

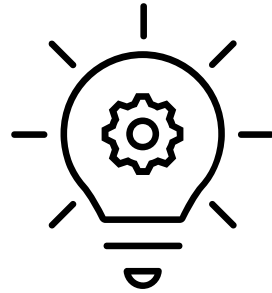
# 5 AR Worst Practices

How to Identify & Fix Them Fast

Dale Phillips

Business Development Manager





# Times are changing.

AR is no longer a “back-office” function, but especially during times of continued disruption, it is actually a profit and growth driver.

Growing in a smarter, more sustainable fashion – without sacrificing quality

# Positive Sum Growth



Achieving business success that doesn't come at the expense of any individual, department or company.



Empowering every stakeholder while promoting long-term value creation.



Empower employees with impactful, meaningful work, more purposeful jobs, that are ultimately more productive and rewarding.



Elevated staff provide higher levels of customer service, ensuring customers have an easy, reliable, and memorable experience doing business with your company.



Strengthen supplier relationships by meeting their expectations with on-time or early payments and transparency at every stage.



Lower your carbon footprint by using less paper for invoicing, dunning letters and account statements while supporting WFH models that reduce travel.



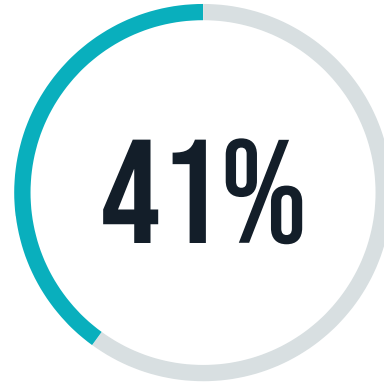
Increase the overall velocity of the I2C cycle on the AR side. Take advantage of early payment discounts, e-sourcing & supply chain financing on the AP side.



## WORST PRACTICE #1

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**Burning out, under-utilizing &  
under-valuing AR team members**



**Of the people who quit their jobs from April 2021 to April 2022, 41% did so due to lack of career development and advancement opportunities.**

Source: McKinsey & Company, The Great Attrition is making hiring harder. Are you searching the right talent pools? July 13, 2022.

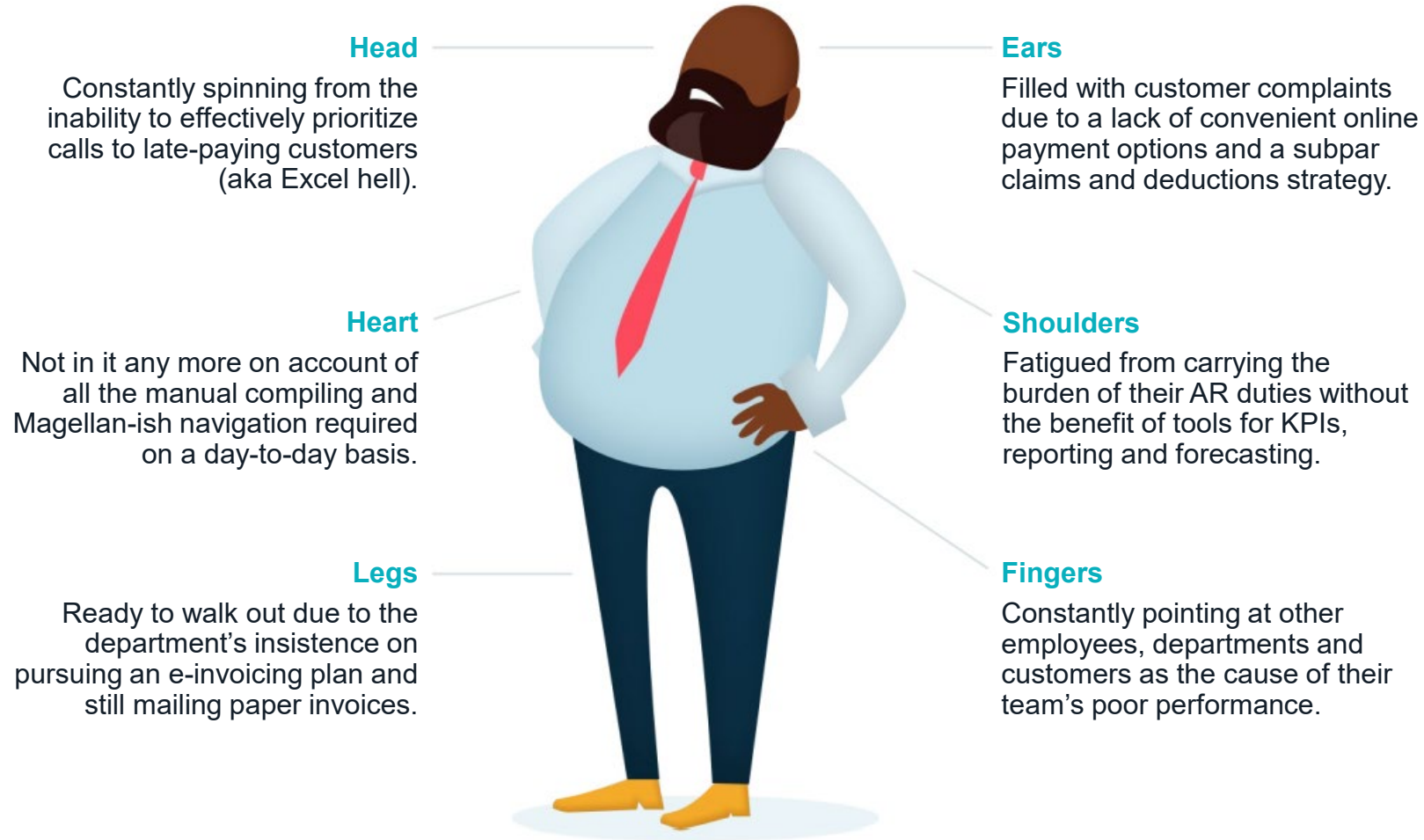


3.2x

**Employees who operate in human-centric work models – where they are seen as people, not just resources – are 3.2 times more likely to enjoy their jobs with a high intent to stay.**

Source: Gartner. Gartner Research Shows Human-Centric Work Models Boost Employee Performance and Other Key Talent Outcomes, December 7, 2022.

# Anatomy of an unhappy AR employee



# What do people want in an AR career?



## Professional growth

People like using their skills to learn and master new things. Offering career development and advancement opportunities goes a long way in keeping team members happy.



## Meaningful work

Does poring over sticky notes and spreadsheets sound rewarding? AR folks don't think so, which is why they value work that's meaningful vs. mundane.



## Personal well-being

Whether it's flex schedules or recognition of good work, attractive companies are those that prioritize people's professional and psychological needs.



How to fix it:

# Replace the mundane with meaning

1

## Digital credit approval



Automating credit applications and approval workflow takes a lot of pressure off your AR staff, making customer onboarding a walk in the park.

2

## Automated invoice delivery



Instead of folding, stuffing and stamping paper invoices, AR staff can mail them directly from your ERP for worldwide postal delivery in < 24 hours.

3

## AI-driven cash application



Free up your team for higher value tasks by automating the manually intensive process of matching payments received from incoming payment information sources.

4

## Strategic collections



Automated solutions have no shortage of AI tools – like custom to-do lists and priority call suggestions – to help your team optimize its collections strategy.

How to fix it

# Digital transformation of Credit Management

## Credit Application Process



Fully digitized credit applications



Customizable credit application templates

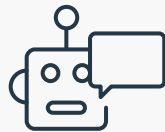


Automated credit approval workflows

## Risk Assessment



Credit bureau data integration



Credit decision automation



Internal credit score

## Freeing up time for



Proactively serving customers




Increasing revenue by supporting sales development



Improving O2C process quality to speed up cash collection

# Benefits of employing AI in Credit Management




**SIMPLIFIED**  
customer onboarding



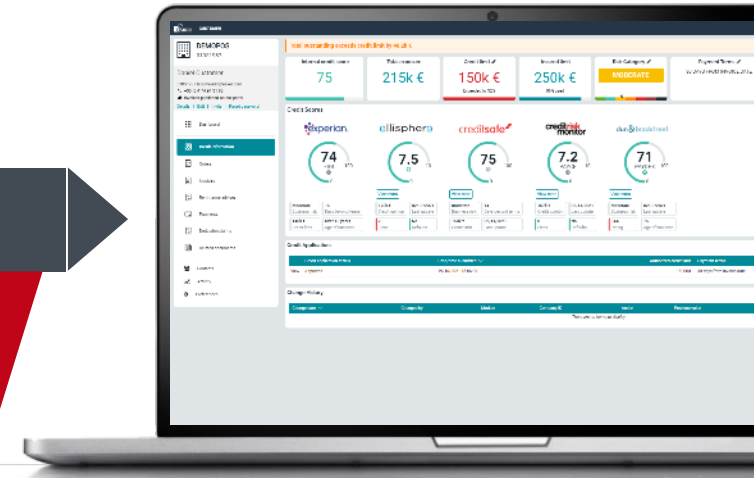
**REDUCED**  
write-offs & bad debt



**SECURE**  
credit approval process



**IMPROVED**  
customer relationships



# Smarter Invoice Delivery

with AI-powered automation

## Data extraction

FACTURE N°4850051 Page 1/1

Conditions particulières de règlement :  
CHEQUE 30 J FIN/MOIS

Date d'échéance : 28/09/2016

A votre service MARI 654692 78 07

Numéro de la commande: 654692

Date de la commande: 28/09/2016

1

## Splitting

Document 1 Document 2

Split after page

Split options Split every 'n' pages

Pages per document

Preview Reset

2

## Intelligent routing

On the portal (with email notification) ▼

As an email attachment

By fax

By postal mail

On the portal (with email notification)

By EDI

By another method

3

## Robotic process automation








4

# Benefits of utilizing AI in Invoice Delivery:



**Invoice 4850011 - DEMOPOS** ! TO VALIDATE

! One or more required related documents could not be found and were not linked to this invoice. Please review the invoice before sending it to your customer.

|                     |                         |                |           |
|---------------------|-------------------------|----------------|-----------|
| Customer identifier | 31051987                | Total amount   | 98,95 EUR |
| Invoice date        | 26/08/2015              | Payment amount | 0,00 EUR  |
| Due date            | 26/09/2015 (+1108 days) | Outstanding    | 98,95 EUR |

 APPROVE  REJECT  RESUBMIT  VIEW PDF  QUIT

**Related Documents** ?

| Type             | Identifier          | Status   | File                        |
|------------------|---------------------|--|-----------------------------|
| Purchase order   | 654661              |  Linked             |                             |
| Delivery Receipt | Receipt INV 4850011 |  Document not found | <a href="#">Add file...</a> |



**GREATER ACCURACY**



**BETTER VISIBILITY**



**FASTER DELIVERY**



**MORE COLLABORATION**



**LOWER COSTS**

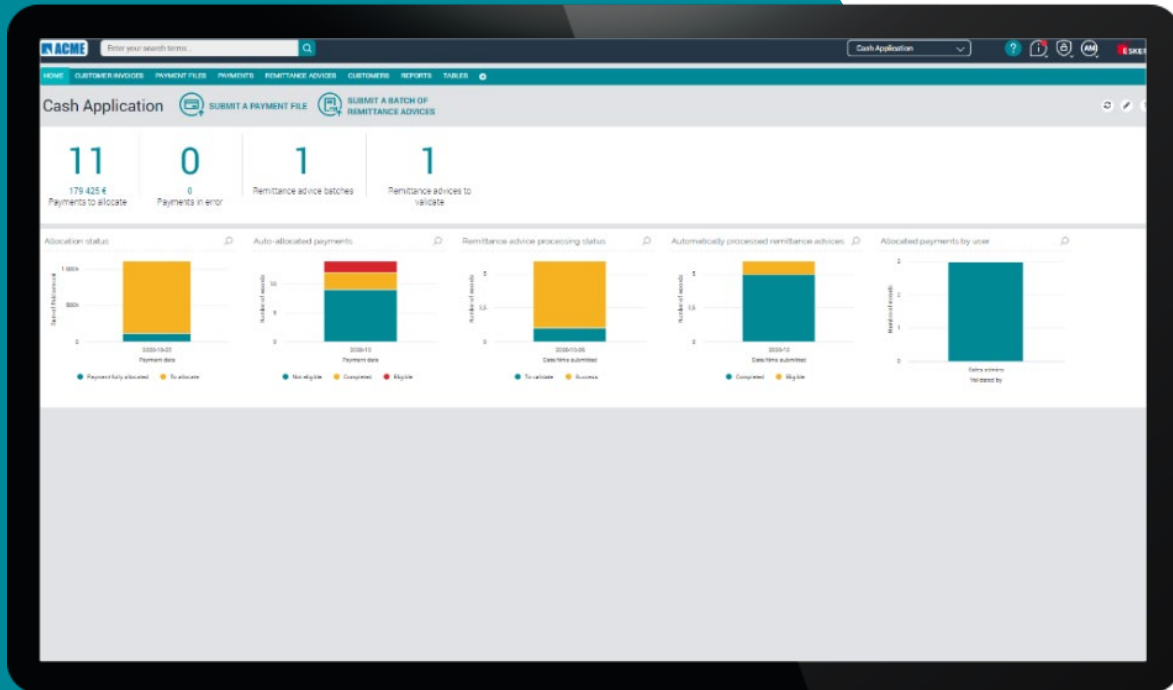


**WORLDWIDE COMPLIANCE**

# Opportunities for AI in Cash Application



# Benefits of using AI in Cash Application



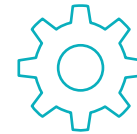
## Increased productivity

with less manual intervention and AR teams able to focus on value-adding tasks and making human decisions.



## Enhanced visibility

provides an always-up-to-date picture of the current status of receivables and revenue.



## Improved relationship with customers

by removing the need for clarifications and follow-ups.



## More efficient credit & collections

with greater accuracy, real-time visibility and reduced manual errors.

# Where AI comes into play in Collections Management

1



Import

2



Collect

3



Collaborate

4



Manage  
Credit Risk

5



Monitor  
Performance

6

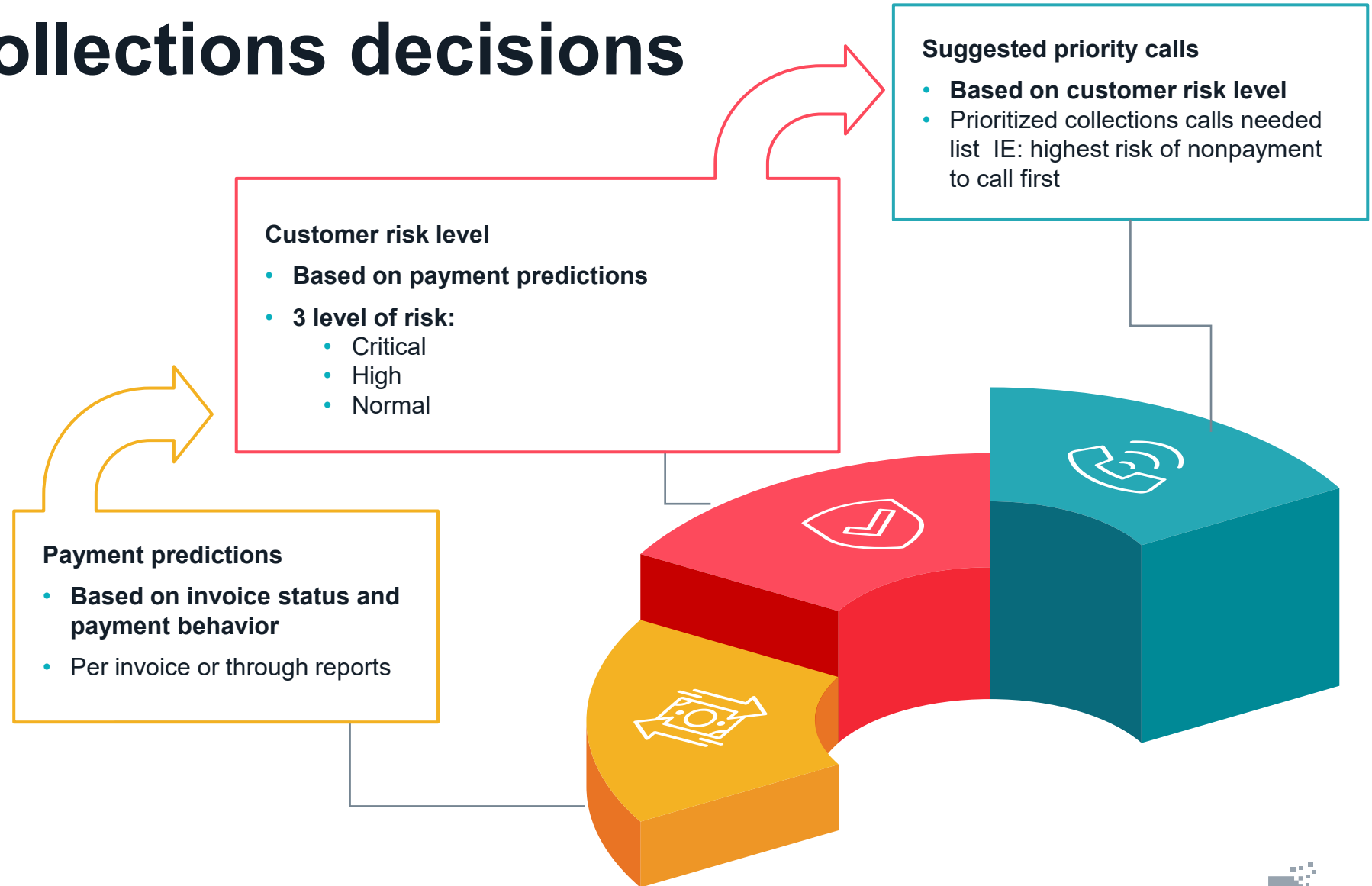


Manage Customers

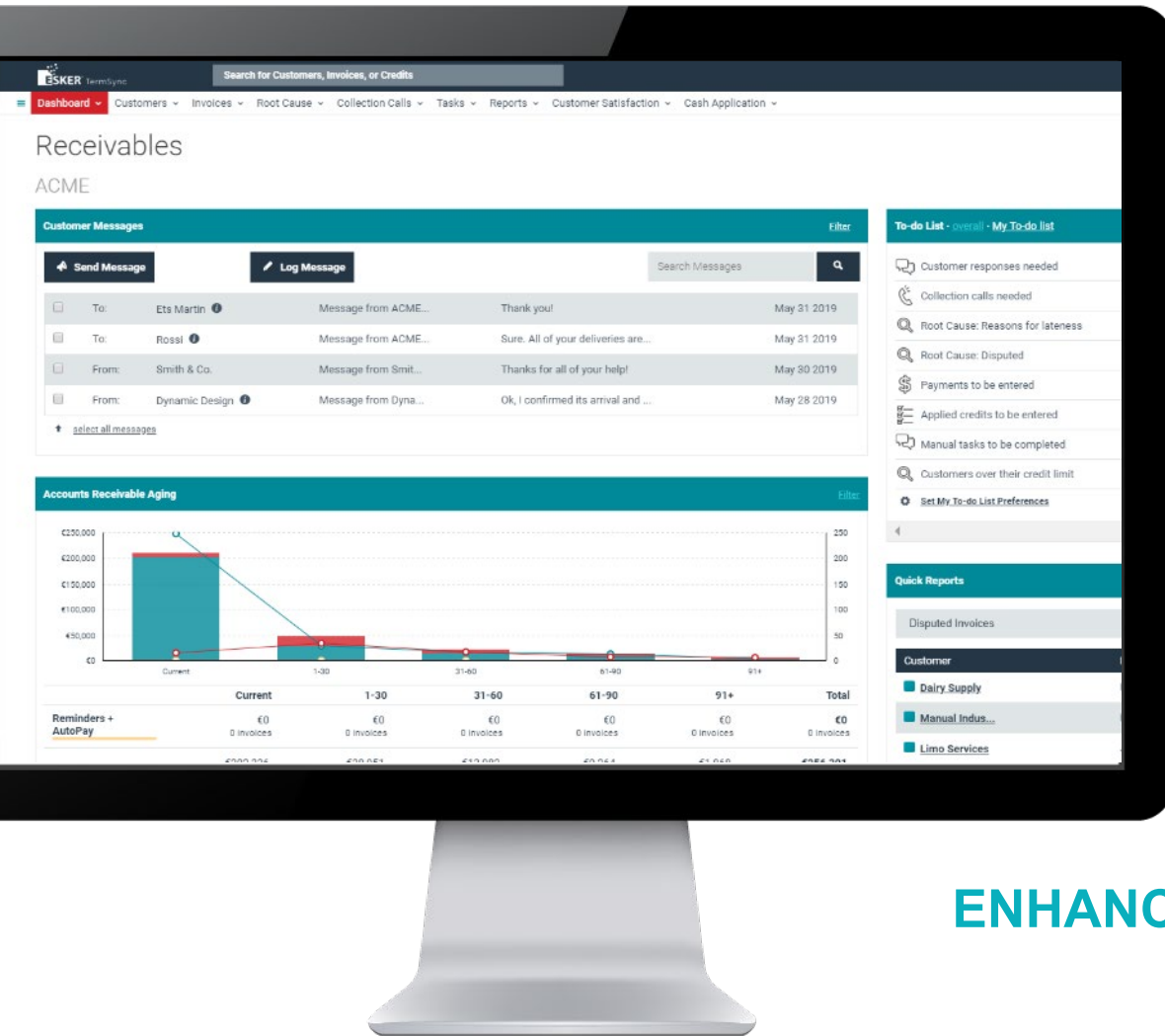


# Enhance Collections decisions

with Artificial Intelligence



# Benefits of adding AI to Collections Management



Monitor performance



Standardize & adjust strategy



Highlight weaknesses



Improve internal process



Control customer risk

**ENHANCED VISIBILITY FOR GREATER EFFICIENCY!**

## Success story

# Empowering the banking team with digital cash application

- Objectives: Automate a previously 100% manual process, enable remote work and auto-allocate 70% of eligible payments at 12-month mark
- Before: On days where there were a large number of incoming payments, the team would spend 8-10 hours just on payment allocation
- Now: With so many payments auto-allocated, the team performs this work in only 4-6 hours and spend the rest of the workday on other, more valuable tasks



50%

Up to 50% reduction in processing time



95%

95% decrease of unallocated cash at month-end

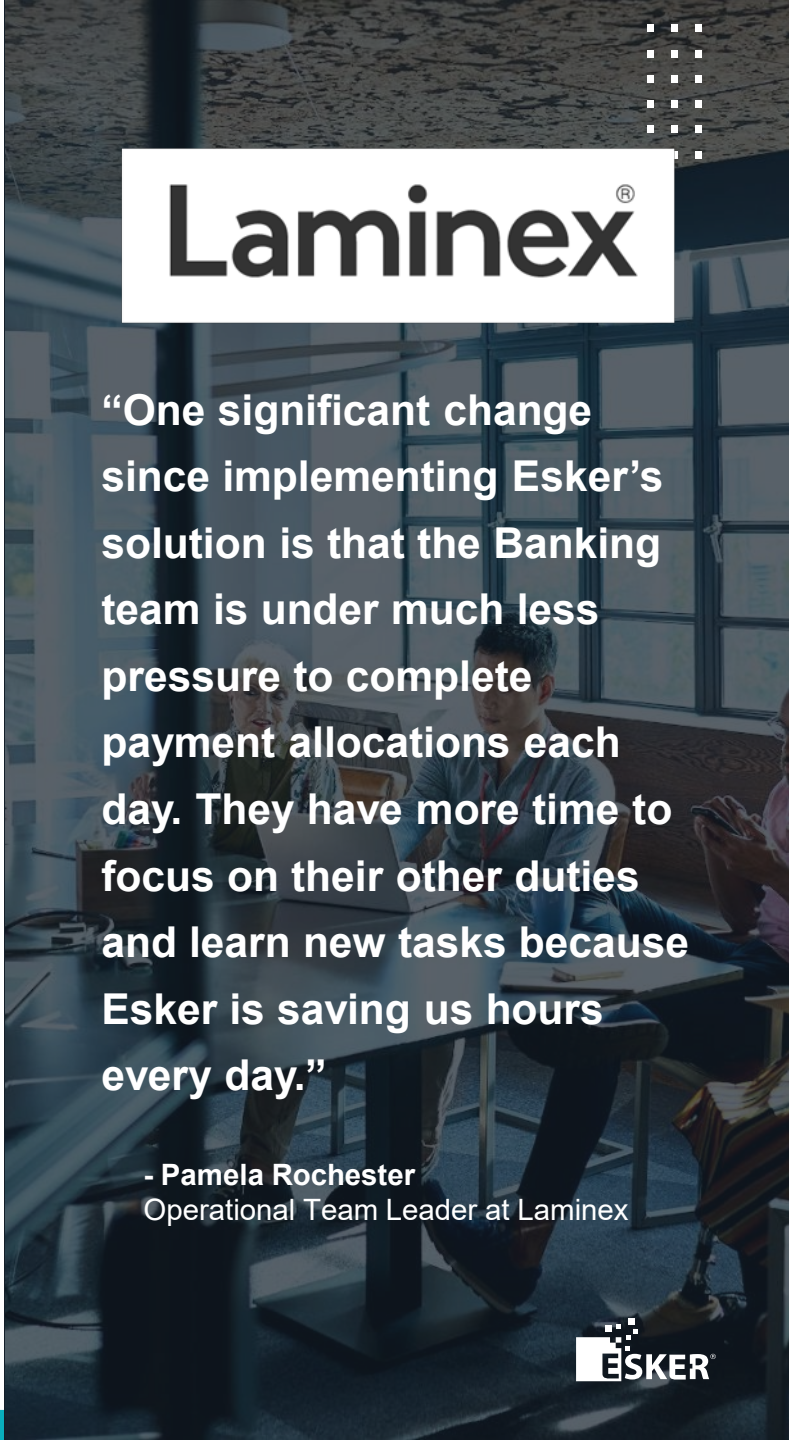


74%

74% of auto-allocation objective achieved by 6-month mark



Laminex®



“One significant change since implementing Esker’s solution is that the Banking team is under much less pressure to complete payment allocations each day. They have more time to focus on their other duties and learn new tasks because Esker is saving us hours every day.”

- Pamela Rochester  
Operational Team Leader at Laminex

Optimizing AR for Customers

# AR Automation Results: Credit Management

“Esker’s Credit Management solution has assisted the Risk Team with streamlining manual processes and implementing approval workflows. These changes have increased productivity and accelerated the credit evaluation process by three business days, improving our customers’ experience.”

- **Toni Urbala**, Manager, Financial Systems and Data Governance



**Saved 3 days on credit  
evaluation & onboarding  
process**



Ingredion



## WORST PRACTICE #2

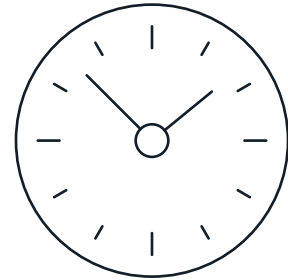
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# Playing guessing games with credit & collections



Comparative global analyses show that, on average, **43% of invoices are paid late**, and nearly 7% of invoice balances are written off completely. This means that only 50% of invoices are paid on time and in full.

Source: Atradius. US: DSO worries prompt strategic credit management, July 6, 2022.



**Firms that rely on manual AR processes vs. automation take 67% more time to follow up on overdue payments.**

Source: PYMNTS. B2B Payments Innovation Readiness Playbook, December 2020.

Take the guess work out of credit management

# Ongoing credit risk monitoring



360° view of all customers



Credit limit & credit score alerts



Automated credit terms suggestions



Be prepared for what's coming

# AI-driven collections forecasting

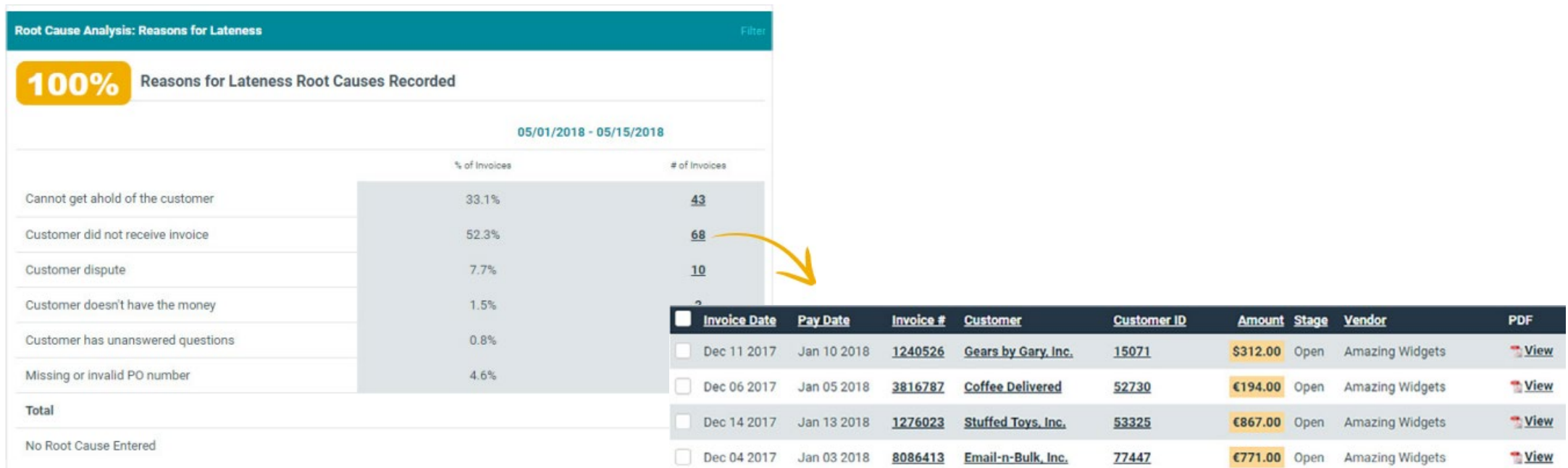
Estimating the amount of cash you can expect to receive within the next couple of days/weeks/months can be very helpful — not only for you to adjust your collection efforts according to your organization's potential needs for cash, but to provide controllers and treasurers with accurate data for their cash forecast.



Understand why payments are late

# Root cause analysis

Getting figures is not enough. If you really want to know why you're getting paid late, you need to know what's wrong and where the issue lies — get to the root cause! For example: Why, despite great collection efforts, do your customers keep paying late? Do they receive invoices on time? Are all their billing requirements fulfilled? You can't change what you can't measure, so you need to dive deeper into reasons why your cash is being delayed and adjust accordingly



Save time compiling KPIs

# Scheduled reports



Optimizing AR for Customers

# AR Automation Results: Collections Management

“We can do so many things that we couldn’t before: take payments over the phone, automatically send out weekly payment reminders, deliver e-invoices to customers at the time of billing. This benefits not only our staff, but our customers as well — and we’ve seen that through an increased collections rate and lower DSO.”

- **Patrick Powers**, Credit Manager



**Boosted customer  
satisfaction with self-  
service options**



**Raised Collections  
Effectiveness Index  
(CEI) to over 80%**

*Wine Warehouse*  
CALIFORNIA DISTRIBUTOR OF FINE WINE, BEER & SPIRITS



## WORST PRACTICE #3

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**Making your customers  
work for you**

Keeping up with changing expectations

# What customers want



70%

of consumers describe customer experience excellence as either a strong relationship with the brand or one that evokes a feeling of “happiness.”



74%

of consumers said their brand interactions were successful because the agent was helpful, which was more important to them than efficiency (53%).



84%

of businesses, however, believe that providing a consistent, high-quality experience at every touchpoint is the most important CX component.

Source: Conduent. Channeling Happiness: The 2022 State of Consumer Experience Report, October 2022.

How to fix it

# Rethink the Customer Experience



## Let customers pay you in their preferred method

Fewer obstacles equals happier customers. Digital solutions give customers the choice of using cards or direct debit payment options, while also offering early payment discounts & auto-pay.



## Put transparency & data accessibility on a pedestal

Automation solutions are synced with convenient online portal where customers easily track invoices, make payments, view account statements and more — preventing contentious disputes.



## Become a company that's easy to do business with

Whether it's faster customer onboarding via digital credit applications or timely payment allocation, AR automation makes doing business together a far more enjoyable experience.

Keep all relevant information at-hand

# Customer information management

**Credit risk & payment behavior**  
(credit limit, exposure, insured limit, risk category, ADP, payer rating)

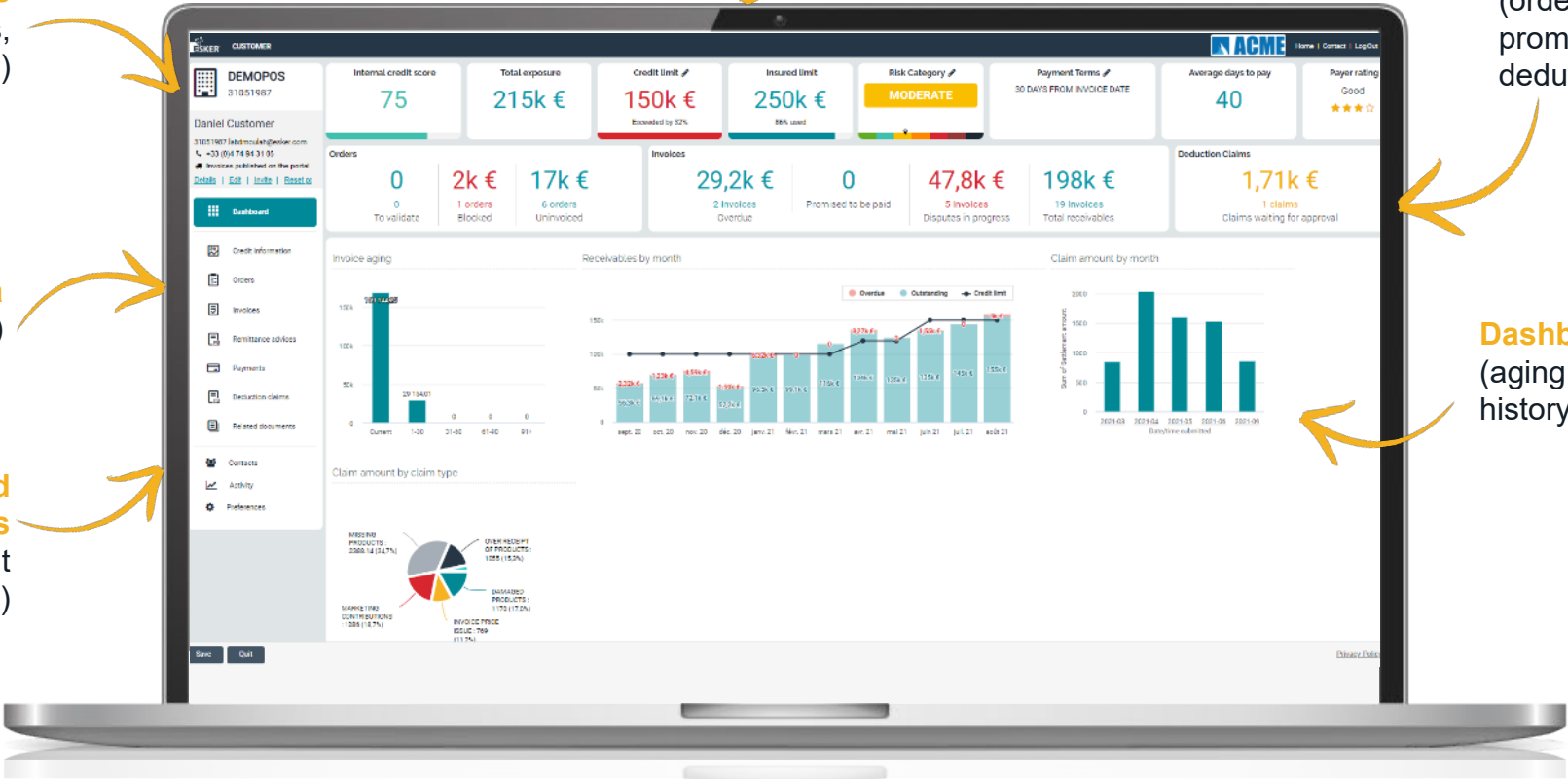
**Customer details**  
(contacts, address, delivery method)

**Current business situation**  
(orders, invoices, credits, promised to be paid, deduction claims)

**Third-party credit data**  
(credit scores, ratings)

**Dashboards & KPIs**  
(aging graph, receivables history, credit limit utilization)

**All customer-related documents**  
(orders, invoices, credit apps, contracts)





Make yourself easy to do business with

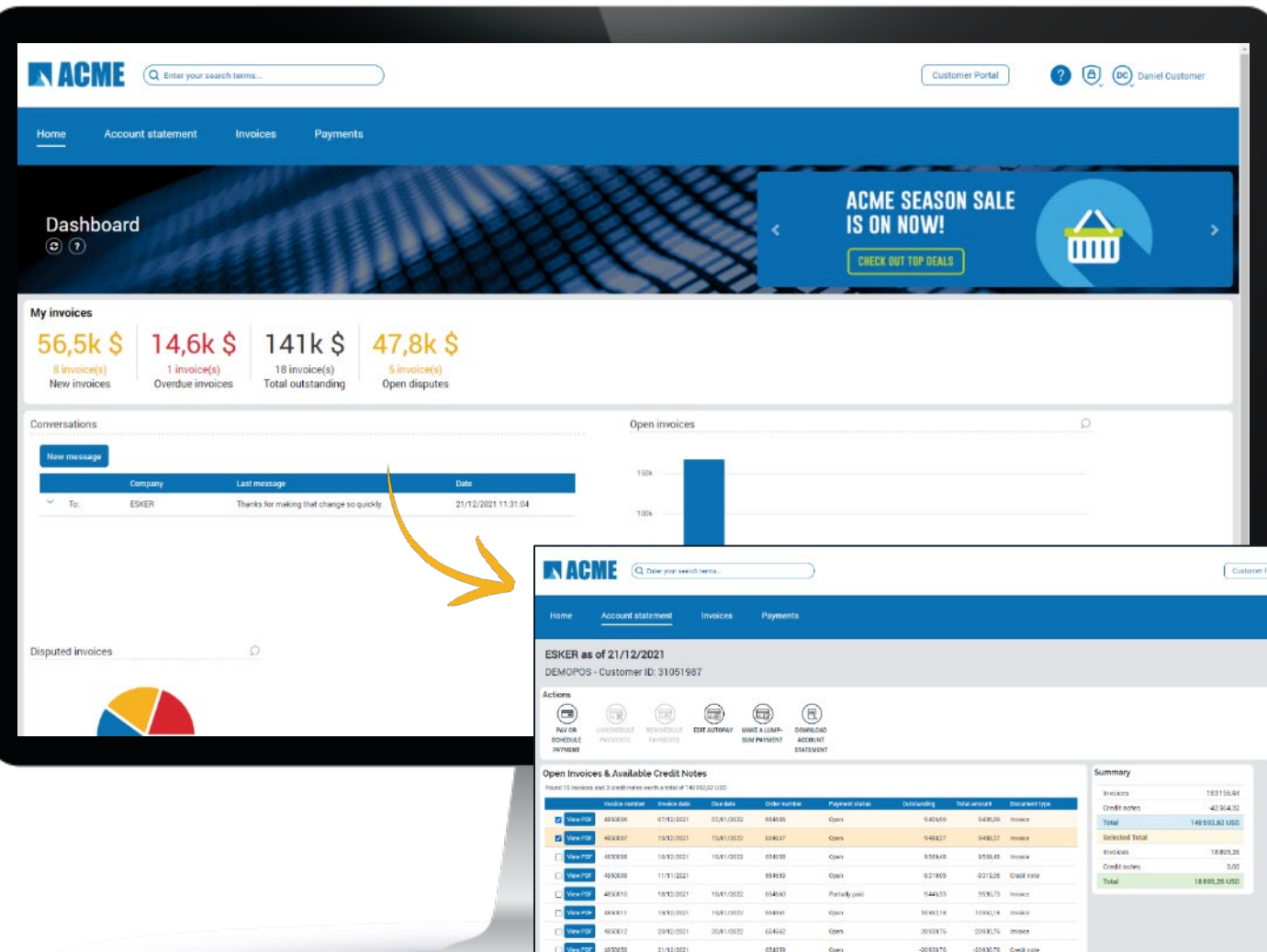
# Customer & payment portal

## ENHANCE YOUR CUSTOMER RELATIONSHIPS

- Customizable login page and dashboard with your own corporate identity
- Dedicated space to share links or information with your customers
- Full visibility on invoice amounts and status
- Conversation tool to easily communicate

## ...AND GET PAID FASTER!

- Link to view and download invoices and account statements
- Online payment options



## Success story

# Improving customer experience via self-service portal

- Objectives: Make AP and AR departments operate together more efficiently, reduce DSO & late payments, and gain greater visibility & communication
- Before: Connor's DSO was around 74-75.
- Now: 60-75% of customers make payments via a self-service portal, where they can see payment history, outstanding invoices and all their information in one central location



30% reduction in average Days Sales Outstanding



50% increase in customers submitting payments via portal



“Some customers had a hard time believing us when we’d call them and tell them they’re late. On top of receiving automated reminders every week, it’s all right in front of them via the portal. A lot of our customers say it’s the first place they go in the morning.”

- Steve Morrison  
Controller at Connor Sport Court

Optimizing AR for Customers

# AR Automation Results: Invoice Delivery

“Esker’s service has exceeded our expectations and we have noticed significant improvements in the response from customers to provide payment more quickly.”

- **Keith Singer**, Customer Operations Program Manager



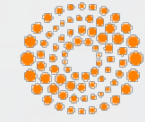
85% of invoices  
delivered electronically



Decreased error rates



Accelerated response  
time



THOMSON  
REUTERS®



## WORST PRACTICE #4

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**Not appreciating it takes a village to  
resolve a claim or deduction**



# Deductions Challenges



Positive-sum growth

# A Solution Everyone Benefits From



**DEDUCTIONS ANALYST**

Improved claims qualification & resolution



**SALES REP**

Facilitated trade claims approval & dispute



**SUPPLY CHAIN**

Facilitated non-trade claims approval & dispute



**CFO**

Enhanced visibility on cash & revenue



**CUSTOMER**

Better customer experience

Optimizing AR for Customers

# AR Automation Results: Claims & Deductions

“Esker's solution reads the headers and billing lines, thereby automating a low-value task. This allows us to spend more time processing trade and promotional invoices by applying customer agreements. Our CS department has saved over 500 hours per year, freeing up the representatives to on higher-value tasks.”

- **Susana López**, Front-Office Retail Customer Service Manager



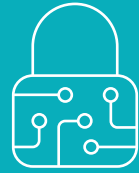
**50% of promotional  
invoices processed in  
less than 1 minute**



**Enhanced inter-departmental  
communications &  
workflows**



**GB** FOODS



WORST PRACTICE #5

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**Keeping AR in a silo**



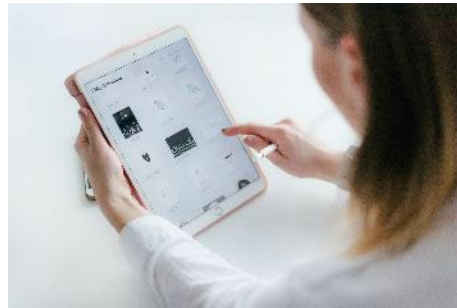
How to fix it

# Rethink collaboration in AR



## Collaborate anytime, anywhere

Many automation solutions enable out-of-office sales reps to easily request credit checks via their mobile device — helping secure revenue and support the business.



## Easily start & save conversations

Users can also start a conversation with coworkers to get input, share suggestions, etc., while ensuring it is all 100% traceable for future audit purposes.



## Support multi-solution scenarios

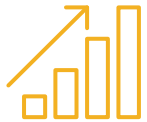
Examples include creating a deduction for investigation directly from the cash app process or triggering a priority collection call when an order is blocked for overdue payment.

Gain full visibility on cash inflows

# Cross-departmental visibility



Customizable counters for real-time visibility on cash situation



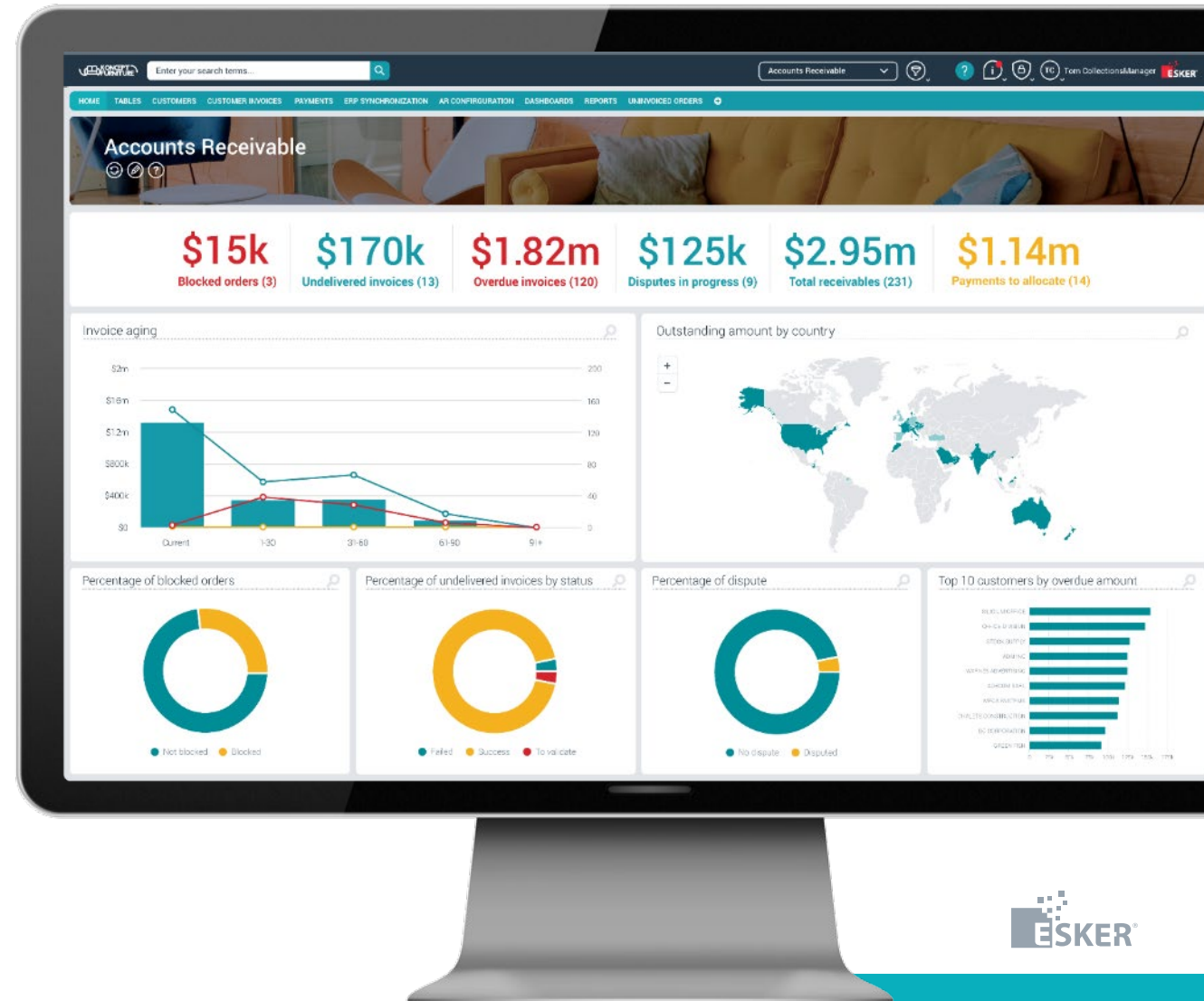
Graphs and charts for easy monitoring of team activity and performance (e.g., invoice aging, disputes, top customers, etc.)



Drill-down on all AR solutions in a single click



Customizable background image and/or link to external website content



Bringing it all together

# The benefits of end-to-end process automation:

Optimized staff productivity



Greater consistency

Reduced costs



Enhanced control

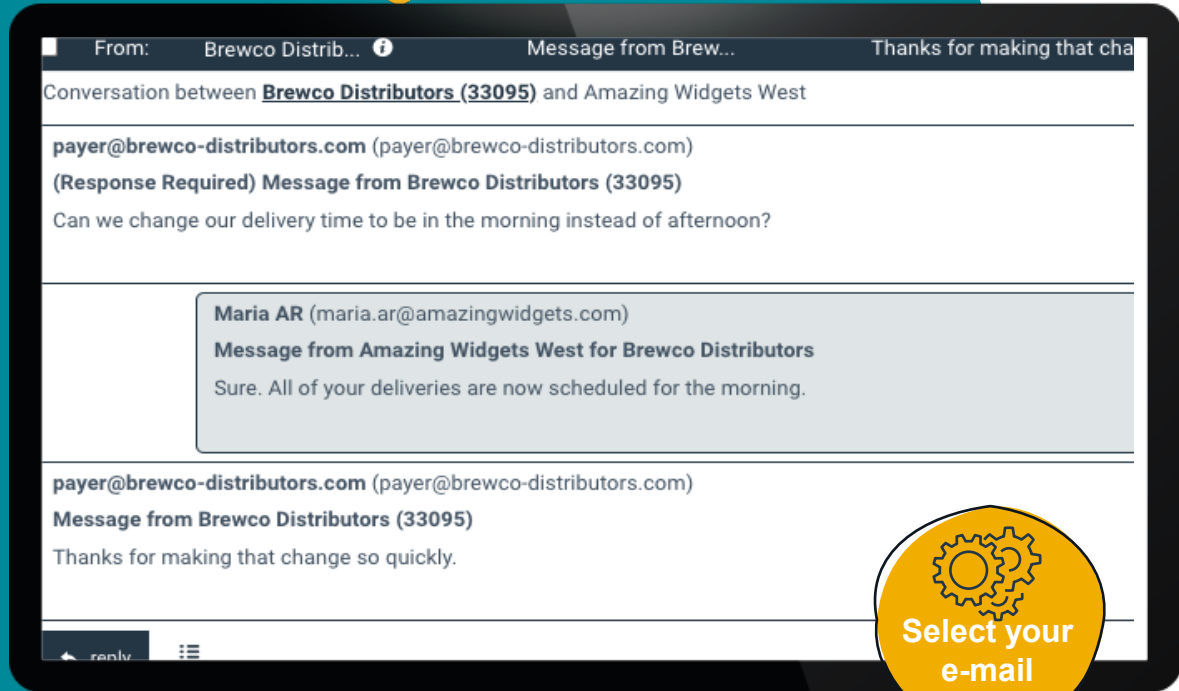
Security & scalability



Easy-to-calculate ROI

# Internal & external messaging

Follow-up thread of conversations and sort messages by newest/oldest



## FEATURING:



**Add** PDF attachments, link to online account statements, image or screenshots



**Record** message as a collection call or set-up follow-up call



**Add** new contact on the fly or use message template when creating a new message



**Retrieve** all messages from the receivables dashboard and customer account and get copied on customer replies in your messaging system if you wish

# Key Considerations

for a best-in-class automation solution

**Reporting capabilities**



**Adaptability to future uncertainty**



**Ensure invoice delivery**



**Make it easy to get paid**



**Boost customer communication**



**Boost collaboration between departments**



**Improve productivity**



# Hi, we're Esker

Founded in 1985, Esker is a global cloud platform built to unlock strategic value for Finance and Customer Service leaders and strengthen collaboration between companies by automating Procure-to-Pay (P2P) and Order-to-Cash (O2C) processes.



**38**

years of experience with 20+ years focused on cloud solutions



**1,000+**

employees serving 600,000+ users & 1,500+ customers worldwide



**14**

global locations with headquarters in Lyon, France



**\$174.1**

million in revenue in 2021, with 90%+ of sales via SaaS activities



## Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

# Thank you

for your attention

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FOR MORE INFORMATION, CONTACT US AT:

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