

# Bill.com makes major acquisition play with \$2.5B purchase of Divvy

Article

The cloud-based software provider for small and medium-sized businesses (SMBs) acquired accounting fintech Divvy for \$2.5 billion in a stock and cash transaction, [per](#) a press release. The deal is expected to close by the end of September and is subject to regulatory approvals and other customary closing conditions.

**With the acquisition, Bill.com can expand its product suite for clients, increasing retention.** The acquisition is part of Bill.com's **goal** of creating a company that helps SMBs manage all their financial operations. The fintech already offers expense management and budgeting software combined with smart corporate cards. Bill.com chose Divvy as the acquisition target because the software provider's customers have been asking for more tools to manage their business-to-business (B2B) spending, and Divvy gives them real-time insight into all their B2B spend. The startup can also contribute its automated payable, receivables, and workflow capabilities. The combined entity will expand Bill.com's reach to more SMBs beyond its existing 115,000 customers given Divvy's 7,500 monthly active SMBs. With this move, SMBs will have all their financial needs in one place, reducing the relationships they need to have with different financial institutions and increasing satisfaction and retention.

**In 2021, SMBs have a wealth of financial services to choose from, and the latest news could point toward consolidation in the space.** Corporate credit card and rewards fintech Brex recently **announced** a \$49 product that lets SMBs manage their finances in a single dashboard. US-based Pilot raised \$100 million in **March** to help SMBs better manage billing, banking, expenses, and bookkeeping. And Amex is working to position itself as the go-to platform for SMBs, most **recently** by acquiring alt lender Kabbage. While there are more than **30 million** small businesses in the US that continue to be **underserved** by financial institutions, the value proposition that fintechs present are looking increasingly similar. Being acquired might therefore be an easy way for players to keep their foothold in the market. As a next step for the combined entity, Bill.com could look into adding a checking account for SMBs via a partnership or acquisition to provide a holistic suite of financial services.

# Small Business Spending on Accounting and Payments Services, Q1 2020

*Billions*

Accounting/bookkeeping	\$135.5
Invoicing	\$144.9
Bill payment	\$142.0
Payment acceptance	\$108.4

Source: Cornerstone Advisors, "The \$370 Billion Small Business Opportunity for Banks," June 2020

Methodology: Data is from the June 2020 Cornerstone Advisors report titled "The \$370 Billion Small Business Opportunity for Banks." 1,265 US small business owners and executives were surveyed online during March 2020.

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