Using AR Automation to

EMPOWER YOUR COLLECTIONS TEAM

(Not Replace It)

A Guide for Accounts
Receivable Professionals
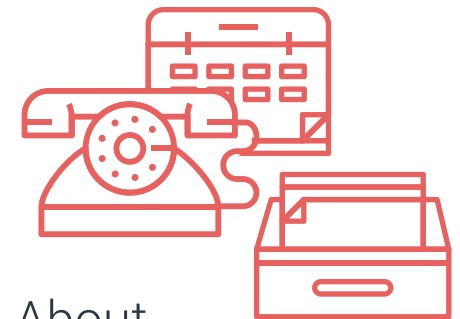
TermSync™
an Esker Company

THE STATE OF
COLLECTIONS MANAGEMENT

Accounts receivable (AR) is no second-rate department. Not only is it usually the largest company asset, it deals directly with customers and cash flow — things businesses can't do without. You'd think internal AR processes would be on the cutting edge of innovation, right? *Yeahhh* … not so much.

While departments like sales, marketing and payroll have embraced the use of software solutions, AR has been slow to catch up, with many still relying on sticky notes, calendar reminders and spreadsheets to manage post-sale collections activities.

About

50%

of all businesses still use manual processes for managing their receivables.[1]

RECOGNIZE ANY OF THESE MANUAL COLLECTIONS SYMPTOMS?

- Long DSO times
- Low staff productivity
- Lengthy invoice disputes
- High credit risk
- High transaction, financing and administrative costs
- Lack of visibility and forecasting
- Increased rate of bad debt write-offs

[1] Automating AP/AR Financial Processes — User Feedback on the Real ROI. (2014). AIIM. PDF file.

AUTOMATION: SEPARATING FACT FROM FICTION

As this eBook will point out, **AR automation is a proven and effective remedy** for eliminating manual collections pains, accelerating payments and empowering your team. However, it's also a solution that's highly misunderstood and often met with fear and resistance. Let's clear the air:

AUTOMATION ISN'T

- **A replacement for your staff or existing system.** Maintaining billing and collections is something that can't (and shouldn't) be fully automated.

- **A shortcut to success.** Businesses still need the staff and proper strategies to optimize their AR performance, whether automation is used or not.

AUTOMATION IS

- **A complementary tool that eliminates tedious tasks** while freeing up staff to perform value-added activities (i.e., it helps everyone do their job better).

- **Multi-dimensional,** in that its usage can be extended into other areas of AR beyond collections, such as e-invoicing, customer portal support and more.

DITCH THE LOW-VALUE, TIME-WASTING TASKS.

Your AR reps have an important job to do. But considering all the manual grunt work involved in getting slow-paying customers to be proactive, most companies don't have the time/staff to make contact as early and often as they'd like. Enter automation. By taking human involvement out of the areas that aren't actually necessary to make AR function, you can accelerate payment *and* free up your staff using tools such as:
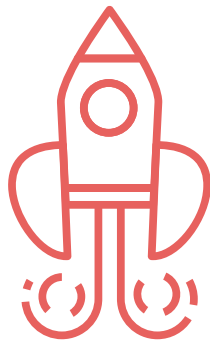
- **Payment reminder emails.** Reminder emails can be sent to customers (personalized with your branding) about past-due and upcoming invoices, as well as an updated list of their available credits.

- **Scheduled reports.** Instead of having staff manually put together a report and sending it out, customized reports can be automatically delivered to anyone via the automation solution.

- **Self-service portal.** Instead of hounding your AR staff for help making payments or getting invoices copies, an online portal is available for customers to take care of these tasks on their own.

OPTIMIZE THE MOST
ESSENTIAL ACTIVITIES.

Research from PayStream Advisors reveals that, in a manual setting, **AR reps spend 30% of their time prioritizing who to call and searching for contact information.**[2] Yikes! Even if AR can't be entirely automated, that doesn't mean the human elements have to be inefficient. Automated AR solutions optimize staff efficiency by ensuring the majority of their time is spent producing actionable value. Collections teams love automated features such as:

AUTOMATED FEATURES

- **Customized to-do lists.** Help your AR reps prioritize which customers need to be contacted by creating customized to-do lists that house all the necessary info directly info at their fingertips.

- **Account lookups & call logging.** Users can easily scan a call task list and view a snapshot of any customer account; after a customer is contacted, any notes and schedule follow-ups can be logged.

- **Assign tasks to others.** When necessary, team members also have the capability to assign a task to an individual outside the AR department (e.g., sales).

To-Do List • overall

- Customer responses needed
- Collection calls needed
- Root Cause: Reasons for lateness
- Root Cause: Disputed
- Payments to be entered

To-Do List

Reminders+ Autopay	$1,255	10 invoices
Reminders	$329,310	368 invoices
No Contact Information	$7,000	2 invoices
Invoices Subtotals	$290,832	351 invoices

[2] AR Automation: Taking Control of Collections & Recovery. Q4 2014. PayStream Advisors.

DIAL UP WORKFLOW
VISIBILITY TO 100%.

One of the most effective ways of improving cash flow is by monitoring and forecasting AR performance. However, in a traditional collections environment, this means gathering and analyzing data manually. Sounds like a nightmare, huh? Fortunately, AR automation records every action, giving staff the foresight to uncover and fix issues while also providing more time to analyze the data. It's a win-win with tools like:

ADVANCED TOOLS

- **Root cause analysis & deductions.** Improve your ability to track and make process improvements on any type of issue you'd like (e.g., invoices that reach 60 days past due, deductions taken, customer disputes, etc.).

- **Collections forecast.** Users can accurately predict the likelihood of getting paid before the end of the month on every outstanding invoice, with the added benefit of setting collection goals to track your progress.

- **Collector performance.** There are also many customized reporting capabilities (e.g., response time to customers, collection goals, logged calls, etc.) that provide extra insight into team and individual performances.
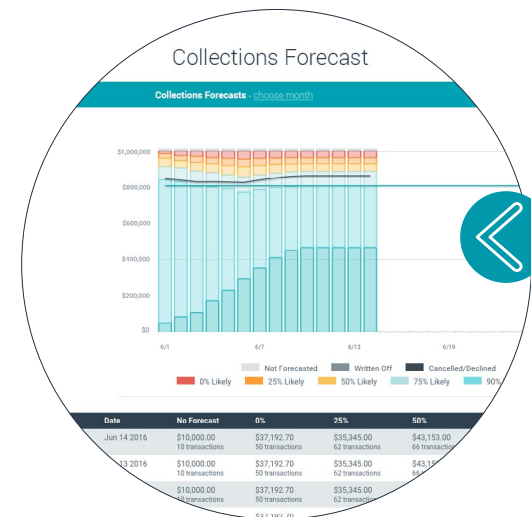
Collections Forecast

MAKE DOING BUSINESS
EASY FOR EVERYONE.

Get paid faster and drive repeat sales. That's what collections management is all about. However, it can be difficult to do that if the processes involved are slow, confusing and stressful — not just for your collections team, but management and customers, too. Where manual processes fail, AR automation solutions succeed by ensuring a smooth experience for every stakeholder involved in the process, including:

- **Customers.** Nearly 3 in 4 customers prefer self-service support options over phone or email.[3] Online portals offered through AR automation solutions give customers what they want — the ability to find info, complete tasks and even request support on their own time.

- **Staff members.** No more wasted time on tedious tasks. No more limited visibility. No more frustrated customers to deal with. Either way you slice it, AR automation makes every aspect of your collections team's life more productive and enjoyable.

- **Management.** Not only does AR automation mean higher staff output, lower DSO and greater visibility into the process, it ultimately increases customer satisfaction — something all profit-minded members of management will appreciate.

[3] North American Technographics Customer Experience Online Survey. (October, 2009). Forrester. PDF file.

# COMPARE & CONTRAST

ACME CORPORATION

HOW A **TYPICAL** COLLECTIONS PROCESS WORKS AT ACME CORPORATION

Once a month, ACME's AR team **sends out paper account statements** to its customers.

Late-paying customers are contacted 45 days past-due and every two weeks after. Below is the protocol that's meant to be followed, however, there is no accountability in a manual process:

- Follow ups are done via email first, then calls.
- AR reps scan aging report to get contact info.
- Notes are logged in spreadsheets.
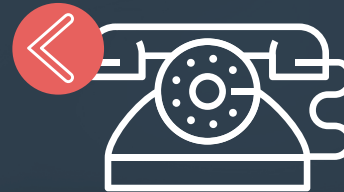
If AR reps discover an issue with a customer that **requires another department** (e.g., sales) to get involved, the AR rep would email sales to describe the situation and log notes about it.

WORTH NOTING

- ACME does not provide customers an online option to make payments, view invoices or ask questions.

- Customers may lose invoices or claim they never received them, resulting in payment delays and ACME's AR team having to spend time sending copies.

- ACME occasionally works out payment plans with customers who are past due.

- ACME completes trade reference requests on their customers' behalf.

- Management tracks DSO and how much is written off as uncollectible.

COMPARE & CONTRAST

ACME CORPORATION

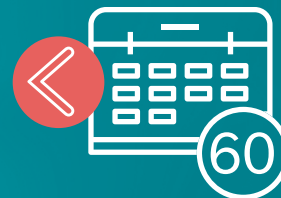### HOW AN AUTOMATED COLLECTIONS PROCESS WORKS AT ACME CORPORATION

Scheduled payment reminder emails automatically go to customers, replacing paper account statements and allowing for earlier, more frequent touch points. ACME controls the timing, subject line, messaging, branding, etc., with different rules set up for each customer.

Instead of scanning an AR aging, **a to-do list is created** (based on the rules set up by ACME) letting the AR reps know who they should be calling. Customers are now called earlier, yet fewer calls are necessary thanks to the automated reminders.
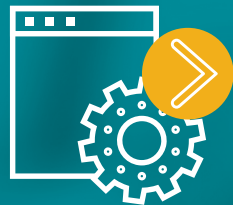
If another department needs to be involved, AR reps **set up a task in the solution to auto-email** them. The automated solution tracks expected task completion dates and statuses, and how often they occur, helping to uncover improvement opportunities.

Should an invoice reach 60 days past-due, an ACME staff member **categorizes it into one of seven categories** set up by ACME. This helps quantify certain recurring issues and leads to process improvements.

WORTH NOTING

- ACME has an online portal where customers can view invoices, ask questions and make payments freely.

- Rather than call or email about a lost invoice, customers can grab copies of invoices on their own 24/7.

- ACME can automate the payment plan and streamline the trade reference process.

- Management can now track more metrics (beyond DSO) in order to keep people accountable and look for process improvements.

ABOUT
TERMSYNC

TermSync is an Esker company that connects over 500,000 businesses through an intuitive, cloud-based platform. Operating in tandem with existing workflows and systems, TermSync helps organizations of any size improve customer relations, reduce administrative costs and get paid faster — **it's our commitment to bring AR into the 21st century!**

TermSync is headquartered in Madison, Wisconsin. For more information, visit www.termsync.com.

ABOUT ESKER

Esker, TermSync's parent company, is a worldwide leader in cloud-based document process automation software.

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. For more information, visit www.esker.com.

TermSync Interface

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