

White paper

The Case for Accounts Receivable Automation

3 reasons to transition
to a digital future

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What’s inside

This white paper was created to educate anyone interested in accounts receivable (AR) automation – from AR staff and credit managers to the Office of the CFO – with the knowledge and strategies needed to make a successful transition to modernization. Understanding how automation works and the advantages it can harbor leads to more effective persuasion and organizational-wide acceptance while ultimately delivering improved customer experience (CX) and greater value generation across the business.

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Highly educational, highly sharable

If you find this white paper to be interesting and insightful (and we sure hope you will), be sure to spread the good word on your favorite social platform.



Introduction

Setting the stage for change

Automated solutions have long been on the radar of anyone familiar with the mundane tasks and manual bottlenecks found within a traditional invoice-to-cash (I2C) cycle. It wasn't until recently, however, that transformational digital technologies have evolved from a pipedream to what they are today for many AR departments — an arguable necessity.

But pursuing this type of initiative isn't as easy as choosing a solution and hitting the ground running. Even with the staggering amount of external business challenges (inflation, economic instability, etc.) raising more awareness about AR automation's potential, the biggest hurdle — getting buy-in from multiple key stakeholders — must still be cleared.



According to Gartner research, the typical buying group for B2B solutions typically involves **6 to 10 decision makers**.¹

Why AR automation is worth fighting for

Executives have a broad range of projects and priorities competing for their attention. By crafting a strategic and well-thought-out business case, it will clear up any misconceptions about AR automation and increase the chances of convincing decision makers that:



It's more than a cost saver.

Automation reduces AR-related expenses, for sure, but its true impact is far broader — enabling you to release cash faster and facilitate smarter growth strategies.



It's not a replacement.

Good AR is not possible without humans. To that end, automation — even when powered by AI — is not meant to replace people but rather enhance their capabilities.



It's an ideal silo-breaker.

Accounts receivable doesn't operate on an island. That's why automation unites the people and processes that have a direct impact on CX, cashflow and working capital.



It's too important not to.

At a time when uncertainty is rampant, flimsy excuses ("We've always done it this way!") to not automate are no longer valid — the stakes are too high.

Automation's impact

Processes primed for improvement

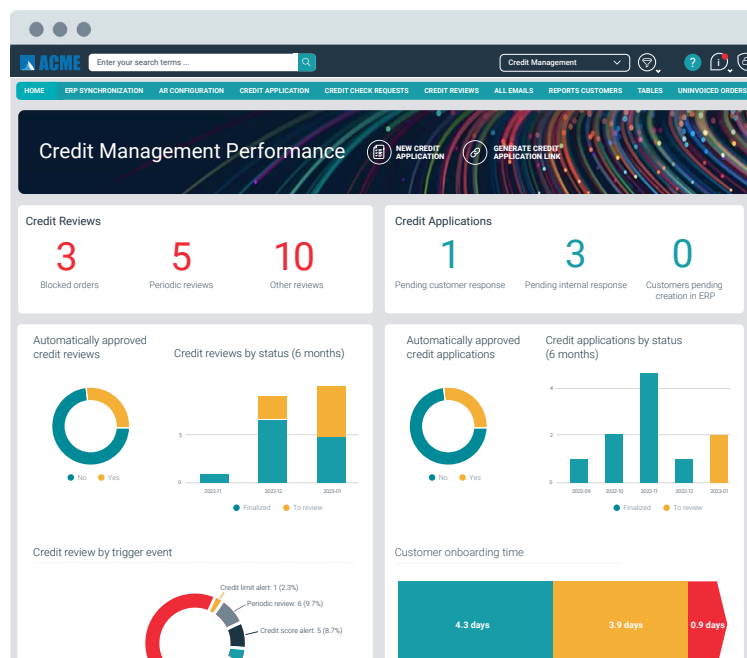
As one of the largest assets on the balance sheet and a department that deals directly with customers, AR is of critical organizational importance. Recently, however, its relevance has only increased, particularly in the Office of the CFO, thanks to the pursuit of more resilient business practices and cashflow optimization strategies in reaction to continued fears about inflation, talent attraction/retention and an impending recession.

While these external factors are largely uncontrollable, automation addresses the manual gaps within the I2C cycle that can be controlled. This is done by weeding out (i.e., automating) the root causes of dysfunction, drudgery and disharmony within essential AR processes such as:

Credit management

Automated solutions help AR departments secure more revenue by optimizing the entire credit approval and risk monitoring process. On the credit management side, this is done by empowering team members with digital tools designed to fix foundational issues like:

- Inability to properly secure customer credit terms
- Inaccurate risk assessment while supporting sales staff
- Poor compliance with credit policies
- Inadequate visibility over customer information
- Limited capacity to react to and/or anticipate changes in customer situations



Invoice delivery

By automating the delivery and archiving of customer invoices via any media (without sacrificing compliance or forcing customers to change their preferences), digital invoice delivery solutions create a value-added ripple effect, addressing common pains such as:

- Higher invoicing costs & error rates
- Customer hesitation to move to e-invoicing
- Lengthy cash collection delays
- Difficulty ensuring compliance
- No tracking of invoice delivery
- Complexities associated with the rise of AP portals

“Since implementing an invoice delivery solution, we’ve seen a reduction in DSO and \$342,000 ROI. Those are big benefits we would not be able to achieve without automation.”

Director of Operations & Acquisitions | Toshiba

[Read success story](#)

Payment processing

Lack of online payment capabilities throughout the I2C cycle (e.g., pre-order, at due date, collection process) makes it more difficult for customers to consistently make timely payments. Digital payment processing solutions increase your chances of getting paid thanks to self-service online payment options around the world from a secured customer portal that can be used for:

- Retrieving information from all sources & formats
- Managing exceptions
- Making adjustments to all accounts
- Performing fast allocation & reconciliation in the ERP to keep accounts clear

ACME PAYMENT TRANSACTION

Payment to ACME US

Payment Method

	Type	Card/account number
☒	Card	xx4444
☐	SEPA	xx2606
☐	Card	xx3155

[Add a payment method](#)

Payment Timing

Choose the date to make this payment:

☐ Pay now

☒ On the due date of the invoice (or today if the due date has passed)

☐ On the following date

ACME PAYMENT ALLOCATION | Design mode | Plans | Parameters

This is the first time you allocate a payment made by this payer. Please carefully check that all the information is correct.

Payment from US Fact

Search

☐ Display invoices and credit notes not available for allocation

Paid amount and invoice amount match remittance advice information.

	Customer	Customer identifier	Invoice number	Invoice date	Due date	Days past due	Outstanding	Currency	Link
☒	View	Silicium Office	52082031	4890008	03/04/2020	03/05/2020	101	14 774,41	EUR
☒	View	Stock Supply	52082032	4890001	26/04/2020	26/05/2020	78	16 344,42	EUR
☒	View	Stock Supply	52082032	4890011	07/05/2020	07/06/2020	66	14 193,06	EUR
☒	View	Silicium Office	52082031	4890019	12/05/2020	12/06/2020	61	19 628,19	EUR
☒	View	Stock Supply	52082032	4890020	12/05/2020	12/06/2020	61	12 279,27	EUR
☒	View	Silicium Office	52082031	4890033	20/05/2020	20/06/2020	53	8 992,32	EUR
☒	View	Office Division	52082020	4890050	28/05/2020	28/06/2020	45	9 921,14	EUR
☒	View	Silicium Office	52082031	4890061	31/05/2020	31/07/2020	42	10 637,03	EUR
☒	View	Wames Advertisin	52082021	4890087	06/06/2020	06/07/2020	34	13 782,75	EUR
☒	View	Office Division	52082020	4890088	09/06/2020	09/07/2020	34	18 580,67	EUR
☒	View	ADM Inc.	52082043	4890098	14/06/2020	14/07/2020	29	19 444,80	EUR
☒	View	Wames Advertisin	52082021	4900100	16/06/2020	16/07/2020	25	14 979,44	EUR
☒	View	Silicium Office	52082031	4890109	20/06/2020	20/07/2020	23	20 596,86	EUR

[Allocate](#) [Reject](#) [Quit](#) [More actions](#)

Cash application

Collecting payment is one thing. But trying to allocate cash in a timely and effective manner — while managing multiple payment sources and formats, not to mention the various levels of data — can be an entirely different struggle. Automated solutions remedy this by using a combination of AI-powered remittance management and auto-matching capabilities to take the unnecessary effort and errors out of reconciliation.

From a single interface, AR teams can overcome common cash application difficulties involving:

- Retrieving information from all sources & formats
- Managing exceptions
- Making adjustments to all accounts
- Performing fast allocation & reconciliation in the ERP to keep accounts clear

“The efficiency gains since introducing the cash allocation solution are phenomenal. We have gone from manual bank statement processing to having automation do all the heavy lifting.”

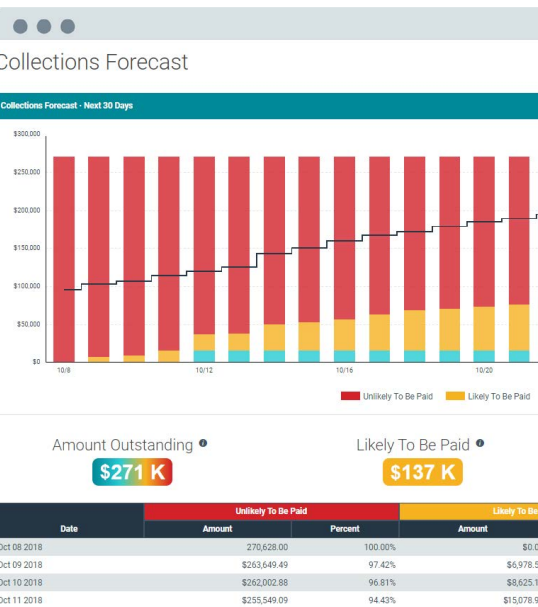
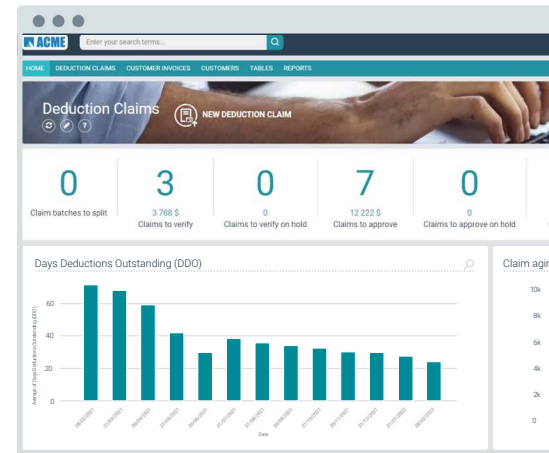
Credit Team Leader | Fletcher Steel

[Read success story](#)

Claims & deductions

Identifying deductions from payments or claims can also be a difficult proposition for AR teams operating in manual environments. Once again, applying automation is highly effective in speeding up and simplifying these types of critical processes. Through AI-driven data capture and electronic workflow capabilities, teams can avoid setbacks such as:

- Profit dilution
- Time-consuming investigations
- Lack of visibility & traceability
- Incorrect accounting



Collections management

In terms of coping with supply chain delays and other external disruptions, few strategies are more effective for a company than optimizing cash collection. Automated solutions do just that by organizing and enhancing collections with AI-assisted tools that free up AR team members and facilitate real-time insight into valuable metrics and even payment behavior analysis.

The end result is a process that sidesteps difficulties in:

- Following up with customers in a timely manner
- Keeping payment delays under control
- Maintaining compliance with credit policies & collections strategies
- Achieving visibility on collections performance & customers' situations
- Nurturing customer relationships

“The interface provides executive reports and performance metrics right at my fingertips. It really helped take our day-to-day performance to the next level.”

Credit Manager | Kuriyama of America, Inc.

[Read success story](#)

Making your case

3 reasons to transition to a digital future

From the perspective of key stakeholders and decision-makers, good project investments are the ones that benefit the entire organization — not just a handful of I2C processes.

They are acutely aware that the choices being made now regarding digital transformation will have ramifications for decades to come. If your business case isn't "speaking the language" of those most impacted, there's a higher chance it will fall on deaf ears.

So, what are the three most strategic reasons to pursue AR automation in order win hearts and minds and ensure your project's success? Let's explore.

Reason No. 1: It creates more fulfilled, proactive & impactful AR employees

Although manual I2C activities can seem benign, cumulatively, they play a huge role in saddling AR teams with errors, slowdowns and productivity losses — ultimately hurting the financial health of the company. In the course of building your business case, it will be beneficial to call out exactly how automation produces end-to-end efficiencies, who benefits from them, and how those benefits translate to "big picture" successes.

Empowerment through AI assistance

The most compelling case for automation to AR teams lies in the potential of the technology driving it — artificial intelligence (AI). In addition to RPA and OCR, digital solutions often integrate AI technologies such as machine learning, deep learning and Natural Language Processing (NLP) into their workflows, acting as a digital assistant to streamline daily activities, free up time and enhance visibility.

Another notable advantage of AI tools is their expansive reach — although AR stakeholders have their own unique pains and processes, they all benefit from the addition of AI-powered capabilities assisting their day-to-day activities. This includes:



AR-approved AI capabilities

As the driving force behind many automation solutions, AI technology delivers many transformational benefits including:



Using predictive analytics, AR staff knows when payment will likely arrive — improving efficiency & visibility over incoming cash & AR performance.



Thanks to prescriptive analytics, AR teams can facilitate better decision-making at every step of the I2C process via AI-driven suggestions.



By automatically capturing data from all AR documents, the burden is lifted from your AR team, optimizing your I2C automation efficiency.

Credit analysts

- Collect, combine & weigh all the internal & external data required to assess customers' credit risk
- Suggest a risk category to assign to a customer according to their situation & credit rules/policy
- Suggest credit limit to assign to a customer according to their situation & credit rules/policy

Cash application & deductions specialists

- Route inbound remittance & claims to the solution
- Split batches of remittances or lockbox files
- Find the right matching to auto-allocate a payment among multiple open items combinations
- Recommend allocation suggestions when auto-allocation is not possible

AR manager

- Provide collections forecast at 30/60 days or more
- Predict collection effort based on collection strategy, customer & invoice data, and payment predictions
- Uncover deep insights into the customer's portfolio (expected payments & risk level)

Collections specialists

- Provide payment predictions (per invoice & reports) & customer-estimated risk level
- Prioritize collection calls by risk level (critical/high/normal)
- Suggest deferring a call when payment is expected to arrive within the next 3 days
- Suggest quick actions/replies to customer messages (e.g. log a promise-to-pay, resend an invoice or account statement, update a contract, etc.)

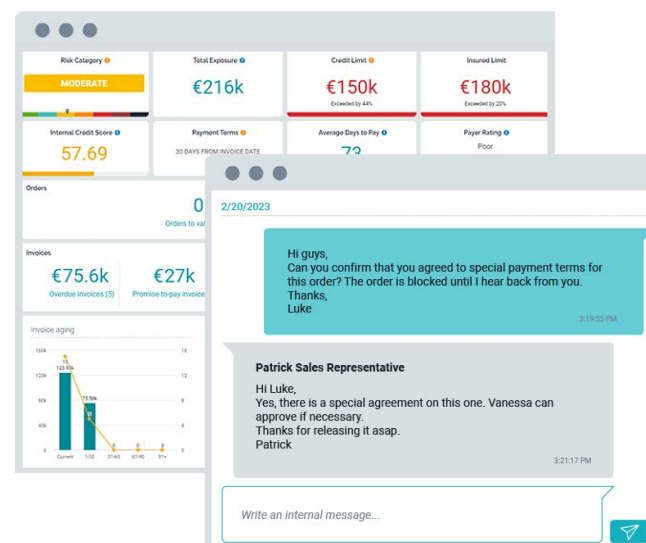
Collaboration made easy

Getting paid in a timely manner is virtually impossible without the ability to centralize AR information and interact with team members within the I2C process and outside of it. This is another foundational advantage to AR automation solutions – and one that is utterly transformational in the daily lives of AR employees.

Whether its getting a 360-degree view of customer situations from a customized dashboard or communicating with internal/external chat tools, everything needed to get visibility, share information and rapidly resolve issues is just a few clicks away.

Reassurance & job security

Understandably, those who are part of the AR staff will not always have a positive reaction to the news that there will be changes associated with their jobs – especially if it involves AI. Compounded with economic fears and pandemic-era memories still fresh in their heads, it's not surprising that recent research finds that engagement



levels decrease among workers with fears of job stability.²

Fortunately, automated AR solutions play an important role in quelling many of these fears. Not only do they help AR employees create more value for their team (thus becoming less expendable), they provide the company itself with a strong, modern digital foundation that makes it much easier to stay competitive and resilient in the event of future disruptions.

Reason No. 2: It helps the Office of the CFO be the best version of itself

To say that the Office of the CFO is an integral part of an organization almost feels inadequate. The Office of the CFO must balance traditional finance responsibilities with driving value and strategy across the entire enterprise. Moreover, the high wire on which this balancing act takes place is an environment rife with lingering risks, looming uncertainty and a blink-or-you'll-miss-it acceleration of digital technologies.

With such a broad and diverse set of responsibilities, the Office of the CFO seeks the type of digital investment that will not only deliver immediate benefits, but also scale with the pace of change. Automated AR solutions fit this to a T — helping the Office of the CFO be the best version of itself by optimizing the issues and functions it cares about most, including:

Working capital improvements

A healthy supply of working capital is critical to a business's survival now more than ever before. Naturally, AR plays a critical role in this process. One of the ways AR automation helps increase cash on hand is by reducing DSO thanks to some of the aforementioned AI technology. By removing the manual bottlenecks slowing down DSO, companies can collect and, most importantly, use cash faster. What's more, digital solutions make monitoring customer health and communicating with customers much easier — all contributing to a stronger working capital position and more opportunities for growth investments.

Talent retention

The Office of the CFO understands that you can't be competitive without the ability to retain and attract top talent. They should also be reminded that manual tasks, drawn-out onboarding processes and lack of career-development options are dealbreakers for most workers both inside and outside their organization.

By automating the low-value, menial work out of AR, CFOs can rest easy knowing that new hires don't have to master tribal knowledge or endure weeks of training to contribute — they can hit the ground running and make an immediate impact. Furthermore, employees achieve greater professional fulfillment and career-pathing thanks to their roles being freed up to pursue more value-added tasks.



Visibility & cashflow management

The increasingly global makeup of today's organizations — often with a myriad of languages, locations, compliance standards, etc. — makes it even more necessary for AR teams to not only work more collaboratively with other departments, but also provide the Office of the CFO with various degrees of visibility to improve long-term decision making and forecasting.

To achieve this type of visibility, AR automation solutions feature real-time analytics KPIs and customized dashboards that cover everything from day-to-day tracking to performance monitoring to predictive outcomes – giving the Office of the CFO instant access to the data needed to effectively monitor the company's financial functions and future.

Global compliance & risk mitigation

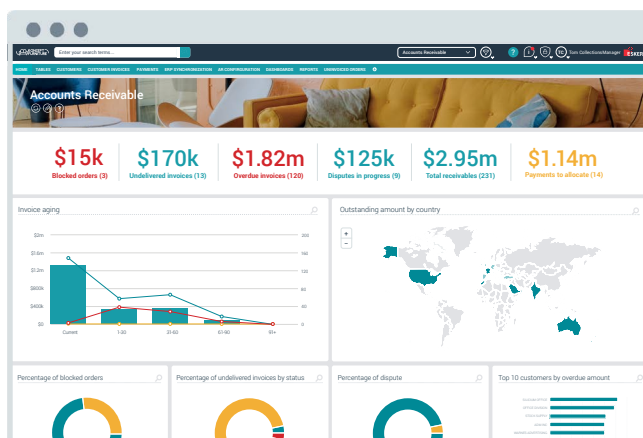
In addition to local e-invoicing compliance requirements and rapidly evolving technologies, the Office of the CFO should also be acutely aware of the governmental mandates set to soon kick off (e.g., France's mandatory e-invoicing for all B2B transactions starting in 2024)

Automated AR solutions can facilitate this often-overwhelming task by providing support for e-invoicing to public administrations in Europe, enabling compliance in every format and platform (including PEPPOL), and keeping e-invoice archiving fully compliant with the EU Directive and regulatory frameworks.

Most AR solutions also house a complete audit trail of every touch point, providing insight into who did what, when and where, with the ability to monitor whether or not the proper checks and validations took place. A record of all invoice data changes is kept so no modifications can be made without leaving a trace.

Smarter growth & business resiliency

There's no escaping the reality that disruptions are not merely transitory, but very likely a consistent obstacle for AR departments to hurdle for years to come. Therefore, it's critical that any "surface-level" operational benefits achieved by automating AR also equate to more strategic, long-term advantages. Otherwise, the investment is simply not worth it for the Office of the CFO. A good way to see how digital solutions lay the foundation for this type of sustained foundation of resiliency is through this illustration:



- Fewer manual tasks & silos
- Hard & soft cost savings
- Simplified IT environment
- Greater visibility & oversight
- Improved mobility & flexibility



- Staff empowerment & accountability
- Improved customer relationships
- Strengthened global compliance
- Enhanced scalability & market expansion
- New sales & business opportunities



Higher profitability

Mobile capabilities

Another value-added feature that's often “baked in” to many automation solutions is mobile functionality. This can include everything from accessing order-related metrics and monitoring performances while on the go, to even being used by field sales teams and customers to place and track orders when out of the office — all operational efficiencies that contribute mightily to the c-suite's goal of optimizing cashflow and facilitating a more flexible workforce.

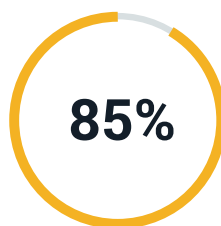
Customer experience

Some executives can have a reputation of being rigid when it comes to their organization's customer service and CX, placing unduly value on the “personal touch” that defines their issue-resolution techniques. To them, technology like automation (and especially AI) is seen as an impediment to a healthy company-customer relationship. However, it's important to keep in mind that automation is an enhancer of these things, not a replacement or obstacle.

There's a reason that customer-centric strategies are arguably a necessity for today's organizations:

A subpar CX has very real implications in terms of retaining customers and competitive advantages. CX is based on customers' interactions with multiple teams in a single organization — any gaps or delays throughout the customer service process (and the entire O2C cycle) put that experience at risk.

Automation is intended to fill those gaps that lead to an inadequate CX by providing a single cloud platform to increase speed, accuracy, transparency, accessibility and collaboration at every touch point in a customer's journey.



85% of business buyers say the customer experience a business provides is just as important as its products or services.³



Reason No. 3: Its benefits span far beyond the AR department

Accounts receivable doesn't exist on an island; rather, it's part of a larger ecosystem that nurtures success across the entire organization. Below are some of the most impactful AR-adjacent departments that have stakes in an AR automation project.

Sales

If AR processes are slow, inefficient and unresponsive, it can make it very difficult for Sales staff to maintain customer loyalty so that customers continue working with them in the future. Getting a department as essential as Sales to agree on the value of the project goes a long way on getting it approved, making it a good idea to include some of the benefits that AR automation has on Sales in your business case. These include:



Happier customers

The happier customers are, the more money you make. When customers are given self-service tools such as an online support portal to quickly resolve disputes, make payments, view invoices and account statements, they're more likely to become repeat customers.



Greater insight into customers

With all customer communication and invoice/account information tracked and readily available in one location, Sales teams can easily gain detailed insight into customer accounts and help speed up the flow of commission paychecks.



Fewer invoice-related calls

Sales reps are a natural target for customers looking to get their invoice or account-related questions answered. AR automation solutions put customers in contact with the correct staff member, making sure Sales reps aren't pulled away from their jobs.



Accelerated commission paychecks

Online payment reminder emails and auto-pay options can be used in AR automation solutions to encourage customers to make faster payments – resulting in more money for the Sales staff.



Increased efficiency

Digital AR solutions enable the AR team to create tasks that link directly to an account or even a specific invoice. For the Sales team, this means all the information they need is in a centralized location when they need account information.



Improved coordination

Since Sales can get customer reports and share certain information with the AR team, they can better coordinate actions toward a specific customer or handle a specific situation (e.g. suspend collection to a customer in dispute)

Accounts Payable

Accounts payable (AP) and AR are essentially two sides of the same coin: How much you pay and how much you owe are equally important to company credit and overall financial health. Mismanagement of either can adversely affect a company's credit and decisions related to cash position. And while the two departments don't necessarily have a 1-to-1 connection, an optimized AR process is equally as important as an optimized AP process in the eyes of some key stakeholders – namely, the Office of the CFO.

From this perspective, automating just one part of the cash conversion cycle makes an organization prone to process inefficiencies that directly impede cashflow. That's why AP and AR should be viewed holistically: Automating both not only shortens the cash conversion cycle by breaking down silos, it facilitates further financial benefits by helping:



Avoid unnecessary expenses (late fees, carrying costs, etc.)



Shed light onto the metrics that impact cash forecasting



Remove bottlenecks that slow down cash collection & allocation



Reduce the risk of fraud & non-compliance

Customer Service

It's no secret that optimized customer service processes positively benefit the AR team. The faster orders can be processed, inquiries can be answered and claims can be managed, the better it is for downstream I2C fluidity and company cashflow. Conversely, excellence on the AR side can also have ramifications for the Customer Service team.

For example, when invoices are delivered accurately and on time, when customers have a plethora of global online payment options, when questions can be easily asked via collaborative chat tools, and lastly, when staying on top of payments is made easy thanks to strategically timed reminders, it all benefits customer service. Fewer contentious disputes means fewer incoming calls, which ultimately creates a stronger customer experience.

IT

Undoubtedly, the IT department has its own list of priorities and apprehensions for any new solution that's implemented within the organization. If they are not consulted or their needs are left unaddressed, your AR initiative will fail to gain the traction it needs to move forward. The last thing any IT leader or top decision maker wants is a new solution disrupting the existing infrastructure in any way.

Fortunately, best-in-class automation solutions can accommodate any situation by seamlessly connecting AR to your existing business environment by integrating with any ERP or business application.

Conclusion

Completing your business case checklist

The case for AR automation has arguably never been stronger. But initiating change — particularly in times of uncertainty and instability — can be an uphill battle, as your project is one of many vying for approval and budget dollars within the organization. The strategies outlined in this white paper were intended to reinforce the foundation of your automation knowledge and convince key stakeholders to propel your project to the top of their to-do list.

In closing, below are some additional action items recommended before creating your actual business case. Good luck!

Define your objectives

This can include what type of solution you want to pursue, if you want to automate beyond AR, or listing the concrete issues you wish to address. Be clear and concise and communicate without conjecture or jargon.

Back it up with data

You can explain why an automated solution is good for business all day, but upper management is going to need measurable data to justify their decision. An effective strategy is to compare your current AR KPIs to “best-in-class” processes.

Be predictive

Describe your vision for the future by providing context into what your department could be achieving with automation. This could be everything from how much faster you’ll be processing orders in three months to how your KPIs will improve in three years.

Consult with stakeholders

Obviously, support from the executive decision makers is the end goal, but time consulting with people and departments directly impacted must not be neglected. This includes AR clerks, Sales staff, IT and more.



What should your business case include?

How your business case for is crafted, packaged and presented is entirely subjective. But when it's time to move forward on creating it, there are a few essential elements to include, such as:

- Description of your current customer service strategies
- Description of how proposed automation solution will facilitate these strategies
- Expected ROI & project benefits
- Projected timeline, costs & potential risks

Hi, we're Esker

Founded in 1985, Esker is a global cloud platform built to unlock strategic value for Finance, Procurement and Customer Service leaders and strengthen collaboration between companies by automating source-to-pay (S2P) and order-to-cash (O2C) processes.



38

years of experience with 20+ years focused on cloud solutions.



1,000+

employees serving 850k+ users & 1,700+ customers worldwide.



15

global locations with headquarters in Lyon, France, & Madison, WI.



€159.3

million in revenue in 2022, with 90%+ of sales via SaaS activities.



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

Sources

- 1 [The B2B Buying Journey: The B2B buying process has changed, has your sales strategy?](#), 2019. Gartner.
- 2 [Data & Results – Q3 2021: Cost Pressures Mount Amid Widespread Supply Disruption and Labor Shortages](#), October 14, 2021. The CFO Survey.
- 3 [State of the Connected Customer \(4th Edition\)](#), 2020. Salesforce.

