HOW TO ACHIEVE THE PROMISE OF AR AUTOMATION

IOFM Institute of Finance & Management

Sponsored by

ESKER®

HOW TO ACHIEVE THE PROMISE OF AR AUTOMATION

Has your accounts receivable (AR) automation project failed to meet expectations?

If so, you are not alone.

60% of businesses have implemented some level of automation in their AR processes[1].

Lots of automation initiatives fail.

But don't blame technology. Blame the approach that AR departments take to automation.

Most AR departments rely on suboptimal, non-integrated applications.

Only 16% of business have fully automated their AR processes[2].

What's more, many AR departments limit the potential of their automation projects by targeting one-off, siloed tasks, such as creating invoices or reconciling customer payments, rather than broader applications that streamline and transform operations and deliver value to the greater enterprise.

The prolonged shift to remote working and unrelenting pressure to do more with less is likely to spur an increase in automation initiatives, which will raise the stakes for AR to get things right.

78% of CFOs plan to maintain or increase enterprise-wide digital investments[3].

AR departments won't achieve the full benefits of digital transformation until they automate their processes end-to-end. End-to-end AR solutions free businesses from the Excel spreadsheets, manual verifications, limited visibility, and human error that come with a piecemeal approach to automation. Most importantly, end-to-end solutions enable AR to adopt a foundation-strong solution that supports smarter growth strategies and ready for whatever business or economic challenges come next.

This white paper shows the benefits of end-to-end receivables automation.

The problems with piecemeal automation

Piecemeal approaches to AR automation create several problems that can hold a business back.

Manual AR processes are a significant issue for 42% of organizations[4].

INEFFICIENCY

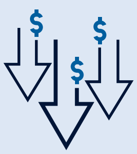
Every AR department wants to do more with less, especially in uncertain times like these. But poorly integrated systems make it difficult for AR departments to achieve the full benefits of automation.

- **Duplication of efforts.** Employees may need to enter customer information into multiple systems. Every time that customer data is re-keyed wastes employee time, drives up costs, and increases the possibility of an error that will require time-consuming remediation.
- **Posting delays.** Few things frustrate customers as much as delays in updating their outstanding account balance. But posting delays are inevitable when AR departments rely on poorly integrated payment processing and cash application systems. Call center staff and sales reps waste lots of time checking on the status of customer payments, sales are held up waiting for credit lines to clear, and service to customers may be mistakenly interrupted.

1 Levvel Research
2 Institute of Finance and Management (IOFM)
3 Gartner
4 The Hackett Group

- **Inaccurate reporting.** Businesses need a complete and accurate view of their receivables data to make informed decisions. But that's easier said than done in a department that takes a piecemeal approach to automation. In this fragmented environment, staff waste lots of time collecting, validating, and manipulating data in Excel reports that are quickly outdated.
- **Slow collections.** When information isn't properly integrated between an enterprise resource planning (ERP) and a collection management system, employees must use their own judgement to prioritize their efforts and manually track and update customer information.
- **Customer disputes.** No business would knowingly damage its reputation and customer relationships by sending incorrect data to customers. Yet, many erroneous invoices and payment reminders are the result of incorrect data from poorly integrated AR systems.

These inefficiencies can impact a company's costs, errors, and customer satisfaction.



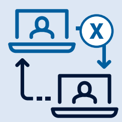
Businesses with fully automated AR processes spend 60% less to prepare and deliver an invoice compared to their peers that rely on manual invoicing processes[5].

LACK OF VISIBILITY

Staying ahead of the competition requires businesses to make fast, informed decisions. But poorly integrated AR systems make it difficult for businesses to know where things stand. Here's why:

- **Limited data availability.** It's hard to get a complete picture of your cash flow and avoid bottlenecks and other potential issues when only parts of the process are automated.
- **Incomplete data.** Data gaps are inevitable when some AR tasks are automated, and others are performed manually. These gaps make it difficult for AR leaders to effectively manage operations, get a picture of the company's financial health, or accurately forecast cash flow.
- **Inconsistent data.** The odds of data quality issues are high when you're dealing with data from processes with inconsistent capture and validation processes and multiple file formats.
- **Information silos.** Stakeholders cannot readily access the information they need to make informed decisions when data is siloed in paper-based or poorly integrated processes.

A piecemeal approach to automation can leave AR departments feeling like they are flying blind.



Inaccurate or incomplete customer data is a significant challenge for 21% of AR departments[6].

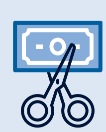
ERRORS

Errors caused by manually transferring data and information between systems can impact every part of the AR lifecycle – from invoicing and payment processing to dispute management and collections.

Here are several ways that a piecemeal approach to AR automation can increase the risk of errors:

- **Manual data entry.** Errors are inevitable when AR staff must manually enter information. A single typo or overlooked piece of customer data can cause big downstream headaches.
- **Lack of standardization.** Without standardized processes, staff can easily become confused by different workflows and file formats used across the lifecycle, resulting in costly mistakes. For instance, an employee may forget to perform a task that is automated in another system.
- **Integration issues.** "Garbage in, garbage out," the old saying goes. Incorrect data is more likely to slip through the cracks when only certain parts of the AR process are automated.

A piecemeal approach to automation makes it hard to ensure that data is accurate and consistent.



Customer disputes and deductions are a major issue for 23% of AR departments[7].

5 The Hackett Group
6 Credit Research Foundation
7 Credit Research Foundation

A POOR CUSTOMER EXPERIENCE

The issues caused by poorly integrated systems can have customers looking for the door. Here are some of the ways that a piecemeal approach to automation can impact the customer experience.

- **Payment posting delays.** Customers expect their outstanding account balance to reflect payments the biller received. They shouldn't have to call to confirm receipt of their payment. But posting delays are likely when some parts of a biller's AR process are still manual.
- **Inaccurate information.** No customer wants to receive inaccurate or confusing information from a biller's customer service representative. But information is more likely to be inaccurate or inconsistent when parts of the AR process use different data sources or formats.
- **Limited visibility.** Customers expect to get an immediate response to their question. But that's not possible when customer service representatives must toggle between multiple AR systems to track down the information that they need to respond to the customer's inquiry.
- **No personalization.** Manual processes make it hard to personalize customer interactions.

This is how a piecemeal approach to AR automation can negatively impact the customer experience.

86% of customers would stop doing business with a company if they received inaccurate billing[8].

INABILITY TO SCALE

Taking a piecemeal approach to AR automation can make it difficult for businesses to scale their AR processes and adapt to changing requirements as the business grows. Here are some examples how:

- **Fragmented processes.** It can be challenging to effectively manage and scale automated and manual AR processes that have unique workflows, data sources, and technologies.
- **Poor integration.** The limited technology integration between automated and manual AR processes can result in inefficiencies, errors, and higher costs when trying to scale.
- **Data quality issues.** The inconsistent data between automated and manual systems makes it challenging for AR leaders to get the overall process visibility that they need to scale.
- **Complexity.** Managing multiple systems, workflows and data sources is complex. And it becomes more complicated, costly, and resource intensive as an AR department grows.

These are some of the ways that a piecemeal approach to automation makes it difficult to scale.

83% of businesses believe that data quality is a significant barrier to their digital transformation efforts[9].

A single pane of glass

Automating end-to-end helps AR departments overcome the challenges that are holding them back.

- **Greater efficiency.** When you take a piecemeal approach to automation, AR operations can be a hotbed for all sorts of menial and repetitive tasks. End-to-end AR automation solutions have powerful technologies working behind the scenes to eliminate these manual, repetitive tasks across functions. Freed from the drudgery of folding, stuffing and stamping paper invoices, matching payments to open invoices, or creating lists of customers to call about past-due payments, staff can focus more time on work that is more meaningful and valuable.
- **Enhanced visibility.** End-to-end AR solutions put smart insights at the fingertips of the people who need them. Customizable dashboards help managers track metrics, uncover trends, and proactively respond to issues. Drill-down capabilities enable users to determine the source of problems. Mobile access keeps decision-makers in-the-know while on-the-go. Data exports get information to downstream systems fast and accurately. And ad hoc reporting helps AR departments adjust on-the-fly to changing business requirements.

8 Zoho
9 Experian

82% of CFOs say that advanced data analytics technology and tools are a top priority[10].

- **Seamless integration.** More complexity is the last thing that any AR leader needs. But that's what happens when departments rely on a hodgepodge of systems with their own logins and passwords, file formats, account requirements, and proprietary integrations. End-to-end AR solutions seamlessly integrate with any ERP system – even in diverse multi-ERP environments. AR staff can mail invoices directly from an ERP for worldwide postal delivery in less than 24 hours. Data and information are transferred between systems.
- **A better customer experience.** The impact of building customer loyalty and standing out from competitors is undeniable. End-to-end AR solutions improve customer service at every stage. Digital credit applications accelerate the onboarding process. Customers have the choice of paying using their preferred method (e.g., credit or debit card) and setting up auto-pay. An online portal makes it easy for customers to track invoices, make payments, and view account statements. Timely payment allocation ensures that customer accounts are promptly updated. And sending invoices directly from an ERP prevents contentious disputes.
- **Scalability.** AR leaders cannot truly build a more sustainable future for their companies without making the shift from a functional, administrative mindset to a strategic, holistic one.

These are some of the reasons that AR departments are automating their processes end-to-end.

International SOS

International SOS, a leader in health and security risk management with 26 assistance centers and customers in 90 countries across the globe, is one organization that has benefited from automating its AR processes end-to-end. The UK and Singapore-based company wanted to find a way to achieve visibility over its receivables, accelerate payment cycles, and streamline account reconciliation.

International SOS selected the AR platform from Esker for its flexibility and ability to automate the entire invoice-to-cash cycle. International SOS implemented Esker's solutions for invoice delivery, cash application, and collections management, all seamlessly integrated with International SOS' Oracle and SUN 6 enterprise resource planning (ERP) application and Sun6 billing system.

International SOS can now electronically deliver invoices and supporting documents to customers, match payments to customer accounts, and tailor collections strategies for different customers.

By automating its AR process end-to-end, International SOS improved the accuracy of its customer billing, accelerated the collection of customer payments, and streamlined its allocation decisions. What's more, 95 percent of International SOS' invoices are now delivered electronically, an increase from 15 percent before automation. And the Esker solution provides International SOS with full visibility into its invoices, emails, customer inquiries, and disputes through a centralized platform.

Conclusion

In a time of significant challenge and change, businesses are counting on their AR departments to help secure revenue, fortify critical customer relationships, and mitigate potential risks. With end-to-end AR solutions powered by the latest in AI technology, AR departments get a foundation-strong solution that's built to speed up collections, deliver actionable insights, increase connectivity, improve the customer experience, and support business growth in the harshest of conditions.

10 Gartner

About Esker

Esker is a global cloud platform built to unlock strategic value for finance and customer service professionals, and strengthen collaboration between companies by automating the cash conversion cycle. Esker's solutions incorporate Artificial Intelligence (AI) technology to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and US headquarters in Madison, Wisconsin. In 2020, Esker generated 112 million euros in total sales revenue.

For more information, visit **esker.com**

About the Institute of Finance & Management

Accounting and finance professions have each undergone nothing short of a complete transformation since the Institute of Finance and Management (IOFM) was founded in 1982 and since then our mission has been, and continues to be, to align the resources, events, certifications, and networking opportunities we offer with what companies need from the accounting and finance functions to deliver market leadership. IOFM empowers accounting and finance professionals to maximize the strategic value they offer their employers.

Our enduring commitment to serving the accounting and finance professions is unmatched. IOFM has certified over 25,000 accounting and finance professionals and serves several thousand conference and webinar attendees each year.

IOFM is proud to be recognized as the leading organization in providing training, education and certification programs specifically for professionals in accounts payable, procure-to-pay, accounts receivable and order-to-cash, as well as key tax and compliance resources for global and shared services professionals, controllers, and their finance and administration (F&A) teams.

Learn more at **IOFM.com**