

Harnessing the true value of B2B marketplaces

Tradeshift's ultimate guide on
how B2B marketplaces power
next-generation procurement
and business commerce
growth opportunities

By Jayson Humphrey, Senior Director
Marketplace Growth, and Daren Howell, Senior
Product Marketing Manager at Tradeshift



Table of contents

B2B buying isn't working	4
Drivers for change	8
B2B marketplaces 101	12
A network of marketplaces	20
Selecting the right platform	24
Being on the right side of history	28

**B2B buying
isn't working**

A short story about Dave's quest for a pack of magic markers

Dave has a problem. He's run out of whiteboard markers and needs to buy a pack for a meeting he has later that week. Dave fills out a request form and sends it to his manager. A day later, he gets approval and takes it to the procurement department. Then he waits. And he waits.

A day before his meeting, Dave hears back from procurement. They apologise for the delay but they're swamped with similar requests. The good news is his order has been approved. The bad news is that the registered supplier for office stationery is having logistics trouble. Dave won't receive his markers for another two weeks.

Dave sighs and cancels the order. He opens his browser and finds an online store with next-day delivery. Dave uses his own credit card to pay for the purchase and files an expenses claim. Dave's pack of markers arrive just in time for his meeting. Procurement is none the wiser.



Chief procurement officers (CPOs) have a front-row seat to the collapse of carefully-calibrated purchasing policies, as employees swerve mandated suppliers and instead buy the items they need from consumer marketplaces. The ease, the UX, and the familiarity of these marketplaces are just too attractive compared to the alternative – corporate purchasing software with a comparatively terrible user experience.

52%

The proportion of B2B buyers who find are disappointed by the current online buying experience

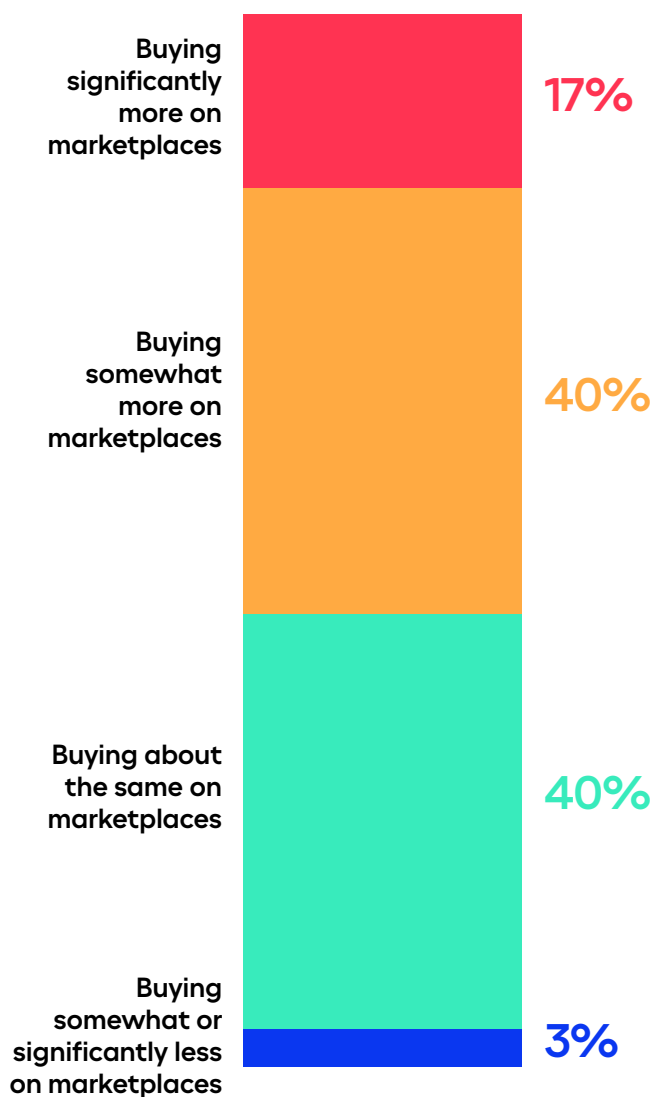
Source: [Wunderman Thompson The Future Shopper Report 2021](#)

In a world where more than [40% of online consumer purchases are made on marketplaces](#), the inflexible and often byzantine processes that dominate corporate purchasing look increasingly outdated compared with the proven convenience of consumer platforms.

Today, marketplaces account for a large slice of online consumer shopping. But there's one arena where online marketplaces have yet to penetrate to nearly the same degree: large corporate procurement departments. That's now beginning to change.

The trend towards B2B marketplaces is being driven by a new generation of digitally native procurement professionals, who see them as a way to deliver the same efficiency, convenience, and control into the buying process consumers enjoy from their favorite online marketplaces. They also recognize how B2B marketplaces free them from time-consuming, often repetitive, transactional work that fails to make full use of their talents.

How has your marketplace purchasing changed as a result of COVID-19



Source: Digital Commerce 360 Bizrate Insights survey of B2B buyers, March 2022

\$500,000

35% of B2B buyers say they are willing to spend this amount or more in a single transaction on digital channels

Source: [Mckinsey Busting the five biggest B2B e-commerce myths](#)

It's not just the new generation forcing the pace or even the procurement department alone. Marketplaces are also becoming central to boardroom conversations around supply chain resilience and sustainability, thanks to the agility and end-to-end visibility these digital-only platforms provide. This helps explain why B2B marketplaces sales have [increased more than fivefold](#) between 2020 and 2022.

\$3 trillion

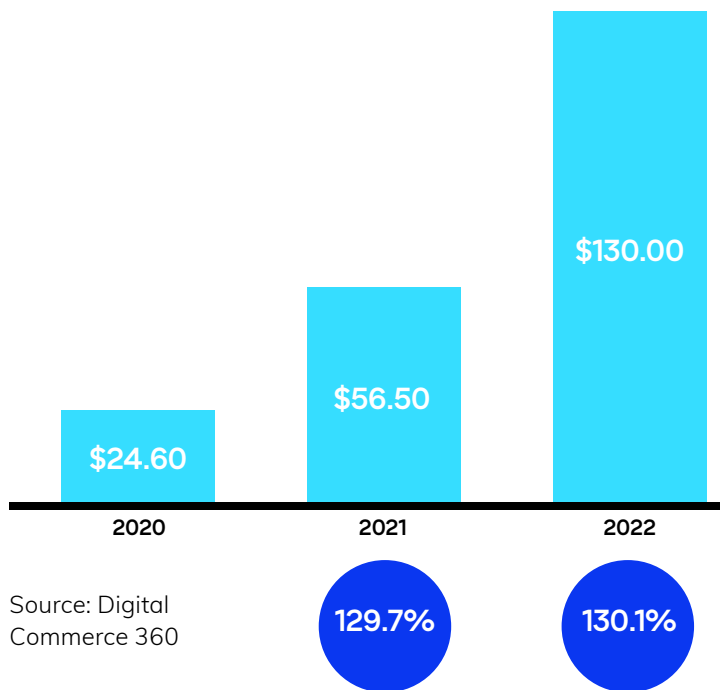
The figure Forrester Research estimates that US B2B e-commerce transactions will reach by 2027

Source: [Forrester, US B2B E-Commerce Will Reach \\$3 Trillion By 2027](#)

For marketplace operators, the rapid growth in B2B eCommerce presents a significant opportunity to create new revenue streams. [Gartner predicts that by 2023](#), at least 70% of enterprise marketplaces launched will support B2B transactions, while 15% of medium-to-high-GMV digital commerce organizations will have deployed their own marketplaces.

B2B marketplaces sales are the fastest growing digital commerce sales channel

B2B marketplace sales in billions, with growth



There is a revolution afoot in procurement, and it's set to change almost everything about how businesses buy, transact with partners, and understand their operations. Read on to learn more about how to navigate the current landscape for B2B marketplaces, the questions you should be asking, and the platforms available to help you turn your procurement function from a cost center into an engine for growth and profit.

Drivers for change

The empowered consumer

As consumers, we expect everything we purchase to be just a click away and ideally delivered the next day. But when we go to work, such aspirations go out the window - unless we bypass complex corporate purchasing policies and buy what we need from trusted consumer marketplaces.

This loss of control has real consequences. According to the [Chartered Institute of Procurement and Supply](#), up to 80 percent of all invoices are generated from uncontrolled long-tail spend, also known as 'maverick' buying. Another report by [the Hackett Group](#) found that negotiated cost reductions lost through maverick spending could account for up to 16% of all spend.

In other words, what's easy for the employee is expensive for the business. The same report by the Hackett Group highlighted a lack of self-service and guided buying tools as the principal reason requesters go rogue. Bringing long-tail spend back under control will only happen if businesses can provide a corporate purchasing experience that reflects the intuitive experience requesters now expect.



Resilience and reconfiguration

Supply chain disruption is now the rule, not the exception. Businesses used to extended periods of relative stability are now seeing crises multiplying and merging. As organizations look to build resilience to future shocks, many are moving beyond the single-sourcing models that came to define the lean supply chain model that predominated in the pre-pandemic era. Indeed, research by [Cap Gemini](#) found 68% of organizations are actively investing in diversifying their supplier base.

As buyers look to move away from single-sourcing models, it's becoming impossible to ignore the case for a dynamically connected ecosystem of buyers and suppliers. Analyst firm [IDC](#) has shown how cloud-based B2B marketplaces help organizations build resilience by providing easier access to a large selection of pre-vetted suppliers in multiple locations.

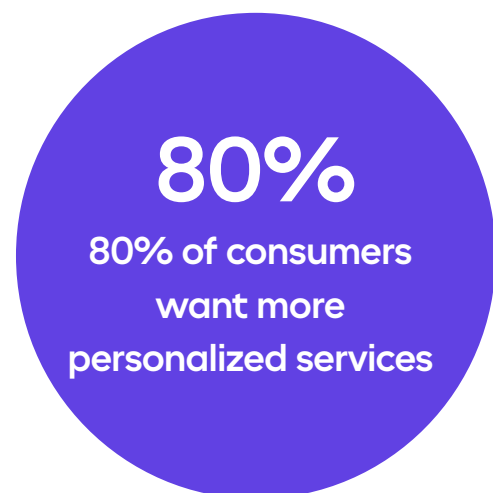
The same model can also help organizations short-cut the process of identifying and nurturing relationships with suppliers that have strong ESG credentials - essential as businesses come under increasing scrutiny from regulators and consumers.



Source: [Adobe](#), the Retail Personalization Gap



Source: [EY megatrends](#), the empowered customer



Source: [EMarketer](#) the future of retail

Procurement burnout

Achieving control over indirect spending has become a tougher challenge for chief procurement officers (CPOs). This type of spending is growing and encompasses a widening array of categories—in services and goods—as companies become more reliant on third-party providers. Controlling spending by managing demand, enforcing compliance, and monitoring risk is a growing headache.

During the pandemic and beyond, demand volatility, extreme weather events, rocketing inflation and now rising interest rates have caused supply chains to falter. Procurement leaders face a dizzying array of fresh challenges demanding time and strategic thinking to steady the ship. Teams are being challenged to remain agile in delivering the ingredients business needs to innovate and grow, but not at the price of increased risk.

As ESG and supplier diversity become increasingly central to business planning, procurement teams are also asked to re-evaluate the metrics and processes they use when selecting and vetting suppliers. It's no wonder that many procurement professionals say they are [facing burnout](#). To overcome this, they must find ways to accelerate processes, particularly around long-tail spending, while keeping full control over cost and risk.

87%

87% of supply chain professionals plan to invest in resilience measures in the next two year

Source: [Gartner Responding to a Disrupted World; 2021](#)

61%

61% of procurement professionals say ESG issues such as supplier diversity are becoming more important

Source: [EcoVadis 2021 Sustainable Procurement Barometer](#)

30%

30% increase in access to products and suppliers associated with marketplace sourcing

Source: [Fabio Russo, Expert Associate Partner, Bain & Company](#)

B2B

Marketplaces

101

What is a B2B Marketplace

A B2B marketplace is an online platform that helps businesses to connect with customers in other organizations in order to conduct buying and selling activities. These transactions are usually bulk transactions for large quantities of goods. The platform helps buyers browse and buy from a wide range of pre-vetted vendors.

B2C interface with B2B control

B2B purchasing has many more moving parts than B2C buying, from sourcing and selecting vendors and products to handling RFQs, contracts, payments, and logistics. B2B marketplaces are typically easy and intuitive to use, but enterprise-grade versions also need robust processes for governance, compliance, and integration with existing systems.

Most B2B marketplaces offer non-credit card payment options that are standard in most business transactions. B2B marketplaces also simplify and streamline the transaction process by processing orders and invoices entirely online.

For large enterprises, marketplaces' ability to plug into companies' entire source-to-pay (S2P) process is among their most powerful characteristics. Marketplaces automate, digitize, and simplify sourcing by integrating with customers' third-party purchasing systems. Integration can ensure that purchase orders are issued at the right price and in the correct quantities. It can also simplify negotiation and contract management—and streamline accounting, reporting, tracking, and control.

Standard B2B marketplace Benefits - the 6 C's

Any B2B marketplace should provide value in several key areas:



Capacity:

Improved process efficiency thanks to shared, standardized infrastructure, enabling fast, accurate, and increasingly automated transactions at scale on cloud-native platforms.



Control:

B2B marketplaces provide a controlled environment in which vendors and products are pre-screened. Marketplace operators strive to build a broad array of trusted vendors, providing customers with speed and choice while maintaining high standards.



Cost:

Price efficiency can be as much as **15 to 20 percent across** categories, thanks to a reduction in costs through better bulk-purchasing discounts, increased competition between suppliers, as well as a broader range of suppliers.



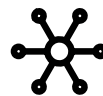
Content:

B2B marketplaces accelerate each step of the sourcing process as the products, vendors, and pricing are readily accessible digitally by the customer.



Convenience:

They are intuitive and easy to use, enabling anyone immediately to start saving time, simplify their workflows, improve processes, and build stronger, more meaningful relationships with partners and suppliers.



Connectivity:

Marketplaces make it easy for large organizations to build a diverse and pre-vetted supplier base while keeping the overall cost low. In the event of a disruption to supply, marketplace operators with specialist expertise are well-placed to guide equivalent sourcing options.

The B2B marketplace ecosystem

1 Operator:

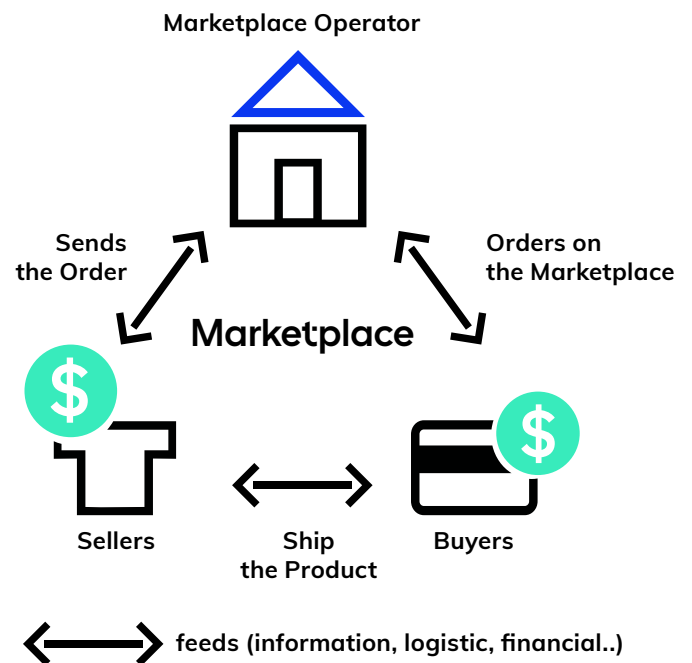
The operator is in charge of curating and managing their own marketplace. They act as an intermediary to facilitate connections and transactions between buyers and sellers. Marketplace operators are known as trusted enterprises, leaders in their industry, with access to a significant number of buyers and suppliers who would benefit from the operator's marketplace value proposition.

2 Sellers:

Sellers gain access to a business environment that offers a fast, direct route to market with a diverse group of qualified buyers. It's a powerful marketing channel that reduces the cost of goods sold using automated digital processes.

3 Buyers:

Can be both a user and a marketplace operator. In the traditional sense, buyers realize value through vendor competition, supply base resilience, and straight-through processing of transactions that comply with the purchasing rules they set.



Legacy models and their limitations

Centralized, 'many to one' B2B marketplaces are already reasonably common - think Amazon Business, for example, or single-player e-procurement solutions like Ariba Spot Buy or Coupa Advantage. Yet this one-dimensional approach has significant limitations when ranged against the needs of enterprise procurement and supply chain professionals.

In a true B2B marketplace, the operator cannot simultaneously be the seller. Think about it, and it's obvious: if the operator is interested in selling their own goods and services, the platform is hardly likely to be buyer- and supplier-agnostic or to be geared around connecting people to the broadest range of alternative partners.

Maintaining this distinction between operator, buyer, and seller is essential because it delivers benefits a retail operation cannot. A true marketplace should create an environment of fair market competition. Sellers should have the opportunity to compete, not just on price, but on a wide range of value criteria that could interest a buyer, including innovation capability, quality, reliability, or speed of delivery.

Enterprise has the will but lacks the skill to go it alone

As they examine the options available, some organizations decide that the best option is to operate a marketplace themselves rather than relying on a big existing brand.

For example, it might make sense for a large enterprise with a significant network of suppliers and customers to operate its own marketplace in a specific region or category. While organizations will often possess the necessary sourcing and procurement skills in-house, many will lack marketplace management skills. The vast majority also lack the technology to do so in economically viable ways.

In some of the best-case procurement scenarios, teams have found hope in the consortium model, where pooling demand and pre-negotiated supply mimics marketplaces. The challenge for teams embarking on consortium ventures is the time to build them, the need for digital infrastructure, and the limited reach that results from these complexities. This is where we see the need to evolve and why the future of B2B marketplaces is far more multi-dimensional than what has been offered until now.

The New Wave

It is clear that the next generation of B2B marketplaces needs to reflect the multi-faceted needs of enterprise buyers. Platforms must be configurable as private marketplaces for a single customer and a single vendor or a small consortium of a few targeted buyers and sellers. They must also have the flexibility to accommodate completely open marketplaces with large numbers of buyers and suppliers.

Buyers should be able to tap into these existing marketplaces according to their needs, or they can leverage the underlying platform infrastructure and digital tool-set to build their own marketplaces at speed and scale.

This next generation of B2B marketplaces should provide a broad range of payment options, including credit cards for immediate checkout, payment terms with contracted pricing through a purchase order and invoices, or a combination of the two based on the item procured.

Some of these marketplaces will facilitate parcels and industrial freight directly through the platform. And while B2B marketplaces have traditionally focused on areas of indirect spend, the most sophisticated platforms will be able to combine direct and indirect purchasing.



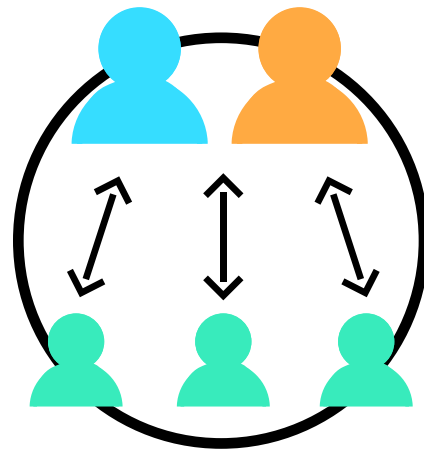


Marketplace Models

Private Marketplace Offerings

Private Procurement Marketplace

Operator is also the buyer



Sellers

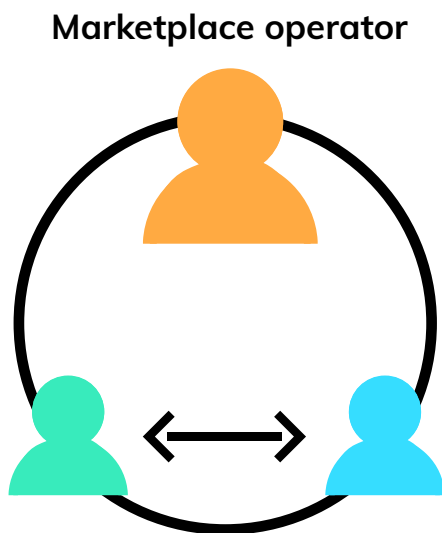
Centralized procurement marketplace of universal supply made simple for multi-location or entity.

Typical operators might include:

Enterprise businesses with subsidiaries and franchises

Open Marketplace Offerings

Many to Many Networked Marketplace



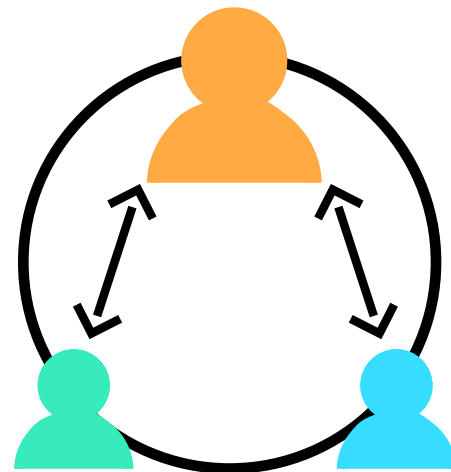
Invited buyers access a new supply of competitive sellers curated by a trusted Marketplace operator. Buyers transact directly with sellers of their choice.

Typical operators might include:

Business process outsourcers, global process outsourcers, franchises, distributors

Single Vendor Merchant of Record Marketplace

Marketplace operator includes a single vendor merchant of record



Operator offers a single premium buying experience by being the only vendor the buyer needs to manage. The operator curates the content and the buying experience.

Typical operators might include:

Supply chain networks, brokers, traders, business process outsourcers, global process outsourcers, franchises, distributors

Networked marketplaces: the future of trade

Amazon anxiety - a key driver for fresh thinking

Large, all-encompassing marketplaces like Amazon's 'everything store' occupy a large share of consumer purchasing. Amazon Business and the likes of Alibaba and JD.com have also made substantial inroads into the B2B e-commerce landscape. But many Fortune 500 companies are understandably wary of sharing commercially-sensitive data with an organization they increasingly see as the competition. Suppliers are also nervous about making product and pricing information available on public marketplaces.

Amazon and its peers will likely continue to occupy significant areas of corporate purchasing. But their reach need not go unchallenged - nor will it. An increasing number of specialized marketplaces are now springing up with the promise of putting control back into the hands of buyers and sellers. Julia Morrongiello, an investor at Point Nine Capital, estimates there are now over [300 B2B marketplaces in Europe](#), up from a mere 20 back in 2010.

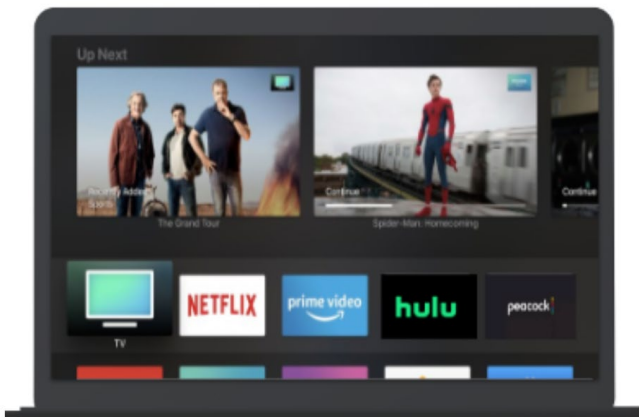
As they explore this new model of procurement, buyers are quickly discovering how to bring back the benefits of the free market, driving out unnecessary costs and adding new layers of resilience to their operations.



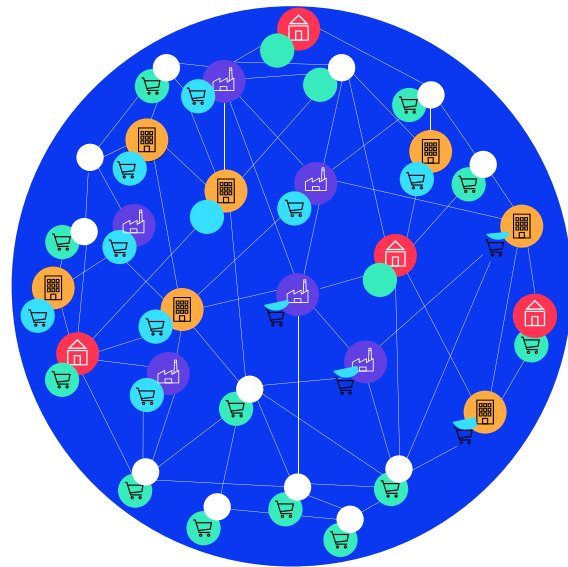
Networked Marketplaces - curate your own experience

The demand for specialist and region-specific marketplaces is certainly apparent. Still, we're already seeing evidence of 'portal fatigue' as procurement professionals juggle various websites and portals to access different products and services.

Buyers might be attracted to the idea of tapping into a variety of different specialist marketplaces, but they want the overall experience to remain seamless. That blend of access, convenience, and control is now becoming a reality. New, digital, and many-to-many marketplace platform models are arising and promising to revolutionize the way procurement directors access and manage multiple suppliers.



A relatively new concept, networked marketplaces give procurement teams the freedom and flexibility to tap into different specialized marketplaces through a single platform. The model is similar to the way television has evolved over the past decade. Streaming platforms like Roku provide access to an almost limitless number of specialist content providers. From Marvel fans to reality TV junkies, there's an app to suit every need.



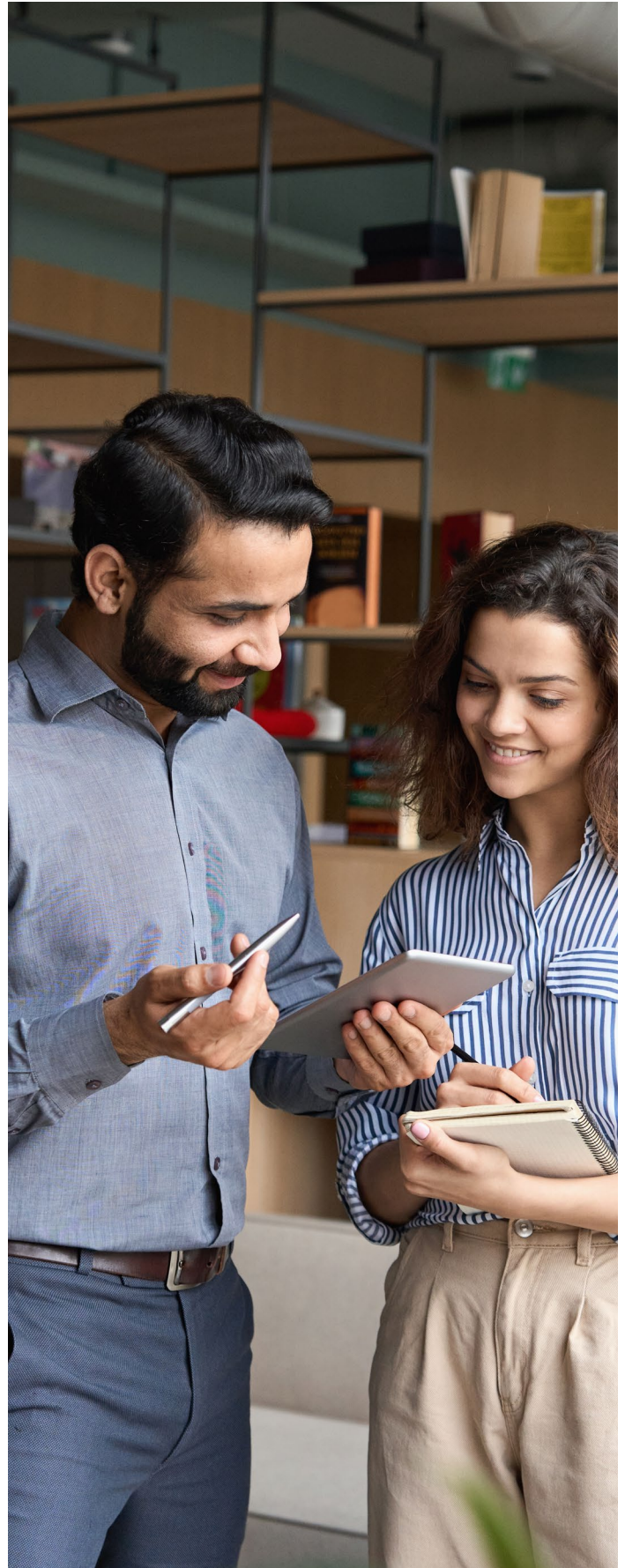
Networked marketplaces work in a very similar way. A specialist technology provider such as Tradeshift provides the platform. Marketplace operators act as qualified "curated content" providers, delivering economies of scale in a specific niche, region, or vertical that could never be achieved through old, one-to-one relationship models.

For buyers, a network-based B2B marketplace environment provides better transparency and competitive pricing, with the reassurance that every one of this huge range of sellers is pre-vetted. Sellers benefit from a far broader prospect base than traditional, one-dimensional marketplaces can offer at a very limited customer acquisition cost. Everyone wins. And for operators, the networked marketplace model provides a ready-made platform to digitally connect, monetize and grow their own marketplace as more buyers connect to more sellers.

Resilience embedded

For procurement teams, the networked marketplace model means being able to curate an experience tailored precisely to their particular needs at a specific time. For example, a large automotive manufacturer may join one marketplace for parts and materials, another for office supplies, and another for applications.

Suppose the same manufacturer suddenly needs to change where they source materials or components due to disruption impacting a particular geographic region. In that case, the networked marketplace model enables them to pivot quickly and seamlessly by tapping into marketplaces that offer a range of alternative suppliers.



Dooka, Africa's Business-to-Business Marketplace

Toby Sparrow is CEO of Dooka, a B2B marketplace operator that aims to transform the way African businesses connect and trade with each other. The Dooka marketplace is built on Tradeshift's B2B commerce platform.

The name Dooka came from the Swahili word 'duka,' meaning a shop or market. We have a vision of a digitally connected Africa where buyers and sellers can be part of this trade transformation.

The story of African procurement is rooted in complexity, particularly when it comes to managing tail spend. In 2021, our founders came together to pair deep local know-how and leading global technology to change how corporations buy goods and services across the African continent.

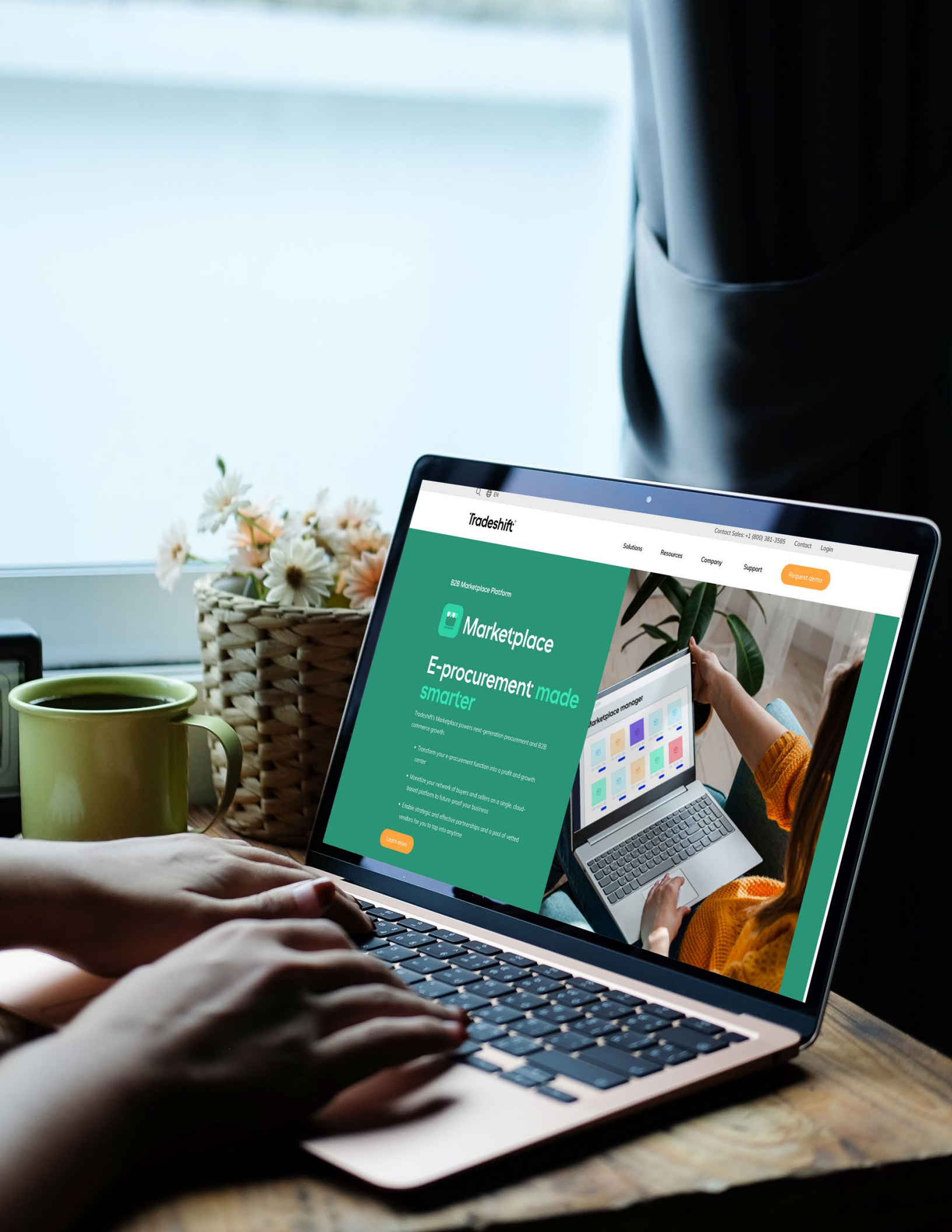
Just making something digital doesn't necessarily make it better or right. When people think of B2B e-commerce, they tend to think of B2C platforms that may have extended into elements of business to business. These platforms typically lack the robust infrastructure and controls required by large enterprises. Procurement teams need to retain control over who they do business with. They also need to ensure relevant processes are in place to manage each transaction, from purchase requests to invoicing. Historically, digital purchasing systems have been like

"fixed landlines" in a world of smartphones. The same inefficient paper processes are simply replicated in code. Pushing paper faster is no kind of revolution. Real change means questioning and reimagining these processes from the ground up.



Our proposition for African businesses is rooted firmly in the principles of convenience and control. The Dooka marketplace is built on Tradeshift's global commerce platform. Tradeshift understands the complexities of business trade, and they've used this knowledge to create a marketplace platform that is both robust and intuitive. Rather than going through an extensive procurement process, we enable businesses to buy on a marketplace made up of suppliers that have already been pre-vetted. We are a bridge for sellers to connect with large buyers and expand what they can do. Building Dooka on the Tradeshift platform has helped us move from concept to reality at speed.

We recently announced that MTN, Africa's largest mobile network operator, has become the first large organization to join the marketplace. Our ambition is to ensure that at least 50% of African corporate, indirect spending goes to suppliers based in Africa. We can see a time when "Just Dooka it!" has become the phrase that every business buyer in Africa associates with the cost-effective purchasing of indirect and tail-spend items.



Tradeshift

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B2B Marketplace Platform

Marketplace

E-procurement made
smarter

Tradeshift's Marketplace powers next-generation procurement and B2B commerce growth:

- Transform your e-procurement function into a profit and growth center
- Monetize your network of buyers and sellers on a single, cloud-based platform to future-proof your business
- Enable strategic and effective partnerships and a pool of vetted vendors for you to tap into anytime

Learn more

Marketplace manager

Selecting the right platform

We've seen how enterprise buyers want the same user experience they've become accustomed to at home through Netflix or Amazon. But they also need robust governance, compliance, and integration processes on the back end. Selecting the right partner to meet this blend of expectations is critical.

Here are the six essential qualities you should be looking for:

1

Multi-vendor capabilities:

An essential function of a good B2B marketplace solution is the ability to control your company page and information. You should have access to manage your profile, content information, contact details, pricing pages, and your team's role management.

2

Self-service functions:

Individuals often prefer to place orders themselves rather than interact with customer service representatives. Therefore, the ideal B2B eCommerce marketplace has features that enable this self-service model if companies choose to do so. B2B marketplaces must be highly responsive and intuitive to create an enjoyable user experience. For example, when buyers seek solutions for their business, they often have to ask for quotes, submit orders, or track shipments. Every B2B marketplace should support these functions.



3

Robust security:

Data security and confidentiality are essential components of any digital platform. Ensure that your B2B marketplace places emphasis on protecting your private information through robust compliance with data privacy standards.

4

Easy-to-use search navigation:

A key aspect of a B2B eCommerce Marketplace is the ability to filter and search for specific vendors and businesses. The right marketplace platform has easy-to-use search functions that enable you to filter sellers by brand, price range, and product availability quickly and accurately.

5

Fast, flexible workflows:

We've all seen how quickly markets and industries can change, and your eCommerce functions need to be able to adapt alongside them. Buyers and sellers need to be able to rely on a flexible and customizable platform that allows them to personalize onboarding strategies, change order submission and processing practices, and replenish supplies when necessary.

6

Integration and insight:

B2B eCommerce marketplaces aren't just places to transact - they are a fundamental part of business strategy. It's vital that you can capture and analyze the data that flows across these platforms, so choose a marketplace that integrates seamlessly with any other software solutions your organization uses. This leads to more streamlined processes, a better experience for buyers and sellers, and invaluable insight that ensures you make the right strategic calls every time.

Marketplace manager



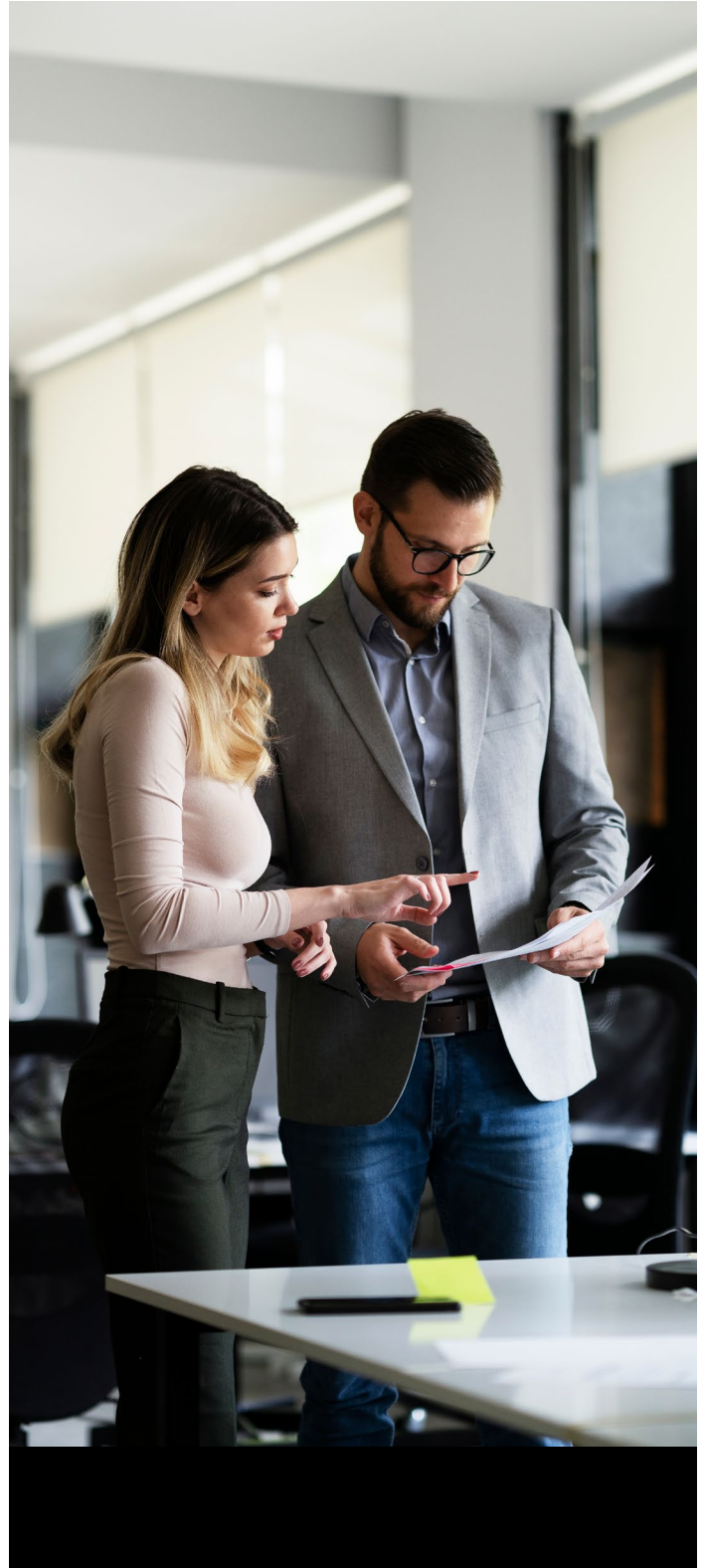
Be on
the right
side of
history

Digitalization and the rise of B2B marketplaces are already profoundly impacting the procurement department. This will only accelerate over the next five years as more and more indirect purchases are managed via marketplaces.

Procurement teams are being asked to move from being spending “gatekeepers” to revenue generators - this means they must show value in accelerating procurement times, broadening metrics, building resilience and managing tail spend. With less time spent vetting vendors, chasing down transactions, coping with paperwork, reining in rogue spend, and ensuring compliance, procurement teams will be able to devote more of their energies to this higher-value work.

For best-in-class teams that have access to the potential of networked B2B marketplaces, the resultant streamlining of many procurement activities and processes presents a once-in-a-generation opportunity to recalibrate the procurement function along more strategic lines.

If you want to learn more about how the next generation of networked marketplaces can help you transform the procurement function from a cost center to a profit and growth center, then request a customized demo today.





About Tradeshift B2B Marketplace

Tradeshift's B2B Marketplace powers next-generation procurement and B2B commerce growth opportunities.

Our platform connects Operators, Buyers, and Suppliers on a digital network to encourage B2B purchasing to be more like B2C shopping experiences. We enable marketplace operators to digitally connect, manage, and monetize their network of buyers and sellers.

The Tradeshift B2B Marketplace is a deeply integrated, human-centric, and intuitive solution creating economic opportunity for all. For buyers, we facilitate access to curated content from trusted marketplace sellers in a digitally native environment. This saves time and money, reduces processing times, and curbs non-compliant spend. Sellers benefit by expanding their go-to-market channels, generating demand for their products and services.

Getting started with Tradeshift's B2B Marketplace platform is easy. Join more than 1.5M mid-market and enterprise customers across 190 countries by collaborating through Tradeshift. Find out how by requesting a customized demo today.

About Tradeshift

Tradeshift is the cloud-based supply chain platform that transforms the way B2B buyers and sellers connect, transact and trade. We're a leader in e-invoicing and AP automation, offering full international compliance in 50+ countries, including China. We're also an innovator in B2B marketplaces and embedded fintech services that bring value, opportunity, and growth to any business that joins the network. Headquartered in San Francisco, Tradeshift's vision is to connect every company in the world, creating economic opportunity for all. Today, the Tradeshift platform is home to a rapidly growing community of buyers and sellers operating in more than 190 countries. Find out more at: www.tradeshift.com