

B2B marketplaces – opportunities, challenges, and the intersection with alternative payment systems

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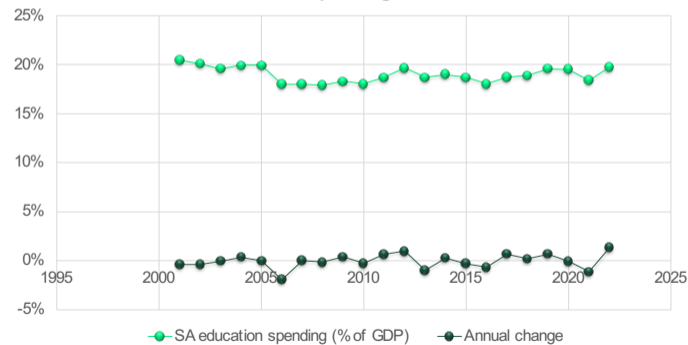
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The future requires HE institutions to do more with less ...



- Lower economic growth means a **shrinking fiscus**
- Yet the National Development Plan requires **increasing HE enrolment levels annually from 950 000 in 2010 to 1.6 million by 2030**
- State contributions haven't changed much since 2001 (below), so institutions need to find **ways to increase enrolment while managing their direct and indirect spend**
- The procurement of goods and services via **supply chain management is increasingly vital in achieving this mandate**
- HE institutions need to comply with policies, while being **effective, efficient and driving value for money**.

Government spending on education



Sources:

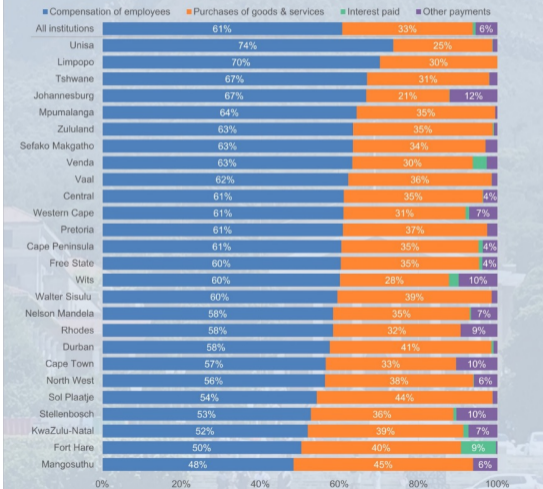
- PWC, Supply Chain Management in the Higher Education sector. [Supply Chain Management in the Higher Education sector \(pwc.co.za\)](https://www.pwc.co.za)
- Macrotrends: [South Africa Education Spending 2001-2023 | MacroTrends](https://www.macrotrends.net)
- Stats SA Financial statistics of higher education institutions, 2020

Currently most costs are fixed, leaving little headroom for efficiency gains ...



Salaries took up 61% of total higher education spending in 2018

Breakdown of total expenditure for all 26 higher education institutions



On average, **33%** of HE institutions total expenditure in 2018 went towards purchasing goods and services












Source: Financial statistics of higher education institutions 2018 (Tertiary education's salary bill). Statistics South Africa (statssa.gov.za)

Source: Financial statistics of higher education institutions, 2018

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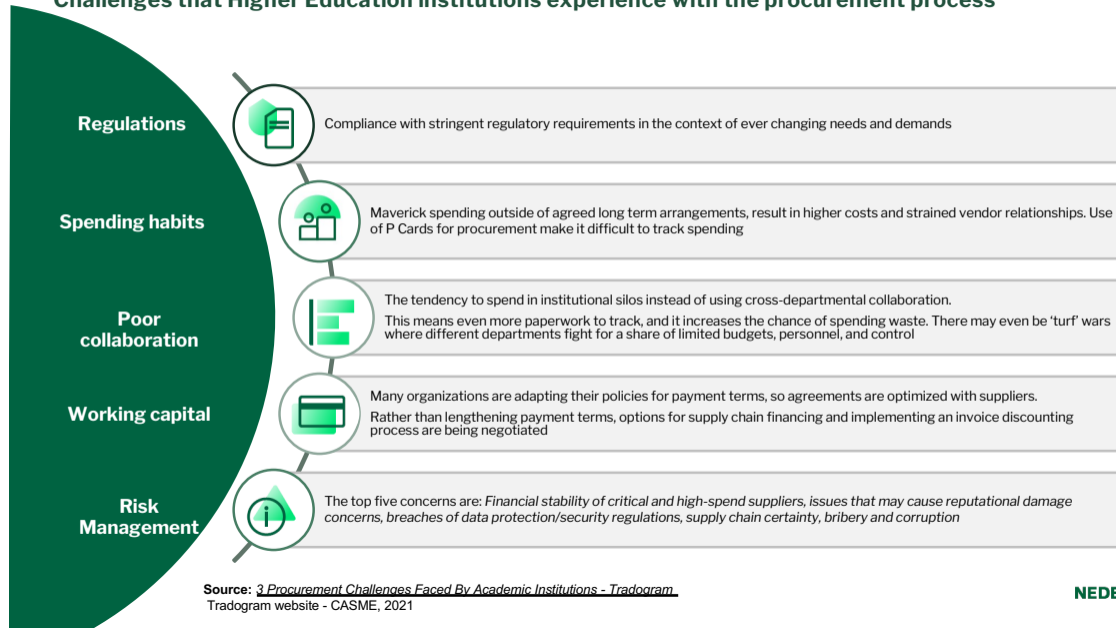
What could aggregation look like given the same demand for goods and services?



 Compensation of employees	 Stationery, printing & office supplies	 Research
 Academic and public service programs	 Operations, maintenance and repair	 Food services
 Bookstore management and books	 Student housing	 Furniture
 Medical supplies	 Science and other equipment	 Building construction

Source: BusinessTech & StatsSA, 2022
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Challenges that Higher Education institutions experience with the procurement process



Source: [3 Procurement Challenges Faced By Academic Institutions - Tradogram](#)
Tradogram website - CASME, 2021

B2B Marketplaces provide no limits in terms of what HE institution can use them for ...



HE institutions can source products and services via online marketplaces **globally**, to cater for their various needs e.g.:

Course Materials and Textbooks	EdTech Solutions	Facilities and Infrastructure	Professional Development and Training	Student Services	Financial Services	E-learning Platforms	Data Analytics and Reporting
<ul style="list-style-type: none">• Connect with publishers, content providers, and textbook suppliers	<ul style="list-style-type: none">• Discover and acquire software, learning management systems, virtual labs, and other solutions to enhance the learning experience	<ul style="list-style-type: none">• Connect with contractors, architects, and suppliers for construction, repair and maintenance needs	<ul style="list-style-type: none">• Marketplaces may offer a range of faculty and staff training and development programs	<ul style="list-style-type: none">• Access service providers for student housing, transportation, food services, and counselling	<ul style="list-style-type: none">• Source assistance with financial management, accounting services, and banking solutions.• Some B2B marketplaces have in-built working capital solutions	<ul style="list-style-type: none">• Connect with providers of e-learning platforms and software online	<ul style="list-style-type: none">• Find analytics and reporting software vendors who can help track student performance and institutional effectiveness etc.

And many more...

e.g. for help with student recruitment and marketing, healthcare services, compliance and regulatory support, and cybersecurity solutions.

Sources: Fauska, P., Kryvinska, N. and Strauss, C., 2021.. B2B Opportunities and the benefits for B2B Marketplaces in the Higher Education space for buyers and sellers

International Journal of Services, Economics and Management, 5(1-2), pp.41-71.

Leroux, N., Wortman Jr, M.S. and Mathias, E.D., 2001. Dominant factors and prevalent trends impacting the development of business-to-business (B2B) e-commerce in the Higher Education space. *The International Food and Agribusiness Management Review*, 4(2), pp.205-218.

There's growth in HE specific marketplaces, globally

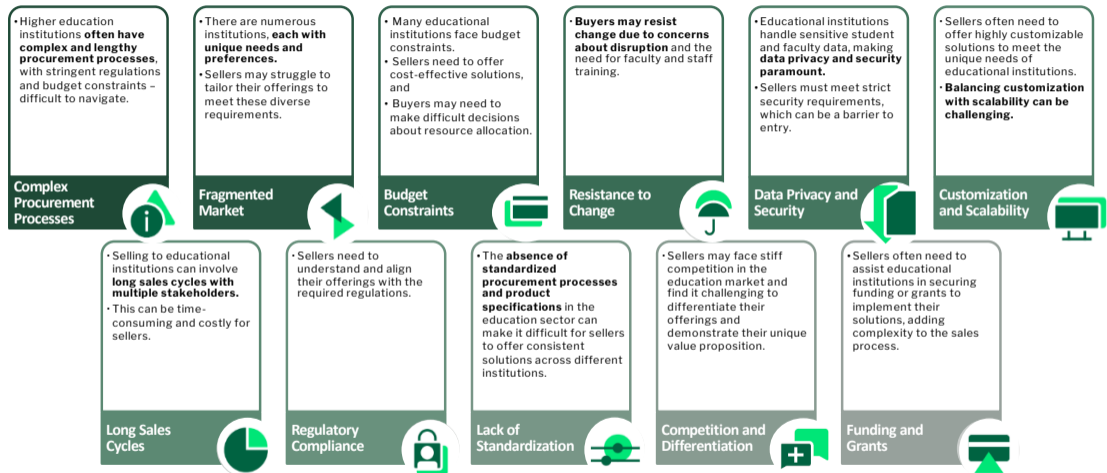


Marketplaces such as the following facilitate transactions between buyers and sellers in the education space in America and other countries as an example.

- It's important to assess specific needs and requirements and choose platforms that align with your goals for procurement, collaboration, and technology integration.
- The availability and suitability of these platforms vary by region and institution type, so research and evaluate options carefully.

	E&I Cooperative Services - USA	Noodle Markets	Unimarket: - USA, Australia & NZ	EduTender	The Chronicle of Higher Education Marketplace - USA	NACUBO SmartSource - USA, Mexico & Canada
Context	<p>Not-for-profit buying cooperative.</p> <p>A marketplace where colleges and universities can purchase a wide range of products and services, including office supplies, furniture, technology, and more, at discounted rates.</p>	<p>Procurement platform designed for K-12 and higher education institutions.</p> <p>Education institutions can find and purchase goods and services from a variety of suppliers, streamlining the procurement process.</p>	<p>Unimarket offers a procurement and spend management platform designed for colleges and universities.</p> <p>It enables institutions to connect with suppliers and manage their procurement processes efficiently.</p>	<p>EduTender simplifies the procurement process for schools and colleges.</p> <p>It connects educational institutions with service providers in various categories, including facility management, transportation, catering, and more.</p>	<p>This online marketplace is associated with The Chronicle of Higher Education.</p> <p>It offers a platform for colleges and universities to discover and purchase products and services relevant to the education sector.</p>	<p>The National Association of College and University Business Officers (NACUBO) offers SmartSource, a procurement program for higher education institutions.</p> <p>It provides access to discounted contracts for various products and services.</p>
Features	<ul style="list-style-type: none"> • In-platform Strategic Spend Assessments • eProcurement Solutions • Emergency Preparedness, linking the institution to suppliers of repair services. 	<ul style="list-style-type: none"> • In-platform integrated catalogue • Search function • PO management & approvals • In-platform requisition • Supplier invoice management • Multiple payment methods 	<ul style="list-style-type: none"> • In-platform integrated catalogue • Search function • PO management & approvals • In-platform requisition • Supplier invoice management • Multiple payment methods 			

Challenges with using a B2B marketplace ...

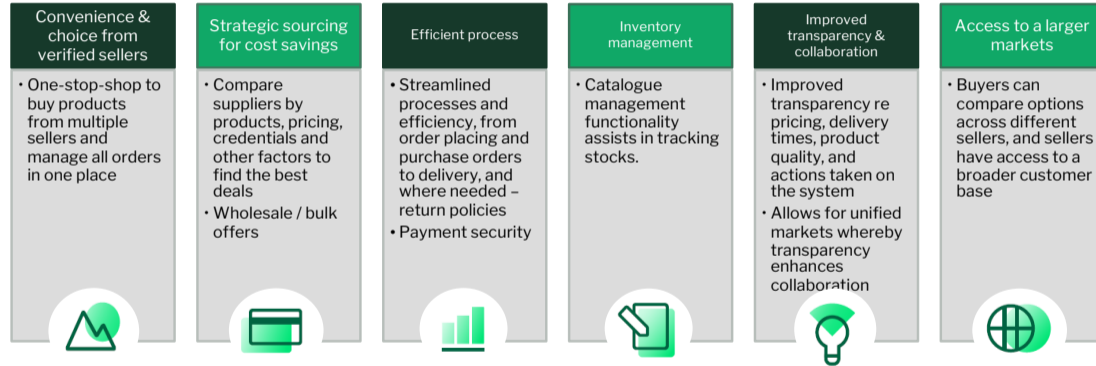


To overcome these challenges, eCommerce solutions in the higher education space need to work closely with both buyers and sellers, guiding them on navigating procurement processes, facilitating compliance, and helping match solutions to the specific needs of educational institutions. Excellent customer support is key.

The benefits of using a B2B marketplace



Using a B2B marketplace for procurement of products and services can help with:

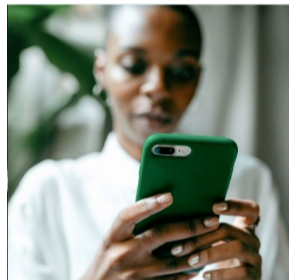


Sources:

Mendonça, R.C., Pedrosa, I.V. and Camara, M.A.O., 2021. Sustainable public procurement in higher education institution. *Environment, Development and Sustainability*, 23(11), pp.17094-17125.

Wang, S., Cavusoglu, H. and Deng, Z., 2020. Early mover advantage and benefits in eCommerce platforms: The role of customer relationship management capabilities. *Information & Management*, 53(2), pp.197-206.

High-level payment trends that intersect with the use of B2B marketplaces



AI enabled automation

Use of AI for

- Account Payable automation
- Account Receivable automation
- Payments authorisation
- Setting credit limits
- Reconciliation
- Procurement decision making

Blockchain payments

- University of Nicosia first accepted Bitcoin payments in 2013.
- El Salvador - 26 universities accept crypto
- Central Africa - 4 universities
- 45 universities globally accept crypto as payment for tuition fees

API Integration:

- Integrating payment APIs with tracking and reporting tools allows businesses to monitor payment statuses in real-time. This helps them to anticipate cash flow, identify payment delays, and act promptly to resolve issues, improving financial planning and decision-making

Virtual Cards

- Juniper predicted that between 2022 and 2027, the total value for global virtual card transactions will balloon by 340%
- The study also suggests that the number of virtual card transactions through mobile payment methods will increase similarly, from 5 billion in 2022 to 53 billion in 2027.

Embedded Finance

- Working capital optimisation is a key needs for most institution
- \$43bn globally by 2021, according to Juniper Research, which forecasts average annual growth of 60% to \$230bn by 2025.

Multi-Currency Support:

- International marketplaces should support multiple currencies and offer currency conversion options.
- It should also integrate with international payment systems and methods, such as wire transfers.

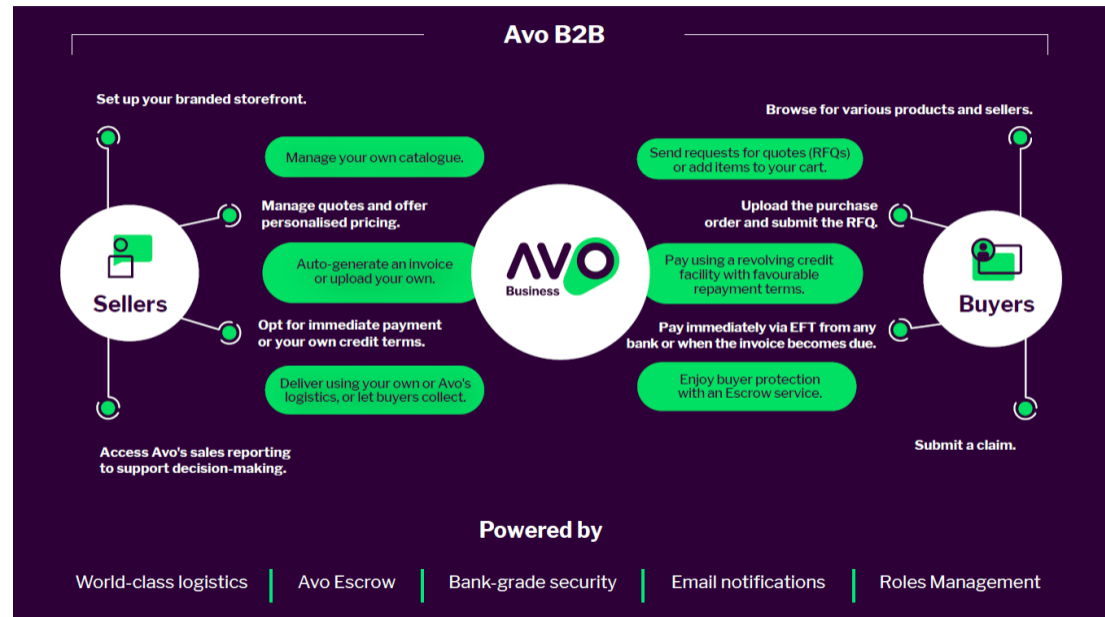
Mobile Payment Integration:

- The marketplace's mobile app or website should be designed to support mobile payments through popular mobile wallets, making it easy for users to complete transactions on their **smartphones**.

Sources:

- Belleflamme, P. and Toulemonde, E., 2022. Alternative payment systems to B2B Marketplaces for Higher Education institutions' buyers and sellers: Emergence and entry of B2B marketplaces. *CORE Discussion*.
- These 45 universities accept cryptocurrency for tuition, *Mission Critical*, 2023

What we have to offer



Avo B2B's working capital solution...

The model is closed-loop in nature and led by the supplier, buyer, or franchise group (as the programme owner). It doesn't replace the fundamentals of the existing trade agreements and terms between the role players. As an example, the pricing and rebate models stay the same.



It is aimed at pre-existing trade relationships.

The credit-risk shifts from the seller to Nedbank, with Nedbank extending a revolving credit facility to the Buyer.



Sellers invite their Buyers to join,

and vice versa. Your company unlocks more working capital by signing up as both a Buyer and a Seller.



A revolving credit facility is issued to buyers.

Standard credit-vetting processes apply. A revolving credit facility is disbursed into an American Express Card.



The credit facility can only be used on Avo B2B

only for businesses that have a pre-existing trading relationship and only for stores pre-marked as participating suppliers in the closed loop section of Avo B2B.



It is a commercial arrangement between three parties:

- Avo by Nedbank
 - The Seller and
 - The Buyer
- Underpinned by commercial value for all parties.



Buyers refund the card facility fully, to transact again,

and enjoy up 60-days interest free credit. Meaning the facility can carry your working capital needs for up to two months.



THANK YOU!

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