

SUPPLY CHAIN AUTOMATION:

OPTIMIZING CASH FLOW IN THE AGE OF UNCERTAINTY



WHAT'S INSIDE

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ACRONYMS TO KNOW

AI: Artificial Intelligence

AP: Accounts Payable

AR: Accounts Receivable

DSO: Days Sales Outstanding

CCC: Cash Conversion Cycle

KPI: Key Performance Indicator

O2C: Order-to-Cash

P2P: Procure-to-Pay

RPA: Robotic Process Automation

SLA: Service Level Agreement

WHY AUTOMATION?

IT'S MORE THAN JUST ANOTHER TECHNOLOGY

Document process automation, also known as digitization, has played an undeniable role in business efficiency for decades. But while it's long been thought of as a one-dimensional tool for saving time and money on an operational level, automation's present-day potential has a much broader and more transformational impact.

This eBook examines the current challenges faced by supply chain leaders and the increasingly important role that automation solutions are playing as the push for cash flow optimization continues. In the trying economic situation we currently find ourselves in, this eBook argues that automation is no longer a down-the-road aspiration but, rather, a necessary element of maintaining a successful and sustainable business model.

BENEFITS THAT SPAN THE ENTERPRISE

Across the CCC, both on the O2C and P2P side, companies have seen impressive results thanks to AI-driven automation:



SOLUTION: ORDER MANAGEMENT

- **59%** more orders processed without staff increases
- **\$300K** in savings after just one year of automation
- **72%** reduction in manual order processing errors



SOLUTION: ACCOUNTS RECEIVABLE

- **95%** reduction in time spent retrieving AR invoices
- **50%** faster customer invoice processing time
- **15%** decrease in past-due payments



SOLUTION: ACCOUNTS PAYABLE

- **50%** more early payment discounts captured
- **60%** increase in productivity per AP user
- **30%** growth rate sustained without adding headcount

INTRODUCTION

CASH IS STILL KING

Under “normal” circumstances, optimizing back-office business activities such as paying bills, processing orders and collecting cash doesn’t top the average organization’s priority list. But as we’re finding out now — just as we did back in the Great Recession of 2009 — no company is immune from the effects of an economic downturn (especially one hinging on the ebbs and flows of a global pandemic). For many cash-compromised CFOs and COOs, their attention has rightfully turned toward minimizing the supply chain disruptions that negatively affect working capital.

MOMENT OF OPPORTUNITY

With the shadow of COVID-19 still looming large, remote workforces becoming the new normal, and economic volatility expected to continue or even worsen, the reality for today’s companies is clear: This is either a moment to seize or sustain a competitive advantage or risk damaging the financial health of the organization across the supply chain.

In fact, according to a recent survey, nearly a quarter of executives and their companies are prepared to turn the current crisis into opportunity with an intent to “accelerate” deal volume for the remainder of 2020.¹

¹ Herndon, Mark; Bender, John. June 10, 2020. What M&A Activity Looks Like During the Pandemic, Harvard Business Review



**A VERY SMALL NUMBER
OF COMPANIES **BROKE
AWAY FROM THE PACK**
DURING THE [GREAT
RECESSION] — AND
THEIR PERFORMANCE
CONTINUED TO IMPROVE
FOR THE SUBSEQUENT
DECADE.²**

² Wiles, Jackie. May 6, 2020. Successful companies fund innovation by powering through economic turns and uncertainty, Smarter with Gartner.



50% OF COMPANIES

DO NOT HAVE SUFFICIENT CASH TO COVER DEBT
SERVICING IN THE COMING YEAR.³

3 May 8, 2020. COVID-19 and the corporate sector liquidity, Deloitte. Online article can be found [here](#)

SUPPLY CHAIN CHALLENGES

YOU'RE ONLY AS STRONG AS YOUR WEAKEST LINK

Traditionally, most supply chain leaders tend to focus a majority of their attention on turning inventory. However, today's supply chain leaders are being asked to also focus their attention on minimizing the money that's tied up in inventory as well as the money held up in various parts of the business.

One weak link within processes such as AP, Order Management or AR could mean the difference between boom or bust. That's why it's important to pursue a coordinated approach that addresses all three areas and aims to alleviate the supply chain challenges associated with each in a manual, non-automated environment:



ACCOUNTS PAYABLE

- Lack of AP visibility means less control over spend management & budget monitoring, which impacts cash flow
- Remote work situations within AP open the door for errors & fraud & compliance issues
- Over-dependence on certain regions can perpetuate issues such as late payments, which impacts supplier relationships



ORDER MANAGEMENT

- Incorrect or incomplete orders slow down order entry cycle time & on-time deliveries, which impact cash collection & cash flow
- Lack of order visibility impacts both distribution centers, as well as supply chain staff who benefit from knowing when orders are received, confirmed & shipped.
- Missing customer SLAs can be a detriment to customer experience



ACCOUNTS RECEIVABLE

- Limited AR visibility (i.e., data captured on the back-end) results in failure to inform process efficiencies & fewer opportunities for margin improvements
- Lack of a robust, on-hand cash reserve limits options in the event of a future crisis
- Issues such as avoidable deductions & short pays increase the cost of goods



FUN FACT

WHY SUPPLY CHAINS ARE LIKE TACOS

A lot goes into making a truly top-notch taco. From the temperature of the tortilla to the tenderness of the carnitas, every element has to play off of each other to produce the desired result — delicious.

Similarly, when it comes to supply chains, processes like AP, AR and Order Management (i.e., the ingredients) all have to work in concert to reach the only end goal that matters — getting customers the product they want, when they want it, as quickly, efficiently and cost-effectively as possible.

Who knew supply chains could be so appetizing?

HOW AUTOMATION WORKS

EFFICIENTLY MANAGE YOUR SUPPLY CHAIN & BUSINESS

If cashflow is the lifeblood of a business, it only makes sense that achieving optimal performance requires a high-functioning “circulatory system.” This is precisely what automation delivers — a 100% cloud-based solution that spans the CCC and transforms the way customers and suppliers interact within your organization. Connecting every part of the P2P and O2C process creates a collaborative environment of end-to-end efficiency.

ONE INTERFACE, ONE PLATFORM



SOLUTION SNAPSHOT

No matter the complexity of the organization, automation solutions give supply chain leaders an added level of intelligence over the people, processes and technology that constitute their day-to-day operations. Through a clean, centralized and customizable interface, users have the ability to:



COORDINATE the entire cash conversion cycle — from P2P to O2C — through a single platform



PERFORM critical P2P & O2C tasks in real time thanks to end-to-end connectivity between all applications



OVERSEE live KPIs, individual or team performances, & the lifecycles of orders & invoices — with customizable dashboards & reporting



AUTOMATE all documents regardless of format, language or transmission method



MANAGE local specificities via support of multi-languages, multi-currencies & local compliance requirements



AUTOMATION TOOLS THAT SIMPLIFY, SYNCHRONIZE & STANDARDIZE

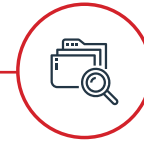
Some of the most prominent features powering automation solutions for supply chain leaders include:



RPA & AI-DRIVEN AUTOMATION

The cognitive technologies that power automation solutions (e.g., AI and RPA) remove the low-value, repetitive administrative tasks that produce supply chain bottlenecks and prevent employees from focusing on activities that promote added value. Some of these AI-driven capabilities include:

- **Anomaly Detection** for alerting users to unusual data that's detected
- **Document Triage** for automatic prioritization & routing of document types
- **Document Splitting** so that batch documents can be automatically split
- **Document Recognition** that combines deep- and machine-learning tech
- **Auto-Learning Recognition** that increases recognition rates over time



SUPPLIER & CUSTOMER INFORMATION MANAGEMENT

Within the solution, Customer Information Management and Supplier Information Management modules create a 360-degree view of suppliers and customer behaviors for companies. From invoices and regulatory and financial documents such as contracts to orders, invoices, payments and claims, information is instantly and easily accessible.

By providing real-time visibility into every customer account or transaction situation via an intelligent dashboard and KPIs, supply chain leaders can easily balance their focus on issues that require immediate action as well as those that impact long-term success.

AUTOMATION TOOLS THAT SIMPLIFY, SYNCHRONIZE & STANDARDIZE (CONT.)



ERP INTEGRATION

Best-in-class automation solutions integrate with any ERP system or business application while also providing simultaneous integration with multiple ERPs. Not only does this simplify diverse environments resulting from M&A activity, it equates to easier onboarding, simplified setup of shared services centers, and all-around better business capabilities and continuity.



GLOBAL MANAGEMENT

Are your supply chain concerns international in scope? Leading automation solutions are great for global organizations thanks to support of multi-languages, multi-sites, multi-currencies, worldwide payment coverage and global compliance. Their cloud-based nature enables people to work better together while giving executives the level of visibility they need at each level of the organization.



AUTOMATION HAS ENABLED US TO SET UP OUR TEAM REMOTELY WITH **NO INTERRUPTIONS. IF WE WERE STILL PROCESSING PAPER INVOICES, THIS WOULD NOT HAVE BEEN AN EASY OPTION.**

TREASURY DIRECTOR | DELICATO FAMILY VINEYARDS

MAINTAINING BUSINESS CONTINUITY IN ANY ENVIRONMENT

On top of the working capital ramifications faced by supply chain leaders, the global pandemic has added a new wrinkle that shows no signs of going away anytime soon — remote work. This obviously has the potential for even further disruptions in efficiency, security, communication and transparency across the supply chain.

Fortunately, automation solutions are inherently symbiotic with these types of unexpected requirements. Below are just some of the ways in which AI-driven automation solutions allow businesses to maintain their continuity in the supply chain and beyond, and even pursue remote implementations.



WORRIED ABOUT A REMOTE IMPLEMENTATION?

Best-in-class automation solution vendors have you covered. Agile methodologies combined with constant communication allow remote implementations to be pursued seamlessly from beginning to end.

24/7 SOLUTION AVAILABILITY that's not location dependent is guaranteed to support all customers, suppliers & partners remotely — all that's needed is a web browser!

CONTINUOUS UPDATES are made to the solution (e.g., new features & enhancements) with no allocated time or resources required.

MAIL SERVICES enable users to mail documents directly from the cloud with the touch of a button & 100% compatibility from wherever or whenever they're working.

MOBILE CAPABILITIES enable users to access the solution & continue working at any time — whether its P2P or O2C activities — even when not at their desks.

WEB PORTALS allow users to actively engage with customers & suppliers. From acknowledging new orders to dispute resolution to invoice follow-up, collaboration can be achieved via a customizable dashboard.

PLATFORM SECURITY is ensured through continuous security validations & certifications, including ISO 27001, SOC 1® Type 2 (SSAE 18 & ISAE 3402), HIPAA & HITECH, etc.

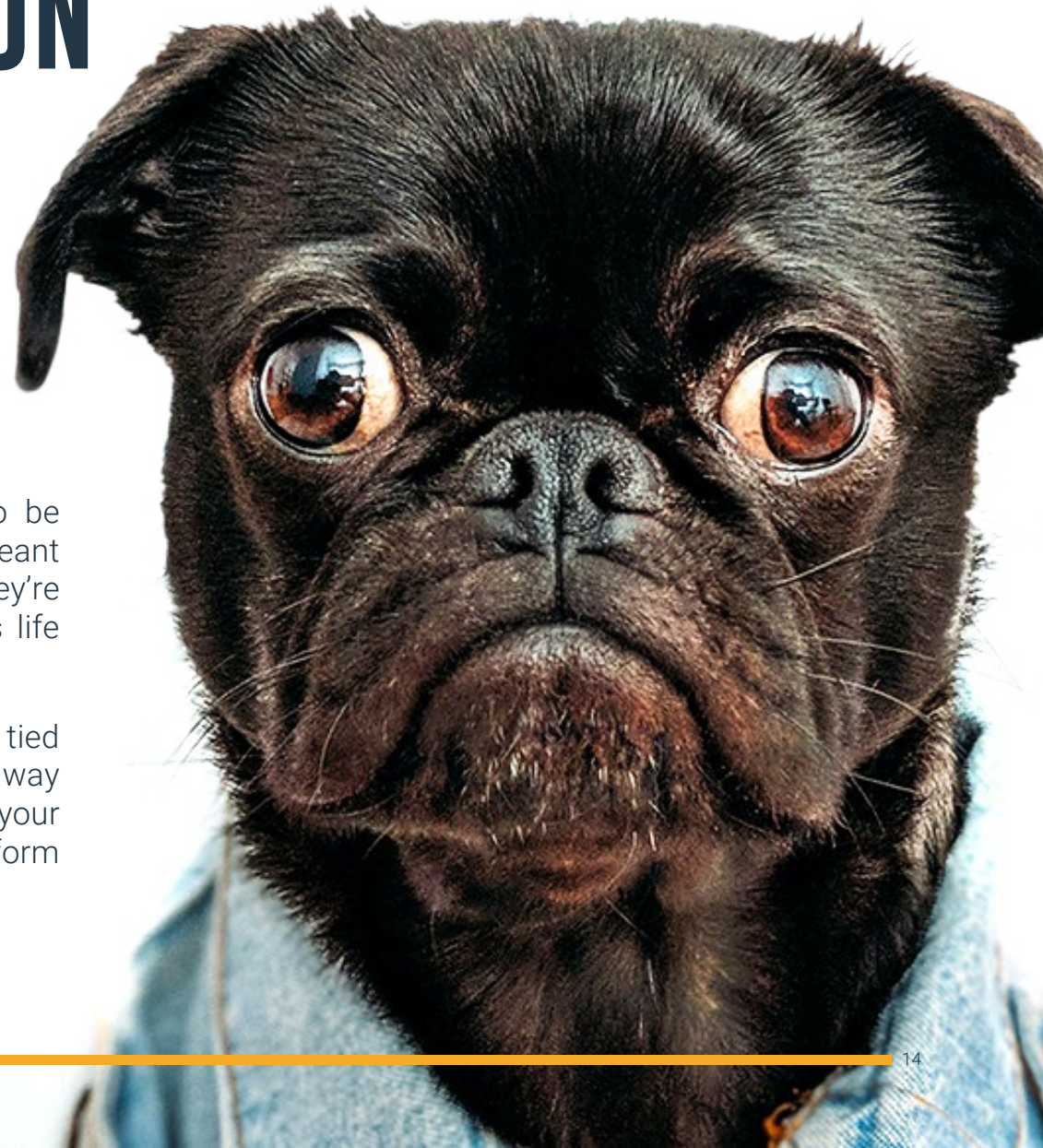
FUN FACT

WHY AUTOMATION SOLUTIONS ARE LIKE DOGS

Who's a good boy? Automation, that's who.

Like dogs, automation solutions aren't supposed to be replacements for humans. Furthermore, they're not meant to be some accessory you invest in *just because*. They're companions. That trusty sidekick that simply makes life better in every way, shape and form.

Can supply chains still function when the processes tied to them are operating manually? Sure. But the same way a furry friend can make a simple walk the highlight of your day, automation has the capability to positively transform the everyday supply chain experience.



AUTOMATION'S KEY ADVANTAGES

OPERATIONAL BENEFITS

IMPROVED EFFICIENCY & COLLABORATION

Automation breaks down the traditional P2P and O2C silos affecting supply chain efficiency through greater speed, accuracy, and information sharing and collaboration.



GREATER VISIBILITY & OVERSIGHT

Cash flow can always be top of mind thanks to instant access into any order, invoice, etc., customizable KPIs for P2P and O2C reporting, and a complete audit trail recorded.



COST SAVINGS

From “hard” savings on supplies, equipment and processing costs to “soft” savings resulting from increased productivity, higher staff retention and lower customer churn, automation equals significant savings.



SIMPLIFIED IT ENVIRONMENT

Thanks to continuous software upgrades and system consolidation (even in multiple instances), businesses need fewer resources to govern their IT environment.



STRATEGIC BENEFITS

INCREASED WORKING CAPITAL

The cumulative effect of increased savings, productivity, visibility and collaboration within the supply chain all add up to what matters most — optimized working capital and cash flow.

STAFF EMPOWERMENT & ACCOUNTABILITY

Fewer manual tasks means team members have greater autonomy over their daily activities and more time to focus on issues that impact customers, suppliers and the organization.

IMPROVED RELATIONSHIPS

When payments are made quickly, orders are delivered on time and cash collection is painless, the result is improved relationships with your most strategic customers and suppliers.

“FUTURE-PROOF” GROWTH

Automation serves as a digital foundation for companies to prosper in any economic environment thanks to end-to-end connectivity, fewer technological restraints, and strengthened global security and compliance.

HI, WE'RE ESKER.

GLOBAL LEADER IN P2P & O2C AUTOMATION SOFTWARE

With 35+ years in the business and 6,000 customers worldwide, Esker is proud to offer a suite of P2P and O2C solutions specifically designed to help businesses streamline their supply chain operations — but our expertise doesn't stop there. Companies of all sizes and industries use Esker solutions to optimize the various people, processes and technologies that drive digital transformation and business performance.

OUR LOCATIONS

Esker not only has two U.S. offices in Madison, WI, and Denver, CO, we also operate in other areas of North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France.

HOW TO GET IN TOUCH

You can learn more about our company and solutions by visiting esker.com or checking us out at blog.esker.com.



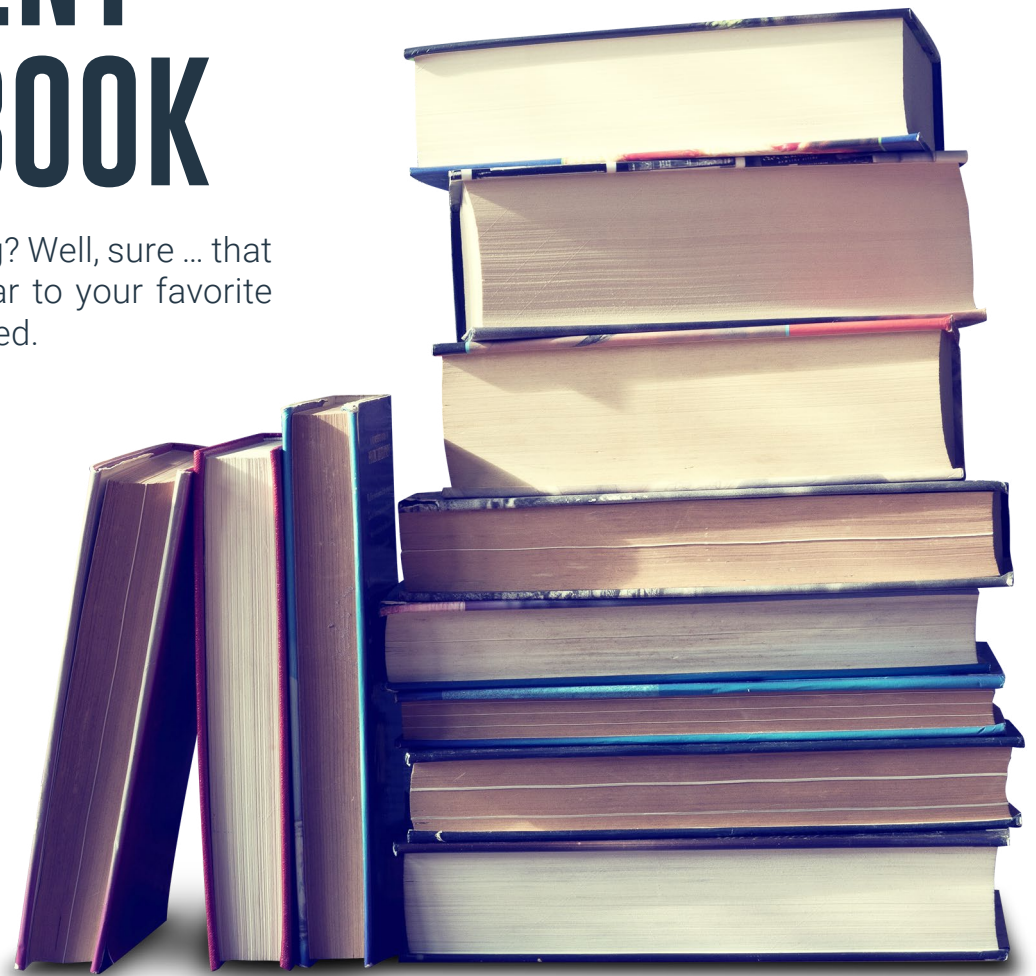
FUN FACT

WHY THIS CONTENT IS LIKE A GOOD BOOK

In that it's incredibly informative and hard to stop reading? Well, sure ... that too. But what we really mean is that this eBook, similar to your favorite non-fiction hardcover or Kindle novel, is best when shared.

Don't be shy — sharing is caring!

The end.





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