

# KaPower Insights #5

The Venture Impact Investment Cooperative for Emerging Countries

## ■ B2B Online marketplace

B2B marketplaces share many characteristics with their B2C counterparts and are disrupting traditional linear supply chains. We are all used to B2C eCommerce websites like Amazon, they have been around for a long time, and it is not easy to imagine life without them. They all thrive because they're **convenient, easy to use, and give consumers a product/service quality** that's difficult to match.

B2B online marketplace is an eCommerce portal that connects B2B sellers and buyers. The sellers are manufacturers, brands, wholesalers and suppliers, and the customers are other businesses. B2B online marketplaces have significant growth potential because of their **ability to solve various productivity gaps B2B companies face**. The main goal of B2B marketplaces is to simplify everything related to purchasing:

A business can set its market, gain a broader pool of buyers in one go, sell its products (usually in bulk), and increase its revenue to its true potential.

The B2B market is still very budding and unexplored. According to Gartner Inc. & Research and Markets, by 2023 at least 70% of the marketplaces will serve B2B transactions and by 2027 the global **B2B e-commerce market size is estimated to reach \$20.9 trillion, growing at a CAGR of 17%** during the forecast period.

2018 to 2020 B2B e-Commerce fundraisings	\$ Raised (million)	Valuation Average (million)	Numbers
Seed	\$4	\$26	7
Serie A	\$11	\$75	7
Serie B	\$30	\$212	3
Serie C	\$99	\$553	3
Serie D	\$368	\$2,025	2

Given such a huge addressable market and the unique dynamics of this business model, we shall witness the emergence of multiple large B2B e-commerce unicorns soon. Good examples of B2B online marketplaces include Amazon Business, Alibaba, but also some younger companies like Udaan focusing on the Indian market which reach the statue of unicorn just 2 years after its launch in 2018 and some new players in high growth market like **WeMena** for the United Arab Emirates and **Dastgyr** in Pakistan.

*The fundamental reasons why the timing is optimal for B2B adoption are:*

- An inclination by retailers to **embrace newer technology** in the face of online threat
- Increasing smartphone and internet penetration
- The **rising cost of compliance** for small offline wholesalers
- The rapid **change in shopping habits** due to coronavirus disease
- In Emerging Markets, they increase digitalization of retailers and unlock access to financing.

*Key Benefits of B2B Marketplace Business Model:*

- Low Entry Cost
- Highly Scalable Business Platform
- Value Proposition
- Enhanced Data Collection
- Security

Data collection locations:

