The Accounts Receivable

AI Playbook

Elevating AR performance with the ultimate team-friendly technology

Table of contents

Summary 3

Is this AI Playbook for you? 4

AI deep dive 5

A winning formula: AR teams + AI 10

Conclusion 18

About Esker 19

Abbreviation key

AI — Artificial intelligence
AR — Accounts receivable
BPDSO — Best possible days sales outstanding
CEI — Collections effectiveness index
CX — Customer experience
CFO — Chief financial officer
DSO — Days sales outstanding
DDO — Days deduction outstanding
I2C — Invoice-to-cash
KPI — Key performance indicator
NLP — Natural language processing
O2C — Order-to-cash
OCR — Optical character recognition
RPA — Robotic process automation
ROI — Return on investment

Summary

Manual tasks are the bane of modern-day AR departments — inhibiting timely collections, increasing operating costs, and ultimately leading to dissatisfied and difficult-to-retain team members, weakened cashflow and a poor CX. This AI Playbook lays out a gameplan to get your entire team operating at peak performance. How? By leveraging some of the latest and greatest AI technologies available today.

What you'll learn:

- Why the use of AI is an arguable necessity for today's AR teams, how it works, & which varieties have the biggest impact
- How AI tech positively transforms the day-to-day activities of specific AR team members
- Results from real companies that have made the transition from manual AR processes to AI-driven automation
- How to get started & where to learn more

Is this AI Playbook for you?

Maybe you're an AR team member with a bit of cautious curiosity about AI's impact on your job. Or perhaps you're connected to the Office of the CFO and looking for new ways to elevate the efficiency of the entire receivables lifecycle. Point is, this playbook wasn't designed for a particular person or process within AR — if the shoe fits, wear it.

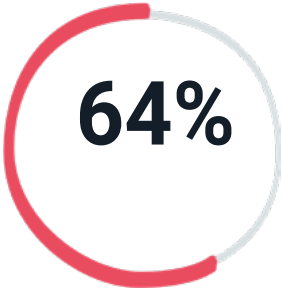
Complete the checklist

Do you or other AR team members routinely struggle with:

- ☑ Timely cash collection & revenue recognition?
- ☑ Lack of visibility &/or collaboration throughout the AR lifecycle?
- ☑ Allocating incoming customer payments quickly & accurately?
- ☑ Delivering invoices successfully & in 100% compliance?
- ☑ Keeping short payments under control?
- ☑ Supporting company growth &/or retaining talent?

If the answer's "Yes" to one or more, this AI Playbook's definitely for you!

Quick-hit statistic



Did you know?

According to a 2023 McKinsey & Company study, 64% of business owners believe AI will improve customer relationships & increase productivity.[1]

1. The economic potential of generative AI: The next productivity frontier. June 14, 2023. McKinsey & Company.

AI deep dive

Defining AI

There are many different categorisations, classifications and complexities associated with AI. However, at its simplest form, AI refers to the simulation of human intelligence by machines (i.e., smart machines). Its "cognitive" capabilities can include everything from perceiving, reasoning and learning to problem solving, self-correction and creativity.

The business case for AI in AR

Sports teams use AI to analyse player performances and aid in tactical decision-making. AI in healthcare is used to reduce human error and improve patient outcomes. And most all of us already use AI to make our every-day experiences more efficient. It's only natural, then, that essential business departments like AR are starting to get in on the action.

Here are the three most transformational advantages of AI in AR:

Automating manual tasks
so team members can focus on value-added activities, improving both the employee experience & overall efficiency

Facilitating decision-making
& risk assessment via AI-driven insights that provide visibility into real-time situations & predictive analytics

Boosting business resiliency
by empowering AR teams to be more proactive, competitive & agile — particularly in times of uncertainty &/or crisis

Separating falsehoods from facts

Falsehood	Fact
"AI is all the rage right now, but we're not going to jump on the bandwagon for something that might wind up being a passing fad."	AI isn't going anywhere. In fact, it's arguable that we've only seen the tip of the AI iceberg. McKinsey & Company now estimates that, considering the rapid emergence of new AI technologies, half of all work activities could be automated between 2030 and 2060.[1]
"We're not interested in investing in any technology that's designed to replace humans."	While there are situations where AI is used to replace jobs, that is overwhelmingly not the case in AR and similar business processes. Instead, it's a collaborative human-machine dynamic whereby the technology acts as a digital assistant to maximise the "good" and minimise the "bad" associated with day-to-day activities.
"AI definitely has benefits within AR, but the investment simply isn't worth the return."	There was a time when AI was seemingly reserved for only big companies with deep pockets. Fortunately, as AI offerings have matured, a rich ecosystem of options are now available to any company hoping to achieve a competitive advantage without breaking the bank.
"Big Tech can't be trusted — using AI puts our data, employees and customers at risk."	Data protection is a serious concern in relation to some AI tools. That's why many solution providers ensure your data stays yours by not allowing it to be used to inform and/or improve some AI models.
"AI will solve ALL our problems in AR."	Hang on there, cowboy. It's easy to get excited about AI's potential but it's more than simply automating a "bad" process — preparation and strategy are a must.

1. The economic potential of generative AI: The next productivity frontier. June 14, 2023. McKinsey & Company.

A play-by-play guide to the AI tools you'll be using

The use of AI within AR is not an "everything but the kitchen sink" type of scenario. Automated AR solutions take a very targeted and tactical approach, using the following select group of AI technologies that mix well with typical AR environments.

Machine learning

Machine learning is a branch off the AI tree designed to imitate human intelligence. It enables systems to learn and improve from experience using data and algorithms.

- Improves accuracy over time
- Works well with relatively small datasets
- Some human intervention required

Best used in AR for: Predicting likely payment arrival based on previous invoices, payment history and other data — improving collections efficiency and visibility over incoming cash.

Deep learning

Deep learning is a subset of machine learning that uses artificial neural networks to recognise complex patterns and provide accurate insights and predictions.

- Inspired by the human brain
- Minimal to no human intervention
- Builds extensive knowledge over time

Best used in AR for: Extracting data from AR documents such as remittance advices or claims from emails and automatically routing them to the appropriate process or user.

NLP

Another type of machine learning, NLP enables systems to understand human language in written and spoken form.

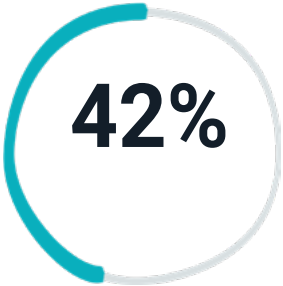
- Roots in the field of linguistics
- Analyses, understands & derives meaning
- Generates human-language responses

Best used in AR for: Facilitating better decision-making by recognising key words from a customer message and suggesting actions or providing responses accordingly.

Complementary tools

AI might be in the spotlight more often, but for most leading AR automation solutions, it's not the only "player on the field." RPA, OCR and other digital capabilities help complement AI and deliver maximum value to your AR team.

Quick-hit statistic



Did you know?

A recent Accenture study found that, among companies who have integrated AI into their business strategies, 42% said ROI exceeded their expectations — with only 1% saying it didn't meet expectations.[2]

2. Guan, L., Roussiere, P., Vasal, A., Vohra, S. The art of AI maturity: Advancing from practice to performance. 2022. Accenture.

A winning formula: AR teams + AI

Now that you've learned some of the X's and O's surrounding AI and its application within AR, it's time to see how it specifically impacts the major players on a typical AR team. To reiterate: AI isn't better or worse for one person/position — it's a game-changer for everyone.

Who it benefits

AR teams come in all shapes and sizes, but for clarity and concision, this AI Playbook focuses on these key AR stakeholders:

- ☑ Credit Analyst
- ☑ Cash Application & Deduction Specialist
- ☑ Collections Specialist
- ☑ AR/Credit Manager
- ☑ CFO

Ready? Let's break the huddle to learn more ...

Seo-yun

The Credit Analyst

Seo-yun loves being a Credit Analyst for its work/life balance, upward mobility opportunities and the thrill of onboarding new customers. Know what she doesn't love? All the busy work — manually inputting data, handling Excel templates and ping-ponging between disjointed systems — that prevents her from doing her actual job of analysing creditworthiness.

Fortunately, Seo-yun has an ideal digital teammate in AI, which helps her support the Sales team and perform her job by quickly & easily:

- Collecting, combining & weighing all the internal & external data required to assess customers' credit risk
- Suggesting credit terms to customers (including both risk category & credit limit)
- Creating reports, counters & graphs after a simple prompt from Seo-yun to the digital assistant (e.g., "Can you make a list of high-risk customers, displaying their risk category, credit limit & total exposure?")

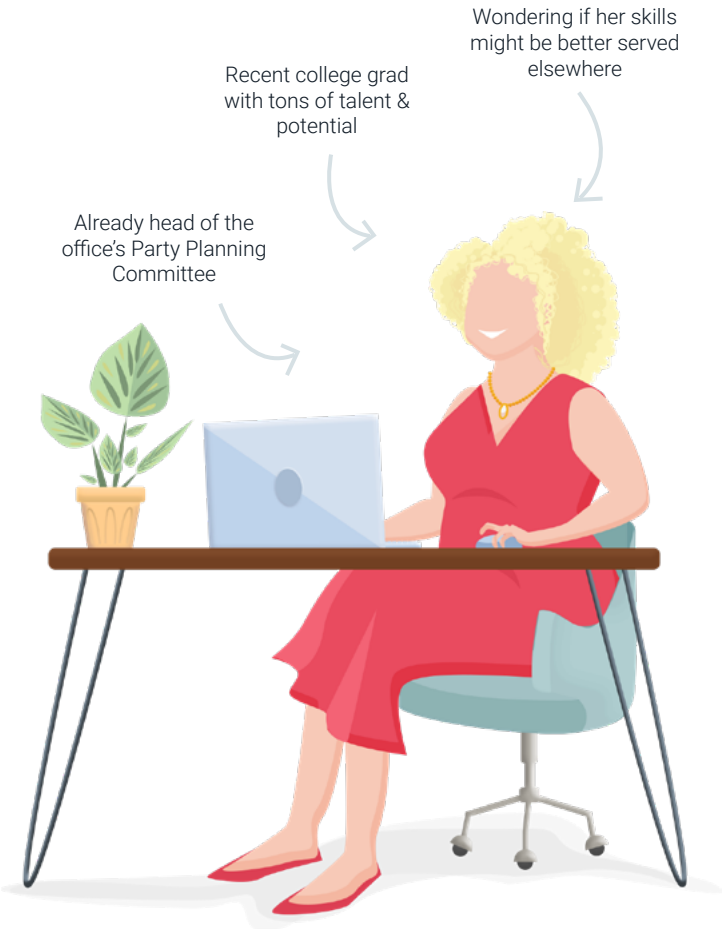
Tonya

The Cash Application & Deduction Specialist

As a Cash App/Deduction specialist, Tonya knows that matching payments to corresponding open items is essential to AR success. So why doesn't her job feel essential? The monotony of juggling various payment sources and formats combined with navigating short payments and exceptions makes Tonya feel massively overworked yet, somehow, maddeningly underutilised.

AI has helped Tonya achieve renewed purpose & productivity by shouldering tasks such as:

- Routing inbound remittances & claims to the automated AR solution
- Splitting batches of remittances or lockbox files
- Extracting data from supporting documents
- Finding the correct matching to auto-allocate a payment among multiple open items combinations
- Recommending allocation suggestions when auto-allocation is not possible



Field notes

What are some real results seen after automating the cash app process with AI-driven tools?

Laminex®

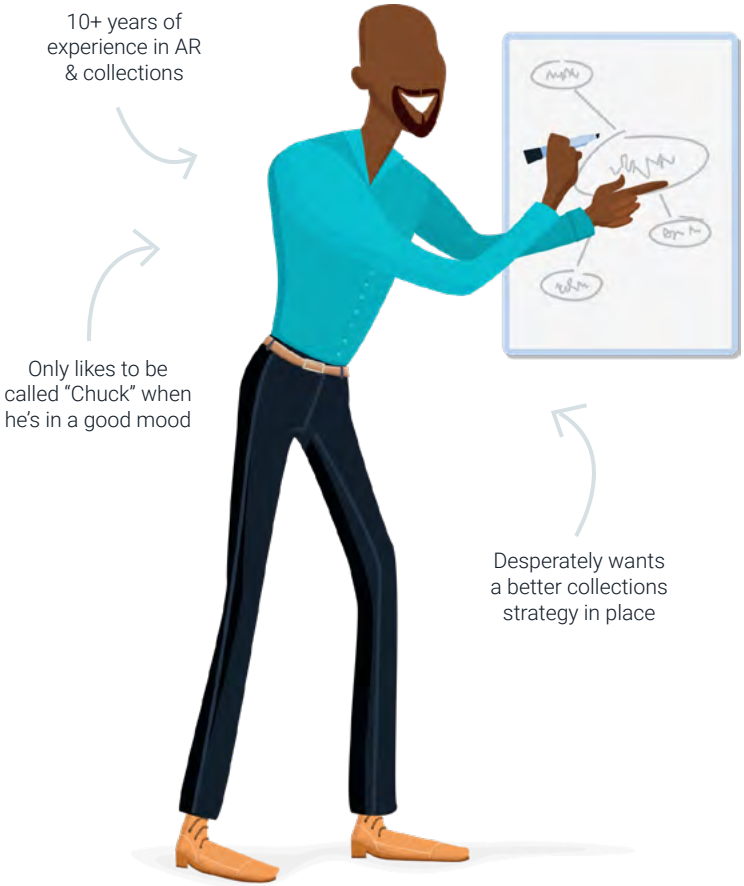
- Up to 50% reduction in processing time
- 95% decrease of unallocated cash at month-end
- 74% of auto-allocation objective achieved by 6-month mark

Read Laminex's case study

Fletcher Steel.

- 95% faster remittance processing time
- 40% reduction in processing time
- 30% decrease in unallocated payments

Read Fletcher Steel's case study



Charles

The Collections Specialist

Nobody ever said the job of Collections Specialist was easy. But for Charles, that's part of the appeal. With a perfect blend of tact and tenacity, he thrives as one of his team's go-to problem-solvers. Here's the catch: Managing all those reminders, follow-ups and dispute resolutions means poor Charles is often disrupted with tedious work that limits his full potential.

With AI's help, Chuck can be more strategic in his collections efforts thanks to its ability to:

- Provide payment predictions (per invoice & reports) & customer-estimated risk level
- Prioritise collection calls by risk level
- Suggest deferring a call when payment is expected to arrive in the next 3 days
- Suggest actions to customer messages, such as:
  - Log a promise-to-pay
  - Resend an invoice or account statement
  - Update a contact

Lance

The AR/Credit Manager

As overseer of all-things credit, AR and collections, Lance is the kind of guy who takes pride in being the "head coach" of his team. But he's not too proud to admit that performance has been slumping as of late. Many of Lance's responsibilities (e.g., monitoring accounts, managing cashflow, mitigating risks) are now harder to execute and carry a heavier cost.

AI's the perfect free-agent pickup for Lance, helping him be the best version of himself by:

- Providing collections forecast at 30/60 days or more
- Predicting collection effort based on collection strategy, customer & invoice data, & payment predictions
- Uncovering deep insights into customer portfolios (expected payments & risk level)
- Providing Lance with greater insight into his team's performance & workload — helping him identify who's an MVP and who might be at risk of burnout or boreout.

Field notes

What are real Finance/Credit Managers saying?

"It gives me the peace of mind to log into the Collections solution once or twice a week and have a look at how the collections are going both at a consolidated level and customer-by-customer basis. So having that visibility and transparency is a true game-changer for us."

Director of Finance | AS Colour

Read AS Colour's case study

"Cash Application provides easy remittance validation and seamless allocations, while Collections Management not only provides full visibility, automated reminder and statement delivery to customers, but also a self-service option for customers and a full overview of their account."

Credit Manager | True Alliance

Read True Alliance's case study

Alice

The CFO

Strategic advisor. Financial guru. Value architect. As CFO, Alice wears a lot of hats in order to properly allocate resources, manage risks and make judicious financial decisions with an eye toward continued growth and resiliency. But with so many obstacles in her way (e.g., volatile economy, high inflation, challenging labor market), Alice has her work cut out for her.

Although Alice doesn't use AI directly, its impact on the AR team equates to transformational results within The Office of the CFO, including:

- Improved cashflow position thanks to:
  - Fewer bottlenecks slowing down collection
  - Faster allocation via AI-driven efficiencies
- Better analytical insights into:
  - Real-time data such as DSO, BPDSO & CEI
  - Predictive forecasting & performance monitoring
- Happier employees as a result of more:
  - Dignified, meaningful & value-added work
  - Day-to-day autonomy & career-pathing opportunities
- Smarter business growth via the ability to:
  - Attract & retain more customers & top AR talent
  - Scale, adapt & maintain positive cashflow

An AI gameplan everyone can get behind

AI-driven automation solutions help today's AR teams achieve their ultimate goals — faster cash collection, improved CX and smarter growth strategies — by removing many of the manual burdens preventing your team of AR specialists from truly being special.

In this playbook, we hope you learned how AI can do the following for your team:

- ☑ Collect, combine & analyse data for a comprehensive credit risk assessment
- ☑ Enhance the collections process with payment forecasts & collections call prioritisation
- ☑ Accelerate processes by automating routing & data extraction of all AR documents
- ☑ Make smart suggestions & predictions to facilitate better decision-making
- ☑ Simplify communications & collaboration across multiple people & departments

Armed with this data, you can now take the next step forward in being a more confident, collaborative and competitive AR operation.

Hi, we're Esker

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

39

years of experience with 20+ years focused on cloud solutions

1,000+

employees serving 850K+ users & 2,500+ customers worldwide

15

global subsidiaries with headquarters in Lyon, France

€178.6

million in revenue in 2023, 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.

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