easily. People can make human error without catching it.”
- “You can do that with other systems, too, but it’s not as easy as it is with Melio. One of the things that I don’t like is that you can’t make multiple bill payments in one single go without creating workarounds. There’s a lot of extra work you have to do for it to function correctly.”
- “I try to steer clients away from using Melio, but that ‘free’ price tag is really hard for people to get away from.”
- “One of the systems that I do really, really like and that we’ve been steering more clients to over the last couple of months is a company called Relay Financial. What I love about this tool is that it’s fully connected and ingrained with a bank. It gives you the full ability as a business owner to add additional bank accounts very quickly and easily.”
- “One of the biggest problems we’ve seen clients run into during the pandemic is how to control cash, how to be able to maneuver and make decisions and make adjustments. Sometimes, they need to be able to create a new bank account. It’s been hard to create something that was clean, that was easy, that was useful.”
- “This [Relay] system makes it really easy to create a separate bank account without creating a huge amount of extra work. The fact that it’s FDIC-insured is another big plus. It’s built with apps in mind, so it’s built for that function of bill pay processing and using virtual payments, credit cards and all those things. It’s built for minimal touch but maximum utilization.”
- “Our clients that use [Relay] really, really like it. The view of what you get is really clean. The detail that they provide to you from a transaction level is amazing; it gives you the geolocation you went to, for example. It’s providing so much content—images of the checks you process, the deposits you made. It’s really complete information. And the integration with QuickBooks Online, which we primarily use, is wonderful. It brings images of bills over very cleanly for you to make payments on. The built-in AP system is really good from an approval standpoint.”
- “One of the things that I love most as a firm is that when a client invites me to [Relay], I can invite our staff to it. Other banks that we work with, where a client sends us access, we historically have shared a login, and it ends up being not as secure as it could be. With Relay, I can give my employees their own individual, extremely secure login for the accounts they should see. Then they have access to the payable system and the bank accounts, all in one spot. It’s eliminated a huge amount of tech stack for those clients.”
- “We now have a group of clients who use three apps: They use [receipt capturing tool] Dext for getting their bills and receipts to us; all the bills then process and push all the way into Relay from QBO [QuickBooks Online], and then we pay the bills out.”
- “So we’re only using Dext, QBO, and Relay as their main processing. It’s been so much easier to work with those clients and so much more streamlined from a communications system processing. I love what [Relay] is doing, and the enhancements just keep getting better and more quality and faster in payment processing.”
- “It’s cut down on so much more manual work by utilizing those [three software tools together] because you get your debit card straight from Relay, you swipe it, you take a picture of it with Dext, and you’re done. It’s awesome.”
- “Relay has a virtual card and a debit card; it doesn’t currently have a credit card offering. It’s one of the things I would expect that they have in 2022. I’d be surprised if they don’t announce a partnership or add some sort of credit card offering in 2022.”
- “For clients, if they are more of a tech-driven customer who has a huge amount of online-type spend and IT-based functions or software subscriptions, we suggest Brex to them. Brex has a lot of really good benefits because of the partnerships that they have. It’s just a better deal in many cases to our clients.”
- “I have a meeting this week with [Routable](#). They’re another one coming up in AP and AR solution products. I’m interested to see what their product and focus is. Companies like this and Corpay are still making a run for what could be. These guys are definitely worth watching.”

Nov. 19, 2020, summary: Use of Bill.com has been growing steadily among this firm’s clients, consistently beating out a growing list of competitors because of its approval workflow, QuickBooks integration, and low ACH fees. A light version of Bill.com, which is half the price and pushed through QuickBooks, is working as a successful “land and expand” strategy for very small businesses, which often roll over to the more comprehensive online version of Bill.com as their business grows. Bill.com’s virtual credit card offering presents no incentive for customers or suppliers and compares unfavorably

to competitors like Divvy, which allow businesses to use their own cards for rewards and points. Bill.com's cross-border payments offering is likely to be popular, as is its instant transfer feature.

#### 4) Senior executive at an e-commerce accounting firm

Bill.com's recent acquisitions have a lot of promise as a business strategy but are not going to change the competitive dynamics with Melio, which is moving very aggressively with a simpler and less expensive platform. Melio's fee-free business model is unlikely to be sustainable, but it could be a thorn in Bill.com's side if it beefs up its approval workflow features. Bill.com already is marketing Divvy aggressively to its customers and should get some cross-selling traction as the two tools complement each other.

##### Automating AP Operations

- "We've been using Bill.com for about six or seven years. We have about 50 to 60 clients using it."
- "Their really good approval workflow is one of the best that I've seen in the industry. The payment automation is solid, even if it's not very unique. They have good capabilities around bill automation and the ability to collect and prepare bills."
- "They have unique capabilities around OCR [optical character recognition] extraction of the data. It is something that exists elsewhere, too, but it's not that common. They have a good partner program, and that makes their ecosystem pretty good. As an accounting partner, it's easy to work with them because they are big enough, so a lot of people are used to working with them. It's easier to get people to adopt Bill.com."
- "They don't support banks and entities outside the U.S. For multientity businesses, that can be problematic. Also, they are starting to have price pressure because of competition that is undercutting them on price."
- "We've never had an issue with Bill.com customer support. I've heard peers complain about it, and it could be because, like for many apps, it's getting bigger and the labor challenges are making it harder to keep support staffed."
- "The percentage of payments that go through Bill.com for our clients is hard to estimate. A good part goes through direct credit card payments [not through Bill.com]."
- "It is certain that the use of Bill.com is trending up. When you start using Bill.com, you end up using it more and more over time. As businesses grow, they tend to need more approval, and more of those bills go through Bill.com."
- "Our customers purchase most of their inventory by wire transfer. There are different wire solutions, so it's not always Bill.com that's being used. Bill.com's wire solution is not the best. Their fee structure is not great. Others are easier to use. We use Veem a lot for international wires. Their controls around wires are better."
- "I do like Bill.com's approval management better [than Veem's], but their vendor setup is an area that could be improved. It's too easy to compromise. If somebody's email has been compromised, and they get an email invite to set up a vendor account, a hacker could easily set up an account with fraudulent information. Nobody would know the difference. There's no approval workflow around vendor information setup. The approval workflow is around bills. They should have the same workflow around vendor setup."
- "We've seen quite a bit of AP fraud attempts with our clients. It's usually because of a vendor or a client that has had their email compromised by hackers. Hackers insert themselves into conversations to attempt to redirect the payments to different banks."
- "Veem has additional checks in the process. Their strength is in international."
- "Bill.com's payment of vendors in local currency is OK. The vendor setup just isn't as good as we'd like it to be."
- "The security issues aren't because of Bill.com but because of the reality of the environment, because there are hackers who are active. I would love to see all AP vendors do more to understand who is at the other end of the bank account."

**[Bill.com's] really good approval workflow is one of the best that I've seen in the industry. The payment automation is solid, even if it's not very unique. They have good capabilities around bill automation and the ability to collect and prepare bills.**

*Senior executive at an e-commerce accounting firm*



- “We do use Bill.com’s Vendor Direct program in some cases. I like having multiple options to pay. They’ve done a good job expanding on that. Customers like having the pay-by-credit-card option. It was long overdue. We’ve had customers wanting that for years. Those additional features are very appreciated.”

## Bill.com’s Acquisitions

- “We have a number of customers on Divvy. Generally, they like it. It gives you more controls, like dynamic limits or budgets. The virtual card is really cool. There are no fees with Divvy, and people love that. They make their money off the floats. Every credit card provider should have virtual cards.”
- “Bill.com is aggressively marketing Divvy already.”
- “[Divvy] was a good acquisition in the expense management space. They should get traction cross-marketing it to their customers. It’s a natural extension of a broader expense management initiative. I think they will have success there.”
- “Bill.com reigns in the centralized, controlled spend. The more discretionary, decentralized spend usually goes through individual corporate cards. That’s where Divvy comes in and really knocks it out of the park.”
- “Bill.com goes through the finance team with people approving it. But there is still spend departmentally on cards. Paying by corporate card is a different kind of spend mechanism. Divvy provides more control over that discretionary spend than the traditional mechanism of traditional corporate cards.”
- “I’ve looked at Invoice2Go, but I don’t have much experience with it. Bill.com does have a receivables module, but it’s not as mature as it needs to be. There were limitations to it, and it wasn’t viable for every customer. What I’ve seen of Invoice2Go from a high level is that it’s going to be more robust than what Bill.com built internally. It could open up a new revenue stream and a new opportunity that [Bill.com] wasn’t able to capitalize on before.”
- “Bill.com hasn’t pushed Invoice2Go yet.”
- “Currently, we use all sorts of invoicing, but overall, consumer products don’t do a lot of invoicing. They mostly do selling on their websites. A few of our customers that do a lot of invoicing use QuickBooks.”
- “There are a lot of challenges to invoicing. A lot of products have invoicing. It’s often tied to the CRM or the system that is closest to the customer. I could see Bill.com and Invoice2Go capturing the generic business. However, in some industries, there are specific industry-based solutions. That’s going to be more challenging.”
- “Paying bills is the same wherever you go, but invoicing can be industry-specific to what they are doing and what they are selling. Often, there is data fed in from other systems. There are unique requirements in certain businesses.”
- “I would love to see Bill.com add the ability to do payments from international banks. There are a lot of companies that are multientity. There are two midlevel solutions that do global bill management—Tipalti and AvidXchange.”
- “I would also like to see a more robust capability around managing vendor bank account information. There are too many vulnerabilities when you rely on somebody putting in the right information. I would like to see some checks on that.”
- “On the Divvy side, they want everything going through a corporate card. However, there is still the reality that people are going to spend money on personal cards and ask to get reimbursed. I would love to see an expense management capability either built up or acquired. If they have corporate spend, discretionary corporate card spend, and personal card business reimbursement—having all three done well and integrated would be great. Integrating it with the right technology is a big ask, but if they can bring those capabilities within one view, that would be really helpful.”
- “Bill.com hasn’t said yet what their integration strategy is [for their new acquisitions]. It would make sense for these tools to come together at some level. It usually starts with integrating the logins, and that can be very hard to do. Intuit struggled with that with TSheets. Then, seeing the information across all the solutions all in one place would require more integration. It would be something that’s easier said than done.”
- “The acquisitions are good. As an overarching business strategy, they have a lot of promise. What’s difficult is that Divvy is not going to help Bill.com compete against Melio. It’s a different category of expense management. At this point, Divvy and Bill.com are still very separate products. I don’t see how Divvy helps Bill.com compete head-to-head against Melio.”

**[Divvy] was a good acquisition in the expense management space. They should get traction cross-marketing it to their customers. It’s a natural extension of a broader expense management initiative. I think they will have success there.**

*Senior executive at an e-commerce accounting firm*

- “On the other hand, it gives them diversification. If they can create integrations that make the overall value of the crossed products more beneficial than the individual parts, it gives them the potential in the future to have a competitive advantage.”

## Competitive Landscape

- “Melio is the competitor that’s really entered the picture. Melio has a partnership with Intuit and they are integrated in [to QuickBooks]. They are coming in low cost, and no cost, and very aggressive. I don’t see how it’s no cost—maybe off their VC [venture capital] funds. They are spending a lot of money on ads. They’ve raised a lot of capital, and they may be burning through that, using their venture funds for customer acquisition. At some point, they are going to have to have fees. Their cost structure is mind-boggling.”
- “I don’t know how Melio is going to sustain what they are doing. I don’t know how they are making money. I think Melio is subsidizing ‘free’ with venture capital. I’m a little skeptical about their business model long term. They are going to have to charge some fees at some point.”
- “Bill.com still stands out against Melio because its approval workflow is superior to Melio’s. Bill.com will struggle in a very simple environment that doesn’t need approvals but just needs to streamline payment automation. It’s hard for a customer to not choose Melio there because it’s free. When you start needing approvals, Melio’s workflow isn’t that good. But they could build it. If they can build a comparable workflow, then Bill.com will have a problem. The question then becomes how long will Melio stay free.”
- “Melio is their biggest competition. I would say they pose the biggest threat to them. They came out of nowhere with a fury. If I were Bill.com, I would be ticked off by Melio. They are giving away what Bill.com is charging for.”
- “Brex is a formidable competitor to Divvy. They are taking a different approach, but at the end of the day, it’s all about corporate cards. [Brex] executes better than Divvy on new features. When Brex releases a feature, it works better than when Divvy releases a feature. Divvy always feels just partially complete. When Brex does something, it works.”
- “Brex is more of a traditional corporate card, with more capabilities than in a typical American Express portal. They are also branching out into new arenas. They have a bank account, Brex Cash. It’s a little immature still, but if they can mature that out, it would really differentiate them. Brex and Divvy are comparable in terms of support, but Brex’s features are more mature.”
- “Tipalti is more midmarket. Bigger companies have bigger requirements in terms of multientity and foreign entity. The vendor management around Tipalti is very sophisticated. Their solutions are very complicated and very expensive compared to Bill.com. Tipalti is not at all cheap.”
- “AvidXchange and Tipalti are competing at a higher tier. They are more midmarket and above, and they are very competitive there. They are built for larger businesses. It would be hard to bring them down to an SMB.”

Melio is the competitor that’s really entered the picture. Melio has a partnership with Intuit and they are integrated in [to QuickBooks]. They are coming in low cost, and no cost, and very aggressive. ... If I were Bill.com, I would be ticked off by Melio. They are giving away what Bill.com is charging for.

*Senior executive at an e-commerce accounting firm*

## 5) Founder of an accounting firm focused on small businesses; repeat source

Divvy’s expense management function will make it easier for customers to stay within Bill.com and not have to use outside expense management tools. However, acquisitions tend to make customers anxious about how the software will be integrated and how unexpected changes will affect them and the software. Bill.com is generally a good solution, but its cross-border payments function could use some improvement. Bill.com is expensive, especially compared to competitors like Melio, where there is no charge to pay by ACH or check.

### Automating AP Operations

- “I use Bill.com with two clients and have been using Bill.com since its inception. My current clients have been using them since 2013. Before Bill.com, payments were through manual checks.”
- “One strength is that it eliminates all the paper. The client can approve the bills, and I can then pay them. Another strength is that it’s easy to trace a payment. When a company called me to say I hadn’t paid a bill, it took me less than 60 seconds to bring up the bill, the front and back of the check, and the date it was cleared. One client uses it for AR, and it is great to customize the invoices and be able to process ACH and credit card payments.”

- “Bill.com’s main weakness is that it is getting pricey. Melio, one of their big competitors, doesn’t charge anything. They charge a fee for a credit card payment. ACH and paying by check are free.”
- “For one client, it’s only about 10% of payments that are made through Bill.com; and for the other [client], it’s about 25%. That’s because we do auto-pay as much as we can. Auto-pay often works out better for recurring monthly payments.”
- “About 10% of payments going through Bill.com are by ACH, and the rest are by check. There are no credit card payments going through Bill.com.”
- “I haven’t used Vendor Direct, but I know it’s an option. I had a client who used it for an international vendor who wanted to receive payment that way. It worked.”
- “International payments [through Bill.com] are not that smooth. ... One of my clients was giving out gift cards for filling out a survey, and one of the people who filled it out was in Canada. The gift card wouldn’t work in Canada, so we tried to pay it through Bill.com, but they said they could not issue checks across borders. There was no e-pay possibility for that person, so we had to actually write a physical check.”
- “Cross-border payments need to be improved. When Bill.com couldn’t do a check to Canada, it took up a lot of our time. They can do wire transfers. But in our case, it was only \$50, and a wire transfer didn’t make sense because it would have cost almost that much.”
- “I have a little bit of difficulty with how Bill.com is set up to send invoices to multiple recipients. You can add them on an invoice, but there is nothing that says I always want invoices sent to these three people. There could be better automation there.”
- “I’m pretty happy with Bill.com otherwise.”

**Bill.com’s main weakness is that it is getting pricey. Melio, one of their big competitors, doesn’t charge anything. They charge a fee for a credit card payment. ACH and paying by check are free.**

*Founder of an accounting firm focused on small businesses*

#### **Bill.com’s Acquisitions**

- “Divvy is more of an expense management tool. My clients are mostly too small to use that tool. The clients I have are owner-operated; family-owned; and, at most, with one salesperson onboard.”
- “I used to have a client that used Expensify, but currently I don’t have any clients who use expense management.”
- “Invoice2Go will allow people who are mobile to invoice from their device when they are on the go. I don’t have any clients like that, either. I didn’t even know the company before [it was acquired by Bill.com].”
- “Bill.com hasn’t approached me about adding [Divvy or Invoice2Go]. I expect it will take them a while to integrate them. When [TSheets was purchased by Intuit](#), it took them a while to get it rolled out.”
- “As an accounting professional, if I’m using a product, and it’s bought by another company, I have great concerns. There’s fear that things as we know them are going to change. It could be all right, but we worry that suddenly the big elephant comes in and takes over everything. We worry about how it’s going to affect our clients’ practice, our own practice, and what’s going to be rolled together. For example, it was a big concern when [Intuit purchased PayCycle](#).”
- “Still, these new acquisitions will absolutely propel [Bill.com] to a new level. Anything they can integrate with ease so that expense management doesn’t have to go into accounting software and then back out to be entered into Bill.com will be fabulous. It will be great for companies that use expense management software.”
- “For my operation, one of the biggest pain points is getting the 1099 information from a 1099 vendor.”
- “You can invite a vendor on Bill.com, but from my side, it’s very hard getting that email address and getting the ID from a small business. I don’t know if there’s a real fix for that.”
- “One of the biggest obstacles to automating AP and AR in small businesses is the approval chain.”

#### **Competitive Landscape**

- “Melio is one of Bill.com’s biggest competitors. They are coming up around the corner.”
- “Melio integrates with QuickBooks primarily, and it does it really well. However, Bill.com integrates seamlessly with more products than Melio, such as Xero and some Sage [Group PLC/SGPYY] products like [Intacct](#).”
- “Since I’ve found Bill.com, I haven’t looked around much for other software. Bill.com is doing a great job.”

## 6) Controller who specializes in working with nonprofits as part of an accountant outsourcing firm

This source's firm recommends Bill.com to all of its roughly 1,200 clients and requires that clients pay the firm through the platform. The software works well to eliminate the hassle of paper checks and give finance executives the flexibility to make payments anywhere, which was crucial during the height of the pandemic. Bill.com also simplifies auditing. Payments being made through virtual credit cards as part of Bill.com's Vendor Direct program are increasing.

### Automating AP Operations

- "We consult with nonprofits, and we are a Bill.com partner; so we recommend it to all our clients, and we also insist that all our clients pay us [through Bill.com]. They can either sign up for the free version or sign up for the full version for their own [accounts] payable."
- "[Our client base is] midsized nonprofits. If they're very large, they generally have their own finance departments. And if they're too small, they generally can't afford to hire a consultant for their finances. Either our clients don't want to hire a full-time finance person, or we're filling in for a vacancy, or we're supplementing a bookkeeper."
- "We ask that [our clients] sign up for Bill.com to pay us, because like many other companies during the pandemic, we had trouble getting people to go to the office and pick up checks. We were using a lockbox for a while, but paper checks are a hassle."
- "I have eight clients right now, and I have one client that I converted over to Bill.com, so I've been using it with them for about a year and a half. A lot of our [firm's roughly 1,200] clients use it, but right now, just one of mine. I have a couple of others which I anticipate will switch over."
- "We've gone remote [as a consulting firm], and we do checks for some of our clients, and we have to meet with them to sign the checks. They're requesting to switch to online [payments], so Bill.com is exactly a fit for them."
- "The obvious strength [of the software] is getting away from paper and to have the flexibility to [do payments] from anywhere. You can do it on your phone; you can review invoices on a phone or a laptop. Nobody has to go to the office if there is a quarantine or similar. You don't have to be in the office."
- "[Another strength is] you can have all the segregation you want; if you want to have checks over a certain amount signed by two people, for example, Bill.com can handle that."
- "Bill.com was very easy to set up, and costs have gone down for my client using Bill.com. The more vendors they sign up for [electronic payments], the fees go down. I think [this client] was at \$400 a month [in check fees] when we started with Bill.com, and now they're paying \$220 a month, with the same volume of payments. Getting the vendors switched over was key to this. Bill.com charges \$1.25 for a check, but it's much less for ACH."
- "The other selling point from our standpoint: Because we assist the clients with audits, when the auditors come in and ask for invoice samples, you just go to Bill.com and pull them. Nobody has to go into the [physical] files and pull the invoices that auditors are asking for. Wherever the client is, they can pull an invoice they want to see."
- "So in addition to paying bills, it helps on the other side, with the audit."
- "As a [Bill.com] partner, we offer our clients heavily discounted pricing. Depending on the financial system [the client] has, some of those systems have Bill.com-like capabilities built into them. I know all of our clients at least use it to pay us, because we don't accept checks anymore. But they can use the free portal for that."
- "[A problem with] Bill.com is that it doesn't integrate [seamlessly] with all client [general ledger] systems. It interfaces very well with QuickBooks Online. But with my client [that uses a different general ledger system], I had to essentially export a file from Bill.com, manipulate it, and then load it into my client's system. The two systems don't talk to each other."
- "The issue I had with that is that the report that Bill.com uses to export the data was missing a field. I called them about it, but they said that until more people reached out about the same issue, they wouldn't look at it. Luckily, we changed the client's GL [general ledger] to accommodate the way Bill.com exported the data, so now we just export the file and don't have to do a lot of manual workarounds."
- "That would be the one drawback—Bill.com doesn't keep pace with all the general ledger systems out there, in terms of integration, if they're not on QuickBooks."

The obvious strength [of Bill.com's software] is getting away from paper and to have the flexibility to [do payments] from anywhere. ... You can review invoices on a phone or a laptop. Nobody has to go to the office if there is a quarantine.

*Controller who specializes in working with nonprofits*

- “The number of checks that my [Bill.com] client uses to pay has continued to go down as more and more vendors sign up for electronic payments. They probably pay 80% by ACH and 20% by check, but Bill.com is cutting the checks. The client has credit cards, but it’s mostly used for when they’re out buying supplies, for example—not a [regular] vendor payment.”
- “I know Bill.com has Vendor Direct, and we do pay some clients that way. But I believe Bill.com automatically switches them over if they’re a Vendor Direct customer. I do see some [payments] going out on Vendor Direct. We didn’t sign up for it for incoming. For the outgoing, I see more and more vendors flipping over to the Vendor Direct.”
- “My clients are 100% domestic [so do not use Bill.com’s cross-border payments].”

#### Bill.com’s Acquisitions

- “I haven’t used Divvy. I’ve heard we have clients that use it for credit card expense management. I’ve been told Divvy is very good, and I know a couple of different associates have highly recommended it.”
- “We’ve talked about using Bill.com for invoicing, and I know they already do that, but we haven’t gone that route with the client yet.”
- “As far as anything missing [in Bill.com’s capabilities], having better integration with the general ledger would be great, but it works pretty well.”
- “We use [Bill.com] for document storage; and if it’s vendor-related, we’ll store the W-9s on there as well. So maybe 1099 reporting would be useful; they don’t currently do it now, to my knowledge. Also, there’s no report that will generate a list of payments based on whether or not they’re tagged as a 1099 recipient.”

#### Competitive Landscape

- “Because we’re a Bill.com partner, we heavily push Bill.com, and we’re able to pass on the full discount that Bill.com gives us. We don’t really recommend any others.”

## 7) Owner of a California bookkeeping business; repeat source

Bill.com is facing increased competition from Melio—which touts itself as a free alternative, although Bill.com is easier to use at the moment. This source has not been approached by Bill.com about adding Divvy or Invoice2Go, and she has no reason to switch from QuickBooks to Bill.com for invoicing. Bill.com’s strength is its mechanism for vendors to send bills directly into the system. It does have some user-interface problems that could be improved, and it is difficult to reach customer service.

#### Automating AP Operations

- “I’ve been using Bill.com for about two years total with different clients.”
- “I have only one client on Bill.com, but I have five clients on [QuickBooks Bill Pay](#) powered by Bill.com. It’s a light version of Bill.com.”
- “One of Bill.com’s strengths is that it has the mechanism for vendors to send their bills directly into the system. They give you a customized email, and they have OCR [optical character recognition] to fill in a lot of the fields. Also, they provide the ability to put in approval levels. For example, if a clerk without permission to pay them is inputting the bills, an approver can log in later and approve the bills, and even a third person can log in later and pay the bills. There’s a fraud prevention separation of duties.”
- “One thing I don’t like about Bill.com is that even when they have your bill and sync the bill into QuickBooks, they don’t send the PDF of the bill in the sync. You can see that a bill has been entered or synced in from Bill.com, but you can’t click on it to look at it. You have to log in to Bill.com to look at the bill. I would rather they attached the PDF of the bill to the transaction.”
- “Another thing that I don’t like is that if they pay 10 bills, and, let’s say, that adds up to \$10,000, they just take \$10,000 out of your bank account. They create a clearing account, and you have to go there to see that \$10,000 worth of bills got paid that is offset by the \$10,000 they took out of your checking account.”
- “I don’t like it because if one of the bill payments fails—let’s say because

One of Bill.com’s strengths is that it has the mechanism for vendors to send their bills directly into the system. They give you a customized email, and they have OCR [optical character recognition] to fill in a lot of the fields.

*Owner of a California bookkeeping business*



the vendor mistyped their bank account number or they were sending a check instead of an ACH and the check got lost in the mail—it's a big thing to get a failed bill payment sorted out when it's included in that big lump sum.”

- “The third thing that I don't like is their support. I find it hard to navigate to the screen to talk to a person. There's too much chat. I did reach a live person once, but I had to go through a lot of hoops first. Trying to get support for Bill Pay powered by Bill.com is even harder. You have to go to Intuit support and request that they transfer you to a Bill Pay technician, and some of them don't know it exists.”
- “The client who uses Bill.com pays all their vendors through Bill.com without exception. About 70% of overall bills get paid via Bill.com. For the rest, they have direct ACH or direct credit card payments. That client works with subcontractors, and the number of bills paid can vary month by month.”
- “The other clients using Bill Pay within QuickBooks have a steady number of transactions [each month], and they pay just about everything that way except for government payments like state and federal tax payments. We use paper checks for that, so we have our own paper trail.”
- “About 90% of vendors sign up for ACH, and the other 10% never get around to accepting the invitation, and Bill.com has to send a paper check to them. There are always a few vendors who can't be bothered to make the extra clicks and enter the routing number and the account number to get paid by ACH. Overall, [Bill.com] works pretty well.”
- “Some people say they don't want to hand out their bank account information. It's not necessarily more secure or confidential to do it by check. Even if you write a check to your hairdresser, your bank account and routing number are on the check you've written. I think most vendors sign up because they like having a direct deposit and not wait for a paper check and having to make a deposit.”
- “I do some cross-border payments but not in the full-blown Bill.com software. One client is using Bill Pay powered by Bill.com in QBO [QuickBooks Online], and we are sending international payments. It works well.”
- “QBO has a feature you can turn on: multicurrency. Once you turn it on, you can't turn it off. One client has a vendor in the U.K. and gets paid in GBP [pounds]. A lot of times, we don't know how much the bill is going to cost us because of the currency conversion. It depends on the day the transaction will go through, because currency fluctuates all the time.”

## Bill.com's Acquisitions

- “I've heard of Divvy, but I've never used it. [Bill.com] hasn't approached me about it.”
- “I didn't know Invoice2Go, either, before [its acquisition by Bill.com]. For invoicing, I use QuickBooks.”
- “Bill.com offers an accounts-receivable function, too. They'll collect your invoices. I don't have any clients using it.”
- “I don't see a need to use Bill.com's AR feature since QuickBooks already does it. ... I don't see any reason to hand over AR to Bill.com.”
- “The biggest pain point in my AP operations is getting vendors to submit their bills in a timely manner. Sometimes vendors, like a website builder, do work for you but then never submit their bills because they are too busy. The client using Bill.com works with different consultants on different projects. They have to get the hours from the consultants and put that together with their own hours so they can bill their client. If the consultant is late sending in their bill, we don't know how many hours they worked, and then we don't know how much to bill the client.”
- “Also, sometimes a vendor who works on more than one project doesn't say which project the hours are for. Sometimes people just don't know how to create an invoice.”
- “The biggest obstacle around automating AP and AR in small businesses is vendor sloppiness. It is things like getting the bill in the right format. Sometimes a bill comes in a Word document, and that's not secure because it's so easy to change anything on it. I like to have the bill in PDF format so I can attach it to the QuickBooks transaction. Since Bill.com doesn't do that, I do it manually after it syncs the bill over to QuickBooks. Sometimes people send a bill with no invoice number or a duplicate invoice number. It's a time suck.”

## Competitive Landscape

- “Bill.com's main competition is Melio. They are trying to take over the space. QuickBooks offers Melio in-app as an alternative to Bill Pay powered by Bill.com. They have [Bill Pay powered by Melio](#). Melio is trying to do all the same things as Bill.com, and they are growing. Melio doesn't charge a fee. Bill.com charges something like 95 cents for ACH and around \$1.15 for checks.”

**Bill.com's main competition is Melio. They are trying to take over the space. QuickBooks offers Melio in-app as an alternative to Bill Pay powered by Bill.com. ... Melio is trying to do all the same things as Bill.com, and they are growing.**

*Owner of a California bookkeeping business*

- “The problem I had with Melio when I last used it about eight months ago was that if I entered eight bills, and I wanted to pay all eight of them, they didn’t have a screen where I could see all eight bills and check them all off. You had to pay one bill at a time and reopen the screen to pay the next bill and so on and so forth. They said they would have a feature for that soon. Originally, they had designed themselves to be for the really small customer working out of home who needed to get the bills paid.”
- “[Melio] is saying they are free, so why pay for Bill.com? But I think the reason they are free is because they take one or two days longer than Bill.com with the customer’s money.”
- “I’ve heard of Brex but haven’t see a demo.”
- “Expensify is offering a free credit card, too.”

## 8) Catherine Frasier, founder of [Clarus CPA](#)

Clarus uses both Bill.com and Melio for small-business clients and likes both products. Bill.com is ideal for companies that need bills separated into multiple categories in the general ledger. It more than pays for itself in time savings. Melio is good for clients with many small transactions that would otherwise incur fees. Melio also has a more user-friendly onboarding and setup than Bill.com. Clarus is evaluating Divvy after being made aware of the product by Bill.com and is very interested in comparing spend management products.

### Automating AP Operations

- “I’ve used Bill.com for about six years. I like the product a lot. My clients are smaller, under \$10 million [in annual revenue].”
- “In my firm, there’s a handful of clients—less than 10—using Bill.com. I also do support with outsourced business process groups, so collectively, I probably have over 50 [clients using Bill.com].”
- “I just did [Bill.com’s] certification, and so I am [an official partner].”
- “I work in ecommerce and also in project accounting, where there’s a lot of heavy costing and a lot of vendor activity.”
- “I have clients that need to have their bills separated into multiple categories in the general ledger, so they might have things coded to multiple different assets and supplies. Bill.com allows that, so you can go deeper on the accounting piece.”
- “Overall, Bill.com replaces the SMB’s most laborious, tedious accounting tasks with a streamlined and cloud-based workflow. And it’s sort of a door opener for a lot of these businesses to suddenly realize the value of that, of moving fully to the cloud something that’s integrated with the accounting system.”
- “I use QuickBooks Online, and the integration is key. My goal is zero data entry. I haven’t gotten there, but anything that moves me closer [is key].”
- “Some people say that Bill.com is expensive, but I think it pays for itself so many times over in one month just in the time savings. [In the past], I would go to a client’s office and print checks; they’d have to sign them, and we’d have to record when we paid them and the check number. There are estimates that it saves 50% of the processing time. I think it’s more like 80%.”
- “A big change [I’ve noticed] with Bill.com this year is that I feel like they are reforging their relationship and connection to accountants. I feel like that partnership with accounting firms is key [to their continued success] because we have multiple clients.”
- “I also feel like their AI has improved tremendously. It’s faster, it’s more accurate, and that’s really valuable.”
- “I think security is a huge issue with all small businesses, and check fraud is a huge problem. One of the things that I like about Bill.com, for people that do choose to use their paper checks, [is] it’s not the small business’s routing number that gets used but [rather] Bill.com’s. And digital payments are more secure.”
- “Some of my clients have used Vendor Direct, but only some of my clients’ vendors are signed up for it, and it’s a very small percentage.”
- “I do have some clients doing cross-border payments. I know that Bill.com doesn’t charge for the international wire fee, where Melio does. I just noticed they’re going to charge \$20.”

**Some people say that Bill.com is expensive, but I think it pays for itself so many times over in one month just in the time savings.**

*Catherine Frasier, founder of Clarus CPA*

## Bill.com's Acquisitions

- "I'm not using Divvy yet, but I just started looking at it [after being made aware of it by Bill.com]. They're reaching out to the accounting firms, and I'm sure they're reaching out directly to [customers]."
- "I'm comparing [Divvy] to Ramp [and others]. I haven't made a decision, but I'm interested in the spend management [products] and how all the competitors are stacking up against each other."
- "Corporate cards in general can be a pain, so I'm curious about Divvy and especially its deep integration with QuickBooks, which is my understanding."
- "Right now, my understanding is that Divvy and Bill.com aren't going to be [integrated] together but that they'll be separate [products]. Whether they move that into some sort of global dashboard or not, I guess time will tell."
- "I think [Divvy] is interesting. I like the idea of the reimbursements and the spend management and just all the flexibility, but I haven't looked into the competitors enough to compare yet."

## Competitive Landscape

- "I use Melio as well as Bill.com. They're both great products. Melio is adding features quickly. For example, they just announced international payments."
- "There are some great uses for Melio. It's really about knowing the features and knowing what's going to work for particular clients."
- "Melio is free and also has a good, easy interface. I think the setup is easier [than Bill.com]."
- "Melio's [free] price point helps a lot of small businesses, especially if they have a lot of small transactions. If they're paying a fee for each one, Melio [can be a great solution]. But for me, I have to be able to use a tool efficiently, or I have to charge more. So there's that cost. [A free solution] could end up with costs somewhere else."
- "I haven't seen any competing products that also offer the dashboard [that Bill.com has], where you can get a really good view of all your vendors, which is really important."
- "I'm curious to see what [Bill.com's] competitors [like Melio] will do—if they plan to stay really small and streamlined or if they will have more robust visibility for accountants."

## 9) Owner of a bookkeeping firm for small and medium-size clients

Bill.com has improved its end-user experience and tech support in recent years. Less-expensive options are available, but Bill.com works well, offering strong control and audit functions. Most small vendors do not want to be paid by credit card, so there is little use of Bill.com's Vendor Direct virtual card system.

### Automating AP Operations

- "I started the firm in 2014, and we do outsourced virtual bookkeeping nationwide. We have about 70 clients, from small business to larger nonprofits, one of which receives \$10 million in federal money a year."
- "[Outsourced accounting] is a crowded space. The tech suite that you choose to lay out for your client is a big deal, and as an accountant these days, you tend to be IT and tech support, too."
- "Aside from personnel, my biggest expense is software. My monthly QuickBooks expense is close to \$3,000 for our clients, and that's just the accounting software—without Bill.com or anything else."
- "I've used Bill.com since I started the business. They revamped their end-user experience a couple of years ago, and they did a really great job. They've also improved their tech support, which used to be pretty bad."
- "We have several clients on Bill.com. They may not be the most affordable [option], but they're the one we know the best right now, where we can do the AP for the company. And we can do the invoicing, to where it goes down the chain of internal controls over who reviews and approves and who pays. It's really nice to be able to have the separation of duties in a virtual capacity and having the reporting piece of it as well. It's made sense for some of our larger clients."
- "I do like the dashboard, where you can see in a snapshot what the status of your accounts payable are and who or where the holdups might be."

The thing Bill.com does not have but should have ... is the book balance, ... what checks you've already written, what's outstanding, and what's coming due in the next few weeks versus the cash in the bank right now.

*Owner of a bookkeeping firm for small and medium-size clients*

- “The thing Bill.com does not have but should have—unless they’ve done it recently—is the book and bank balance. When you’re paying out—say you’ve got \$50,000 of checks to pay out, you want to know if you’ve got enough cash in the bank. So it’s the bank balance versus the book balance—what checks you’ve already written, what’s outstanding, and what’s coming due in the next few weeks versus the cash in the bank right now. I haven’t heard that they’ve fixed that. Melio has it in their system.”
- “Bill.com has a ‘light’ version [through QuickBooks], and Bill.com has come to me wanting me to pay for a separate console and put new clients on it. But why would I pay for two consoles?”
- “None of our clients currently use competing software to Bill.com because they take our recommendations. We’re not a Bill.com partner because I don’t want any payment for recommending software. I like to be transparent about that.”
- “I have a console that enables our clients to get charged directly through Bill.com. I don’t know if they get a discount. Currently they are being charged \$40.50 as a base monthly fee for the software, plus \$15 for each user. And then a certain dollar amount per transaction—if they mail out a check or send an ACH or if there’s a wire, etc.”
- “Bill.com customers, for our larger clients, I would send between 80% and 85% of their purchases through there, just because of the operational controls. They have an audit they have to go through every year for the organization to be an ongoing charity but also for the federal funding. So they keep a lot of their transactions in Bill.com to have the audit trail of the internal control process.”
- “[The split of payments] depends on who you’re paying. If you’re paying an independent contractor who is not making a lot of money, and they don’t want to be paying credit card fees, Bill.com might be very attractive because you can pay them electronically at a cost of 50 cents; and it doesn’t cost the contractor anything, and they get paid in two days.”
- “But if you’re dealing with Microsoft Office users, [Microsoft] is not going to send you a bill; they’re going to want a credit card. So [the split] depends on the makeup of expenditures in the business.”
- “Our customers tend to work very digitally, so if they need something like a check system, they end up in Bill.com. A lot of our clients are younger women, and I don’t even know if they have a checkbook. Some of them will use Venmo, which is obnoxious for me. And I try to explain why they shouldn’t use it, which is tricky because we deal a lot with artists and people in the creative community.”
- “Physical check-writing is probably less than 3% of transactions for less than a handful of my clients.”
- “I don’t use Vendor Direct. I can’t imagine that any reputable contractor or vendor would appreciate being paid on a credit card.”
- “Anything that can be automated is awesome. The problem with automation is you have to figure out whether the cost of the automation makes sense. Sometimes it’s great, but in a lot of cases, it’s not worth the price.”
- “Having more automation is key, but it’s also transfer of knowledge. For example, if we’re doing accounts payable for our big nonprofit and we get an invoice, we have to know not only what they paid the invoice for but also which program this goes through and which program director has to approve it. The transfer of knowledge is a challenge for us but also cost-effective versus streamlined automation. These are the areas we spend a lot of time on with clients.”

#### **Bill.com’s Acquisitions**

- “I haven’t done anything with Divvy.”

#### **Competitive Landscape**

- Did not discuss.

## 2) Bill.com Customers

Both sources in this silo are satisfied users of Bill.com's payment software. One said he would like to see better customer support, and the other hopes for better integration with his NetSuite software. Both sources suggested Bill.com can get traction cross-selling Divvy to its customers. One started using Divvy as a direct result of the acquisition, and the other said he will reevaluate his decision to use a Divvy competitor once Divvy is fully integrated into Bill.com. Both said having multiple functions in a single finance platform has key advantages. Neither has any interest in Bill.com competitors. One said he is interested in using Brex's credit card platform to get better payment terms.

### Key Silo Findings

#### Automating AP Operations

- 2 of 2 said they are satisfied with Bill.com's core payments platform.
- 1 said customer support could be better, and he would be willing to pay extra to get live support.
- 1 said some important gaps exist in the integration between Bill.com and NetSuite.
- 1 said he does not use Bill.com's Vendor Direct.

#### Bill.com's Acquisitions

- 1 said he was unsure whether Divvy was the right product for him but was convinced to try it after Bill.com acquired it.
  - o Divvy's controls, monitoring, and alerts are great.
- 1 said he started using a Divvy competitor just before the acquisition but would have waited if he'd known Divvy was about to become part of Bill.com.
  - o He is happy with the competing platform but will reevaluate once Bill.com's integration of Divvy is complete.
- 2 said their preference is to have multiple functions within a single platform, rather than use individual products.
- 1 said he is unlikely to use Invoice2Go as he is happy with the invoicing features in NetSuite.

#### Competitive Landscape

- 2 said they have no intention of switching from Bill.com to a competitor.
- 1 said he is likely to add a Brex credit card to increase payment times to help bridge short-term cash problems.

## 1) Operations director for a sports club; repeat source

This longtime user of Bill.com's payment software recently added Divvy after Bill.com's acquisition. Divvy's digital credit cards for employees are great because they are easy to control and monitor. Bill.com's expansion with acquisitions such as Divvy and Invoice2Go is smart because using a single platform for multiple financial tasks will appeal to small businesses. Bill.com's core payment software has become even more reliable over time, though customer support is a problem because it is impossible to speak with a live person for technical problems.

#### Automating AP Operations

- "Bill.com is extremely reliable. It already was very reliable, but now [since a year ago], I don't have any issues with it at all."
- "The weakness continues to be that you can't get a live person on the phone when you need help with a technical issue. There's an email option, but the lag time to get a response is too great. I end up using chat. I have to say that the chat is pretty fast. There are never more than five people in the queue, and they keep you informed about when it's your turn."
- "Still, I would be willing to pay to talk to someone—let's say X amount of dollars for five calls a year. I think it's something they should consider because of the complexity of some of the issues."
- "We probably do about 90% ACH payments. Ten percent [of our payments] are paper checks. We don't pay anyone with credit cards. All our payables go through Bill.com."
- "We don't use Vendor Direct. I started using Bill.com before the option was available, and I've continued it this way because it was reliable, and I never had an issue."
- "I set up bills in QuickBooks and then sync them over in Bill.com and process the payment there."



## Bill.com's Acquisitions

- “We are now using Divvy. I had looked at it about 1½ to two years ago, but I wasn’t sure if it was going to work for us. When I saw the Bill.com Divvy [acquisition] announcement, I realized it was an opportunity for us to start using Divvy. We jumped right in after a little beta testing.”
- “I love [Divvy]. I love the fact that there’s the option to set up a digital card for employees and that if anything happens, you can turn it off immediately without having to get on the phone with anyone. You can assign spending limits on each card so you have absolute control. You get real-time notifications about what’s going on. You can alert someone immediately or ask questions if a transaction doesn’t look right. It syncs with QuickBooks. It syncs the invoices. It really works very well.”
- “As soon as you hit your credit limit, you can pay it off immediately, or you can tell them when you want them to sweep your bank account. The only drawback is that there’s a waiting period between the day you make the payment, the day they sweep your account, and the day it’s physically posted in your Divvy account. That adds up to about five days from start to finish. After six or 12 months, it becomes almost instant.”
- “We’ve been with Bill.com for years. About five years ago, we had already processed about \$8 million worth of payments through Bill.com. I asked Divvy to talk with Bill.com, who could vouch for us that we had never had an issue with our account, and to remove the waiting period. The answer was no.”
- “Even though they’ve been acquired by Bill.com, they are still operating as an independent company. It would be helpful that now that Bill.com owns Divvy that those customers and clients who have been with Bill.com for years and who have passed Bill.com’s risk assessment would have that waiting period reduced or removed altogether.”
- “Bill.com hasn’t [told us] when they will have Divvy better integrated.”
- “I’m a firm believer that if you can find one company that provides a good solution, it’s easier to deal with one company when you want to expand the solution than with three or four different companies for different things.”
- “I’ve read about the Invoice2Go acquisition, and it’s a good idea, but we don’t use them.”
- “Since we moved to Bill.com, there are no pain points in our AP operations. The U.S. Postal Service now takes a lot longer and is less reliable, so it’s one of the main reasons that I like to use ACH [rather than mailing checks]. Since I’ve been using Bill.com, I haven’t had any issues.”
- “With Bill.com, there are no obstacles to automating AP and AR in small businesses.”
- “Their acquisitions will definitely propel them to a new level. The integration of Divvy and the virtual credit card payment option is a great solution for Bill.com. I think Divvy was an awesome purchase.”

I love [Divvy]. I love the fact that there’s the option to set up a digital card for employees and that if anything happens, you can turn it off immediately without having to get on the phone with anyone. You can assign spending limits on each card so you have absolute control. ... It really works very well.

*Operations director for a sports club;  
repeat source*

## Competitive Landscape

- “Bill.com works so well that I have not looked at their competitors at all. Once you find somebody that provides a good, solid solution that’s reliable and works, why change? However great someone else may be, there’s that initial window of uncertainty.”

Nov. 19, 2020, summary: Bill.com’s addressable market can range from a two-person operation to large companies. The software can simplify the payment process for both small businesses and their vendors. Bill.com can also be useful for larger businesses because it integrates with major accounting platforms like QuickBooks, Oracle, and Sage Intacct. Bill.com was especially well-positioned at the time COVID-19 hit because it allowed people to make payments from home. This source’s organization uses Bill.com for 90% of its payments. Its vendors are individuals getting reimbursements, so a virtual credit card payment system would not work. Instant transfer might be a growth opportunity for Bill.com because there are people who need to receive payments faster because of cash flow problems.

## 2) Jurie Victor, director of finance and accounting, [Spikeball](#); repeat source

Bill.com can reach a new level of success as long as it continues to bring the unique qualities of its core platform to customers even as it pursues its acquisition and integration strategy. Bill.com's integration with NetSuite needs improvement. Two months before Bill.com acquired Divvy, Victor signed up for another expense management platform—[TripActions](#), which he is satisfied with. He would have waited had he known about the acquisition because he would prefer having one platform. Once Bill.com integrates Divvy, Victor will evaluate whether it is worth switching. Price, ease of use, quality of integration, and the number of hours that can be saved by the combined platform will be the key criteria.

### Automating AP Operations

- “Last year, we were in the process of implementing NetSuite and integrating Bill.com with it. Since then, we've discovered that there is definitely room for improvement. I've talked to [Bill.com] about this. There are certain things that are low-hanging fruit that could make the product much better than now.”
- “The issue is that we've designed our reporting structure with NetSuite so that we have two custom fields that drive our entire financial model. However, Bill.com doesn't have those custom fields built in. Our financial reporting and expense allocation for determining the profitability of a channel is entirely driven by these two custom fields.”
- “Now, we are entering thousands of bills, but we can't allocate them to the cost center or the revenue stream that it is applicable to in order for us to hit the expense accounts in a P&L in the way that we want to. It leaves something on the table. We have to go in at a different time and export a list of all the bills and manually add our channels and our regions to the bills and upload them again to be able to manually allocate the expenses to the appropriate account.”
- “This really matters now that we want to do these things in this way. In the old system, it didn't matter.”
- “Bill.com has told me that they just didn't think about this. They have said they will try to design a fix, but I haven't received an update yet.”

### Bill.com's Acquisitions

- “I was surprised by the Divvy acquisition. I started using another expense management platform, [TripActions](#), just two months before Bill.com acquired Divvy. I wish I had known that the acquisition was coming, and I would have waited for the product to be live. Bill.com has said, however, they need about a year or so to really streamline it and make it more perfect.”
- “It seems to me that Divvy and TripActions are very much similar. I like TripActions.”
- “As far as moving [to Divvy], I will consider anything if the price, the ease of use, and the integration make sense. In the end, I'm not married to any platform. Our team loves TripActions because it's awesome. It saves me 20 hours a month. It would take a lot for me to change over; but if all those things are integrated, and Divvy does the same and in addition it does what TripActions doesn't have yet, I'll definitely consider it.”
- “Overall, I would rather have one solution that solves many problems than many problems with many different solutions. The one solution should at least be able to solve the different problems with 90%-plus efficiency. If Divvy is not that great, I won't switch. If Divvy does better than TripActions, I will definitely consider it because it would be all in one system.”
- “Bill.com's acquisition of Invoice2Go shows that they are trying to span into the AR market. I don't think we will ever use Bill.com as an AR solution. NetSuite has a good system that is native—[SuiteCommerce Advanced](#). It's a nice platform for invoicing and collecting payments.”
- “I don't know that much about Invoice2Go. I think they will need a year or two to make Invoice2Go fit into the Bill.com mold for it to become a viable option for me. If Invoice2Go works really well like Bill.com, I will move more things into one platform, as long as it gets the job done well.”
- “Bill.com needs to maintain a balance. Their strategy with buying companies is to capture market share. With Invoice2Go, they want to capture share in AR. With Divvy, they want to capture expense management share. They are broadening out to become a multifunctional system that becomes a one-stop shop for anything. You wouldn't need Expensify or anything else. Bill.com would have everything.”

**I would rather have one solution that solves many problems than many problems with many different solutions.**

*Jurie Victor, director of finance and accounting, Spikeball*

- “Strategically, it makes a lot of sense. However, they will have to keep in mind—and I’m sure they are doing it—that if the quality of the new products is not up to the standard that people are used to from Bill.com, it is going to hurt them. I would rather have three solutions in one system than three separate solutions. But those three solutions have to be as good as the original one ever was, if not better. They can’t expand and forget about the quality part. I think 100% that they can do it.”

## Competitive Landscape

- “Bill.com is great, and I will stay with Bill.com unless something else comes along that is the best thing since sliced bread. I would only change to something that truly moves the needle.”
- “Out of curiosity, I scheduled a demo from Tipalti. I heard so much about them, and I was curious. It just ended up not being what I thought it would be.”
- “As a finance leader, I do want to see what’s out there. I will always take calls and schedule demos and learn about what someone else has to offer, even if it doesn’t mean that I want to switch. If switching makes you automate and cut at least 10 to 15 hours a month, it would be worth considering moving over.”
- “I had a call with Brex last week. Their terms and their limits are very aggressive. I’m somewhat cautious, but it looks good and functional. These days that people are experiencing challenges with the supply chain, they are a good option to help people bridge short-term cash issues.”
- “We are looking to arbitrage the credit card cost to process a payment at 2.5% against early payment discounts and what we will be charged on a line of credit, if that is the source of funding. We want to see what kind of strategic things we can do with Brex or [Parker](#). I’m probably going to sign up for one of them. You can pay with a credit card on Bill.com, and I most likely will add the Brex credit card. We have an Amex account, but Amex is not accepted in Bill.com for payment.”
- “Anyone who can kick out payment terms by 30 or 60 days will try to do that. With Brex, we can get up to 60 days.”

Nov. 19, 2020, summary: Bill.com can add value for any company with accounts payable (AP), no matter the size. The software is reasonably priced and can easily save a company from having to hire a dedicated accounts-payable staffer. One of Bill.com’s greatest opportunities for growth is through referrals from customers. Bill.com’s effort to shift payments to its own credit cards is interesting, but customers may hesitate because of wanting to use their own cards. Bill.com shifting international payments to local currencies will be welcome, as the company will likely offer better exchange rates than banks.

## 3) Vendors

Invoice2Go is a great app for sending professional-looking invoices, making it easy for customers to pay, and tracking incoming payments, according to the one source in this silo. Receiving credit card payments through the app is convenient, even if there is a fee, because payment is quicker. The source was happy to see Bill.com acquire Invoice2Go and hopes Bill.com will bring even better technology and customer service.

### Key Silo Findings

#### Automating AP Operations

- Did not discuss.

#### Bill.com’s Acquisitions

- 1 of 1 said Invoice2Go is a good solution for his small business.
- 1 said Invoice2Go offers a convenient way to send invoices and track payments.
- 1 said he used to type invoices manually before he started to use Invoice2Go.
- 1 said Invoice2Go costs about \$100 per year for a set number of invoices, with options to upgrade.
- 1 said he hopes Bill.com’s acquisition will bring further improvements to Invoice2Go.

#### Competitive Landscape

- Did not discuss.

## 1) Matt Cameron, owner of [Cameron Photography](#)

### Automating AP Operations

- Did not discuss.

### Bill.com's Acquisitions

- "I started using Invoice2Go to find a way to keep track of the money coming in. I also needed to be able to bill customers remotely without having a physical meeting or making them go to a mailbox. It was a really good solution for both of those things."
- "One of the strengths is that it notifies me when things are paid. Also, the invoices I send to customers look professional. They give the customer all the information they need so they can pay with their card or mail me a check or just contact me. The information is all on there."
- "I also really like the reports feature. It allows me to keep track of all that's been billed and paid. I can see month to month how I'm doing. Actually, it allows me to set goals of doing better each month."
- "I really like the reviews feature. I have 100 reviews on there. I wish, though, it was possible to see them publicly through a web search, like on Google."
- "Invoice2Go was the first invoicing app I downloaded. Before Invoice2Go, I used to type things up manually."
- "I've been using Invoice2Go for about five years for this business, but I had been using it for a couple of years before when I had other businesses."
- "Invoice2Go is really seamless. People can pay with their credit card, ACH, or PayPal. When they get the invoice, the customer can use a little toggle switch to pay however they want. It also gives the option of saving your card information."
- "Most people pay with their card. There is a fee, but I like it that it's quicker. When people pay through the app, it gets marked as paid automatically right away."
- "There's a yearly fee of about \$100 for something like 100 invoices, and if you have more than that, you can upgrade to the next plan. I had to upgrade this year because I had more invoices."
- "I was excited to hear about the acquisition [by Bill.com], that they are merging with a bigger and more widely known company. I expect they will have greater technology available and greater customer support—not that Invoice2Go is lacking in that area."
- "At the same time, I like to keep the invoicing simple."

### Competitive Landscape

- Did not discuss.

I started using Invoice2Go to find a way to keep track of the money coming in. I also needed to be able to bill customers remotely. ... It was a really good solution to both of those things.

*Matt Cameron, owner of Cameron Photography*

## Secondary Sources

These two secondary sources focused on recent developments in digital payments and credit cards. Mastercard Inc. (MA) told investors that it is making a concerted effort to get a bigger piece of the bill payment business. Meanwhile, Divvy competitor Airbase has taken the aggressive step of offering a free tier of its service.

### Nov. 11 Payments Dive [article](#):

Mastercard is trying to expand its reach in payment flows, a market it estimates at five times the size of its core business. That market includes the business-to-business accounts-payable segment, where Bill.com has made its name.

- "Mastercard outlined ambitious growth targets for its payments business at a [presentation for investors](#) and Wall Street analysts on Wednesday."

- “Mastercard expects its core card business to grow annually at about 9% during the next few years. It estimates the card market at a size of about \$45 trillion while the total addressable market for payment flows is more than five times the size, roughly \$255 trillion, the company said.”
- “The payments giant is targeting disbursements and remittances, business-to-business accounts payable and consumer bill payments, which the company expects to grow at double-digit percentage rates.”
- “According to the company, Mastercard can address \$80 trillion of the potential market with offered or under development services.”
- “We’re thoughtfully, systematically, and pragmatically going after these new payment flows with a four-step approach, establishing reach across relevant rails and accounts and simplifying access through a single connection to Mastercard,” Chief Product Officer Craig Vosburg said during the event.”
- “For instance, disbursements and remittances represent a \$32 trillion opportunity for the company’s Mastercard remittance and cross-border services, which reach more than 90 percent of the world’s population. The company is also expanding into health care, [gambling](#), business-to-business and crypto wallet ‘cash outs.’”

## Nov. 9 Tech Crunch [article](#):

Airbase—which competes with Divvy, Brex, Ramp, and others in corporate card offerings and expense management software—may be shaking up the industry by offering a free tier of its service and returning transaction revenue to customers.

- “This morning Airbase, one of the North American startups competing in the corporate card and expense software space, announced that it will offer a free tier of its service, and that it will return most of its transaction revenues to customers via a new set of cash-back rates on its pre-funded and charge cards.”
- “Airbase users that use pre-funded Airbase cards at their company will receive 2.25% cash back, while those using charge cards will receive 1.75%, the difference due to the capital cost of offering credit.”
- “The corporate spend market has grown quickly, leading to ample venture capital and customer interest.”
- “Broadly, there have been two models in play: Free services, and those that charge. Ramp, Divvy and Brex historically offered their services for free, making money instead via interchange, or transaction revenues. Airbase took a different tack, charging for its expense and spend management software, making it more like a traditional SaaS company.”
- “Over time, the two models have blurred, with Brex offering paid software and, starting today, Airbase offering a free version of its product for smaller customers. Airbase’s aggressive posture is notable for its now offering a no-cost version of its software and opening its veins by giving even free customers its interchange incomes as cash back. The company is effectively repricing free corporate spend products lower by not keeping a good-sized chunk of interchange revenues for itself.”
- “More simply, Airbase is working to eliminate the margin its competitors earn by giving it back to customers, betting that its customers’ graduation rate from its free service to its paid tier will make up for what it is giving away.”
- “This could put Ramp and Brex in a modest pickle—their cost advantage is under attack by a historically more expensive competitor that is now offering its free customers all the interchange revenue that the competing two startups have long lived off.”
- “The Amazon riff about margins and opportunities comes to mind here.”
- “Not that TechCrunch expects Ramp or Brex to take this Airbase move lying down. They will not. Each has oceans of capital as well as venture backers that have shown a sharp willingness to provide them with more financial firepower. But it matters that Airbase is scorched-earthing interchange revenues by giving the money back to end-users. It makes it cheaper—to the point of negative cost—to use modern corporate spend services. That should help with customer acquisition.”

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Additional research by Eva Cahen and Emily Carr.

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# Bill.com Holdings Inc.

and were entitled to provide such information to Blueshift without breaching a duty to another party. The data in this report has undergone review from Blueshift Research's Compliance Officer and has been approved for distribution to Blueshift Research's clients.

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