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SMALL BUSINESS REPORT 2020

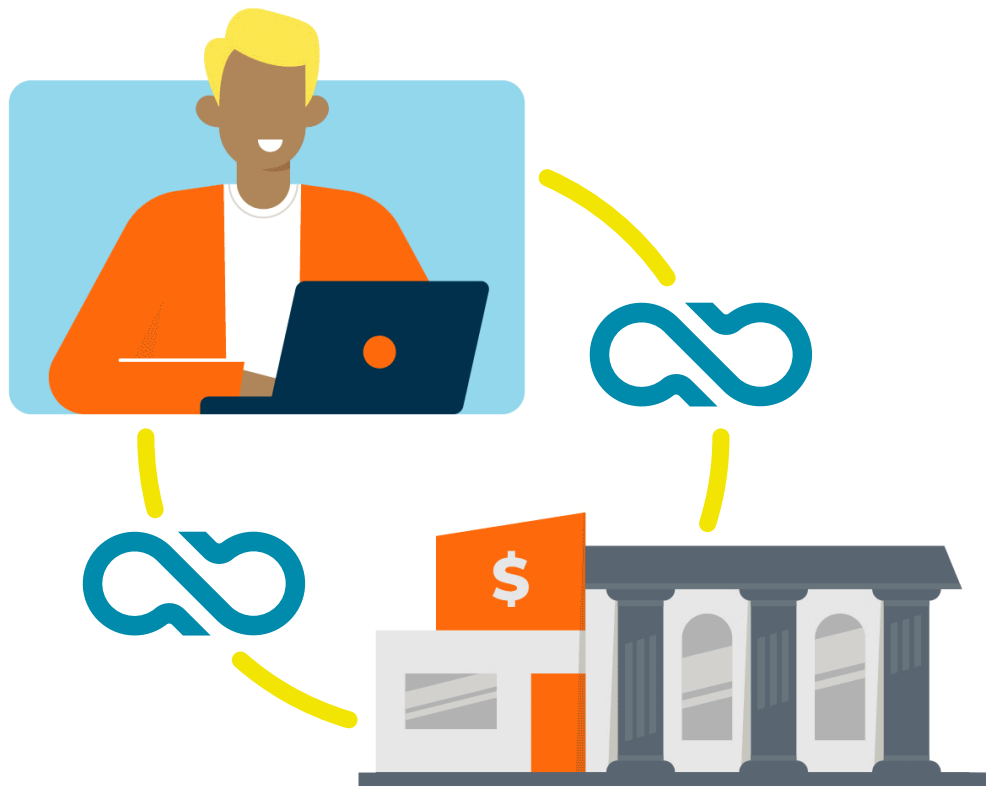


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Introduction

Most financial institutions want small business relationships. The struggle is that they are not well positioned to effectively service or support the unique, and evolving, banking needs of small business owners.

The team at Autobooks has compiled a report to help you better understand small business and to build a business case for small business at your financial institution. The report is a blend of market analysis, small business insights and practical recommendations on how to better serve and monetize small business relationships.

Included in this report are unique small business customer and data insights produced by the Autobooks team. The data analysis is pulled directly from our platform. The customer insights are defined through use of the Jobs-to-be-done framework. The below definition of the framework is from The Clayton Christensen Institute, founded on the theories of Harvard professor Clayton Christensen.

The jobs-to-be-done framework is a tool for evaluating the circumstances that arise in customers' lives. Customers rarely make buying decisions around what the "average" customer in their category may do—but they often buy things because they find themselves with a problem they would like to solve. With an understanding of the "job" for which customers find themselves "hiring" a product or service, companies can more accurately develop and market products well-tailored to what customers are already trying to do.

The team at Autobooks uses the the jobs-to-be-done framework to help ensure the needs of the small business are always top of mind. The "jobs" we have defined influence our product roadmap, marketing services, small business customer service and financial institution training. By truly understanding why a small business will "hire" Autobooks, we can help them make progress in managing their business. Creating a stronger relationship between the business owner and the financial institution.



Insights you will gain in this report

- Market data that will impact your perception and definition of the small business market opportunity
- The primary need of every small business owner
- Why the competition for small business relationships is no longer limited to traditional financial institutions
- What is a small business asking of your financial institution when it comes to making progress in their business
- How your financial institution can launch a small business program that creates a return on investment, stands up against new competition and better serves small businesses in 90 days



Defining the Small Business and Their Evolving Banking Needs



Defining the Small Business and Their Evolving Banking Needs

Defining the Small Business (SMB)

One of the first steps in better understanding the banking needs of small businesses is to understand the small business market itself. Looking at the market data provides valuable context when evaluating the financial product needs of a small business. Let's dive into the stats and facts.

According to the U.S Small Business Administration (SBA) there are 31.7 million small businesses in the United States.

99.9% of the businesses in the United States are Small Businesses

What's eye opening for most financial institutions to learn is that 25.7 million small businesses are non-employer firms.

81% of the small businesses in the U.S. do not have employees.

In addition to the SBA data, another valuable source of small business information comes from the [MBO Partners State of Independence](#) report. This report is valuable alongside of the SBA data as it illustrates the growing category of independent workers in the U.S.

From the report:

Independent workers are the **41 million** adult Americans of all ages, skills, and income levels—consultants, freelancers, contractors, solopreneurs, temporary, or on-call workers—**who work independently to build businesses**, develop their careers, pursue passions, and/or supplement their incomes. Together, they combine to make a powerful economic force. Over the past year, independent workers generated roughly \$1.28 trillion of revenue for the U.S. economy—equal to about 6.2 percent of U.S. GDP (2018), or the entire economic output of Spain.

In addition to full-time independent workers, more Americans are taking up a side hustle to supplement their income. In 2019, these occasional independents rose in ranks 6.3 percent to 15 million. That number is up more than 40 percent since 2016.

Over the next five years, we project 53 percent of the U.S. adult workforce will either be working or will have worked as an independent.

41.1 million independent
workers in the United States

Some 47.8% of U.S. adults report either currently working or having worked as an independent at one time during their careers.

Source: https://s29814.pcdn.co/wp-content/uploads/2019/06/SOI2019_Infographic2.png

The Banking Needs of Non-Employer Firms and Independent Workers

Better understanding the makeup of the small business market provides more context when defining a small business product suite.

Questions to ask of your current business banking services:

- Knowing that most small businesses don't have employees, what changes does your financial institution need to make in order to better serve them?
- Can a small business owner that's pressed for time easily find the answers to their product questions on your marketing website?
- Is your financial institution equipped for online enrollment or do you require visits to the branch?

- Are your current business offerings largely built around features like adding sub-users, establishing transaction limits and approval workflows that don't apply to a solo entrepreneur?
- What is our deposit strategy for businesses that are managed out of the cab of a pickup truck, in a home office or remotely from a location that access to a physical branch is not possible?
- As small business banking is evolving, do our current services properly address a small business owners' needs?

Small Businesses Need Cash Flow Support

The primary need of a small business is to manage cash flow. According to a 2016 [report](#) from the JPMorgan Chase & Co. Institute, the median small business owner only had 27 days of cash in reserve. Detailed in the report is the tight correlation between daily inflows and outflows of cash for small businesses. This tight correlation highlights that any disruption in consistently bringing in cash can have a catastrophic impact on the health of a small business.

25% of small businesses have less than 13 days of cash reserve

The median small business in the United States only has 27 days of cash reserve

Source: <https://institute.jpmorganchase.com/institute/research/small-business/report-cash-flows-balances-and-buffer-days#finding-3>

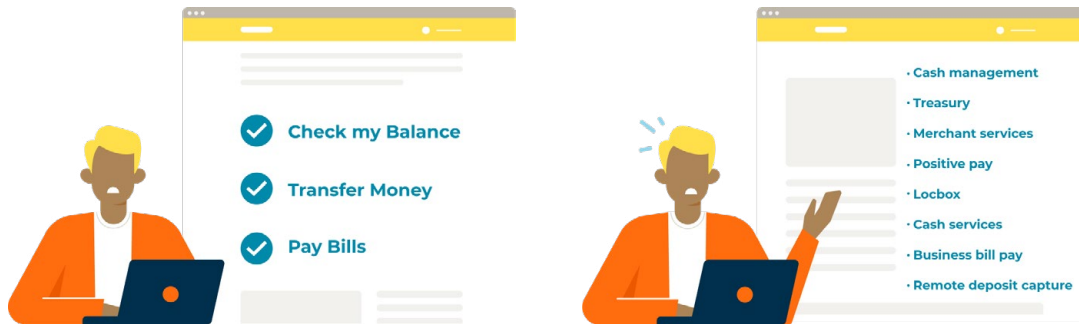


Fast forward to 2020 and the impact of COVID-19 has had on the ability for small businesses to consistently accept customer payments. Small businesses that once relied on in-person interactions to receive payment were forced to find new ways to accept payments online. This impact was not only felt by retail-focused businesses, but also trade workers, medical professionals, lawyers, consultants and more.

The problem is that most financial institutions are not well prepared to help businesses owners make the transition. Most have good solutions for online bill pay (payables) but are not well positioned to offer online payment acceptance (receivables).

Small Businesses are Stuck

When it comes to managing cash flow, small business owners are stuck between two offerings within a bank: **Consumer functionality that is too basic, and commercial and/or treasury functionality that is too complex.**



This creates frustration for the business owner and the financial institution.

Consumer products leave the business owner feeling underserved and searching for a solution to better manage their cash flow and, most urgently, how to accept online payments from customers. Commercial or treasury products, on the other hand, are underutilized because the products are not built for the small business. They become frustrated over time with the associated fees and the perceived waste of resources.

To illustrate this point. If a contractor called into your bank and asked, “I have several jobs that I’m about to complete and my customers want to pay me online with a card, can you help?”

What is your response?

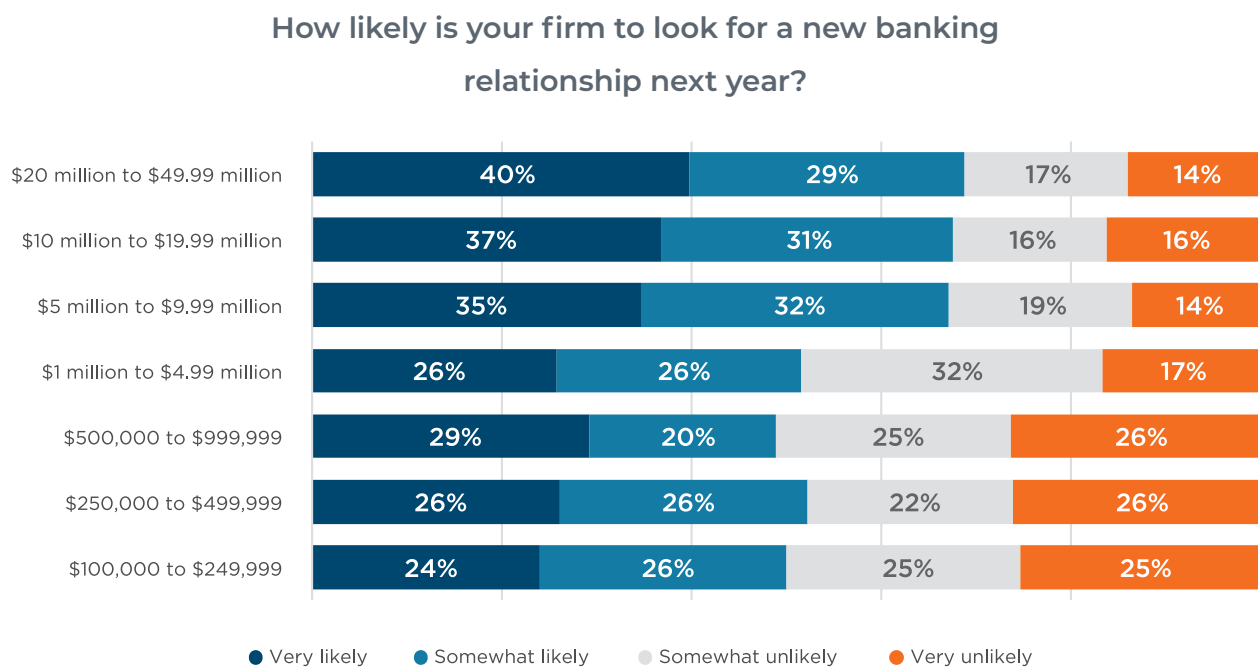
For most financial institutions, there is not a good solution to offer.

Traditional merchant services programs are better suited for businesses that conduct in person transactions. Online treasury management tools are focused on larger businesses that handle transactions in batches, most of which are B2B.

Simply, neither solution was designed with the small business owner in mind.

The unfortunate response back to the contractor is then, “I’m sorry but we really don’t have a good solution.”

The end result is that small businesses are frustrated with today’s banking services and are increasingly more likely to consider switching banks.



A study from Cornerstone Advisors shows how likely a small business is to look for a new banking relationship in the next year.

Source: Cornerstone Advisors survey of 1,265 small business owners and executives, Q1 2020



[Download the report here](#)

The Opportunity Created for Non-Bank Providers

There are a growing number of non-bank providers that have recognized the opportunity in, and are aggressively targeting, the small business market. This is a problem for financial institutions and the banking industry.

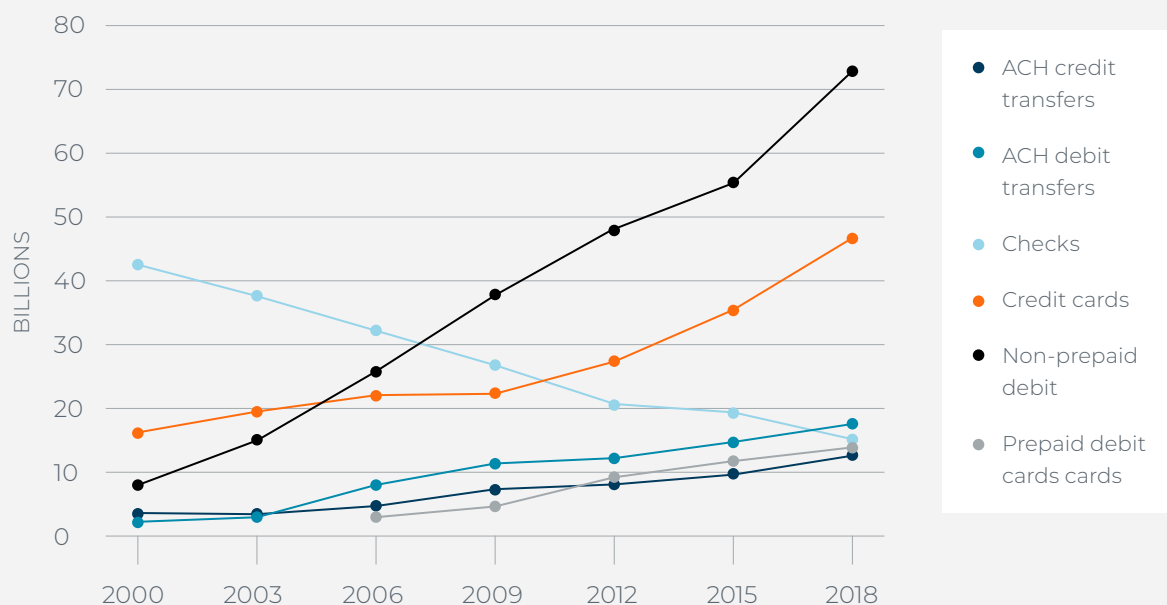
The opportunity in small business banking starts with helping small businesses accept payments from their customers. The point of entry is helping a business owner accept online, or remote payments from their customers via card or ACH.

The Federal Reserve releases a payment study each year that documents payment trends. Key findings from the [2019 Federal Reserve Payment Study](#) highlight the year over year declines of both cash and check payments as well as the decline of in person card payments.

- By number, the growth rate of core non-cash payments was 6.7 percent per year from 2015 to 2018, higher than the growth rate of 5.1 percent per year from 2012 to 2015. By value, the recent growth rate (3.8 percent per year) was slightly higher than the growth rate of the prior period (3.6 percent per year).

- Total card payments (both credit and debit), which represented 7.3 percent of core non-cash payments by value and 75.3 percent by number in 2018, grew at a rate of 8.9 percent per year by number between 2015 and 2018—up from the 6.8 percent yearly rate of increase from 2012 to 2015. Debit cards, including both prepaid and non-prepaid, were used almost twice as often as credit cards in 2018, but the value of credit card payments exceeded the value of debit card payments by almost 30 percent.
- The value of *remote* general-purpose card payments reached \$3.29 trillion in 2018, nearly equal to the value of *in-person* general-purpose card payments, driven in part by growing e-commerce card payments and the use of cards for recurring bill payments.

Trends in Noncash Payments, by Number, 2000-18



Source: <https://www.federalreserve.gov/paymentsystems/2019-December-The-Federal-Reserve-Payments-Study.htm>



Source: Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsley

While the trend towards online and remote payments has been steadily growing over the years, COVID-19 has dramatically accelerated Ecommerce adoption.

For many business owners, how they accepted customer payment had to change. Instead of accepting cash, checks or in person card payments, they had to transition to online payment acceptance and/or digital invoicing.

Mastercard Study Shows COVID-19 a Catalyst for Digital B2B Payments Adoption

Shift to digital business payments: With the majority of small businesses citing speed and security (91%) and transparency (87%) as top priorities, 82% say they've changed how their business sends and receives payments with 51% transitioning their clients to digital methods. Online card payments saw the greatest increase at 60%, while the use of cash (34%) and checks (24%) decreased more than any other payment types during the pandemic.

Digital payoff: Over two-thirds (67%) of small business owners agree that one upside to the pandemic is that it prompted them to upgrade their digital/e-pay solutions, which 81% say has improved customer satisfaction levels.

Digital is the new normal: Positive sentiment, increased customer satisfaction and continued exploration suggest small businesses plan to stick with digital business payments, even as the pandemic subsides. 70% say they are willing to invest in the technology required to advance their payment systems and 73% say digital payments are the new normal for their business going forward.

Ecommerce providers such as PayPal, Square, Shopify and Quickbooks that have been in the market for years as solution providers were the primary beneficiaries of this movement.

What's different now is that non-bank providers are offering much more than online payments to small businesses. They are now offering to become their bank.

Below are a list of non-bank providers that all announced bank account services in 2020.

- [Quickbooks announces QuickBooks Cash](#)
- [Wave launches Wave Money](#)
- [Brex announces Brex Cash](#)
- [Kabbage launches full-service business checking account](#)
- [Shopify to offer Shopify Balance](#)

They each have a common aim: help a small business owner with their cash flow and use that as a wedge into a larger relationship. They do this with tools that simplify receiving online payments, offer better forecasting or online lending.



[Watch the product announcement of QuickBooks Cash Flow](#)

Let's take the use case of receiving online payments through a non-bank provider, and the impact on the banking relationship. When a small business receives a customer payment, the funds are first deposited into the non-bank provider's virtual wallet (account). The business owner can transact online directly from their account or can sign up for a business debit card provided by the Ecommerce platform. The business debit card typically offers real-time access to any funds in the business owner's account, eliminating the need for the business to transfer money back to the financial institution.

When a small business owner starts receiving payments through a non-bank provider, their deposit relationship at the financial institution begins to decline over time. In addition to deposit services, most Ecommerce providers also offer online lending.

With a full suite of services designed specifically to serve a small business, you can see how the small business relationships are now at risk for attrition.

The Opportunity for Financial Institutions

To preserve and grow small business relationships, financial institutions should take steps to upgrade small business banking. Building on the foundation of existing digital banking and payment channels, financial institutions can still win the day with small businesses.

To do so, financial institutions must maintain control of how a small business gets paid, or deposits money into their account. **Similar to locking in a direct deposit with a consumer account, financial institutions need to lock in the direct deposit for small business accounts.**

To support the evolving needs of small businesses, and to lock in the small business deposit, financial institutions need to upgrade their small business banking services.



Autobooks Small Business Insights



Autobooks Small Business Insights

Autobooks was built to help financial institutions better serve small businesses. Our role as a fintech partner to financial institutions is the following:

- Deeply understand the small business market, starting with the small business owners themselves.
- Translate that knowledge into our products and services.
- Create value for both the small business and the financial institution.

The first section of this eBook covers some of our insights into the small business market. This section will reveal specific insights and data revealed through our work with financial institutions and small businesses across the U.S.

The Jobs to Be Done Framework

Autobooks uses a product development framework called jobs-to-be-done (JTBD). The use of the JTBD framework helps us ensure that we always have the needs of the customer at the forefront when we are building new features, or enhancing new ones. We won't take the time to go into an exhaustive explanation, but the below definition from Clayton Christensen, one of the frameworks founders, is perfect for the purpose of today.

“The jobs-to-be-done framework is a tool for **evaluating the circumstances that arise in customers’ lives**. Customers rarely make buying decisions around what the “average” customer in their category may do—but they often **buy things because they find themselves with a problem they would like to solve**. With an understanding of the “job” for which customers find themselves “hiring” a product or service, companies can more **accurately develop and market products well-tailored to what customers are already trying to do.**”

The Implementation of JTBD at Autobooks

The Autobooks application is an all-in-one product suite that enables a business owner to manage their business directly with a financial institution. With that comes features for receivables (accepting customer payments), payables (paying bills), accounting and bookkeeping and financial reporting. While the app is simple to use for a business owner, the capabilities are quite comprehensive.

For our team, utilizing the JTBD framework ensures we always keep the business owner in mind when we make decisions. Knowing why a customer “hires” our solution enables us to orientate everything we do around the customer jobs. This ensures we are meeting them in their moment of need, enabling them to make progress when it matters most.

Orientation around the job influences each of the following for our team:

- Product roadmap
- SMB onboarding experience
- Marketing content
- Service and support
- App integration with our digital banking partners

The “Jobs” of a Small Business

When our team completed our JTBD research in 2018, we uncovered 4 jobs. These are the four root causes as to why a small business owner would “hire” Autobooks for their small business.

JOB ONE

Add a simple and trackable way to get paid within my existing, complex system.

Many small business customers work in industries that require use of industry specific, and often complex, systems to manage their customers. Examples are business owners that work within the healthcare industry, employees within a school district or an independent contractor that is performing work for a large corporation.

While they are bound to these systems for managing their customers, job details and even how much a customer owes them, they are not bound to these systems for accepting payments.

They are looking for a simple way to accept and track payments related to this complex system, and do not expect it to integrate with the system. In fact most strongly indicate they purposely avoid any payment tools within these systems due to complexity and delays.



Examples documented by our team:

- A school district employee that sends digital invoices to parents to collect for back-to-school supplies.
- A therapist that needs to bill patients after they receive a settlement report from the insurance company.
- The treasurer of a church or non-profit wants to implement a simple way to collect tithes, offerings or donations that directly integrates with their existing bank account.

The opportunity for financial institutions is to offer them a simple way to request and track payments as part of their existing checking account experience.

JOB TWO

I tried to offer credit card as a form of payment to my customers from someone other than my financial institution and I was burned. Help me get back to offering credit card to my customers, but from someone I trust.

Offering credit card as a payment option is not a new concept. Traditional in-person POS systems have been around for years and online options offered through non-bank providers lowered the barrier of entry of adoption and have exploded in growth as a result.

As end customer demand grew for paying via card, many business owners felt the pressure and decided to adopt solutions. Unfortunately for many business owners the experience did not end well.

Common negative experiences documented by our team:

- Funds being held by online providers for weeks at a time.
- Poor customer service experiences that include back and forth email exchanges or frustrating phone support wait and resolution times.
- Misquoted rates by vendors that lock business owners into multi-year contracts that charge hefty billing fees.

The experience of offering card-based payments has been so bad that the business owner stops offering the option altogether, knowing that doing so will inconvenience many of their customers.

The opportunity for financial institutions is to promote a way to accept online card payments, backed by a company the business owner trusts (both for security and to offer good customer service).

JOB THREE

Help me get started with an easy way to send invoices and get paid by customers.

New small businesses are started, and new small business accounts are opened, every day. The best time to try something new is when you are just getting started. When a business owner starts a new business, one of the first decisions they must make is how they will collect payments from their customers. There is also energy around this job for established business owners that are opening a new account at a financial institution.

In both cases, the business owner is “open for suggestion” as to how to better manage their business. They are in the mode of “starting off on the right foot” or “resetting” when it comes to their operations.

Examples of where to best engage these business owners:

- Include an option to accept online payments or send digital invoices within the online account form.
- Add to the in-branch account opening process.
- Develop an email campaign targeted to new account openings.
- Establish outbound calling to new account holders to ensure they are aware of the financial institutions services.

The opportunity for financial institutions is to leverage a point of time when a customer is more likely to adopt a new product and make it a standard part of their business operations.

JOB FOUR

I'm overwhelmed, make invoicing and payments simpler so that I can keep things organized and manage the chaos.

Managing a small business can be hard. The hours are long and business owners are forced to wear many hats. In many cases, small business owners are looking for a “lifeline” of sorts. They are so busy in the day to day that they don't have the time, or expertise, to evaluate their operations and make strategic decisions.

For these businesses, receiving a recommendation from a trusted source like a financial institution can provide the relief they need.

Examples documented by our team:

- A business owner that is suddenly dealing with the loss of a partner or employee that used to handle all of the client billing and payment collection. When the business owner is forced to take on the work, they find the previous process was not well organized and inefficient.
- A business owner acquires a business and realizes the previous owner managed everything manually using pen and paper. The new business owner would prefer to manage the business online and automate as much as possible.

- A business owner decides to start an adjacent business. The new business is related to their original business, but operations are different (ex: billing is much more frequent than their other business). The business owner quickly realizes they need a better process or will need to shut down the adjacent business because it takes too much time away from their core business.

The opportunity for financial institutions is to offer an all-in-one small business platform as part of a business owner's existing online banking experience. Eliminate the need for a business owner to have to learn third party systems and piece together a solution.

The JTBD of Autobooks post COVID-19

Our initial JTBD research was done in late 2018, well before COVID-19. What's important to note about JTBD is that the Job does not change even as the conditions around the Job change. As an example, COVID-19 has not changed the Autobooks Jobs. It has simply acted as an accelerator to the push more business owners into the Jobs.

Here's an example.

Sally is a therapist. She specializes in helping kids overcome reading disorders. Every day she goes onsite to meet with kids and offer her therapy services.

One day she was talking with another therapist about work and they mentioned that they use a digital invoicing tool to bill patients. Sally liked how the therapist described being able to create a simple invoice that was delivered directly to her client's email. Sally thought that sounded like a great idea and made a mental note to look into that later.

Time goes on and Sally continues to operate as usual. She thinks about digital invoicing from time to time, usually when she's already onsite for a therapy session, but her clients are already used to paying her by check at the end of the session.

One day on the news Sally hears that her county has issued a lock down due to COVID-19 and her work has been deemed non-essential. She can no longer go onsite for her therapy sessions. Sally now has to find a way to conduct her therapy sessions online. This means she also now has to find a solution to get paid remotely by her clients. She doesn't need anything complex, just a simple way to send an invoice and get paid remotely by her clients.

Sally now recalls her conversation about digital invoicing and immediately signs up.

As you can see from the above example, the Job for Sally is the same before and after COVID-19. She wanted a simple way to request and receive payments from her clients. It did not need to integrate with her client management and scheduling application, she actually preferred it didn't.

What changed was that COVID-19 forced her into the Job. Prior to COVID-19 she had the same Job, there just wasn't enough force behind her to take the time to make the switch. COVID-19 provided the needed force to set her in motion of making the switch.

Jobs Cause the Switch, What About the Additional Features of Autobooks?

As you can see by the Jobs, the underlying theme within each is how Autobooks helps the business owner get paid by their customers. You may be asking yourself what role the additional Autobooks features play within the Jobs. Why are they not specifically called out? Does that mean they are not valuable?

The answer is that these features aren't the attractive force to cause a customer to switch to Autobooks but they can play a very important role in the retention of a customer.

To illustrate, let's compare two of the Autobooks Jobs.

Add a simple and trackable way to get paid within my existing, complex system.

Businesses within this Job only care about making it simple and easy to accept customer payments. For them the attractive force is accepting customer payment. As long as their business does not change, that is all they need to remain satisfied long term. They may never use any additional feature of the application and be perfectly satisfied.

I'm overwhelmed, make invoicing and payments simpler so that I can keep things organized and manage the chaos.

For businesses within this Job the attractive force is to make accepting payments simpler but they also need help with organization. The combination is tightly coupled. If you were to only offer a simple way to accept payments it would not be enough to retain the client long term. If you only offered features that helped keep a business organized, it would not be attractive enough to get them to initially adopt.

JTBD Summary

To summarize, use of the JTBD framework ensures that we keep the needs of the small business owner top of mind in all that we do. It helps us to prioritize everything from the features we build to the marketing copy we write.

Focusing in on the Job of the small business has helped us continually grow user adoption and transaction volume. As a payment facilitator (PayFac), Autobooks is able to enroll, risk score and underwrite a small business to receive online payments in minutes, not days. This rapid onboarding process enables financial institutions to lock in the small business direct deposit. Combined with easy-to-use accounting functionality, Autobooks eliminates the need for a small business to turn to a third party accounting or payment provider.

To illustrate the benefits of enabling small businesses to receive customer payments online, Autobooks analyzed a cohort of 225 small businesses that had adopted Autobooks and had been active for 12 months. The chart below shows the deposit percentage breakdown by method in which the deposit was made.

Autobooks Deposit Penetration Growth

	-3 Months	Month 1	Month 6	Month 12
Autobooks	0.0%	8.8%	12.3%	18.5%
RDC	24.3%	28.3%	26.3%	24.5%
ATM	0.9%	0.8%	0.8%	0.2%
Cash	18.7%	10.2%	8.9%	5.8%
Checks	23.8%	24.0%	23.1%	20.1%
Other	30.6%	26.7%	27.8%	29.7%

What you can see is that when a small business owner adopts Autobooks, customer payments captured (deposits), increases over time. This is good news for our financial institution partners as this equates to an increase in non-interest fee income. That is because small businesses pay interchange fees for payments captured through Autobooks, which is shared between the financial institution and Autobooks.

As an additional benefit, deposit growth in Autobooks comes at the reduction of cash, ATM and check deposits. Each of these activities typically carries a service cost to the financial institution.

Autobooks Data Insights Delivered Through Microsoft Power BI

Transaction Data



15.7

Average number of transactions per
SMB/month



\$883⁹³

Average transaction amount of an invoice



\$207³⁵

Average transaction amount of a
payment form payment

Small Business Engagement

The average number of times a SMB
logs into Online Banking:



50%

of Autobooks SMBs login every day

Before Autobooks:

5.4 TIMES PER MONTH

After Autobooks:

23.6 TIMES PER MONTH



35%

Percentage of SMBs that are instantly
enabled to accept online payments after
completing our online enrollment



34 minutes

Average amount of time it takes from
enrollment to when an SMB is enabled
to accept online payments



80%

Percentage of SMBs that self-enroll



8.5%

Percentage of new business checking accounts that enroll in Autobooks



23

Average number of end customers the SMB has on Autobooks

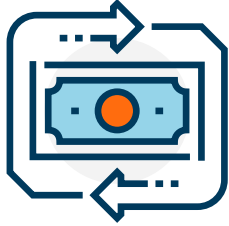
Interested in an ROI analysis from Autobooks?

Send an email to our team at

letstalk@autobooks.co with the subject line: ROI



Go-To-Market Services That Deliver ROI



Go-To-Market Services That Deliver ROI

As noted, small business banking needs an upgrade, and Autobooks can plug into a financial institutions' existing digital banking channel to drive better small business engagement, service, and monetization.

This section will cover the following:

- How small business owner needs are always kept top of mind within our product roadmap and marketing content
- The go-to-market services Autobooks deploys to drive ROI
- How financial institutions can leverage our team's insights and expertise to more effectively engage small businesses



FI Product Adoption Goals

When implementing and launching within a financial institution, we focus on two key metrics to measure ourselves against. Tracking against these metrics helps us to dial in and focus our team on delivering impact. For a financial institution, this is the pathway to generating substantial income to offset the Autobooks program to grow non-interest fee income through functions like small business deposits and more.

First 30 Days

1% Adoption of FI's Eligible*
Small Business Base

Within 12 Months

4% Adoption of FI's Eligible*
Small Business Base

**An eligible business is any business or account holder with access to Autobooks, online banking, and that has active contact information on file.*

Establishing a Successful Small Business Foundation

The initial launch event is a great time to drive meaningful adoption. The goal is to have 4% adoption by the end of the first year, 1% coming in the first 30 days (~25% of the total adoption for the year). Executing a successful launch event builds a solid customer foundation of customers to build from.

Beyond the initial launch campaign, consistency in engagement is key in order to produce ongoing results. Utilizing good nurturing techniques for small businesses that engage in content, creating seasonal campaigns, and ongoing financial institutional training are all keys for consistent adoption.

An example of consistency in engagement is our approach to new accounts. Referencing back to our research, account opening is a cause for new product adoption.

JOB THREE

Help me get started with an easy way to send invoices and get paid by customers.

To support new account holders, we have created a campaign to specifically message to this segment. When a small business opens a new account, they are placed into our leads workflow so that we can engage with them at the time when they are more likely to be “shopping” for a solution.

This campaign is run throughout the year, as new accounts are opened regularly.

Generating Non-Interest Fee Income

Adoption is important, as each business owner that adopts Autobooks generates non-interest fee income for the financial institution. This is done by revenue sharing the monthly product and transactional fees generated back with the financial institution.

Small Business Fees

Monthly Product Fee - Each small business owner pays a monthly fee for the product. The suggested market price is \$10 per month.

Transaction Fees - Each small business owner pays a transaction fee for any incoming payment processed through Autobooks.

- Card-based transactions range from 2.75% - 2.9% for all card types*
- ACH-based transactions are a flat 1%

*The actual rate will be determined by the financial institution's choice of merchant processing rails. The rate will be a flat rate across all card types to the small business owner, with no per transaction fees.

To help effectively drive product adoption and utilization, our team offers a suite of services that can be leveraged by the financial institution.

Our Go-to-Market Playbook: The Development and Impact

Driving product adoption requires deep understanding of the end customer and consistent touch points. Autobooks' go-to-market services and playbook, backed by dutiful research, can do this and produce consistent revenue for financial institutions. Creating this go-to-market program has involved ongoing education internally and externally, but relying on these insights helps us know what to say and when to say it.

When using Autobooks go-to-market service, we take on a large portion of the rollout to lessen financial institutions' burdens, helping them to get up and running quicker. This way they can make an impression on small businesses by being there at just the right time.

Here's how we designed our playbook that engages and educates small businesses:

In our research into small businesses, we discovered a learning curve. They're stuck between consumer and treasury banking, so marketing to them can feel unnatural. Do you market to a small business the same as you would a commercial client, or do you take a more "retail-like" approach?

When we initially started with our services, we focused on marketing to them as more "retail-like." We tried general email marketing best practices that included limited copy, heavy imagery, and multiple CTAs.

Our success was decent.



Then, we focused on optimizing the process to advance adoption and enhance ROI - elements we can provide to your financial institution. Autobooks sought out a Growth Lead to join the team, researched and adopted the “Jobs to be Done” framework, and completely rebuilt our process.

Now our process is small business-driven.
A financial institution needs this mindset to
overcome the competition of non-bank providers.

We did this by letting the customer, the small business owner, drive our marketing approach. To do this, we started interviewing small businesses about their needs. Specifically, we reached out to those who have switched on how they handle invoicing, accounting, and getting paid by using Autobooks. Listening to what they need in their banking relationship gave us the necessary feedback to improve and market to them - and develop a more robust service that financial institutions can tap into.

Our research uncovered four “Jobs” or why an owner would choose the Autobooks platform, which we covered in-depth in section 2. With these findings, we made adjustments to our messaging:

- **Reducing CTAs** - too many convoluted the messaging of “why” Autobooks
- **Specific copy based on language provided by small businesses** - reaching out in the terminology and material they recognize
- **Reducing the usage of non-essential imagery**
- **Increasing cadence** - regular emails, spaced out appropriately, to reach owners when they’re experiencing a banking pain point

The positive outcomes have been substantial. We reach small business owners in need of an ecommerce platform at a much higher rate than before switching to the JTBD framework. We get a bump in Autobooks activation with email marketing, and with every Autobooks bump, financial institutions get one as well. This combined with consistency in email, landing pages, content, and engagement drives adoption up.



Three-Legged Approach of Go-to-Market Services

It's essential to recognize our go-to-market services are much more than just email. The three legs of our stool to encourage utilization of the Autobooks platform for small businesses, benefiting financial institutions, is:

Best-in-class marketing automation

- Email campaigns based on conversion copy *
- Website landing pages *
- Digital banking ads targeted to SMBs, such as banners
- Social media marketing

**We supply these to your institution, so you don't have to recreate the wheel. We can track and measure effectiveness, integrate demo booking tools, and implement a test invoice experience for small business owners -- all within a landing page!*

Financial institution engagement

- Team training to bring up to par on Autobooks capabilities to engage SMBs
- New account opening leads program
- Demo bookings *
- Community events

**Our team is standing by to meet with your small businesses that have questions about the solution or would like a demo.*

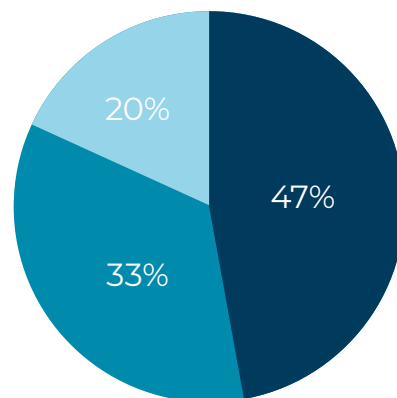
Outbound small business calling and education

- Targeted outbound calling campaigns *
- Customized and approved calling scripts *
- SMB

Consistent engagement across all three channels yields the best results. The graph below shows attribution of new small business adoption within each channel:

Channel Attribution

- Digital Marketing Automation
- SMB Outreach
- Training and Support



Why select go-to-market services to support your product launch? Financial institutions that lean into the three-legged stool and consistently engage with Autobooks understand what they need to do and say to small business owners to steer them away from non-bank providers and toward their services. Simply put, they get better results long term.

Would you like to see samples of our
best performing emails?

Email our team at letstalk@autobooks.co
with the subject line: Conversion Emails.



Summary



Summary

Autobooks partners with financial institutions to upgrade small business banking. With Autobooks, a financial institution can transform their existing online banking application into an Ecommerce platform for your small businesses.

The battleground for small business relationships starts with controlling the small business deposit experience. Financial institutions, who once held a geographic advantage when deposit capabilities were limited to cash and check, now face the emergence of new non-bank competition.

In order to lock in the small business relationship, financial institutions are going to need to deploy new ways for small businesses to accept customer payments online. Enabling businesses to accept online payments directly into their existing checking accounts is the small business version of locking in direct deposit for consumer accounts.

Partner with Autobooks to:

- Grow small business deposits and increase non-interest fee income
- Transform online banking into an Ecommerce platform for small businesses
- Invest in digital tools that enable small businesses to manage their business online, directly with your financial institution

Want to schedule time
to meet with our team?

autobooks.co/contact-us

Ready to build
your small business case?

autobooks.co/businesscase

Powered by





Autobooks is an all-in-one small business product suite that helps financial institutions increase deposits, differentiate their digital banking experiences, and better serve small businesses that struggle with cash flow and financial management.

Autobooks integrates directly inside the financial institution's digital banking channels so a business owner can simply send invoices, collect online payments, automate accounting, and gain access to financial reporting from the same login they use to manage their traditional banking services. In addition to making it simple for the business owner, Autobooks makes it simple for financial institutions by offering pre-built integrations for the nation's leading core platforms, digital banking providers, and merchant processors.

autobooks.co |  | 