

# COVID-19: retail and manufacturing SMBs will drive the shift to cloud-based invoicing applications

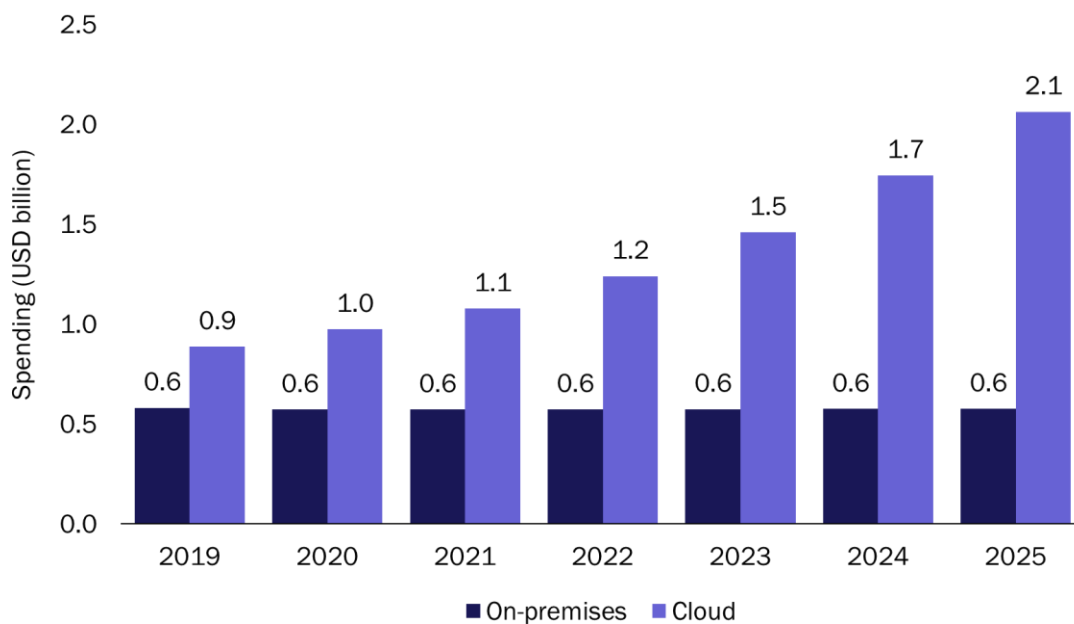
July 2020

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The invoicing solutions market will undergo a major shift in 2020. Many small and medium-sized businesses (SMBs) are currently still manually processing invoices using a mixture of spreadsheets and packages not designed for invoicing (for example, ERP or accounting software). The COVID-19 crisis is causing many office workers to work from home, which makes these manual processes even more difficult to carry out. We expect that the crisis will accelerate the transition to more-modern invoicing solutions, and many businesses will move from using on-premises tools to automated cloud-based solutions.

Vendors of automated cloud-based invoicing solutions should view the current situation as an opportunity to help SMBs to revise their processes. Our forecast for SMB spending on cloud-based and on-premises invoicing solutions is provided in Figure 1 and illustrates the large revenue opportunity for these vendors.

**Figure 1: SMB spending on cloud-based and on-premises quotes and invoicing solutions, worldwide, 2019–2025**



Source: Analysys Mason, 2020

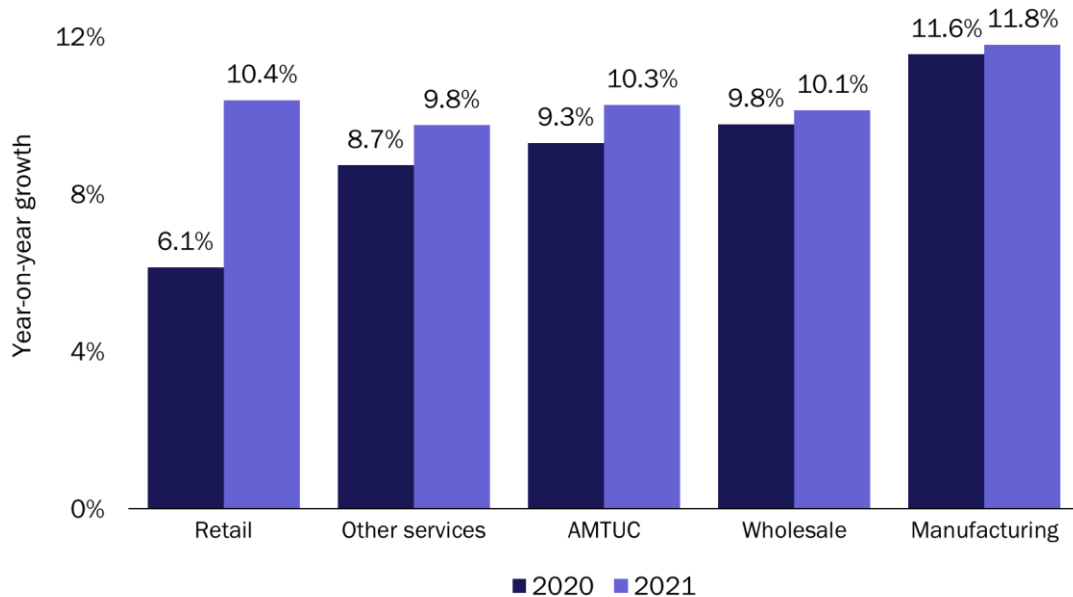
Businesses recognise the need to access their company data remotely in order to keep operations functioning while working from home. This means that businesses that do not have automated solutions or that only used localised on-premises solutions must migrate to cloud-based solutions. This change can be seen in the invoice management, as illustrated in Figure 1. SMB spending on on-premises solutions for invoice management will be stagnant between 2019 and 2025, while spending on cloud-based invoicing solutions will increase from USD0.9 billion to USD2.1 billion.

## SMBs in the retail and manufacturing sectors will play a key role in the shift to cloud-based invoicing solutions

Some business verticals will be more affected by the COVID-19 pandemic than others. SMBs in the retail industry are some of the most affected, and the smaller the business, the more they are affected because of a lack of cash flow and capital. Lockdown restrictions have also been pushing these SMBs to shift their operations to online models to maintain business continuity. SMB spending on on-premises invoicing solutions in the retail sector is therefore expected to decrease by 3.26% year-on-year in 2020.

Many SMBs in the retail sector will increasingly adopt e-commerce platforms in the remaining months of 2020 so that they can continue their activities. This will lead to an increased adoption of cloud-based invoicing solutions. We forecast that spending on cloud-based invoicing solutions by SMBs in the retail sector will grow by 6.1% year-on-year in 2020, and by 10.4% in 2021 (Figure 2). SMBs in the manufacturing sector will also quickly switch to cloud-based solutions. Their spending on on-premises invoicing solutions will decrease by 1.3% year-on-year in 2020 and their spending on cloud-based solutions will increase 11.6% (Figure 2).

Figure 2: Growth in SMB spending on cloud-based quotes and invoicing solutions, by vertical, worldwide, 2020–2021<sup>1</sup>



Source: Analysys Mason, 2020

As the adoption of cloud-based invoicing solutions increases, vendors need to direct their sales efforts towards the verticals with the highest expected spending and the highest spending growth, as well as those that will migrate from on-premises solutions to cloud-based options the fastest. Taking these factors into account, small businesses in the retail and manufacturing sectors would be the ideal prospective customers.

<sup>1</sup> AMTUC stands for agriculture, mining, transportation, utilities and telecoms and construction.