

6 THINGS

AR AUTOMATION CAN DO
(THAT YOUR ERP SYSTEM CAN'T)

A CANDID WORKBOOK FOR AR LEADERS



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ACRONYMS TO KNOW

AI: Artificial Intelligence
AR: Accounts Receivable
CEI: Collections Effectiveness Index
CRM: Customer Relationship Management
DSO: Days Sales Outstanding

EDI: Electronic Data Interchange
ERP: Enterprise Resource Planning
KPI: Key Performance Indicator
RPA: Robotic Process Automation
SFTP: Secure File Transfer Protocol

INTRODUCTION

THIS IS NED.

Ned is an AR leader. And an all-around good guy.

His primary goals are to lower costs, reduce DSO and improve customer relationships.

Ned's department relies on an ERP system to help achieve these goals.

Pretty standard stuff.

Unfortunately, there are some critical AR functions that Ned's ERP system

can't perform. This leads to bottlenecks, which leads to slower payment

collection, which leads to Ned and his team feeling frustrated. Ughh!

Has Ned ever considered an AR automation solution?

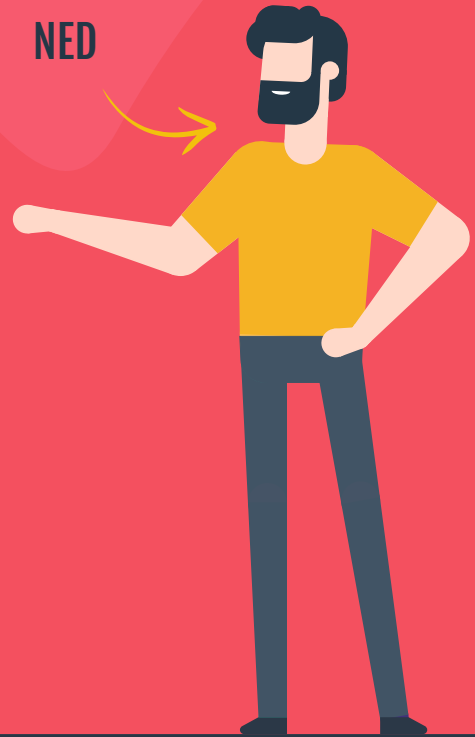


Yeah, but I'm a bit cautious about making a drastic change," says Ned. "Our team has a specific way of doing things. Plus, our ERP system works fine ... I'm afraid this will only add complexity."

Does Ned sound like you? Maybe a just a little?

Let's go to the next page ...

NED



* Délai moyen de paiement des clients

THIS IS WHAT NED (AND YOU) SHOULD KNOW ABOUT AR AUTOMATION.

The AR modules offered by ERP/accounting systems work great for managing AR records and performing other general credit-to-cash activities. Alas, it takes a lot more than that to run a top-performing AR process these days. That's where an AR automation solution can fill in the gaps.

Simply put, it's technology that helps you automate what should be automated in the AR process — those manual activities that make your team unproductive, your customers unhappy and your bottom line underwhelming.

A good way to think about automation is by exploring all the things it is NOT:



IT'S NOT A REPLACEMENT FOR PEOPLE.

AR can't and shouldn't be fully automated. Instead, think of automation more like a highly specialised team member. Specifically, one that never takes a day off and helps your team be faster and more strategic.



IT'S NOT A REPLACEMENT FOR ERP SYSTEMS.

Automated AR solutions actually maximise the value of your ERP system by augmenting the areas it falls short in — automated reporting, workflow and invoice delivery (more on all these later).



IT'S NOT DIFFICULT TO USE OR INSTALL.

Delivered via the cloud, AR automation can be installed rapidly with limited disruption or use of IT resources. Its simple, intuitive setup closely matches how you already do business. And you don't have to be technical to manage it.

50% of businesses still rely on manual processes to manage their receivables?!?¹

THE BIG PICTURE

GOALS OF THIS WORKBOOK ARE:



To help AR leaders dispel their inner Ned by learning about the 6 proven ways that an AR automation solution can “bridge the divide” commonly found in traditional ERP environments.

To help those who enjoyed this workbook and want to learn more about the benefits of AR automation move one step closer to their goal of achieving meaningful digital transformation within AR.

THING #1 – AUTOMATE THE DELIVERY OF INVOICES & STATEMENTS.

Getting customers their invoices is the first step towards getting paid. And while most ERP systems have functionality to facilitate parts of this process, they simply can't do what an AR automation solution can do — automatically send out invoices and statements in customer-preferred formats (e.g., email, postal mail, fax, EDI, etc.).

Top-tier AR automation solutions integrate directly with ERP platforms, allowing invoicing to be done through a single print stream from your ERP all while helping avoid dreaded tasks like sorting, folding, stamping, mailing and more.

AR TEAM BENEFITS

- Track any invoice or associated document in real time
- Send automatic alerts to customers whose invoices have yet to be opened
- Automatically upload invoice submissions to customers' AP portals thanks to RPA technology

BUSINESS BENEFITS

- Stay compliant with industry regulations & standards (e.g., HIPAA & HITECH, the EU-U.S. Privacy Shield, etc.)
- Reduce internal support & costs for invoice delivery
- Make it easier for customers to adopt e-invoicing

CUSTOMER BENEFITS

- Receive invoices in a format they prefer
- Ability to move to e-invoicing at their own pace
- Avoid disruption of their existing AP processes

WHAT'S THE BIG DEAL?

Top performers using electronic invoicing report a **DSO of 26 days less** than the bottom performers.²



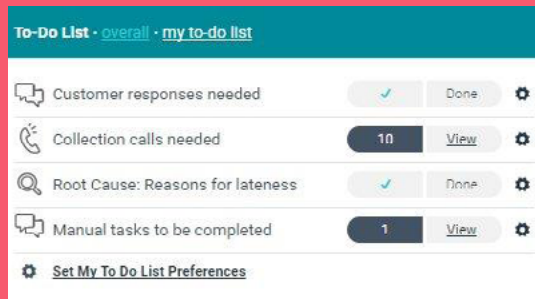
THING #2 - GIVE YOUR TEAM A CLEAR SNAPSHOT OF THEIR DAY.

Sticky notes? Spreadsheets? [Checks calendar] It's 2020, people. If this is the best ERP/accounting systems can offer AR team members in terms of "organising" their daily tasks, allow us to suggest an alternative: AR automation.

Automated AR solutions work similar to the way other departments use CRM software to manage workflow functions. And one of the most simple yet strategic values they provide is giving AR teams a clear snapshot of their day. Who to call, where to begin, what's new ... it's all there at the click of a button. Even Ned would have to agree: That's pretty cool.

DAILY TO-DO LIST

Below is what a sample to-do list could look like. Lists like these can be customised to add any other task that's important to your organisation.



THING #3 - SEND DYNAMIC AUTOMATIC PAYMENT REMINDERS.

Traditional ERP/accounting systems offer few to no automated workflows for streamlining the post-sale collections process. In fact, only 16% of companies have an automated process that sends out a majority of their payment reminders.⁹ To the Neds of the world, this may be “just the way it is” but that doesn’t mean it has to be thanks to fully capable automated AR solutions.

Built-in functionality such as automatic payment reminders provides a simple yet dynamic way to be proactive against slow-paying customers and free your staff from the drudgery of manual account lookups.

HERE’S WHAT A PAYMENT REMINDER EMAIL LOOKS LIKE

It’s much more than just an email. Look at the clever things you can do!

Include the customer's "payer rating" to get capture their attention!

Amazing Widgets, Inc.
ABC Company,
Thank you for doing business with Amazing Widgets. The tables below summarise your open account with us.
Please use the links provided if you'd like to perform an action such as schedule a payment, apply credits or ask questions.

Customise the message to let your customers know what specific actions you want them to take.

Remove the transaction details from the email so the customer has to click into their portal to view them.

Payer Rating	Excellent	★★★★	within 5 days of due date	
As Of	Past Due	Due Within 7 Days	Other Current	Account Balance
Mar 20	£459.00	£808.00	£0.00	£1,267.00

[View Your Full Account Statement](#)



Users also have the ability to orchestrate “**bulk messaging**” to all customers that need payment reminders (saving a ton of time and energy). What’s more, email subject lines can be customised to deliver a more targeted message.

THING #4 – TRACK ROOT CAUSES OF LATE PAYMENTS.

In a typical ERP environment, users can identify late or disputed invoices but there's no real way to track and manage the underlying root cause of why the customer is failing to pay on time — at least not without paying for an additional ERP module. Automated AR solutions help you avoid playing this guessing game thanks to root-cause analysis tools.

Directly from the intuitive interface, users can create a list of categories for “Reason for Lateness,” which they can then track and analyse in order to identify potential failures in the internal process or organisation. Nothing will slip through the cracks again!

Root Cause Analysis: Reasons for Lateness			Filter
100% Reasons for Lateness Root Causes Recorded			
05/01/2018 - 05/15/2018			
	% of Invoices	# of Invoices	
Cannot get ahold of the customer	33.1%	63	
Customer did not receive invoice	62.3%	68	
Customer dispute	7.7%	18	
Customer doesn't have the money	1.0%	2	
Customer has unanswered questions	0.8%	1	
Missing or invalid PO number	4.6%	8	
Total		130	
No Root Cause Entered		0	



THAT'S NOT ALL...

Depending on the ERP, sharing customer notes related to the account and credit and collection efforts is not always easy and can be costly. Thankfully, AR automation solutions enable authorised users to have unlimited access into critical call log notes (like reasons for lateness). Housing everything in a centralised location also makes it easier when escalation is necessary or disputes occur.

THING #5 – MEASURE KPIS (BEYOND JUST DSO).

Here's what AR leaders like Ned need to understand: There's more to evaluating AR performance than just how quickly you get paid. And sure, most ERP users can run various reports to identify non-DSO trends, but they simply can't access analytics like the strategic and centralised ones AR automation solutions can offer.

Tracking a balanced set of KPIs gives a clearer picture of cash flow and ensures you're not maximising one metric to the detriment of another. And, with no need for custom reporting configurations, you won't need to rely on IT resources or outside applications.

EXECUTIVE DASHBOARD

Below are just some of the metrics automated AR solutions can provide to managers and executives to track collections activity:

- ✓CEI*
- ✓DSO
- ✓Total past due at month end
- ✓Total disputed at month end
- ✓Percent of invoices paid on time vs. paid late
- ✓Invoices paid (through the automated solution)
- ✓Collection calls logged
- ✓Payment reminders sent
- ✓PDF requests and customer messages received



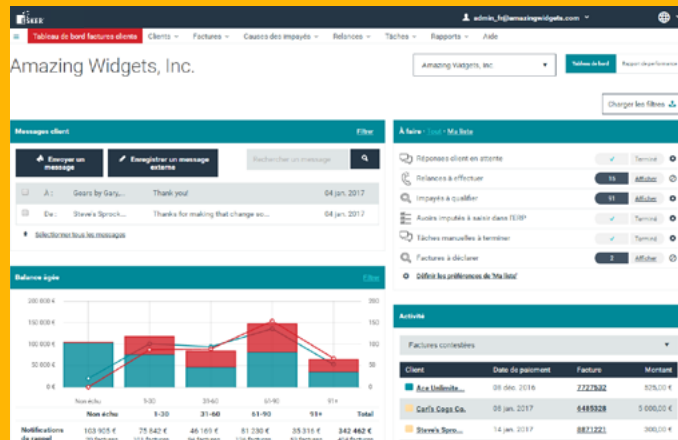
*Collection Effectiveness Index

Reminder : acronyms are listed on page 2

THING #6 - OFFER CUSTOMERS A SELF-SERVICE PORTAL.

According to recent industry research, when customers need support for a product or service, 55% are most likely to try self-service options versus using chat (20%), email (16%) or phone (8%).⁴ Think an ERP/accounting system can offer the kind of self-service tools today's customers are seeking? Think again.

Automated AR solutions predictably step up where ERPs fall short — offering an online portal for customers to do everything from view statements and apply credits to manage payment preferences or file a dispute.



EASILY HANDLE RECONCILIATION

As more and more customers take advantage of the online payment options you offer, it's important to consider how to best handle the reconciliation process.

Thankfully, AR automation solutions can facilitate the automatic delivery of the payments settled today to your choice of email address or via SFTP.

ADDED BENEFITS

All of the 6 capabilities you just read about are good reasons to supplement your current ERP system with an automated AR solution. However, they're not the only reasons.

NO HIDDEN COSTS

With ERP systems, there's always the risk that you'll have to pay to customise the software beyond the standard offering — not with automation. Most best-in-class solution providers can easily customise their cloud platform to your unique process without any added costs or commitments.

EASY-TO-USE INTERFACE

Traditional ERP systems are notorious for their less-than-optimal user experience. Top-tier AR automation solutions, however, feature intuitive interfaces that make everything necessary to run an efficient AR process available at the click of a button.

BUILT FOR FUTURE SUCCESS

The benefits of AR automation go beyond doing things in a faster, smarter way. It's also about the long-term success that comes about from all those "little" improvements. Things like:

- Staff members having greater autonomy over their daily activities
- Customers who are happier and have greater trust in your staff and overall business brand
- Infrastructure that includes fewer technological restraints, greater flexibility and strengthened global security
- New opportunities thanks to the increased likelihood of new business via an improved customer experience



CONCLUSION

DON'T BE A NED.

It's smart to be cautious. And AR automation might not be the right fit for every business. But don't let the fear of change stop your AR department from achieving its fullest potential. There's a lot to love about AR automation solutions. If you're feeling the love, too, and want to take the next step to learn more, we're here to help and happy to do so.

Contact us

SOURCES

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

² The Benefits of Automating Your Invoicing Process: How Automation Impacts KPIs (2018). APQC. PDF file.

³ 2015 B2B Billing & Collections Guide: 15 Key Benchmark Survey Takeaways (2015). TermSync. PDF file.

⁴ Guide to Mastering Intelligent Customer Service. (2016). Coveo. PDF file.



ABOUT ESKER

A WORLDWIDE LEADER IN AI-DRIVEN PROCESS AUTOMATION SOFTWARE

That's us. At Esker, we're proud to offer a cloud-based automation solution specifically designed to help AR departments reduce DSO, operate more efficiently and improve the customer experience — but our expertise doesn't stop there. Companies of all sizes and industries use Esker solutions to digitally transform their procure-to-pay and order-to-cash cycles.

Used by more than 6,000 companies worldwide, 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. 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.





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