

FINANCIAL TRANSFORMATION

HOW AP & AR ARE COMING TOGETHER TO
BETTER MANAGE CASH





HERE'S WHAT YOU'RE IN FOR

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THE PUSH FOR DIGITAL TRANSFORMATION IN FINANCE

Did you know that today — in a time coined “The Digital Age” — most companies still have less than half of their back-office functions automated, with most of the rest having a quarter or less automated?¹

Considering that accounts payable (AP) and accounts receivable (AR) workflows are among the most labour-intensive in a company’s finance and accounting departments, it would be easy to assume that modernising these functions is a top priority for CFOs.



YOU KNOW WHAT THEY SAY ABOUT MAKING ASSUMPTIONS THOUGH ...

Because the truth is, that’s simply not the case. Until the pandemic hit in 2020, while some had their sights on digital transformation, many businesses saw it more as a pipe dream than a project to be spearheaded in the near future. But things are different now. With the economic downturn exposing major weaknesses in finance functions and cash management strategies, digital transformation of cash conversion cycles has become a necessity.

1. Freedman, R. (2020, July 7). Pandemic exposes need to automate finance function amid limited resources. [CEO Dive](#)

THE NEED FOR HANDS-ON CFOs

Until now, CFOs have been pretty hands-off when it comes to leading the charge for AP and AR automation initiatives. Now that the pandemic has raised the critical issue of cashflow from both the buyer and supplier side, CFOs need to be taking matters into their own hands. In a recent study, Chief Analyst at Kisaco Research Michael Azoff stated, "I have always found that when C-level executives are behind a technology initiative then it is more likely to succeed. Any deep technology initiative is likely to have change rippling across the organisation, and C-level executives can enable the change management."

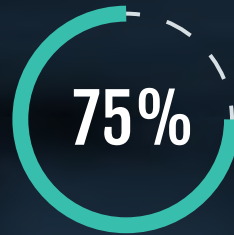
Finance leaders pushing for the digital transformation of AP and AR processes can help to create synergy and efficiency throughout the entire cash conversion cycle in order to better manage cash, make smarter business decisions and build stronger bottom lines that will hold up even in times of economic uncertainty.

In this eBook, you'll get an overview of why the need for digital transformation in finance has increased, how uniting AP and AR through automation can improve cashflow management and why finance leaders need to act now in order to sharpen their organisation's competitive edge and ensure future success.

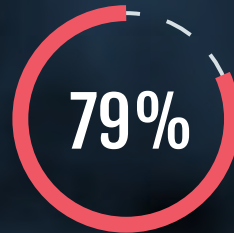


LET'S GET THIS SHOW ON THE ROAD.

EFFORTS TO OPTIMISE CASHFLOW ARE RAMPING UP ...



OF FINANCE ORGANISATIONS TOOK STEPS TO **OPTIMISE WORKING CAPITAL PRACTICES** IN 2020.



REPORT THEY INTEND TO **MAKE THESE CHANGES PERMANENT** POST-CRISIS, AS CONTINUING ECONOMIC PRESSURES FORCE COMPANIES TO BOLSTER CASHFLOW.

ACCELERATING THE CASH CONVERSION CYCLE WITH AP & AR AUTOMATION

WHY END-TO-END AUTOMATION IS NECESSARY FOR IMPROVING CASH MANAGEMENT

Breaking down the silos between AP and AR departments and increasing communication and collaboration between these functions makes a business nimbler in its ability to make decisions related to cash position, which will continue to be crucial moving forward. Because cash coming in and cash going out determine cashflow (aka the lifeblood of a business), automating just one part of the cash conversion cycle makes an organisation prone to process inefficiencies that directly impede cashflow.

The shorter the cash conversion cycle, the better a business is at making sales and quickly collecting its cash, while paying suppliers fast to capitalise on early payment discounts. Tracking the cash conversion cycle over time can help a business determine how good a job it's doing in managing its working capital. Businesses also can benchmark their cash conversion cycle trends to competitors and other businesses in its industry.

The best way to shorten your cash conversion cycle and track it over time? Automating both AP and AR processes.

Automating both AP and AR workflows allows businesses to aggregate and report on data so decision makers can develop cashflow forecasts and different cash scenarios. With real-time visibility into operational efficiency, working capital and corporate spending, finance leaders can better identify potential liquidity gaps and changing market conditions to manage their cash proactively and avoid any shortfalls.

Here's another bonus: With the increased occurrence of growth through mergers and acquisitions (M&As), AI-driven solutions can also pull data from multiple ERP instances and help simplify complex IT environments.

THE FUTURE OF REMOTE WORK IN FINANCE

Manual AP and AR processes make workplace flexibility difficult and even impossible in some cases, ultimately hindering business continuity efforts. Without the ability to manage company cash from any location, organisations can find themselves in high-risk situations if business disruption occurs. Even though the demand for remote work environments has been exacerbated by the pandemic, it will continue to be crucial for thriving during future interruptions to business as well as recruiting efforts moving forward.

Equipping staff with a cloud-based solution allows AP and AR teams to continue operating even in the most unexpected and inconvenient circumstances, regardless of whether an organisation has a remote-work policy or not. Here are some more ways the remote work capabilities provided by automation benefit finance leaders and their teams:

- Increased accessibility & security
- Greater scalability
- Reduced carbon footprint
- Improved resource allocation
- Stronger business continuity plans
- Shared visibility throughout entire enterprise
- Better team collaboration & productivity
- End-to-end process management
- Improved time management
- Enhanced customer experience
- Ability to recruit globally
- Simplified onboarding and training



A Gallup study stated that 54% of office workers would leave their jobs for one that offered flexible work time. ²

Of today's professionals ... 64% say that remote work policies are common (in place at 71% of organisations), and that by 2030, the demand for remote work will increase by 30% due to Generation Z fully entering the workforce. ³

U.S. remote working grew by 115% over the past 10 years, according to the Census Bureau. ²

... and that demand is growing fast in a post-pandemic workplace.

2. Hickman, A. Robinson, J. (2020, Jan. 24). [Is Working Remotely Effective? Gallup Research Says Yes.](#) Gallup.

3. Jackie, W. (2020, March 3). [With Coronavirus in Mind, Is Your Organization Ready for Remote Work?](#) Gartner.

BUSINESS LEADERS ARE GETTING SERIOUS ABOUT AUTOMATION ...



**OF ORGANISATIONS HAVE INCREASED ARTIFICIAL INTELLIGENCE/MACHINE
LEARNING PRIORITY IN THE PAST YEAR.**

ACCOUNTS PAYABLE AUTOMATION

Paper has been the bane of existence for AP teams for decades, and now, in a post-pandemic and increasingly digital world, paper-based processes are an even bigger problem than they were before. Manual AP processes are inherently inefficient, costly, time consuming, and they make it incredibly difficult for finance leaders to keep a close eye on cash. The overall lack of transparency and control over company spend in manual AP departments can lead to significant amounts of cash being tied up in process inefficiencies — cash that could be bolstering bottom lines.

The role of AP has become more and more strategic to the overall financial health, performance and success of a business. The data, real-time visibility and efficiencies gained with AP automation help to unlock new value that's felt throughout the entire organisation by eliminating inefficient and high-risk manual processes. While AP is only part of the equation, it has become even more vital for creating an effective cash management strategy — and so has its need for advancement.

HOW AP AUTOMATION BENEFITS CASH MANAGEMENT:



Improved process efficiency

- With an automated invoice approval workflow and heightened visibility, invoices are processed with greater speed and accuracy.



Strengthened supplier relationships

- Electronic payments are the fastest way to pay suppliers. When suppliers are paid in a timely manner, businesses can strengthen these relationships and re-negotiate better prices/terms.



Increased savings

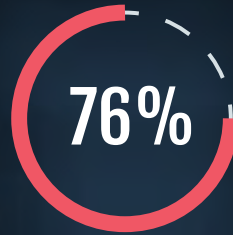
- With electronic invoicing, payments can be completed automatically, drastically speeding up processing times and allowing organisations to capitalise on early payment discounts.



Reduced risk of audits

- Digital audit trails mean AP staff has immediate access to proof of when an account was paid, who authorised payment and what the payment was made for.

CFOS ARE RECOGNISING THE BIG-PICTURE BENEFITS OF AUTOMATION ...



OF CFOS CITE **LEVERAGING NEW TECHNOLOGY** OR **IMPROVING PROCESSES**
AS TOP WAYS ORGANISATIONS CAN CHANGE SO THAT OTHER FUNCTIONS
CAN BETTER HELP EXECUTE CORPORATE FINANCE STRATEGY.

ACCOUNTS RECEIVABLE AUTOMATION

Today's ever-evolving business landscape demands that executive management focuses their attention on streamlining AR functions as much as possible, placing greater emphasis on things like oversight and analytics, workflow efficiency, customer experience and retention, and collections strategies. As one of the largest assets on the balance sheet and a department that deals directly with customers, AR is a critical and strategic part of improving cash management.

According to a 2020 PYMNTS research study, operating costs, manual processes and process speed are the top three challenges facing AR departments, and organisations that still rely on manual processes take 67% more time to follow up on overdue payments than those that have an AR automation solution in place.⁴ Right now, improving bottom lines and increasing cashflow should be a top priority for finance leaders — which means that AR digital transformation should be at the top of every CFO's agenda.

HOW AR AUTOMATION BENEFITS CASH MANAGEMENT:



Increased collections efficiency

- Automating AR drastically reduces DSO. In fact, the DSO of a firm with no or low levels of technological implementation for managing AR is 12 days greater than the DSO for firms with moderately to highly automated AR processes.⁴



Reduced human error and risk

- Eliminating the need for human intervention significantly lowers the risk of missing critical collection calls, not collecting payments from high risk customers and other costly consequences.



Enhanced customer experience

- Today, customers expect more digital, streamlined services. Online self-service portals provide customers a convenient way to pay and get the experience they desire, while getting businesses paid faster.



Improved cash collection forecasting

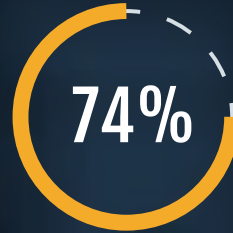
- Through enhanced visibility into AR data, financial leaders can forecast cash collection more accurately and make smarter, more informed business decisions.



Accelerated cash application

- Automating the manually intensive cash application process improves speed and accuracy when capturing and reading data from remittances.

RESPONDENTS UTILISING AI AND MACHINE LEARNING FOR MORE THAN FIVE USE CASES HAS INCREASED



YEAR-ON-YEAR — THE BIGGEST USE CASE BEING
IMPROVING CUSTOMER EXPERIENCE.

ONE ENTERPRISE, ONE PLATFORM

If cashflow is the lifeblood of a business, it only makes sense that achieving optimal performance requires a high-functioning cash conversion cycle. That's exactly what automation delivers for business leaders looking to improve cash management and overall performance throughout the entire enterprise — a cloud solution that transforms the way customers and suppliers interact within an organisation. Connecting every part of the P2P and O2C process creates a collaborative environment of end-to-end efficiency.



HEY, WE'RE ESKER. AND OUR MISSION IS YOUR MISSION.

In an increasingly uncertain world, business success is multi-faceted. More than just cutting costs, it's about long-term value creation and relationship building. Esker is a global cloud platform that's built to unlock this strategic value — embodying the same mission and over-arching goals shared by our customers.



BUSINESS RESILIENCE

By automating finance & customer service processes, Esker users are in a better position to withstand shock & adapt, protect weak spots, & anticipate future risks.



HARMONIOUS ECOSYSTEMS

Success is not attainable without a healthy business ecosystem. Esker empowers you to become “easy to do business with,” promoting greater trust in an era of increasing skepticism & cynicism.



POSITIVE-SUM GROWTH

Growth is not meant to be a one-sided affair. With Esker, the benefits extend beyond the company to employees, customers & suppliers — never coming at another's expense.



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