Special Report

KEY TRENDS AND MARKET DRIVERS IN ACCOUNTS RECEIVABLE AUTOMATION

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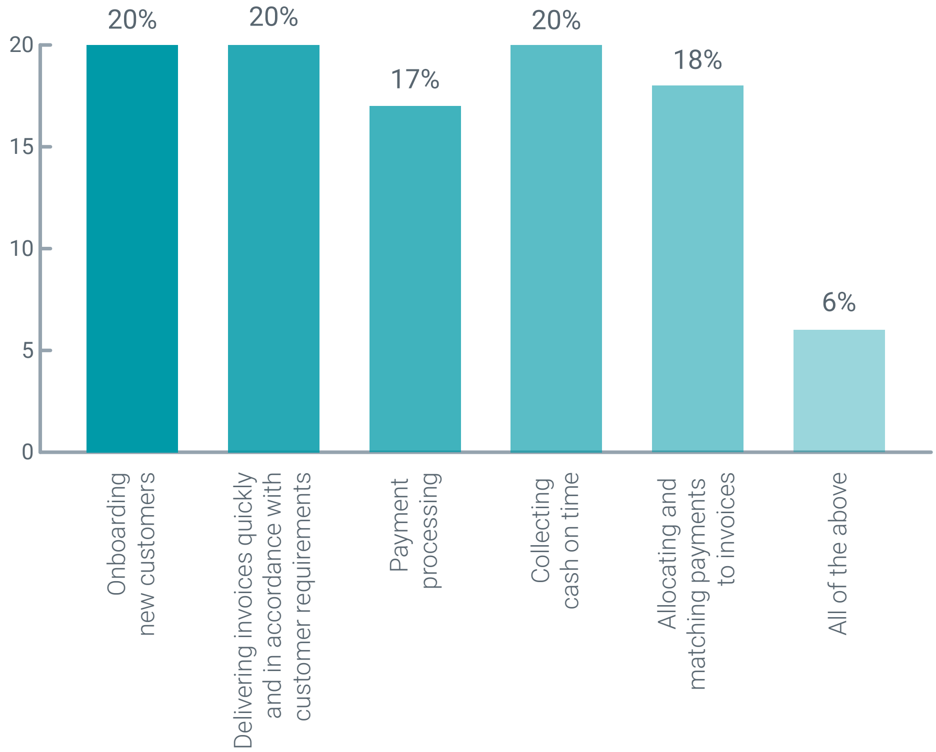
ESKER®

ADDRESSING MANUAL PROCESSING CHALLENGES

As long as document processes are manual, rely on paper and lack transparency, businesses hoping to improve on performance will continue to face barriers. While ERP applications and other business systems have addressed these issues to a degree, many businesses still have a "gap" between true automation and the documents driving their business processes. No-where is this more apparent than in the processes of the order-to-cash (O2C) cycle.

Our recent survey of credit professionals indicated that Accounts Receivable (AR) teams are facing manual processing challenges in all areas of the credit-to-cash cycle; it found that there was no consensus on one single area within AR which presents greater manual challenges.

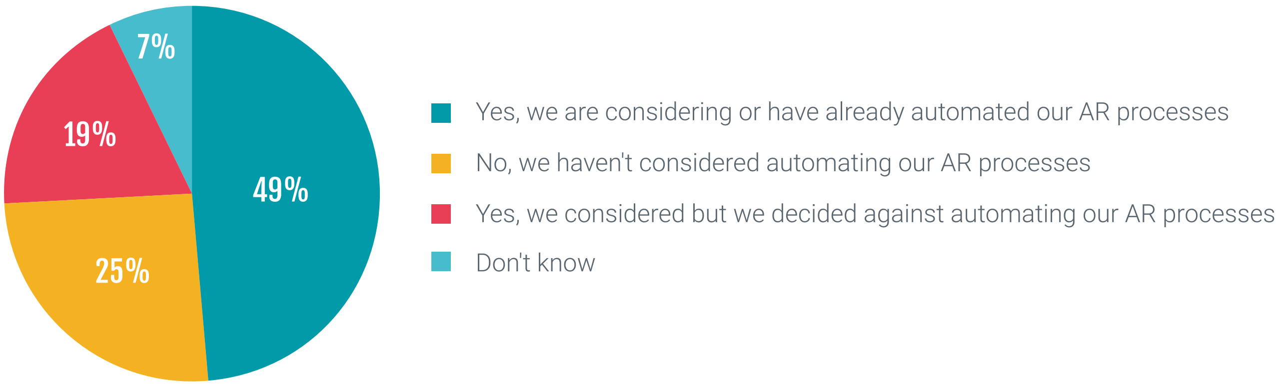
Which activities in the order-to-cash cycle present you with the biggest manual processing challenges?



This is perhaps not surprising; it would be difficult to single out just one area that presents a bigger challenge than the others, this will depend on the nature of the business and team. Failures in just one element of the order-to-cash (O2C) cycle can and do have a knock-on effect on operations both upstream and downstream, affecting the efficiency of the entire order-to-cash operation. By using manual methods to orchestrate O2C operations creates heavy administrative burdens along with the potential for significant costs and inefficiencies that can directly affect the bottom line.

However, the good news is that many organisations are focusing on overcoming the challenges of manual processes. Our findings showed that almost 50% of respondents have or are consid-ering automating all, or part of their AR processes.

Has your organisation considered automating its Accounts Receivable (AR) processes?



That's great news as today's best-in-class automation solutions offer a secure, flexible and scalable solution that can transform even the most complex order-to-cash processes.

AR automation adds value in four major areas:

Efficiency

Collection and dispute management solutions improve transaction and account review, discrepancy resolution, and contact activities by integrating a database with workflow and communication tools.

Costs

Automating manual tasks enables smaller teams to handle a greater volume of work, reduces transactional burden and frees time to focus on more strategic tasks.

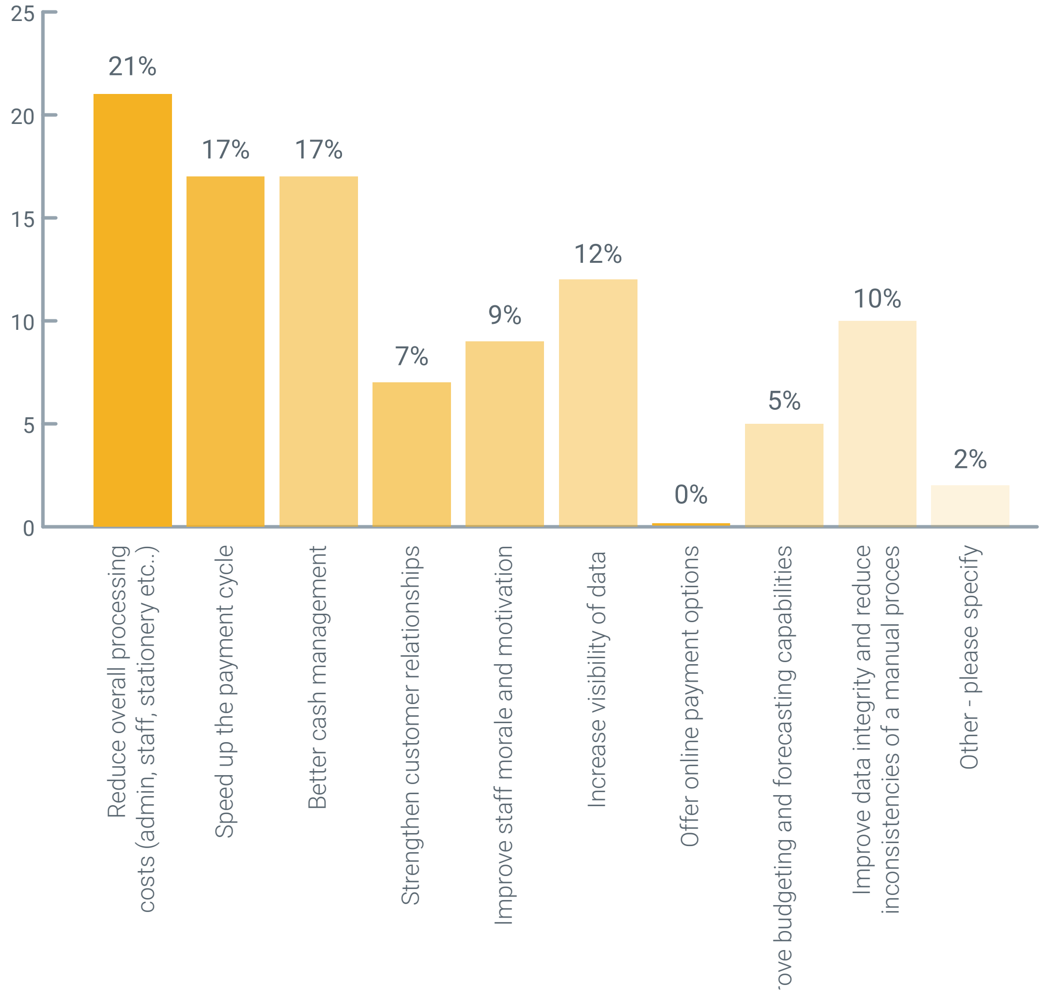
Visibility and Cashflow Management

On-demand, real-time access to complete accounts receivable details and supporting electronic documents facilitates workflow, reporting, and analysis by eliminating the need for physical records. This increased visibility enables the early remediation of problems and facilitates collaboration when issues need to be resolved. AR automation solutions also permit credit and collection supervisors to monitor employee activities and adjust workflow and account assignments to ensure performance goals are being met. In addition, greater visibility of the risks within your customer portfolio allows management to make better decisions to optimise the risk versus reward payoff.

Customer Management

AR automation gives customers the self-service tools they want and expect (e.g. online portals), which ensures communication is efficient, accurate and disputes are resolved quickly. It accelerates and simplifies payment, providing collectors with the tools and information they need to serve customers quickly and effectively resulting in better customer satisfaction—one of the main drivers of profitability.

What are your main incentives for automating AR processes?



BARRIERS TO AUTOMATION

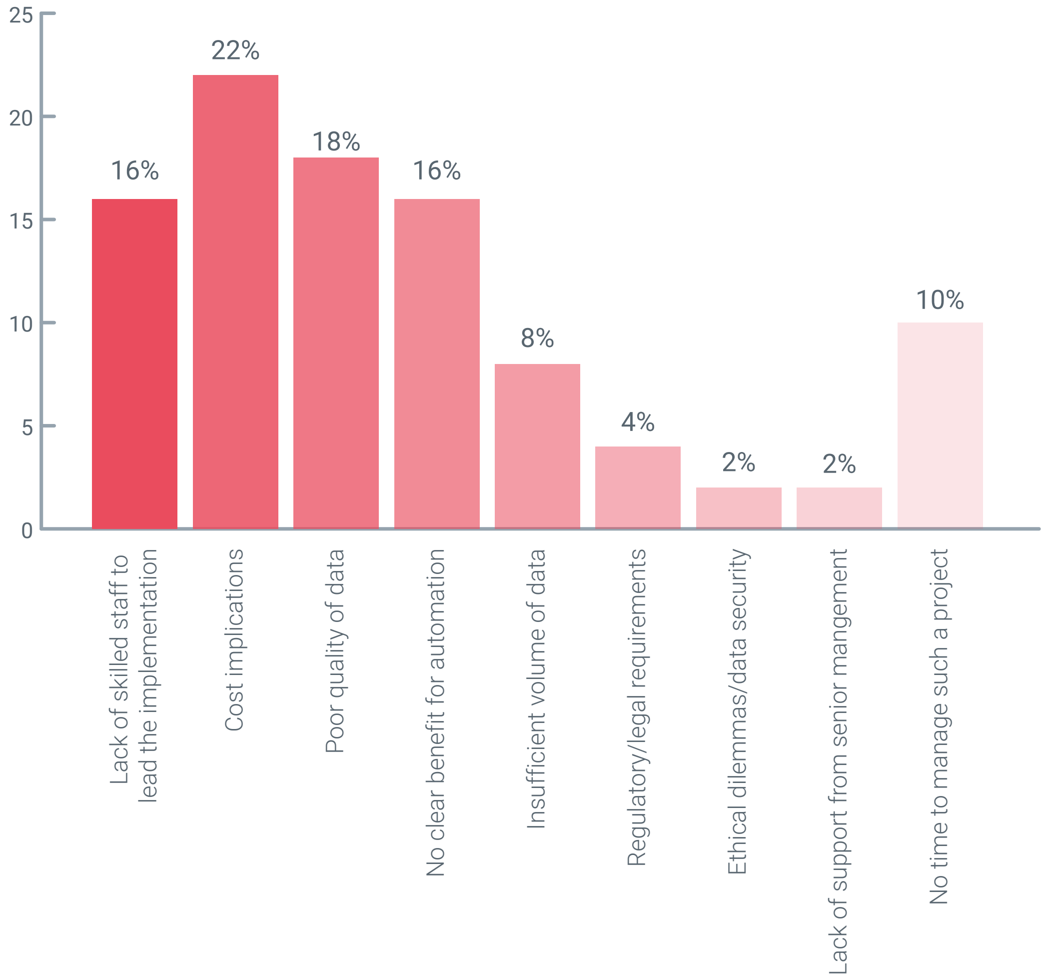
Whilst it’s encouraging that many organisations have or are considering automating their AR processes, for those that have not the number one barrier to implementing AR automation is cost. Understandably the business case for any capital investment must stack up and investing in AR automation is no exception. Costs must be weighed up against both the financial and softer benefits that have been outlined above.

An AR automation project might not be the only project vying for approval within the organisation. Senior management tends to understand the benefits of AR automation in a general sense but may lack insight on how those benefits can translate beyond AR to the business as a whole. Creating a clear and comprehensive business case is the key to convincing key stakeholders and propelling your AR automation project to the top of their priority list.

Ultimately, improving company profitability is the single most important aim for upper management. With this in mind, the C-suite is likely to respond positively to a new solution that can help the company:

- Eliminate wasteful spending
- Improve operational efficiency
- Generate greater productivity and improve employee morale
- Maintain current customers and attract new ones

What are your main barriers to automating AR processes?



TECHNOLOGICAL INNOVATION IN AR AUTOMATION

There have been major innovations in AR automation that benefit both large and small organisations alike. While AR automation is fairly mature, solution providers continue to bring innovations to the market that address specific consumer needs including technology with roots in the application of programmable logic such as Robotic Process Automation, or RPA.

RPA drives innovation within financial processes by automating repetitive, manually-intensive tasks and workflows. It is particularly effective in automating data entry and processing of invoices, due to its ability to quickly recognise and extract data within structured documents.

RPA isn't a new concept, at its core is a pre-defined set of algorithms to allow the automation of high-volume, structured tasks with the goal of increasing efficiency. Exceptions can be managed by 'teaching' the software new ways of handling specific circumstances, but it has no in-built intelligence– relying solely on human input to tell it what action to take.

AI (machine learning or deep learning) is a more complex technology than RPA, but also more powerful. Deep learning is learning based on a multi-layered neural network as opposed to task-specific algorithms. For example, with deep learning you can train computers to build algorithms that know how to deal with complex issues or make decisions with an expected outcome in a given situation. It's AI that makes it possible to develop autonomous cars, automatically detect medical anomalies, or even win a game of chess against a human champion.

Specifically, deep learning allows automation platforms, such as Esker to sort messages received from multiple channels based on the nature of the document (eg. Invoice, order form, spam etc.) or the language used. It can also open a document to check if it contains one or more invoices and send them to the correct approval workflow – all tasks previously done by finance professionals.

AI and deep learning today are located on the perimeter between research and applications, however their diffusion into the real world will be rapid and profoundly change the nature of back office functions.

TECHNOLOGY'S IMPACT ON FINANCIAL SERVICES

Automation can transform the accounts receivable function, increasing the speed and accuracy in which routine tasks can be undertaken. By freeing up teams from low value and repetitive tasks, RPA and deep learning lead to their professional development. Credit management gradually shifts from an operational, task-oriented function to one of analysis, management and fraud control. Technology allows financial services to not only measure performance in real time, but also identify problems or opportunities as they arise and thus become a key player and partner in a company's strategic development.

Even with the many benefits that RPA and AI can bring, technology does not replace the need for people, because it cannot replicate what are truly human skills. It cannot think creatively or imagine solutions by itself, it cannot apply social or emotional intelligence to a situation.

MAKING THE RIGHT CHOICE

When businesses examine ways to gain a competitive edge, process automation of the order-to-cash cycle emerges as a key enabler of best practices for performance improvement. Reducing the time it takes to turn an order into money in the bank offers several strategic benefits to a business. It's important to select a solution that meets the specific needs of your organisation. Your perfect AR automation solution should:

Adapt to your wants and needs - It's simple: A great solution complements whatever infrastructure is currently in place — minus upfront costs, downtime and interference with existing systems.

Integrate with current systems – It goes without saying that your perfect solution integrates seamlessly with existing systems and provides a stylish, simple interface for users.

Be customisable and promote collaboration - One size doesn't fit all. A solution should unite staff and further collaboration between departments with customisations that fit your business needs without compromise.

Keep everything safe and secure - Document security is essential. Adhering to safeguards, reporting requirements and all government regulations, best-in-class automation solutions keep everything protected.

Provide key data and reports - Users should be able to create custom dashboards that display important process metrics and Key Performance Indicators (KPIs). Even better is a solution that offers it all on a mobile application.

ABOUT THE AUTHOR

Martyn Brooke FCICM (Grad) Credit Management Specialist, Esker Ltd.

Martyn has run his own credit management and advisory service since 2018 and is a respected expert in the order-to-cash process. With over 30 years practical experience in the credit industry, Martyn supports businesses to turn sales into cash quickly and efficiently by identifying issues, developing processes and policies and implementing the tools, training and reporting required to make payment collection seamless.

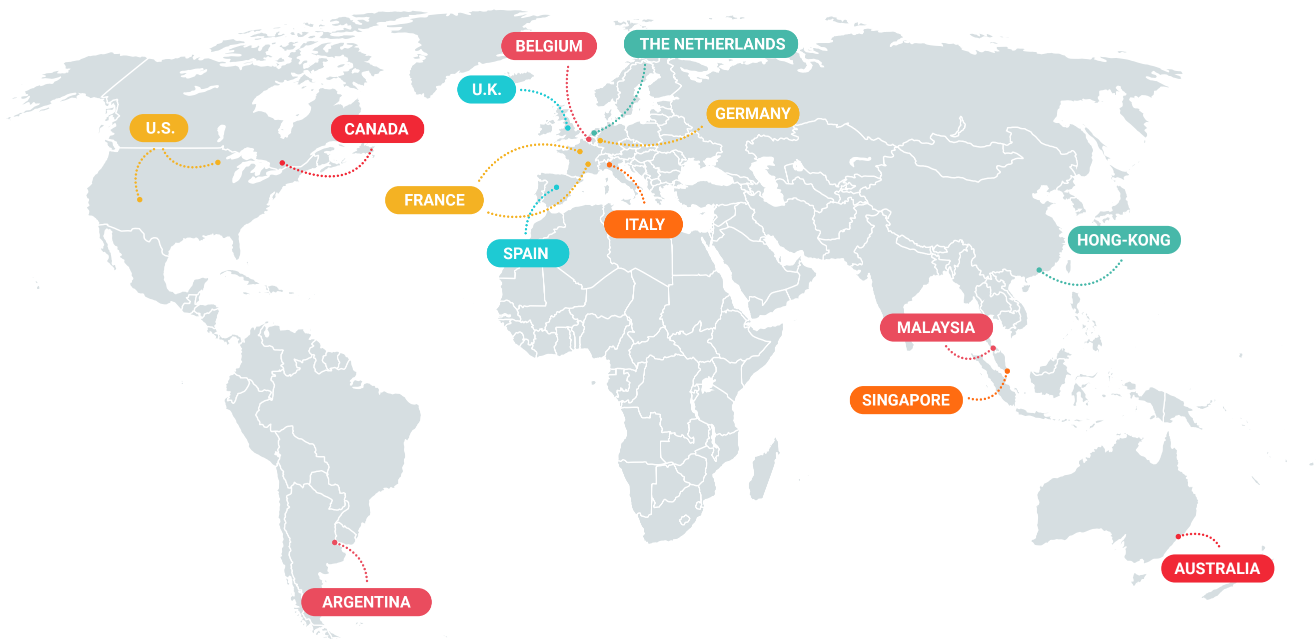
A popular facilitator and speaker at credit industry events, Martyn also advises end-users and solutions providers on the application of latest technologies to improve order-to-cash processes.

ABOUT ESKER

Esker is a global cloud platform built to unlock strategic value for finance and customer service professionals and strengthen collaboration between companies by automating the cash conversion cycle.

Esker's mission is to build a foundation that promotes positive-sum growth: increased productivity, improved employee engagement, and greater trust between organizations. By developing AI-driven technologies and automating the order-to-cash and procure-to-pay cycles, Esker frees up finance and customer service professionals from time-consuming tasks, helps them be more efficient, and enables them to develop new skills.

At the same time, Esker improves relationships between customers and suppliers, while allowing them to maintain their ERP independence. Esker's cloud platform integrates with existing ERP environments, giving businesses the flexibility to connect with any system without having to change the way they work. Using Agile Methodology, Esker's platform is designed for and with users, ensuring that it is always meeting the user's ever-evolving needs.



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