A Massive, Ignored Market Is Ready for Disruption

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We live in an incredible time. Technology has fundamentally changed the way we work and live, putting resources at our fingertips and simplifying otherwise mundane tasks. And yet, despite all of the technological advances that we have made across industries, most of today's business owners are still flying blind when it comes to their finances.

There are hundreds of SaaS products out there tackling everything from expense management to new-employee onboarding, but little has been done to solve the core problem of finance for growing businesses. Until now, the data challenges were too hard to solve, the market too fragmented and the technology driving the backend not powerful enough to create change.

Business owners have been left to make do with information that is outdated, hard to access and lacks the insights they need to make meaningful decisions that help them grow. And that means that owners have to take time away from building their business to deal with their finances. We know just how frustrating this problem is from our time building Crashlytics, and we were shocked that when we went to start our next company, a full ten years later, nothing had changed. We were presented with the same old, outdated finance software to run our new business.

Fortunately, a seismic shift is happening in business finance and it’s driven by four things.

1. Digitization of business

The “digital revolution” we were all promised almost a decade ago proved to be less a revolution and more a slow, painful progression. It wasn’t that long ago that teams had to paste their receipts to expense forms or that pay stubs and W2s were mailed to your house. Revolutions take time, but today we have tools to move paper-based methods online and ultimately make the processes less painful (and save a few trees in the process).

Today, there’s a SaaS tool or product for almost every part of a business’s operations. The problem now is that these tools each only do one or two things, thereby creating a fragmented and frustrating experience for small business owners with limited team resources. The good news is that, now that all of their data is online and able to be connected, new opportunities have opened up to connect the dots.

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2. Open banking

Most businesses have financial data spread across checking accounts, credit cards, a payroll provider, a ledger and more, none of which talk to each other seamlessly. So for owners, getting a full picture of their finances is like trying to find information from five different people who all speak different dialects. Fortunately, open banking is coming quickly on the heels of the digitization of business, and instituting secure communication standards between financial institutions makes it possible to ingest all the scattered data into one clear picture.

Before open banking, we were forced to deal with one-off data sharing arrangements, proprietary, incompatible APIs and a veritable cottage industry of “screen scraping” approaches — all of which have significant downsides including security, lag time, poor data quality and a lot of manual labor.

We’ve just scratched the surface of the possibilities that are enabled because of open banking in large part because one of the most important aspects of it, the ability to access financial data across various siloed institutions, also creates some big new challenges. Finance data is now accessible, but it isn’t structured consistently or easily digestible; data from AMEX may look different than information pulled from Bank of America. That issue is exacerbated as a company grows — each new bank account, transaction and employee grows the complexity exponentially, making it nearly impossible for even the largest finance team to keep up.

That is where the next driver, machine learning, comes into play.

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3. Machine learning

Machine learning is one of the most important technologies driving fintech’s future. At the most basic level, machine learning is helping fintech companies expedite the tedious, manual data entry previously required of owners, bookkeepers and accountants, removing a painful, time-consuming task from their plates and eliminating inevitable human errors. And that’s just scratching the surface of its potential impact.

More importantly, it gives time back for the important work that needs to be done. Bookkeepers and accountants are incredible allies to a business, helping them make decisions about hiring, expansion and opportunities to cut expenses, but only if they are allowed the time to analyze and imagine

instead of spending most of their energy on data entry.

But the most important way machine learning will soon shape the future of business operations is by enabling companies to create a complete digital model of their business. This living model requires companies to have a financial engine that thinks, remembers and is powerful enough to share trends at a glance that let you see into the future. Thanks to ongoing technological breakthroughs, this is finally becoming possible. Using algorithms trained to mine data sets while recognizing details – like the difference between Uber and Uber Eats – saves accountants from manually categorizing transactions. And owners can sit shotgun and watch all their real-time finances flow without waiting on spreadsheet-attached emails to find out what happened two weeks ago.

The glorious result is that companies can now deploy new, powerful finance tools with minimal effort to set up and elevate their finance teams from much of the tedium to focus on being strategic partners to the business.

4. Design thinking

The last piece has nothing to do with technology but is a byproduct of the industry. As consumers, we get to experience so many products that are easy, fun and a delight to use. So why hasn’t that type of design thinking made its way to business software? It’s as if we’ve made a silent pact, accepting that financial tools have to be hard to use, cumbersome and siloed from intelligence. But as companies start to think about the human on the other side of the screen and make the shift from designing feature sets to designing valuable experiences, it unlocks a huge transformation.

We believe in creating an intuitive and beautiful way for owners to understand their business finances – every pixel and line of code serves utility and experience. And by making it fun to use and by making complex data accessible and easy to

understand for non-accountants, an entirely new generation of founders and leaders will emerge, empowered like no other in history.

There are examples of this in a few areas already, the most notable of which is Google Workspace (formerly G-Suite). Microsoft Office had long been the de facto for business as well as consumer productivity, but it lacked the type of easy collaboration that companies were so desperately craving. Google Workspace was designed to be insanely intuitive, connected and geared towards the way companies operate online.

Today, businesses don't have a dashboard like Google Analytics for their finances, but it's coming, and it will have a monumental impact on owners' relationships with their businesses.

These four forces are already at work shaping the future of fintech, thanks to the billions of dollars pouring into the industry. One report estimates VC funding in the first half of 2021 shattered records with more than $288 billion invested worldwide. A new age of finance is beginning to dawn and in this era, all the questions about money, big and small, can be answered in just a few taps, with zero friction. Imagine the returns when a business's suspicions, worry and frustration all get reinvested into building and innovation. In that future, we all win.

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