

THE CASE FOR ORDER- TO-CASH AUTOMATION

STRATEGIES & INSIGHTS TO GET
YOUR BUSINESS ON BOARD



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INTRODUCTION

CLEARING THE HURDLE

At a time when cash generation is of critical importance, more and more business leaders are waking up to the fact that optimising the order-to-cash (O2C) process could very well be necessary for their organisation's survival. Nevertheless, pursuing an O2C digital transformation initiative isn't as easy as simply selecting a provider, implementing a solution, and hitting the ground running.

Because while the ongoing "crisis shock" caused by the global pandemic may have generated greater awareness of the problems and pitfalls of inefficient O2C processes, the biggest hurdle — getting buy-in from upper management and other key stakeholders — must still be cleared.

WHY A SOLID BUSINESS CASE IS NECESSARY

Every organisation's C-suite has a very broad range of projects and priorities competing for their attention. By crafting a strategic and well thought out business case for O2C automation, it will dramatically increase the chances of convincing executive decision makers that:



O2C AUTOMATION IS MORE THAN A COST-SAVER

on an operational level — it positively impacts virtually all stakeholders and has the potential for broad, transformational benefits.



O2C AUTOMATION IS NOT A REPLACEMENT

for people or a detriment to customer service or IT; rather, it works with existing people, processes and technologies to optimise every touch point.



O2C AUTOMATION IS FAR TOO IMPORTANT

to take a back seat to other company projects or be cast aside by flimsy excuses such as, "It's too expensive," "It wouldn't work here," etc.



O2C AUTOMATION IS A "SILO BREAKER"

in terms of ensuring that the order and cash sides of your business truly collaborate to ensure end-to-end O2C efficiency.

GOAL OF THIS WHITE PAPER

This white paper aims to empower O2C leaders with the knowledge and strategies needed to make the necessary transition to modernisation. By better understanding how an automated O2C solution works and the advantages it can harbour, O2C leaders can more effectively persuade their organisation's C-suite to invest in a software automation solution and, ultimately, deliver greater value to the organisation as a whole.

PRIORITISING O2C

WHY IT MATTERS NOW MORE THAN EVER

Order-to-cash can be defined as the set of processes and activities involved in the lifecycle of customer orders — everything from processing an order and shipping an item to delivering the invoice and collecting the payment. And while O2C operations have always directly impacted customers and contributed to business success, it's only recently that the technology has caught up to the concept and been made more tangible to O2C leaders.

As 2020 has shown, volatile economic conditions can make getting paid much more challenging for distributors. This is the single biggest reason O2C optimisation and modernisation is now at the forefront more than ever before. What's more, recent findings from Deloitte indicate that 50% of companies do not have sufficient cash to cover debt servicing in the coming year.¹

IMPORTANCE OF INTEGRATING “ORDER” & “CASH”

One of the most common issues affecting overall cash management is a lack of synergy between processes such as order management and accounts receivable (AR). These silos are often by design, as AR departments are attached to finance while customer services are not. ERP systems reflect this organisational gap as well with O2C documents/transactions being in different locations. Thus, without end-to-end process governance, integrated systems, and common goals between the “order” and “cash” sides of O2C, even an organisation with the most future-proof business model will struggle to optimise cash flow and working capital.

AUTOMATION: THE GREAT FACILITATOR

It's for these reasons that O2C automation solutions are often viewed as a necessity for facilitating the type of digital transformation needed to preserve business continuity, liquidity and competitiveness. With the lines between once “separate” processes like order management and AR now being necessarily blurred, AI-driven automation solutions offer an ideal platform for overcoming today's biggest O2C obstacles, including:

- Slower processing cycles at each stage
- Sluggish cash flow & high DSO
- Low levels of team collaboration, productivity & overall morale
- Complexity of legacy systems & ERPs
- Lack of visibility on global risk exposure
- Excess paper, postage, transportation & physical archiving expenses
- Narrow range of analytics, reporting & audit trail capabilities
- Increase in disputes & dissatisfied customers
- Limited flexibility in terms of working remotely, mobile order placing/tracking, & self-service portal tools

¹ May 8, 2020. COVID-19 and the corporate sector liquidity, Deloitte. | ² Optimizing the End-to-End Order-to-Cash Process, APQC. 2020.

TOP 5 CHALLENGES

due to the lack of collaboration between order and cash in the end-to-end O2C value statement (according to APQC research²):

- 1 MANUAL INTERVENTION** requirements
- 2 SILOED DATA** or systems
- 3 CONFUSION** in terms of roles & responsibilities
- 4 LACK OF VISIBILITY** for orders throughout the process
- 5 LIMITED COLLABORATION** between customer services & AR

STATING YOUR CASE

4 STRATEGIES FOR MAXIMUM EFFECTIVENESS & PREPARATION

How your business case for O2C automation is crafted, packaged and presented is entirely subjective. But before the actual phase of creating a business case begins, some important preliminary steps are required. Below are four action items recommended for maximum effectiveness and preparation when championing an O2C optimisation initiative.

1 DEFINE YOUR OBJECTIVES

It can be difficult to stick to a strategy if you fail to first identify what the project plans to accomplish. This can include defining what areas of O2C you wish to automate, what type of solution you want to pursue, or listing the concrete issues you wish to address (e.g., how to eliminate manual data entry, how to better manage disputes, how to streamline cash application and deductions, etc.). All of these are essential details to iron out before creating your business case.

2 BACK IT UP WITH DATA

If there is one universal truth about the C-suite, it's that they love their metrics. Order-to-cash leaders can explain why an automated solution is good for business all day, but when it comes down to decision time, upper management is going to need measurable data to justify their decision.

An effective way to start building your business case is to compare your current O2C performance to that of established "best-in-class" O2C processes. Doing this research not only helps validate the solution you're proposing, it shows the C-suite that you're thoroughly invested in the project.

3 BE PREDICTIVE

Once you've gathered the Key Performance Indicators (KPIs) and other data to compare your business against, the next logical step is to predict what your O2C process will look like in the future versus what is looks like now. This could be everything from how much faster you'll be processing orders three months from now, to how your cash collection strategies will be better three years from now. By providing relevant context into what your business could be achieving with O2C automation, it makes the benefits less abstract and allows key decision makers to feel more closely connected to their investment.

4 CONSULT WITH STAKEHOLDERS

This is a big one. Without stakeholder approval and cooperation, your proposal has little chance at coming to fruition. Obviously, support from the executive decision makers is the end goal, but O2C leaders must also make time to consult with the people and departments directly impacted.

In the coming pages, this white paper explores in detail how to communicate your plan with the most influential stakeholders for any O2C automation project — from the executive management to the O2C frontline team members. Effectively speaking the same language as these groups will be instrumental in gaining their support, and ultimately, approval for your project.

AREAS OF FOCUS

WHERE O2C AUTOMATION MAKES ITS BIGGEST IMPACT

From the perspective of executive decision makers, good project investments are the ones that benefit the entire organisation — not just a few back-office processes. Simply put, if your business case for O2C automation includes a compelling answer to the C-suite-centred question, “How does this help me solve my problems?” the likelihood of project acceptance will be much greater.

Yes, the idea of O2C automation has entered the mainstream as of late. And yes, pursuing this type of initiative may seem like a no-brainer. However, most C-suite members are also acutely aware that the decisions being made now in regards to digital transformation will have ramifications for decades to come. If your business case isn’t “speaking their language” there’s a higher chance it will fall on deaf ears. So what areas should O2C leaders focus on when attempting to demonstrate the end-to-end benefits of automation?

EFFECTS ON OPERATIONAL EFFICIENCY

Although O2C activities such as order entry or cash collection may seem like small “back office” affairs to the average C-suite member, speed and accuracy in these areas undoubtedly play a huge role in minimising the disruptions that negatively affect working capital and continued business success. Below are some of the most prominent ways that O2C automation eliminates the pesky transactional tasks that ultimately lead to errors, slowdowns and productivity losses.

SUPPLY CHAIN OPTIMISATION

The supply chain is often thought of as the backbone of business operations. So, if we’re looking to point fingers at the biggest culprit of negatively impacting cashflow and working capital, inefficiency within the O2C delivery side of supply chain responsibilities is a good place to start. Why? Because the slower a company’s product is received and, consequently, billed to the customer, the more cash that will become tied up in inventory.

Automation solutions dramatically diminish the time-consuming activities and other bottlenecks inherent in manual supply chain environments — namely, automating the order-taking process, which means incorrect or incomplete orders are avoided and distribution centres and supply chain staff have visibility into when orders are received, confirmed and shipped. It all equates to a faster, more streamlined supply chain where manual tasks are transformed into value-added activities and employees are freed up to play a more valuable role in supply chain management, customer experience and cash flow optimisation.



CASHFLOW OPTIMISATION

Effective management of cashflow is critical to the survival of today's businesses. This is particularly true for smaller to mid-market size companies that have a smaller margin of error in terms of retaining a strong cash position. With the help of O2C automation, however, businesses can significantly improve cashflow by optimising each step of the process:

Credit Management | Thanks to automation, companies can significantly decrease the chances of ending up with net losses. Secured sales revenue equals more cash in!

Billing & Invoice Delivery | Rapid payments are determined by the quality of the customer invoice — something that automation ensures via quality order processing and effective matching between customer requirements, credit terms, etc.

Order Management | An optimised order management process is one with fewer errors, disputes and dissatisfied customers, all of which contribute to getting paid on time.

Collections Management | Automation also ensures no customers slip through the cracks and helps team members focus on actions that will have a true impact on cash collected (e.g., managing risky customers or resolving contentious disputes).

Cash Allocation | Leaving no cash unapplied to maintain visibility on customer accounts and receivables is also a significant contributor to better credit and collections efficiency which, in turn, results in improved cash flow management.



ROBUST ANALYTICS CAPABILITIES HELP O2C FUNCTIONS TO PROACTIVELY IDENTIFY POTENTIAL CUSTOMER ISSUES AND MITIGATE THEIR IMPACT, RESULTING IN IMPROVED SERVICE AND BUSINESS OUTCOMES.³

AI & RPA TECHNOLOGIES

Lastly, you can't talk about operational efficiency without mentioning powerful cognitive technologies such as Artificial Intelligence (AI) and Robotic Process Automation (RPA), which often operate behind the scenes in O2C automation solutions. This type of next-generation technology not only serves to eliminate the tiresome, menial tasks that contribute to sluggish work streams but also enables advantages such as predictive analytics to power improved speed, efficiency and decision making throughout the O2C cycle. Some of the more notable technologies and capabilities include:

Document Triage for automatic prioritisation & routing of document types

Deep Learning & Machine Learning to extract data from orders or remittances & increase recognition rates over time

Anomaly Detection for alerting users to unusual data that's detected

RPA Portal Capabilities to combat portal fatigue in AR & customer services departments

AI-Driven Payment Prediction to forecast invoice most likely pay dates & identify priority customers to contact

³ Connected Order to Cash: Powered by Digital and Analytics, Accenture Consulting. 2016.

EFFECTS ON VISIBILITY, ANALYTICS & COLLABORATION

The increasingly global makeup of today's organisations — often with a myriad of languages, locations, compliance standards, etc. — makes it all the more necessary to enable O2C teams to not only work better collaboratively, but also provide executives the level of visibility they need at each level of the organisation. By making intelligent connections between all applications, O2C automation creates an environment of end-to-end efficiency. Thus, any solution with the promise of increasing the C-suite's ability to oversee and control the O2C process is something that will garner their attention.

CUSTOMER MANAGEMENT

One of the biggest selling points of a leading O2C automation solution is that it enables a 360-degree view of all customer-related data, documents and actions — from orders to invoices, through to payments or claims — all in one collaborative platform. This type of enhanced customer management allows everyone involved to perform more strategic daily tasks, monitor credit risk and performances, and determine the best approach for managing critical O2C processes and resolve potential issues. In other words, customer management means revelatory insights into:



Current Business Situation (e.g., outstanding balance of orders, invoices, credits, etc.)



Real Credit Exposure based on customer credit limits & total outstanding (orders + invoices)



All Customer-Related Documents (e.g., orders, invoices, credit apps, remittances, etc.)



Dashboards & KPIs to track order/invoice payment trends, predict future outcomes & make data-driven decisions



MOBILE FLEXIBILITY

Another value-added feature that's often "baked in" to many O2C automation solutions is mobile functionality (i.e., the ability for users to access specific data or perform critical actions anytime, anywhere via their preferred mobile device).

This can include everything from accessing O2C 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 vastly to the C-suite's goal of optimising end-to-end O2C efficiency and cash flow.



EFFECTS ON THE BOTTOM LINE

Improving company profitability is the be-all and end-all for upper management — particularly when so many companies are trying to stay afloat while still paying employees, ordering products and keeping their utilities running. With this in mind, it's critical to showcase just how impactful a best-in-class O2C automation solution can be to an organisation's bottom line.

One way to do that is to illustrate how the “surface-level” operational benefits (typically prized by O2C team members and managers) ultimately equate to more strategic, bottom-line advantages (valued to a greater degree by C-suite members).

FOR EXAMPLE ...



EFFECTS ON CUSTOMER EXPERIENCE

Members of the C-suite have a reputation of being rigid when it comes to their organisation's customer services and customer experience (CX), placing undue value on the “personal touch” that defines their issue-resolution techniques. To them, technology like automation, AI and RPA can sometimes be viewed 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 organisations: 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 organisation — any gaps or delays throughout the O2C cycle put that experience at risk. Automation is intended to fill those gaps that lead to an inadequate customer experience by providing a single cloud-based platform to increase speed, accuracy and collaboration across the entire O2C lifecycle.

IMPROVEMENTS IN CUSTOMER EXPERIENCE CAN LEAD TO:



⁴ Finding the right digital balance in B2B customer experience, McKinsey & Company, 2017.

BENEFITS IN ACTION

O2C AUTOMATION SUCCESS STORIES

An effective way to take the “abstract” out of a concept like O2C automation is to directly examine the results achieved by other peers and contemporaries. Below are two examples of organisations that achieved new levels of speed, productivity and efficiency within O2C thanks to automation.



ZIMMER BIOMET SUCCESS STORY

Background

Zimmer Biomet chose Esker to automate their order management processes in their France offices in 2014. After the merger of the Zimmer and Biomet companies the sales orders increased to nearly 20,000 per month, which arrive by a variety of channels (fax/email/EDI/ portal/ mobile application). The transition from multi-locality and on-site work into work-from-home situations during the pandemic added another layer of demand, especially for the Accounts Receivable Department. They had been using printed invoices since 2014, but this was no longer feasible considering the remote work and number of invoices processed. The fact that Esker could provide multiple solutions on a single platform turned out to be an enormous benefit. For a company that sends out over 15,000 invoices per month, the option of automating multiple processes at once makes a big difference in the quality of their order management.

Results



Reduced order processing times



Enhanced customer relationships



Facilitated transition to working from home



Tracked daily activity using dashboards



LGC SUCCESS STORY

Background

Prior to automation, LGC sales office staff were spending much of their time manually entering orders into the company's IFS ERP system, with each order taking up to 8 minutes to manually enter across multiple screens. Now, order entry time for key customers is nearly down to zero as the order is entered into Esker's solution and validated by the sales team before an email confirmation is automatically generated by the ERP. Esker's archiving function enables sales staff to easily locate previous orders in case of any queries, complaints, etc.

Results



Reduced order entry time from 8 minutes to less than 1 minute



Improved customer experience



Increased morale and job satisfaction



Facilitated remote working during the pandemic

CONCLUSION

The case for O2C automation has never been clearer. Nevertheless, business executives don't dole out cash for every proposal shopped to them. Your project is one among many vying for approval and budget within an organisation that's likely going to be extremely cash-conscious for the foreseeable future. Upper management may understand the benefits of O2C automation in a general sense, but they can often lack the necessary insight into how those benefits can translate to the business as a whole. Creating a clear and comprehensive business case is the key to convincing key stakeholders and propelling your project to the top of their to-do list.

That includes pursuing an end-to-end O2C automation solution that removes the common manual obstacles within the invoice-to-cash cycle and helps you get paid faster. How? By helping you:



Once you are better equipped to speak convincingly to the key stakeholders, it's time to move forward on actually building your business case. Be sure to include the following essential elements as you begin the process:

- Description of your current O2C process and proposed solution
- Projected timeline and project costs
- Calculated project benefits and potential risks
- Any other assumptions based on your project knowledge

This white paper can be used as a fallback to measure the quality of your business case as it's assembled as assurance that no important details were overlooked. Good luck!

ABOUT ESKER

Esker is a worldwide leader in AI-driven process automation software, helping businesses digitally transform their procure-to-pay (P2P) and order-to-cash (O2C) cycles. Used by 6,000+ companies worldwide, Esker's solutions incorporate AI technology to drive increased productivity, enhanced visibility, 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.

ONE INTERFACE, ONE PLATFORM



