



# The Worst Practices in **ACCOUNTS RECEIVABLE**

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YOUR BUSINESS CASE FOR ELECTRONIC INVOICING



# THE **7** WORST PRACTICES IN ACCOUNTS RECEIVABLE:

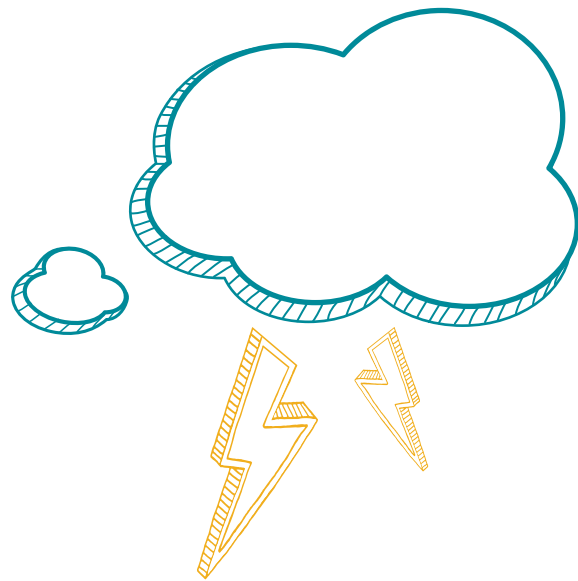
## YOUR BUSINESS CASE FOR ELECTRONIC INVOICING

Raise a hand if your accounts receivable (AR) process is bad. Like just-thinking-about-it-gives-you-a-headache kind of bad. Sound familiar?

OK maybe it's not all doom and gloom but — take it from us — if you process customer invoices manually, there's a good chance you're in the throes of some pretty awful AR practices.

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**This guidebook helps you identify those wrongs and how to make them right.**





# YOUR DSO AVERAGES ARE IMPRESSIVE. AND NOT IN A GOOD WAY.

## (( HURRY UP AND WAIT? ))

The faster an invoice gets to the customer, the sooner you get paid. But here's the thing: Invoices in a manual billing process are typically delivered during a set time period even if they're ready to go now. That means longer Days Sales Outstanding (DSO) and less of what your company needs the most — money in the bank.

## (( KIND OF A BIG DEAL ... ))

Research from Aberdeen Group<sup>1</sup> finds that nearly 60% of companies list **pressure to reduce DSO** as their top driver for improving AR processes.

## (( WHY DSO IS SHORTER WITH AUTOMATION ))

**No manual preparation** = fewer errors and slowdowns

**Invoices sent in real-time** = faster internal payment process

**Full visibility** = immediate issue resolution



# #2

## YOUR AR TEAM MEMBERS ARE EXPERTS AT PRINTING, COLLECTING, ENTERING, SORTING, FOLDING ...

### (( THE MALAISE OF MANUAL PROCESSING ))

No matter how fast you want invoices delivered for payment, data from the ERP system still needs to be extracted and composed. That takes manpower in a conventional AR setting. And who would want their employees tied up in tasks that are unproductive, unpleasant and inaccurate? Nobody, that's who.

### (( CONSIDER THIS: ))

According to a 2013 study<sup>2</sup> by The Institute of Financial Operations, the average AR department still delivers **more than half** of their invoices via postal mail.

### (( TAKING THE BUSY WORK OUT OF AR ))

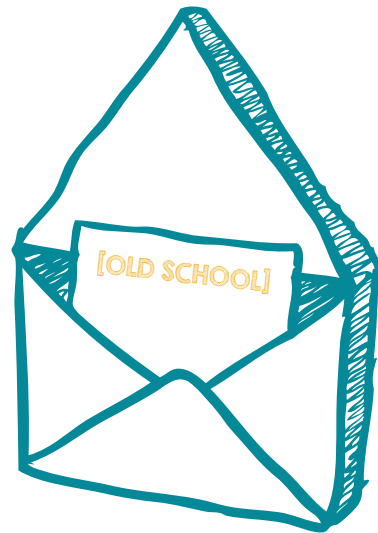
Using automated delivery for both paper and e-invoices:

- 1 Invoices are transmitted from the ERP to the automation solution.
- 2

Invoices are sent to a mail production facility for postal delivery.

- 3 Or ... as an email directly to the customer with a PDF attachment.
- 4

An invoice status is fed back into the ERP and available to users.



# #3

## THE MAILROOM IS YOUR AR DEPARTMENT'S MILLSTONE.

### (( WHERE DOES YOUR TIME & MONEY GO WHEN

### (( MAILING CUSTOMER INVOICES INTERNALLY? ))

- Labour
- Hardware and maintenance
- Printers
- Ink, paper, toner, etc.
- Folding/stamping machines
- Stuffing and collating
- Stamping or metering
- Errors/exception handling
- Archiving and storage

### (( WORD OF THE DAY: ))

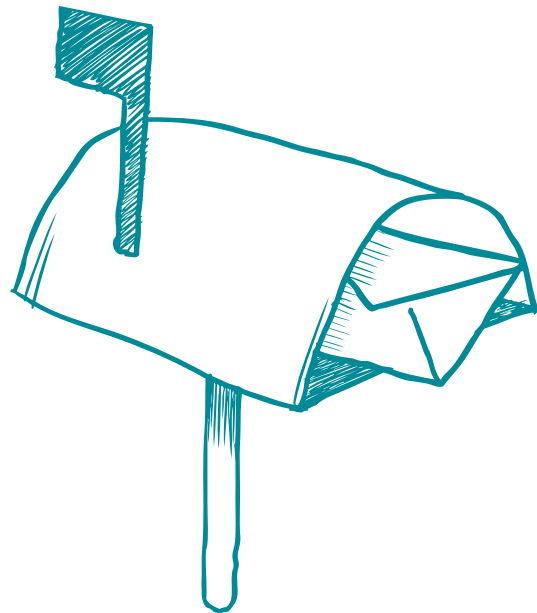
**Millstone** (n) [mil-stohn]<sup>3</sup>

: a problem or responsibility that does not go away and that makes it difficult or impossible to do or achieve something

➤ See: *operating an internal mailroom for AR processing*

### (( POSTAL MAIL DELIVERY AS A SERVICE ))

Using an AR automation solution, paper invoices can be submitted electronically to an on-demand production facility where they are processed and handed off to the local postal services within 24 hours of creation. Putting tons of time, money, effort and equipment into mail delivery? Yeah, no more of that.



# #4

## THERE'S NO WAY OF KNOWING IF INVOICES WERE SENT OUT ACCURATELY OR ON-TIME.

### (( NO INSIGHT, NO IMPROVEMENT ))

Here's one thing almost all top-performing AR operations have in common: Their cash, spend and working capital is tightly controlled and easily monitored. Here's another: They rely on automated workflow since paper is hard to trace and even harder to store. See what we mean?

### (( AVOIDING THE AR "ABYSS" ))

Otherwise known as the dark, vacuous chasm in a manual processing environment where customer invoices go between delivery and payment.

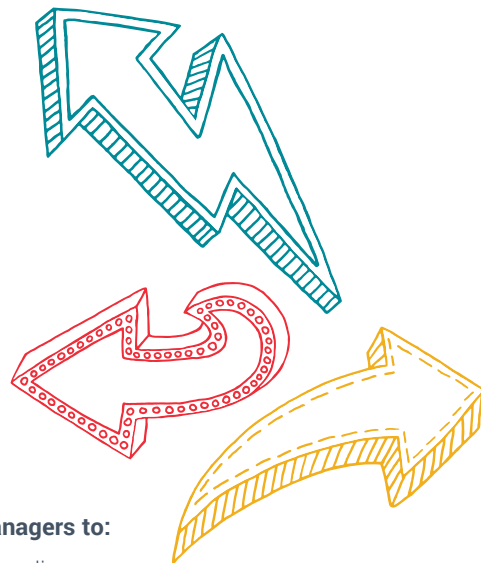
### (( FULL TRACKING AND REPORTING CAPABILITIES ))

**An AR automation solution allows users to:**

- Track online when an invoice was read
- Select mail preferences to offer customers
- Report on invoices sent via each mail preference

**An AR automation solution allows managers to:**

- Monitor individual user's actions for quality control
- Analyse load balancing needs
- Reallocate resources to more value-added activities



# #5

## CUSTOMER PREFERENCES ARE FOILING YOUR PLANS FOR REAL PROGRESS.

### (( NO WAY FORWARD? ))

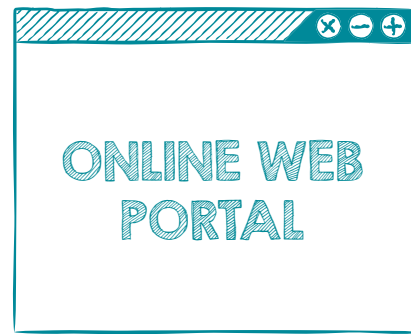
We get it. You'd love to jump on the e-invoicing bandwagon and reap the benefits. The problem is some of your customers can't imagine a world without mail. Plus, your company can't afford the blowback or loss of business by taking an "our way or the highway" approach. Are you destined for eternal paper purgatory?

### (( THERE'S A NAME FOR THAT ... ))

Catch-22, Dilemma, Paradox, Lose-Lose, Conundrum, Predicament

### (( HOW AUTOMATION BREAKS THE DEADLOCK ))

- Allows for **100% e-invoicing** on your end without asking the customer to change
- Delivers invoices according to **customer preferences** and regardless of media type
- Eases the transition to customer e-invoicing adoption via an **online web portal**



# #6

## YOU DON'T CALL YOUR CUSTOMERS - THEY CALL YOU.

### (( PHONING IT IN ))

Picking up the telephone to call your customers is an AR best practice for ensuring timely payments. What's not a best practice? Having staff members constantly tied up answering phone calls from inquiring customers. Call it a product of manual invoice processing. Just don't call it good for business.

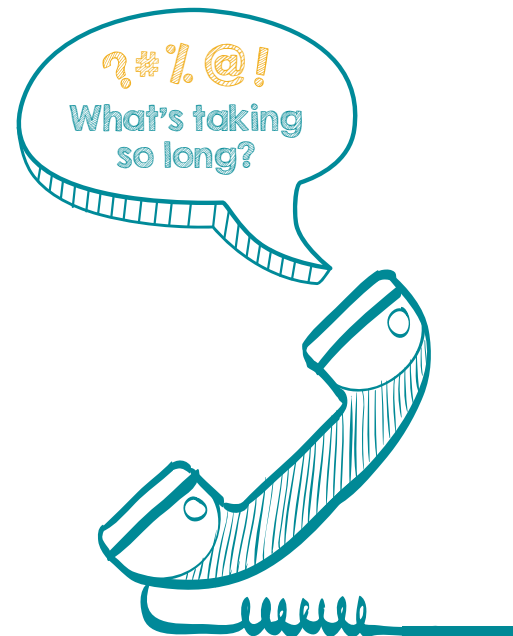
### (( DID YOU KNOW? ))

According to survey respondents in a 2013 study<sup>2</sup> by The Institute of Financial Operations, handling customer inquiries and calls is the most **labour-intensive** part of the AR process.

### (( SELF-SERVICE THROUGH AN ONLINE PORTAL ))

AR automation solutions reduce the amount of calls coming in to your company by giving your customers a convenient web interface to:

- **Securely** store copies of their invoices online
- **Easily** search and retrieve any invoice
- Select their **preferred media** with online subscription





# #7

# YOU *THINK* YOU'RE IN COMPLIANCE WITH INTERNATIONAL E-INVOICING REGULATIONS.

## (( RULES ARE RULES ))

This is a global economy. Understanding the restrictions on e-invoicing is a must for both the country of origin and the recipient country. If you're using a decentralised AR operation with lots of moving parts, or have customers who lack the capacity to properly store e-invoices, it might be time for an update. Like now.

## (( WORD TO THE WISE: ))

Some rules were meant to be broken. Just not international e-invoicing regulations.

## (( PEACE OF MIND WITH AUTOMATION ))

**A best-in-class solution offers compliance features such as:**

- Electronic signatures and certificates
- Revalidation portal for tax auditing
- Secured long-term archiving
- Interoperability with multiple systems



# ABOUT ESKER

## WHO WE ARE

Esker is a worldwide leader in document process automation.

Forward-thinking businesses use our solutions to **Quit Paper™** and streamline their inbound and outbound communications.

After 30 years of field experience, Esker has over 80,000+ customers and millions of licensed users worldwide.

Esker operates in North America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

Learn more online at [www.esker.com](http://www.esker.com).



## WHEN YOU ARE READY TO LEARN MORE ...

[Whiteboard Video:](#)

The Road to Electronic Invoicing

[White Paper: How to Achieve 100% Electronic AR Invoicing](#)

Realistic Steps to Quit Paper

[Accounts Receivable Buyer's Guide:](#)

20 Questions for Maximising Your AR Automation investment

Plus, be sure to check out the [Esker Blog](#), your connection to everything newsworthy in the world of automation.

# RESOURCES



<sup>1</sup> ***Receivables Management for the Long Term: Balancing Collections and Customer Service***, August 2012. Aberdeen Group.

<sup>2</sup> ***2013 AR Automation Study***, April, 2013. The Institute of Financial Operations.

<sup>3</sup> **"Millstone."** *Merriam-Webster.com*. Merriam-Webster, n.d. Web. 18 Mar. 2014.  
[www.merriam-webster.com/dictionary/millstone](http://www.merriam-webster.com/dictionary/millstone)



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