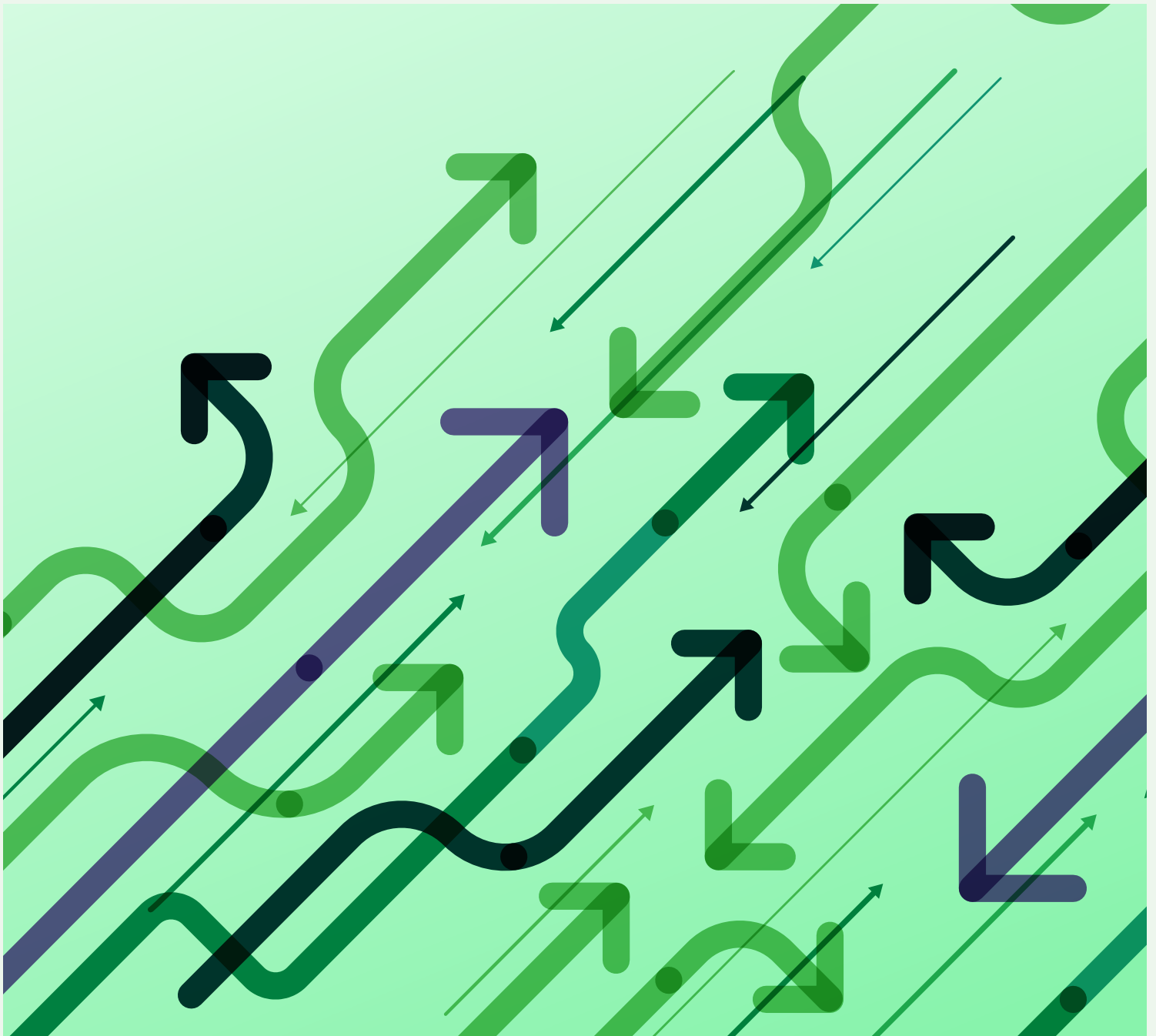


# Reducing Recessionary Risks

Navigating the current economic cycle

2023  
Get paid faster





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“So to me, the lessons learned from being part of recessions is don't overdo it in a make sure you're sticking to the basics. You have good discipline. You're staying focused on your mission, your vision, and you don't lose sight of that..”

— **Sunil Rajasekar**  
Chief Executive Officer, Billtrust



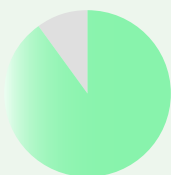
“Give yourself the options. So at this time, if we're really thinking about whether we're in a recession or going to a recession, you want to have options.”

— **Robert Purcell**  
Chief Financial Officer, Billtrust



“...the cost of money is going up and, you know, depends on which economic report you believe. And we don't really see that, you know, an end in sight for that.”

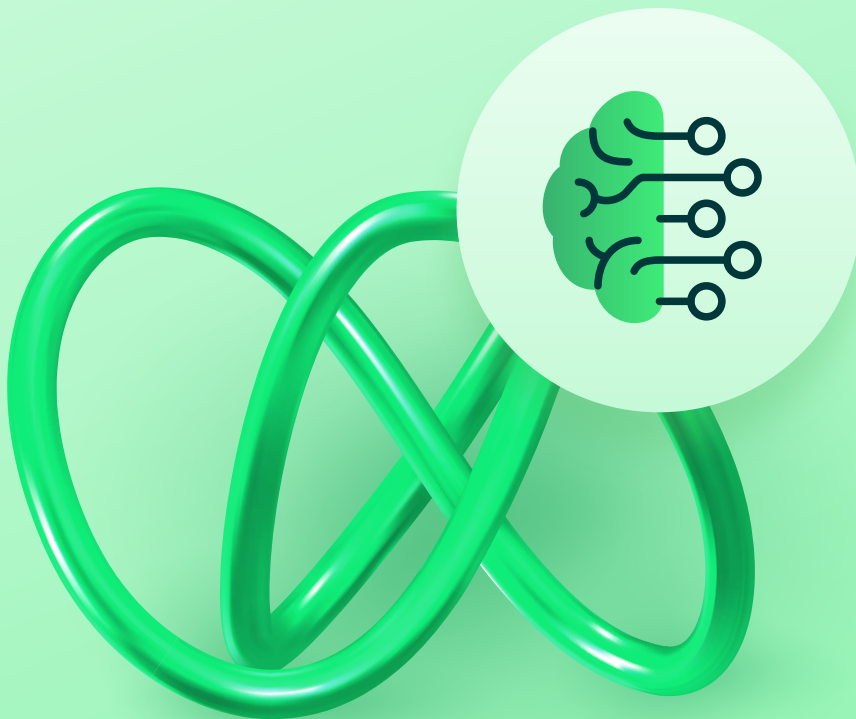
— **Steve Lindeman**  
Chief Customer Officer, Billtrust



**90%** More than 90% of CFOs in a new survey expect some level of recession within the next year.\*



# Leveraging AI to help your AR operations thrive in 2023



# Contents

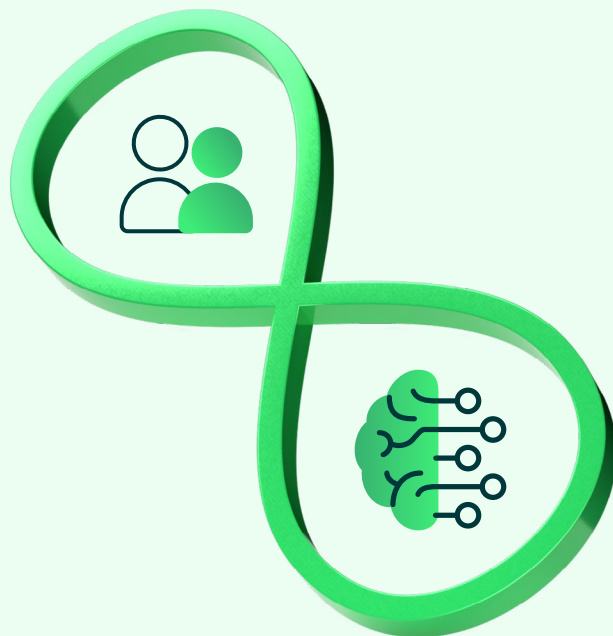
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Experts view 2023 as a turning point for artificial intelligence, a digital technology previously considered futuristic, but now recognized as a critical part of today's performance suite - like the smartphone or the internet. Some say we're at the dawn of a new industrial revolution - and they may be right.

Apple co-founder Steve Jobs introduced the first iPhone in 2007, which was set to change the world. Now, the smart AI-powered content engine, ChatGPT, appears to be on a similar path to revolutionize communication with artificial intelligence.

California-based company OpenAI made ChatGPT freely accessible in November 2022. Within a week, over 1 million people were already using the sensational chatbot. ChatGPT is a type of linguistic superbrain that can write essays, poems, recipes, or computer code - and engage in conversations. It employs a sophisticated language model, GPT-3, a model trained on massive amounts of text found on the internet.

And growth continues in 2023. OpenAI is planning to launch GPT-4 globally in 2023, while software giant Microsoft is investing<sup>1</sup> billions in its partnership with OpenAI. Meanwhile, Google is launching its own conversational AI service, called Bard, later this year.<sup>2</sup>



Is this the defining moment for AI, similar to the iPhone's impact? The iPhone transformed smartphones into an indispensable part of daily life and created entire sustainable industries. Experts predict the same widespread adoption of AI and the establishment of numerous businesses in this field. Microsoft CEO Satya Nardella even talks about a golden age of AI where all jobs will use some kind of AI tool.<sup>3</sup>

Chatbots are an example of what is called generative AI, the use of artificial intelligence for the creation of new content, such as DALL-E or ChatGPT. Generative AI uses machine learning algorithms to analyze vast amounts of data and then generate new content that is similar in style, tone, and form to the input data.

This technology can produce everything from images and videos to text and speech, making it a powerful tool for creative industries, product design, and many other applications. Sequoia, a well-known venture capital company in Silicon Valley, foresees the creation of substantial wealth in the near- and medium-term future through the use of generative AI.<sup>4</sup>

The enthusiasm surrounding generative AI should not obscure the expected AI advancements in other fields. In finance, specifically, banks and financial services companies utilize AI for loan due diligence reviews, customer verification, and invoice processing.

In short, AI is already having a tremendous impact on a lot of business processes in finance. Despite sky-high expectations for AI, CFOs are still in learning mode when it comes to successfully implementing AI.

In this white paper, we want to provide some basic background information on AI, its milestones and challenges. We explore use cases in accounts receivable (AR) and the order-to-cash cycle. We'll try to understand how AI can help in improving AR business processes and the journey you'll need to make in order to be successful. And we'll make it clear why this pattern of technological advancement matters.

# Numbers

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“The world’s most valuable resource is no longer oil, but data.”

THE ECONOMIST, MAY 2016

- Forrester Research predicts that the RPA market, including software and services, will grow to **\$22 billion** by 2025.<sup>5</sup>
- In 2022, **35% of companies** used AI in their business, and an additional 42% are exploring AI.<sup>6</sup>
- According to a report by The Economist, **86% of financial services executives** plan to increase AI-related investments through 2025.<sup>7</sup>
- In a McKinsey survey “The State of AI in 2022 - and a half decade in review”, the average number of AI capabilities that organizations use, such as natural-language generation and computer vision, has doubled—**from 1.9 in 2018 to 3.8 in 2022**.<sup>8</sup>
- Recent research by IBM shows global uptake of AI is becoming more prevalent across all industries, with **over a third (35 percent)** of businesses reporting its use in 2022 – a four-point increase from the previous year.<sup>9</sup>
- In a survey by Nvidia **58 percent of executives** in financial services companies say AI is important to their company’s future success, up from 39% a year ago.<sup>10</sup>
- According to a Deloitte survey, **over 50% of organizations** are planning on incorporating the use of AI and automation technologies in 2023.<sup>11</sup>
- **40% fewer hours** are needed to process routine paperwork when even the most rudimentary AI-based extraction techniques are implemented.<sup>12</sup>

What’s clear from these figures is how AI has spread across multiple business practices, with fintechs investing time and resources in AI as a means to differentiate themselves from competitors.’





## AI 101: Key terms and concepts

There are many terms associated with AI, and it can be overwhelming for someone new to the field. Understanding some of the most important terms, such as Robotic Process Automation, artificial intelligence, machine learning, neural networks, and more, is crucial for grasping the basics of AI and its potential applications.

### Robotic Process Automation

Robotic Process Automation (RPA) was developed to automate those tedious, necessary, monotonous tasks that don't require human intelligence. In order to do so, RPA uses virtual software robots (not to be confused with what you may remember from sci-fi movies), often in combination with artificial intelligence (AI).

RPA extracts or reads information from existing IT systems, either through an interface with the back end, or, like people, by accessing software directly as intended. Once the RPA system has extracted the data, it can perform well-defined and pre-configured tasks such as sending out invoices or generating. In short: RPA interprets data, initiates actions, and communicates with other systems.

These robots (commonly called bots) may run attended, unattended, or in a hybrid configuration.

- **Attended** RPA bots only run on-demand, after a request by a user. They do not get automatically triggered but require deliberate human interaction to start tasks.
- **Unattended** bots run at the back end and can quietly produce, for example, a report you might need as you start your next work day. You may also see them managing auto-response systems - such as a process that automatically sends a response to a loan application from a customer submitting a form on a website.
- Most RPAs, however, are **hybrid**, meaning an end-to-end automated workflow will have both attended and unattended bots that work together. One good example is having an automated report generated for regular review by a user, but waiting for that reader to analyze the findings before deciding whether or not to initiate further actions.

RPA is particularly valuable at automating work that is high-volume, low-complexity, and rules-based. These tasks can include seemingly mindless repetitive actions such as copying and pasting, extracting information from documents, filling out forms, and transferring files and folders. Essentially, anything that follows a set of established rules can be streamlined with RPA.

Organizations are increasingly replacing standalone RPA implementations with more robust workflow solutions where RPA is just part of an advanced suite of tools.<sup>13</sup> The goal is to create more intelligent automation, with maximum efficiency as a result. For many companies, RPA is a first step towards the use of artificial intelligence.

## Artificial Intelligence

While RPA makes it possible for your computer to execute human actions, artificial intelligence (AI), on the other hand, makes it possible for a machine to mimic human thinking. With AI in place, computers can solve problems that would normally require human intelligence, such as recognizing certain patterns, learning, improving previously processed data, and making predictions for the future.

With RPA alone there's only a set amount of room for improvement and optimization because it is based on predefined rules which generate an outcome based on an action. However, while RPA is only associated with simply performing actions, AI is usually associated with thinking and learning - meaning its capacity for improvement and growth is notably larger. Moreover, RPA is process-driven, whereas AI is data-driven - allowing it to change actions and outcomes based on perceived changes in the performance landscape.

"Just as electricity transformed almost everything 100 years ago, today I actually have a hard time thinking of an industry that I don't think AI will transform in the next several years."

**ANDREW NG, GLOBALLY RECOGNIZED LEADER  
IN AI AND CO-FOUNDER OF COURSERA<sup>14</sup>**

## Machine learning

Recently, AI increasingly uses massive amounts of data sources and data analytics referred to as **big data** to feed machine learning (ML) models to improve predictability and perform automated actions without the need of a human operator.

Machine learning focuses on the use of data and computer algorithms to imitate the way that humans learn, gradually improving its accuracy through experience.<sup>15</sup> It gives computers the ability to learn and make predictions or decisions

without explicit direction. Most current advances in AI have involved machine learning.

Machine learning starts with data, such as text, numbers, pictures, etc., which is gathered and prepared to be used for training. The more data, the better. Programmers then choose an ideal machine learning model, supply the requisite data, and let the computer try to find patterns or make predictions about the data - effectively training itself. The model can also be preemptively influenced by a human programmer, who can add extra data and parameters to get more accurate results.

Machine learning is central to some companies' business models, such as in the case of Netflix's recommendations algorithm, Google's search engine, fraud detection in the payment industry, image detections and analysis, chatbots, and medical imaging, to name a few.

## Neural networks

One step beyond basic machine learning, a neural network is a type of algorithm modeled after the structure and function of the human brain. It is designed to recognize patterns in data to make predictions, then drive decisions based on those insights.

Neural networks consist of interconnected nodes, or artificial neurons, that process information and pass it along to other neurons in the network. The connections between neurons have weights that can be adjusted during the learning process to improve the accuracy of the network's predictions. Neural networks can be used in a wide range of applications, including image and speech recognition, natural language processing, and even playing games like chess and Go.

Neural networks can have many layers. For instance, an image recognition system can make use of one set of layers for detecting individual features of a face (eyes, mouth, nose), while another layer can then decide whether or not these aggregate features are part of a face.<sup>16</sup>

## Deep learning

Neural networks make up the backbone of deep learning algorithms. What distinguishes deep learning from a single neural network, is the number of node layers.

The “deep” in deep learning is referring to the depth of layers in a neural network. A neural network that consists of more than three layers is considered a deep learning algorithm.

Deep learning uses data - often millions of human-labeled examples - to determine the weight (or strength of connection) for each link in these neural networks.<sup>17</sup> These weights are adjusted mathematically so that when the network is presented with new inputs, it will produce the correct outputs.

Examples of deep learning are image recognition, speech recognition, NLP, recommender systems and autonomous driving.

## Natural Language Processing (NLP)

From very early on in their history, computers have been able to understand highly structured computer programming languages. But humans use natural language and it's often difficult to get computers to understand and generate these natural languages. The subfield of AI that's focused on fixing this gap is called Natural Language Processing (NLP).

Natural Language Processing (NLP) focuses on the interactions between computers and humans using colloquial, everyday language. It involves developing algorithms and models that can analyze, understand, and generate human language.

The goal of NLP is to enable computers to understand, interpret, and generate text in a way that resembles human communication - completely within expected context. It involves various tasks such as text classification, named entity recognition, sentiment analysis, machine translation, and question-answering.

NLP technologies are used in a wide range of applications, including virtual assistants, chatbots, language translation software, and text-to-speech systems. Google Translate is a great example that can, for example, instantly translate foreign languages into completely understandable text for a native speaker. In the AR landscape, NLP also allows treasurers to process unstructured data more effectively.

## Predictive & Prescriptive Analytics

A machine learning system can have three functions. Descriptive, meaning it uses data to explain what happened; predictive, meaning the system uses the data to try to predict what will happen; or prescriptive, where the system uses data to suggest what action(s) you need to take.

**Predictive analytics** is the use of data to predict future trends and events. It uses historical data to make assumptions on the future, forecasts and scenarios. Known examples of predictive analytics are weather forecasts or algorithm-enabled medical advancements. In finance, forecasting future cash flows is an obvious one.

While predictive analytics focuses on identifying what might happen, **prescriptive analytics** uses similar data to uncover ways to make things happen. This type is called the future of data analytics, and it's easy to understand why. It goes beyond assumptions or explanations and recommends the best course of action to take.

Through machine-learning algorithms, large amounts of data are explored, then recommendations are made based on requirements. Let's say, for example, the algorithm discovers that your client is not using some high-value parts of your SaaS solution. The system can automatically recommend extra training or content designed to help the customer recognize the opportunity they're missing.

# AI milestones

AI has been around since 1950, when it started as a simple area of research, and, over the years, it continuously grew and evolved as computing performance improved worldwide. Since 2010, as the technology became more complex, AIs have outperformed humans in nuanced areas, including driving cars.

	<b>1943</b>	McCulloch & Pitts recognize logical functions could be completed through networks of artificial neurons (ANNs)
Alan Turing develops the Turing Test, designed to identify differences between human and robotic thinking and behaviors.	<b>1950</b>	
	<b>1955</b>	The term "artificial intelligence" is first used by John McCarthy.
ELIZA by MIT, is the world's first chatbot.	<b>1966</b>	
	<b>1969</b>	Bryson and Ho develop a back propagation algorithm. It essentially allows a neural network to learn from mistakes.
Expert Systems, or Knowledge Systems, emerge as a new field within AI.	<b>1980</b>	
	<b>1991</b>	The world wide web is launched.
Deep Blue, IBM's chess supercomputer, defeats world chess champion Garry Kasparov in a 6-game match.	<b>1997</b>	
	<b>2005</b>	The DARPA Grand Challenge: 132-mile race for autonomous vehicles where first vehicles complete the course.
Google's first self-driving car.	<b>2009</b>	
	<b>2011</b>	Voice-controlled virtual assistant Siri becomes mainstream.
The power of deep learning is demonstrated. Researchers at Stamford and Google train computers to recognize pictures of cats.	<b>2012</b>	
	<b>2015</b>	AI views things better than humans (ImageNet challenge)
Google's AlphaGo, created by Deep Mind, applies ML algorithms to defeat world Go champion Lee Sedol over five matches. AlphaGo used neural networks.	<b>2016</b>	
	<b>2018</b>	Self-driving cars hit the road with Google spin-off Waymo's self-driving taxi service in Phoenix, AZ.
AI plays a big role in helping candidate vaccines for Covid-19 get ready in record times.	<b>2020</b>	OpenAI unveils GPT-3, a deep learning model capable of creating convincing and flexible natural language from an AI system.
	<b>2022</b>	OpenAI announces DALL-E 2, a deep-learning image synthesis model that has the ability to generate images from text prompts, while ChatGPT running in GPT-3.5 sends the web wild with demos.

# Navigating the obstacles and misunderstandings in AI

Despite its growing popularity, AI remains a novel and misunderstood concept. This is why there are still many misconceptions surrounding AI, and why numerous challenges persist.

## Big datasets, big problems?

AI and deep learning systems rely heavily on large amounts of data to function and produce accurate results. However, the success of these systems depends not only on the quantity of data but also the quality of the training data used to train the algorithms.

To ensure high-quality training data, AI projects typically spend a significant amount of time and resources on data preparation, including cleaning, standardizing, labeling, and connecting data banks. This process can be quite time-consuming,<sup>18</sup> especially for large datasets, and requires a significant investment of resources and expertise to get right.

Inaccurate or poorly prepared training data can lead to biased or ineffective AI models, reducing the overall accuracy and utility of the AI system. That's why it's so important to focus on quality in the data preparation stage, even though it takes time and effort.

## Proceed with caution

AI algorithms rely on the quality and bias of the data they are trained on. If the training data contains biases or there is a small change in input data, the AI system will likely make decisions and produce outputs that reflect those biases and changes.

For instance, if an AI credit scoring system is trained on a dataset that heavily favors individuals with high incomes, it may be more likely to reject loan applications from individuals with low incomes, even if they are financially responsible and capable of repaying the loan. This can perpetuate existing inequalities and limit access to financial resources for certain groups.

Every dataset and algorithm inherently has a bias, which means every AI initiative is based on something biased. Therefore bias should be part of any ethical review around AI. Hence, it is crucial to be cautious and ensure that the data used to train AI systems is diverse, representative, and free from any biases. This can help reduce the potential harm and ensure that AI systems are fair and just in their decisions and outputs.

Also, because AI is becoming more embedded in technology products, it won't always be obvious what exactly is AI and what is not. There is a big need for a set of rules around AI.

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"ChatGPT is scary good.  
We are not far from  
dangerously strong AI."

ELON MUSK, DEC 2022 ON TWITTER

## Regulation: a critical conversation for the future

This brings us to the next important topic. The big tech companies that are already being monitored by antitrust regulators for their dominant market positions are also in position to lead the AI revolution. As a result, both governments and regulators are paying close attention to AI advancements. In 2021, the European Commission proposed the world's first legal framework for AI to address potential risks associated with its use.<sup>19</sup>

Despite the public accessibility of AI tools to a range of entities, including consumers, start-ups, and smaller companies, obstacles still exist. One noteworthy example is the highly popular OpenAI. Originally started as a non-profit organization, it has since shifted to a "capped" for-profit model, where profits are limited to 100 times any investment. To put it simply, if a \$1 billion investment is made, the profit cap would only come into effect once the initial investment has generated \$100 billion in returns.

This structure has caught the attention of many, highlighting the significance of monitoring advancements in the AI industry.

## Responsible AI through transparency and continuous monitoring

Tracing the results of traditional rule-based software is easier as it can be traced through its code. But, the workings and decision-making processes of today's AI models are often unclear, known as "black box" models, even to experts.

To address this issue, new methods have been created to interpret and comprehend these black boxes, evaluate the fairness of their results, and increase transparency in explaining how the model operates. This should be a priority from the outset.

Continuous monitoring is crucial for AI systems to maintain their performance and accuracy. Without monitoring, the systems' effectiveness may decline over time, and issues may arise without detection. It is important to stay up-to-date with the latest AI advancements and development - including regulations and ethical considerations- as they may impact the performance of existing systems and require adjustments.

## The evolution of jobs

One prevailing cliché is that AI makes people superfluous, meaning jobs will be lost. That isn't always a fair assumption because, often, we see workers shifting from boring, repetitive jobs into creative, value-adding assignments that actually make working days more engaging.

Thanks to AI, finance teams - for example - can focus their energy on tasks that require strategic understanding. AI provides them with more time to reflect on their work processes and gives them the possibility to come up with new, innovative ideas that benefit the company.

## Costs involved

Training AI models demands an immense amount of computational resources. With the advancements in servers and GPUs every year, they are becoming faster and more efficient, but this often comes with a trade-off in terms of electricity consumption.

The energy requirements for AI training can be significant, as these models are designed to process and analyze large amounts of data. This energy consumption not only has a direct financial impact but also has a larger environmental impact, contributing to the carbon footprint of the technology industry.

## Cyber warriors beware

The misconception sometimes holds that AI is more vulnerable to cyber security risks, but this is not always the case. AI is often equipped with various security measures like data encryption, active directory integration, segregated access to data, and protection against malware and Trojan viruses, making it resilient against cyber attacks.

Furthermore, research has revealed that human error is the primary reason for data breaches, and implementing AI eliminates this human factor, thus improving cyber security.

There are also other developments that allow privacy to be safeguarded, such as edge computing. Edge computing enables vital computing and data activities to happen on user devices such as smartphones, cars, and machines. This smaller AI model continually improves on a device level and sends adjustments to a central model, but not the underlying individual data.

# How finance institutions can make the most of artificial intelligence

Today, many companies in every area of the financial ecosystem are interested in or deploying AI. ML algorithms are trained to approve loans and predict loan repayments, make better risk assessments about customers, or manage assets.

In short, finance companies are looking into AI to **automate their IT and business processes**. Not only drive greater IT efficiency or cost savings, but also to give time back to employees, provide better experiences for customers, deliver and scale new services more quickly and address skills gaps.<sup>20</sup>

As useful as AI has proven so far, it will take more time to figure out how AI can best be used and implemented in existing business processes. On one side, there are practical and immediate uses but, over time, we'll begin to fully uncover the profound and transformative effect AI will have on the entire economy.

Today, we're seeing AI used in products and processes such as:

## ROBO-ADVISORS AND CHATBOTS

AI-powered chatbots and virtual assistants can be used as a 24/7 self-service customer tool. These virtual assistants can help customers with account related requests, complaints, transaction history, and other financial services. They particularly appeal to a younger generation who do not need or want a dedicated personal advisor, and the fees paid to them. They're getting more conversational every year, thanks to advancements in natural language processing.

## DATA-ENTRY

AI can facilitate work and perform repetitive standard tasks, often administrative. Some examples of this are: updating the CRM (customer relationship management) system, entering customer details in the invoicing system, keeping score of sales figures in the accounting system, and so on.

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Heineken, the second biggest brewer worldwide, and a Billtrust customer, started accelerating RPA and AI through the UiPath platform in 2019. They have rolled out more than 100 RPA processes which combined save more than 12000 work hours every month. The goal is to get to 1 million saved hours by 2025.<sup>28</sup>



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Prudential used artificial intelligence to accelerate many individual life underwriting processes from 22 days to 22 seconds. And digital claims processing capability can now deliver funds to most customers in six hours as opposed to six days.<sup>27</sup>

## **RISK MANAGEMENT**

AI can be used to analyze financial data and make predictions about potential risks to the institution. For instance, AI can detect patterns in stock prices that might suggest a market decline. By identifying potential risks beforehand, AI can assist financial institutions in taking measures to minimize them.

## **CREDIT SCORING AND LOAN APPROVALS**

The use of AI in analyzing large amounts of data to assess the creditworthiness of borrowers helps financial institutions make more accurate and efficient lending decisions. The processing and handling of loans and mortgages can also be automated as much as possible.

## **FRAUD DETECTION**

AI algorithms can identify anomalies and suspicious activity that may not be detectable by human analysts. This helps financial institutions to quickly detect fraud and reduce the risk of financial loss. Moreover, AI systems can continuously learn and adapt to new patterns of fraud as they evolve, making them highly effective in staying ahead of the constantly changing tactics used by fraudsters.

Credit card fraud detection is one of the most successful applications of machine learning (ML). Algorithms can learn from very large sets of historical payments and transactions data, and based on that information the algorithms can label events as fraud.

## **PORTFOLIO MANAGEMENT**

AI can be used to analyze financial data and make predictions about future market trends. By using these predictions to inform investment decisions, AI can help financial institutions improve returns on their portfolios. Robo-advisors can also put together a financial investing portfolio based on a certain risk tolerance.

## **AUTOMATED TRADING**

AI analyzes financial data and executes trades based on market conditions, resulting in more efficient and profitable trades for financial institutions.

## **CLOSING, CONSOLIDATION, AND REPORTING**

Automation and AI enhance the speed and precision of closing, consolidating, and reporting financial performance. Specifically, the use of Robotic Process Automation decreases transactional expenses, improves cash flow, and provides instant in-depth analytics.

# Using AI in accounts receivable to stay ahead

Over the past few years, the application of AI in the finance industry has rapidly increased and is expected to continue growing in the next decade. The technology and its benefits are no longer a great unknown to the majority; instead, many have seen firsthand the ability AI has to automate routine tasks and enable businesses to make data-driven decisions and achieve long-term success.

As we look to the years ahead, we have reason to believe AI can streamline accounts receivable processes and provide numerous benefits.

## A boost in efficiency

The implementation of AI in finance allows businesses to increase productivity by delegating labor-intensive tasks to AI, freeing up human workers to focus on their strengths.

AI can automate routine and tedious tasks such as data entry, compliance checks, invoice processing, and collections. It does so at a faster pace and more efficiently than human workers. Because you can accomplish more with fewer employees, AI helps reduce costs.

Additionally, the precision required in finance demands a high degree of accuracy, which AI can consistently deliver.

## Always on, always available

Once an AI system is set up and running, it can continue to operate without interruption, providing around-the-clock services and support. This makes AI particularly useful for tasks that need to be performed continuously or for businesses that operate on a 24/7 schedule, as it can provide seamless support without any downtime.

Operating in the background, AI can monitor accounts with near real-time precision, giving organizations up-to-date information on payment status and outstanding balances.

## Unlocking revenue potential with AI scalability

Thanks to its ability to manage larger transaction volumes, AI enables businesses to scale their operations while maintaining quality and avoiding overburdening the existing workforce. As a result, businesses can grow and serve more customers without having to hire additional personnel.

Additionally, the implementation of AI can enhance the speed and efficiency of processes, enabling businesses to operate more effectively and quickly adapt to changing market conditions.

## A happy workforce

Workflow automation through the use of AI reduces the workload of human employees by automating repetitive and time-consuming tasks. When human employees are not bogged down by mundane tasks, they are more likely to feel fulfilled and satisfied with their work.

Additionally, automation through AI ensures that tasks are performed accurately and without errors, reducing the risk of mistakes and increasing the efficiency of processes. This can lead to increased job satisfaction and improved morale among human employees, as they are no longer burdened by tedious and error-prone tasks.

In summary, by reducing the workload of human employees and allowing them to focus on higher-value tasks, AI can lead to happier and more productive team members. This, in turn, can improve overall performance, drive business growth, and increase employee retention at a time when keeping good talent on your team can make the difference between success and falling behind.

## Build trust in your organization

AI makes auditing easier and can detect external and internal fraud and protect against cyberattacks. This generates trust in the product, brand and company.

The use of AI in auditing makes the process faster, more efficient, and more effective. AI can analyze vast amounts of data and identify patterns and anomalies that would be difficult or impossible for humans to detect. This allows auditors to quickly identify potential areas of fraud and other financial irregularities, both external and internal. AI can also detect potential cyberattacks and help protect sensitive financial information from theft or unauthorized access.

By detecting fraud and protecting against cyberattacks, AI helps to build trust in the product, brand, and company. Customers and stakeholders are more

likely to trust a business that uses AI to ensure the security and accuracy of its financial information - especially in a financial environment that might encourage them to pay close attention to managing risk. Using AI for auditing and fraud detection is seen as proactive and innovative, which can improve the reputation of your business and attract new customers.

## Better financial insights

AI systems are able to pull information from a variety of sources and process large amounts of data, which companies are now relying on heavily. The bigger the company, the more data sources they tend to use.

Through analyzing this large volume of data, businesses can uncover trends, patterns, and relationships, leading to more informed and improved decision making. The ideal scenario is for these insights to be available in real time.

In accounts receivable, AI can be applied to analyze financial data and predict future payment patterns. This helps organizations identify potential payment risk and take proactive measures to collect payment.

Additionally, AI gives better insights in customer behavior by identifying patterns and trends that would be difficult for humans to detect. AI can analyze customer transactions, credit history, and other financial data to gain a comprehensive understanding of each customer's financial situation and needs.

## Improved cash flow

By automating tasks and optimizing efforts in the order-to-cash space, AI can improve the speed and efficiency of these processes. This helps to ensure that payments are collected in a timely manner and that outstanding balances are managed effectively. By streamlining these tasks, AI can help organizations to improve their cash flow and maintain a healthy financial position.

Improved cash flow enables organizations to make better use of their financial resources. When cash is flowing in more efficiently, organizations can reinvest in their business, pursue growth opportunities, and increase their competitiveness in the market. In addition, having a stable and predictable cash flow can help organizations to plan for the future and make strategic decisions that are based on sound financial information.

## Drive a better customer experience

Finally, AI can be utilized to provide a tailored and customized experience for customers. AI can develop individualized communication plans for each customer, leading to better customer communication and a more personal touch. For example, in collections, it can enhance collection efficiency and improve customer relationships by using personalized reminders communication.

AI also helps in communicating financial information to other stakeholders - internally, to vendors, to board members or other parties. It can help with issues like translation or context of critical information.

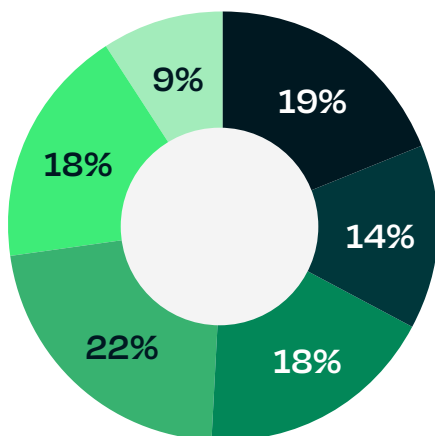


# How Billtrust uses the power of AI in the order-to-cash process

AI holds a lot of promise to accelerate processes, improve efficiency and control costs. Particularly highly-automated and data-rich applications can profit from AI. The order-to-cash cycle is one of those areas where companies of all sizes benefit from introducing AI.

Here at Billtrust, we use AI in a number of ways within the order-to-cash process.

## AR STAFF TIME ALLOCATION



- Credit
- Invoicing
- Payments
- Cash application and reconciliation
- Collections
- Deductions

## Cash Application: not all machine learning is the same

According to Billtrust's [State of the AR Industry](#) survey of AR professionals, AR departments typically spend an average of 22% of their time on manual cash application. It is even the most time-consuming activity of all order-to-cash processes.

At Billtrust, we've identified early on that machine learning could play an integral role in helping AR teams to accelerate their cash application efforts. Cash Application, a Billtrust solution to match invoices with remittances regardless of how they are sent, utilizes machine learning to increase data extraction accuracy rates and improve envelope match rates.

Our dedicated machine learning models learn from your ERP's Open AR file and your buyers behavior to automatically improve match rates over time. Our model takes into account customers' invoice numbers, formats and remit structure which allow for very high accuracy.

Unlike other rule-based approaches to cash application we don't require programming to update. Cash Application is a confidence-based solution where you can set a risk based acceptance level of criteria and enter your own custom exception handling rules.

In addition, with our proprietary Digital Lockbox, Cash Application can automatically pull remittance data from emails and mobile devices, as well as from 190 third-party AP portals and self-service portals.

## Collections & Credit Management

Historically, the collections function hasn't received much technological attention. Credit managers and collectors are responsible for handling vital business tasks, but manual, tedious, and time-consuming tasks still make up the bulk of their work.

And the results are there to see: delayed payments, untimely tracing of customers, and poor communication are common issues. Moreover, convoluted procedures can lead to unsatisfactory customer experiences. This is a frequent complaint we encounter when implementing Billtrust Collections for our customers.

Today, we find ourselves at a new crossroads with the potential for a recession looming over many industries. With the inevitability of increased days sales outstanding (DSO) that this type of economic uncertainty brings forth, it's crucial that collections becomes even more of a priority for organizations.<sup>21</sup>

Luckily, it's again an area where AI comes into play. It has the potential to change the nature of work for AR teams. Using AI-powered automation not only frees up valuable time for collectors, it also optimizes collections strategies. It can improve on human decision-making through working with historical data and predicting the probability of payments when changing procedure steps and timing.

Billtrust Collections uses RPA to assign the correct workflow to clients using predefined criteria. Automation of procedures and workflows help reduce repetitive tasks and make time for more complex jobs. You can personally manage only the most important issues, such as dealing with delicate clients, or finding solutions for those with financial problems.

An AI-powered collections management process starts with predicting invoice payment dates and possible delays. With this info you can better forecast cash flow, one of the most in-demand AI features in accounts receivable.

Two predictive AI features stand out in our collections solution. With **AI cash forecasting** we can predict when and which invoices are going to get paid or not and accurately predict your future cash flow. With a second AI feature you can **monitor and adapt your collections strategies**. For every procedure you can change the timing of the procedure steps and see what the impact is on the payment probability.

Especially in a volatile macro-environment cash forecasting is one of the top priorities for CFOs and AR teams. Any tool that can contribute to faster, better-informed decision making and improved cash management, should be a top priority for AR teams.

Whether it's RPA, AI, machine learning - or a combination of these, combining these technologies to create a more successful collections process can lead to advantageous outcomes:

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"Although AI will never replace the invaluable work of a collector, it has the potential to make them much more effective and efficient by boosting their ability to maintain their organizations' cash flow at a time when external challenges pose enormous threats."

**JOHN FLOYD, SENIOR BUSINESS CONSULTANT, BILLTRUST.**



# Accelerate your AI journey: 10 steps for sustainable success

Successful implementation of AI requires more than just getting the right tools in. Gartner research<sup>22</sup> shows that leading AI deployers share four common behaviors that enable them to quickly meet or exceed the expected impact of their AI projects and deliver critical finance and business outcomes.

We'd like to expand on these four and propose 10 essential steps you can take in order to be successful in your AI journey.



---

There are a number of online resources that you can use to get started:

- [Udacity Intro to Artificial Intelligence](#)
- [Stanford Artificial Intelligence: Principles and Techniques course](#)
- [OpenAI](#)

## 1. Get to know AI

When it comes to AI implementation, it's important to start with a clear vision and plan. It helps to ensure that the efforts and resources invested in the project align with the organization's goals and objectives.

Acknowledging that automation is mission-critical means recognizing the importance of AI in driving business outcomes. Companies that are successful in implementing AI have made it a priority and understand that it is crucial to their success.

Trying to **understand the purpose and value of AI** before choosing solutions is key. Companies need to assess their needs and understand what problems they want AI to solve. This helps to ensure that the AI solution chosen aligns with the organization's goals.

Top-down buy-in focus means that **support and commitment for AI implementation should come from the top management**. This helps to ensure that the organization is committed to the project and that the necessary resources are made available. Without enthusiastic support from the CEO and the rest of the C-suite AI strategies are likely to flounder.<sup>23</sup>

Finally, **familiarizing yourself with the basic concepts of AI is important** for everyone involved in the implementation process. This includes understanding what AI is, how it works, and its potential to transform businesses. **Setting up an enterprise-wide training program is crucial** to a better understanding of AI and automation. The program should encompass not only introductory training, but also a thorough understanding of the underlying technologies.

## 2. Identify business problems, needs and goals

**Developing use cases** is an important step in the AI implementation process. They help give direction to AI teams by providing concrete examples of the business problems or needs that AI can help solve. This could include streamlining processes, improving customer experience, reducing costs, or increasing efficiency. By clearly defining the problems you want to solve, you can ensure that the AI solutions you develop are targeted and effective.

It is also important to **identify where AI is already in place** in other parts of the business. This can help to inform the development of new AI solutions and ensure that existing solutions are integrated effectively.

**Evaluate the value proposition for your business** and determine the financial impact of the AI solutions under consideration. Define your goals and choose relevant metrics for assessment.

### 3. Check resources and make purchases

**Assess the internal resources required** before initiating the project. Determine the availability of teams or team members. Consider any ongoing or future projects that could contribute.

**Check if your infrastructure is up-to-date** to handle the data flows. Determine if additional storage or computational capabilities are necessary for smooth functioning of algorithms and improved model accuracy. Consider if the data is already stored.

**Assess available financial resources.** With the availability of platforms offering pre-built infrastructure and algorithms, the barriers to AI implementation have decreased significantly.

### 4. Bring in (external) AI experts

This step goes hand in hand with the previous one. By bringing in (outside) AI professionals you'll get answers to a lot of the questions we just posed. These **experts have the knowledge and access to the tools to do the job.** Choosing the right software and tools is crucial in helping with the deployment of AI in your existing environment.

Take healthcare for example. Numerous successful partnerships have been established between pharmaceutical and biotech companies and external data scientists and software, resulting in faster breakthroughs in finding new medicines and therapies. This wouldn't be possible without cooperation.

### 5. Get your (data) house in order

Without quality data any AI model will produce poor quality output. **Getting data of the highest quality** is better than spending time on improving the AI model itself. Data can be classified into two categories: structured and unstructured. Structured data, which is well organized, is easier to use in machine learning than unstructured data. The next steps are to clean the data for improved quality, process it, and store it efficiently.

To elevate your efforts even further, **consider setting up an AI hub** for your business. Accenture, a research firm, refers to what they call an AI Core as a centralized platform for data and AI that takes advantage of a company's talent, technology, and data assets. Think of it as a central command for executing your AI plan.

## 6. Start with a pilot project

Start and **experiment with a small project** or early pilot. This limited project allows you to try things out before going full in. You can try out tools and infrastructure. You can discover if data silos exist and learn how to break them down in the organization.

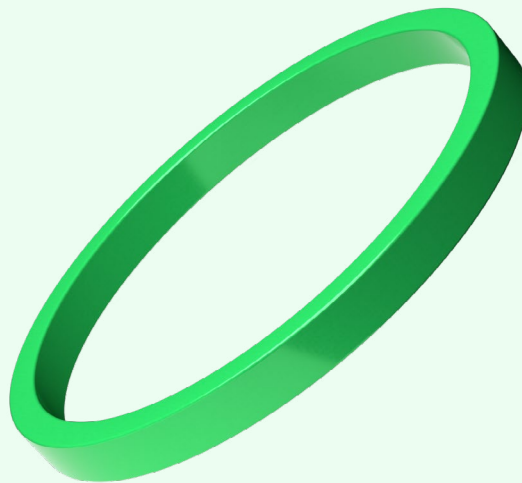
## 7. Ensure that AI is built and used responsibly and ethically

Verify that AI systems and their usage comply with applicable regulations, standards, and ethical considerations through a compliance review. The review process involves evaluating AI algorithms, data, and deployment procedures to detect and reduce the likelihood of potential risks such as data privacy breaches, unequal treatment, and biased decision-making.<sup>24</sup>

Undergoing a **compliance review demonstrates an organization's dedication to responsible AI practices** and can enhance trust with stakeholders.

## 8. Test, test, test

In the realm of forecasting, the accuracy of most AI systems is often not impeccable from the outset. Hence, **the importance of testing cycles cannot be overstated**. Testing can identify any errors or bugs that may have been introduced during the development process. Furthermore, testing can also help to identify areas where the system may need further improvement. Ideally, tests should be on the radar of all members of the senior leadership team.



## 9. Analyze the results

The analysis of results from an AI implementation process is a crucial step in determining the effectiveness and efficiency of the solution. There are **several key metrics that should be considered**. When you've decided on end-goals and metrics early on in the process, it's much easier to analyze the results.

## 10. Continuous improvement and scaling

The initial months or year of integrating AI into business processes are vital. To ensure continued effectiveness, it is necessary to **periodically retrain the AI models** as inputs change and new feedback is acquired. To drive adoption and maximize potential impact in your business, **consider offering incentives for utilizing AI** when key performance indicators are achieved. This approach goes beyond simply discussing the potential return on investment.

"We cannot direct the wind,  
but we can adjust the sails."

DOLLY PARTON (AND OTHERS)

# What can we expect in the future of AI?

Artificial intelligence (AI) is fast becoming the defining market trend of 2023. The excitement about generative AI, such as ChatGPT, will surely speed up progress and attract even **more investments in the space**. Particularly among businesses that are directly impacted by economic disruptions and more mature industries that can scale and adopt AI the most.

American economist Erik Brynjolfsson says that some AI advancements he anticipated have progressed even quicker than expected, while others have proceeded at a slower pace.<sup>25</sup> He cites self-driving cars as an example, stating that although 99% has been accomplished, the remaining 1% is proving to be more challenging than initially thought.

A big part of AI the coming year(s) definitely will be **regulation**. AI technology is moving fast, but lawmakers will catch up. For now, at the national and international level, there are hardly any rules in place. The European Union's AI Act could kick-start things from a legal point of view. The draft law focuses on determining criteria for assessing the risk of an AI system. High-risk AI features and solutions will get strict regulation or even get banned from being used.

Some companies are already creating strict guidelines for using AI. Consulting group PWC has warned its staff against using ChatGPT for client work.<sup>26</sup> Risks and limitations of utilizing large language models for automation and decision-making are pointed out, and several intellectual property, security, and privacy concerns must be addressed before AI tools can be uniformly utilized throughout the company.

Then there's also the **issue of bias**. The largest source of bias is the data the AI models are trained on. In the end it's on us to decide what data and knowledge we feed the AI systems.

In conclusion, it is evident that AI is a permanent fixture in the future. However, the path ahead is filled with challenges and potential dangers. The responsible deployment of AI holds the key to a New Industrial Revolution. Just as it took time for electricity, brought about by Thomas Edison's invention of the lightbulb, to revolutionize factories and production processes, we are still in the early stages of unlocking the potential of AI.

*PS: This final section was partly co-written with the help of ChatGPT. Its database, at the time of writing, only uses data as recent as 2021 so we mainly asked it to help produce better sentences where it could.*



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## Learn more

Visit [billtrust.com](https://billtrust.com) or [contact our sales team](#).

### ABOUT BILLTRUST

Billtrust is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections.



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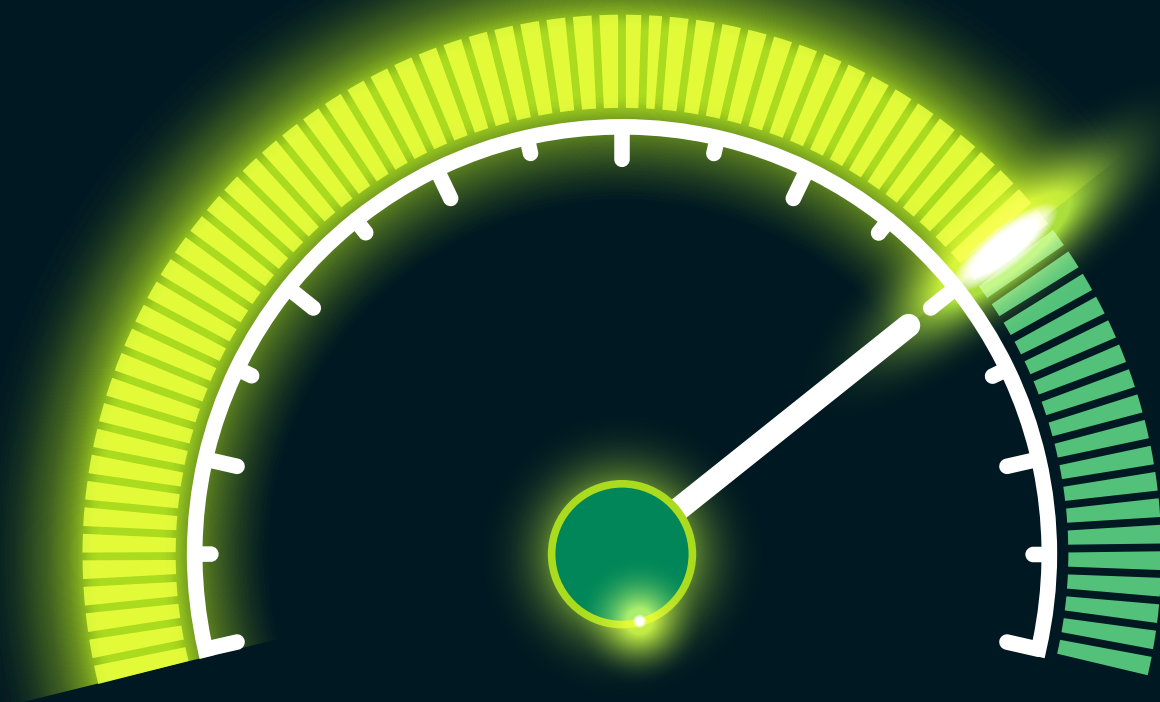


WHITE PAPER

# Getting unstuck

## Optimizing B2B payments processes

How to upgrade your B2B payment processes to drive greater efficiency, cut costs, improve customer experiences and accelerate cash flow.





# Contents

- 3** Are you stuck in outmoded payments processes?
- 5** How do companies get stuck?
- 6** The hard and hidden costs
- 7** How much could you save?
- 8** What is a digital payments network?
- 9** Get unstuck: How to radically simplify and accelerate B2B payments
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- 12** Case Study: WORLDPAC
- 13** Case Study: SmileMakers
- 14** Conclusions and recommendations

# Are you stuck in outmoded payments processes?



If you're reading this, chances are you already have a sinking feeling that your company's B2B payments processes could be better. You're not alone.

In an effort to keep customers happy, many companies consistently adapt to new payment requirements without realizing the incremental accommodations they're making are actually getting them stuck in outmoded, inefficient and costly processes and practices.

Imagine that valuable employee in your AR department – the one your HR department worked so hard to recruit and hire – becoming **increasingly frustrated by the tedious manual work** of logging

into multiple accounts payable (AP) portals, creating unique invoices, matching remittances and dealing with unhappy customers. Yet more customers are demanding that B2B sellers utilize AP portals, worsening the burden on AR teams.

As they jump higher to clear the bars their customers are setting, many AR teams in all industries find they aren't able to look forward because they're struggling to keep up with what's already happened. It's nearly impossible to strategically manage and improve cash flow or deploy employees against more productive and profitable projects when their payment processes are mired in the past.

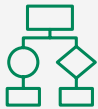
In short: The processes and practices that once served an AR team pretty well aren't equal to the changing realities of the B2B payment landscape. Standing pat with those approaches means a company is continually falling further behind.

## The symptoms of being “stuck”

These are just some of the clues that your AR staff and systems might be trapped by outmoded AR systems and tools:



Teams still rely on highly manual, labor-intensive AR operations



Your AR department structure hasn't changed in years



It's hard to scale to any shifts in your AR workload



Your staff is consumed by keeping up with the requirements of accounts payable (AP) portals



Late payers are more of a recurring issue than they are rare exceptions



There are too-frequent settlement/payment lags that may affect credit standing



You worry about the strength of transactions security



# How do companies get stuck?



## AP PORTAL FATIGUE

The widespread adoption of AP portals has outpaced the procedures of most AR departments. The paradox is, in an effort to streamline and automate payments, customers have created more work for vendors whose AR processes weren't keeping pace with new AP platforms, and the problem is exponential. When each customer implements a unique AP portal out of the many available, AR departments without automated processes have to:

- Manage multiple logins for each portal
- Customize invoices
- Manually reconcile remittance data



## PAYMENTS MADE BY EMAIL

In an effort to move away from paper checks, many customers began making credit card payments via email. But Gmail and Outlook aren't designed as payment portals, and not only does accepting email payments require a lot of error-prone manual work, it makes your company vulnerable to:

- Payment Card Industry (PCI) compliance issues
- Data security breaches
- Fraud
- Costly fines
- Loss of business and reputational damage



## PAPER CHECKS AND PHYSICAL LOCKBOXES

Many customers continue to issue paper checks despite being encouraged to pay their invoices with more up-to-date methods. Most finance departments understand that processing checks is a time-consuming AR function that sometimes still requires a physical lockbox but continues to accept them to speed up already slow payments.



## LIMITED IT INFRASTRUCTURE

Most IT departments are managing multiple implementations and upgrades throughout a company, and suggesting they take on a new project can be met with objection, especially if the processes in place seem to be working effectively.

If technology partners do not provide support throughout the design, implementation and training phases of adopting a new platform, it can make business leaders reticent to overhaul processes like AR.

# The hard *and* hidden costs

If your company hasn't optimized B2B payment processes, what is it costing you? There are many ways out-of-date AR systems affect a business's bottom line.

## SLOW PAYMENT CYCLES

The more friction introduced to a payment transaction, the slower it goes. Lagging payments complicate financial reporting, affect credit lines and need to be managed manually to ensure they're completed.

## DAYS SALES OUTSTANDING (DSO)

With inflation rising, it's costing companies even more to carry their customers' debts. For a hypothetical company with a DSO of 45 days and an inflation rate of 8.6%, that's 106 basis points, more than one full percent.

## RECONCILING DISPUTES

Few AR professionals enjoy dealing with unhappy customers. When there are disputes on an invoice, unraveling what caused the discrepancy is time-consuming, tedious work. If the mistake is on your end, it can make customers question the accuracy of your billing.

## INTERCHANGE FEES

Depending on the card used, interchange fees on payments made by virtual credit cards currently range from 1.15% to 3.30% or more. The pandemic slowed down the escalation of interchange fees, but major credit card companies are now getting back to assessing them – and potentially raising them – twice each year.

## HUMAN ERROR

Payment processes that require some level of manual data entry and remittance matching are expensive in more ways than one. Not only are companies paying valuable employees to do tedious work, but keystroke-intensive tasks are prone to human error.

## CUSTOMER (DIS)SATISFACTION

Businesses that haven't kept pace with their customers' AP systems by adopting modern-day AR automation experience more disputes over invoices, slower payments that affect their customers' credit lines and lower net promoter scores. The worst-case scenario is that customers take their business to a competitor who is easier to pay.

## REPUTATIONAL DAMAGE

Buyers may not want to partner with sellers who have a reputation for poor dispute resolution, inaccurate billing or inability to adapt to buyers' preferred payment methods.

## EMPLOYEE DISENGAGEMENT

Outdated AR processes that are overly manual are hard on internal teams, too. AR departments are vulnerable to employee burnout and high turnover, and strategic projects that provide employees with more challenging work and professional development are many times postponed.

## COMPLIANCE PENALTIES

Regulators may impose fines or penalties for inadequate or erroneous compliance with applicable standards.

For instance, PCI compliance fines can range from \$5,000 to \$100,000 a month (approximately €4,900 to €98,000) depending on the size of the company and the duration and scope of non-compliance. A large company may be able to absorb these fines but mid-sized ones may not.

# How much could you save?

Based on insights gathered from multiple current customers, our ROI calculator projects that users who upload 750 invoices to AP portals and process 650 virtual card payments and 450 ACH payments per month may **exceed 300% ROI**.



**750**

invoices per  
month to  
AP portals

+



**650**

virtual card  
payments  
per month

+



**450**

ACH  
payments  
per month

=



**300%+**

**ROI**

## Get unstuck from costs and delays

To “get unstuck” from these sticking points, costs and inefficiencies, more AR departments are looking to join a **digital B2B payments network**.



# What *is* a digital payments network?



There have always been payments ecosystems, as long as there have been buyers and sellers. In the modern sense, though, a future-proofed “payments ecosystem” is actually a digital network, an end-to-end connective framework that links buyers and sellers by integrating applications, portals or other components.

If you’ve ever paid someone personally for a service or product using an automated payment

platform like PayPal or Venmo, you can easily envision how that kind of instantaneous or near-instantaneous transaction could mutually benefit your business and your customers.

A B2B digital payments network is, in the eyes of more and more companies large and small, a smarter and more efficient way for them to get paid faster.

## A modern B2B payments network should be expected to be:

### Automatic

With the AR technology currently available, companies should be seamlessly paid in real time, dramatically reducing their DSO (Days Sales Outstanding).

### Global

The technology solutions a company uses for AR should have partnerships with AP portals and payment processors around the world.

### Agile and scalable

Ease-of-use should allow the network to be flexible and responsive, and rapidly scalable to adjust to new demand levels or business growth.

### Customer-centric

A payments network should work for a company’s best customers – those who are happy to quickly pay using this tool – while also encouraging other customers to embrace new automations with ease-of-use.

### Employee-centric

When employees are given state-of-the-art technology that reduces the amount of drudgework and lets them work on more interesting initiatives, they feel valued – and are more loyal and productive.

# Get unstuck:

How to radically  
simplify and  
accelerate B2B  
payments





# How to radically simplify and accelerate B2B payments

1

## Admit there are pain points

It's important that key stakeholders agree if there are areas for improvement in their AR processes and commit to understanding the scope and specifics of any issues and to exploring potential solutions.

2

## Conduct an audit

The next step is to audit your AR systems and processes. The best place to start is by collecting feedback from people who consistently engage with those processes.

- Ask your AR team to share their observations about what is working and what isn't.
- Ask your sales team to share the feedback they receive from your customers about how easy – or difficult – it is to process your invoices and make payments.
- And for companies who want to demonstrate a customer-centric commitment, survey your customers' AP departments.

3

## Evaluate the feedback

Now that you know what the pain points are for your teams and your customers, you have the opportunity to create state-of-the-art AR processes that improve your bottom line, increase employee and customer satisfaction and build brand reputation in your industry.

The most effective way to get stakeholders involved is to provide financial models for present and future scenarios.

4

## Select a modern B2B payment network

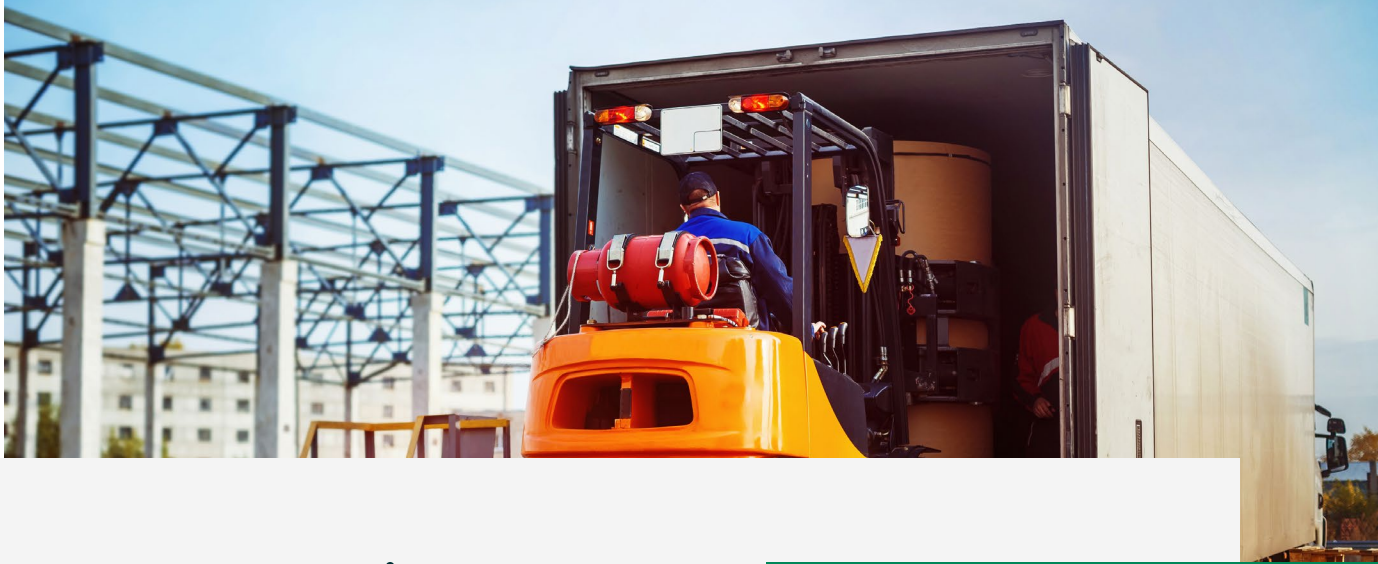
The takeaways you have from your evaluations and financial modeling will help ensure that you partner with a payment network that checks all the boxes for your company and your customers.

As you research and compare, it's important to project what your needs will be in the future, not just what they are today. Another important consideration is the ease of implementation and the IT support you'll get from your new network provider.

5

## Redesign your AR department

Once you've selected a robust payment network, you can envision your AR department of the future. This team you've worked so hard to recruit and retain will be freed up from tedious manual tasks and able to focus on big-picture, what's-next strategies that provide opportunities for new revenue and professional growth.



## Case Study: Malin

For over 50 years, Malin has offered customers exceptionally engineered and energy-efficient Raymond lift trucks, fleet management, integrated systems and storage solutions, and much more. Like many growing businesses, Malin had manual processes with little to no tracking in place. They **struggled to support their customers' diverse invoice delivery and payment requirements**, as well as their own collections and portfolio management efforts.

Collectors used a monthly spreadsheet to track customer outreach, but the tedious nature of the work caused a lot of team turnover. So Malin struggled to effectively do outreach to customers who were 30 and 90 days past due.

### THE SOLUTION

Malin had been advised by their parent, The Raymond Corporation, to take advantage of the automated, digital payment solutions provided by Billtrust. These had already enabled Raymond dealers and The Raymond Corporation to **enhance payment acceptance flexibility** across every touchpoint within the AR process.

Malin first implemented Billtrust Invoicing, giving their customers the option to receive invoices however they wanted, then rolled out Billtrust Cash Application, which streamlined applying customer payments and remittance information. Then they adopted Billtrust's Business Payments Network (BPN) Invoicing, **automating invoice posting into third-party AP procure-to-pay portals** like Ariba and eliminating manual keying. To further enhance the customer experience and reduce days to pay, they launched Billtrust Collections, which automated outreach and increased account coverage on past-due payments.

"Before Billtrust, it took one employee an entire day to post cash, which didn't always post that day. Now it takes under two hours for one person to complete."

**EDDY HARLESS**  
**FINANCE MANAGER**  
**MALIN**

### RESULTS: FAST ROI AND REALLOCATED RESOURCES

Within a year, interchange fee savings alone covered Malin's investment in Billtrust's Invoicing and Payments solutions. Some of the other highlights?

- **91% of their customers** now receive electronic invoices.
- With BPN Invoicing, **just one employee** can manage all of their customers' AP portals.
- **50% of their AR team has been reallocated** to other strategic areas within the business.
- With Billtrust Cash Application, they saw a **75%, or six-hour reduction**, in their daily process.
- Through Billtrust Collections, Malin **reduced aging buckets** for customers 30 and 90 days past due by 74% and 78%, respectively, in under four years.
- The Malin team could easily pivot and **manage their order-to-cash operation remotely**, which proved imperative during the COVID-19 pandemic.

# Case Study: WORLDPAC

WORLDPAC imports and distributes original equipment and quality aftermarket replacement automotive parts for the independent service professional, supporting customers with 100+ strategically located facilities across the USA.

WORLDPAC once relied on drivers to hand-deliver customer invoices with deliveries. But the amount of time it took to get paid was taking its toll. They wanted to provide customers with alternative options for receiving, viewing and paying invoices. Plus, their team lost time by manually processing payments made with single-use virtual credit cards. The WORLDPAC team **needed solutions to lower DSO and expedite company cash flow while providing customers with the flexibility to pay how they wanted.**

“BPN has been a huge timesaver, and with it, our customers are paying us faster. I even encouraged our sister company to use it as well. The payment portal has been very helpful.”

**SUSAN GRASS**  
**VP CUSTOMER FIRST AND CREDIT**  
**WORLDPAC**

## THE SOLUTION

WORLDPAC partnered with Billtrust for their automated invoicing and payments solutions, implementing a **customer portal so customers could view and pay their invoices on their own terms.** If customers wanted to receive invoices via mail, email, fax or their portal, Billtrust could make it happen.

WORLDPAC turned to Billtrust for additional support, including joining Billtrust's Business Payments Network (BPN) to **automate virtual card capture** and by letting customers use an **account summary screen** to easily pay on documents grouped together by aging buckets with a single click.

## WORLD-CLASS RESULTS

WORLDPAC's customers now have flexibility in how they can view and pay their invoices:

- **49%** of their customers are receiving a form of electronic invoice.
- With the account summary screen, **27% of invoices are being paid digitally** – an **80% increase** in just three months.
- Their average DSO is now **only 27 days.**
- With BPN, automated payments through the network are made **3.5 days faster than other channels.**
- Thanks to Level 2 and 3 card processing data and large ticket interchange optimization via BPN, WORLDPAC **saves an average of \$170,000 a year** in credit card processing fees.
- In the first half of 2020, **BPN automated over \$16 million** in customer payments.





## Case Study: SmileMakers

Founded in 1977, SmileMakers specializes in patient giveaways and practice promotion products for dental and medical markets. They are the leader in the creation and distribution of stickers, rewards and incentives featuring popular characters and children's themes.

With so many healthcare customers, they were **inundated with virtual credit card payments**. SmileMakers received over 5,000 single-use credit card payments in 2018 alone. With only one full time employee for customer billing and payments, several hours a day were lost to processing virtual card payments. These time pressures made it difficult to accommodate increasing customer requests to pay electronically with single-use credit cards.

“We like the security and speed of virtual card payments but we didn't have the manpower to process them quickly. Now with BPN, we can scale up easily without adding headcount. Cash application is more accurate and customers are happy.”

**BROOKE VALENTINE**  
**ACCOUNTING MANAGER**  
**SMILEMAKERS**

### THE SOLUTION

SmileMakers turned to Billtrust's Business Payments Network (BPN) and its virtual card capture technology to address their current challenges.

### SMILE-WORTHY RESULTS

In just the first twelve months after going live on BPN, SmileMakers saw dramatic improvements:

- They increased the number of customer credit card payments they were able to process, **automating approximately 8,500 payments**, constituting \$3.8M.
- With BPN's virtual card capture technology, their accounting team **saves over 45 minutes of manual labor a day**, which freed up 200 hours in the first year.
- Since they now have **a scalable solution**, SmileMakers is actually encouraging customers to pay with virtual credit cards.

# Conclusions and recommendations

The simple fact is the B2B payments landscape is irrevocably changing and doing so at an accelerated pace. Companies that adapt to these changes by finding smarter, more efficient and seamless ways of invoicing their customers and obtaining payment will succeed.

Those that stay stuck in past practices? They'll find themselves at a serious – possibly even *fatal* – disadvantage.

To address this shifting payments paradigm and “get unstuck,” companies and AR teams should:

- **Internally acknowledge** whether their payment processes are stuck in antiquated and inefficient modes and practices.
- **Audit their processes and current tools** to identify specific bottlenecks and inefficiencies.
- **Consider their business goals and their customer expectations** to understand what level of performance they'll need to achieve from their AR operations both today and in the future.
- **Investigate the available solutions** for modernizing and digitizing their AR operations, with a focus on adopting one that helps them address the burgeoning ubiquity of AP portals and their varying requirements.
- **Partner with a world-class B2B payments network** that provides access to seamless transactions with more than 175 issuers around the world.
- **Include their stakeholders** by communicating updates, providing training and sharing results.

## About Billtrust

Billtrust (NASDAQ: BTRS) is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections. For more information, visit [Billtrust.com](https://www.billtrust.com).





# 3 ways to improve DSO with the order-to-cash process

CFOs refer to cash as the “oxygen” of their business. While they use a variety of strategies to improve cash flow including Financing Relationships, Procurement Policies, Accounts Payable (AP) Processes, Accounts Receivable (AR) Processes and Cost Reduction Programs, it is becoming increasingly apparent that automating and accelerating order-to-cash can have significant impact on DSO. Even a reduction of one day DSO can mean hundreds of thousands of dollars in annual savings.

The Billtrust Data Team looked at our very own payments data in search of a trend to see how fast our customers made their online payments using our automated platform. What we found was that the average DSO from our B2B customers was just 25 days, versus the industry average of 40-50 days (FOOTNOTE: This figure also includes paper checks).

The team also found variations in DSO between payments made through ACH and credit cards. Summarized below are

key elements within an automated order-to-cash solution that contribute to improved DSO: Flexible Service Suite, Dynamic Invoice Matching and Buyer Adoption.

## The role of DSO

Due to the high importance of cash in running a business, it is in a company’s best interest to collect outstanding receivables as quickly as possible. By quickly turning sales into cash, a company has the chance to put the cash to use again — ideally, to reinvest and make more sales.

**Days sales outstanding ratio** (also called average collection period or days sales in receivables) is used to measure the average number of days a business takes to collect its trade receivables after they have been created. It is an activity ratio and gives information about the efficiency of sales collection activities.



## 1. Flexible service suite

Not that long ago the invoicing process was straightforward. Buyers of goods and services received invoices through the mail and sent back a payment by check. That simplicity is gone. The situation today is more complex. It is necessary for a business to tailor its invoice delivery, payment receipt and cash application to meet the requirements of its customers.

When it comes to something as simple as delivering invoices, today's buyers have different expectations. Some prefer to receive invoices through the mail, others like email. Some want to go online and yet others want invoices sent into their own AP Systems portal. For many sellers, not meeting these expectations can impact DSO and the satisfaction of their customers. Often, for sellers to meet these expectations they have to cobble together disparate processes that require ongoing IT support and time-consuming manual labor.

Flexibility is also important when it comes to receiving payments. Today's buyers make payments through a multitude of different channels including check, online portals, ACH, credit cards, P-Cards and wire. As is the case with invoice delivery, businesses that do not have the flexibility to support the receipt of payments from

different methods risk negative impact to their DSO and unhappy customers.

Buyers also expect that no matter how they pay, the payment is applied accurately and on-time. There is nothing more frustrating to a buyer than spending time with one of their suppliers trying to sort through confusion over a payment or receiving a collection call relating to a payment they already made.

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**Buyers also expect that no matter how they pay, the payment is applied accurately and on-time.**

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The more automation can accommodate flexibility to meet a range of buyer requirements for how they receive invoices and make payments, the less room there is for delays and errors.



## 2. Dynamic invoice matching

Once payment is received, the funds have to be accurately applied (posted to a system of record) for a company to realize payments as revenue, completing the final leg in the payment journey. Delays in this process can put DSO at risk.



Cash application is challenging because buyers pay in a variety of different ways. Whether they pay by check to a lockbox, directly to headquarters or at a remote location, the data on the checks has to be captured which often involves manual keying. Even when buyers submit electronic payments, they frequently come decoupled from the remittance advice making matching a challenging resource-intensive task.

Exception handling poses yet another challenge. As much as a business strives for 100 percent match rates, the reality is this: exceptions will occur. Handling exceptions takes time and resources and is a big cause of increasing DSO.

Automating this process from end-to-end cuts costs and can shave days off DSO. By using cash application technology, sellers can automatically extract transactional data from any source and intelligently match to open receivables which can dramatically improve hit rates whether payments are coming by check or electronically. And having a user-friendly tool to efficiently work through the inevitable exceptions can get payments posted quicker without dependence on a large staff and manual processing.



### 3. Buyer Adoption

There are many studies that document the impact electronic invoicing and payments have on DSO. Most show a range of DSO improvement from a three-day reduction to 10 days.

Given the well-documented struggles of the USPS in terms of maintaining delivery times, it is more important than ever for businesses to put a program in place to drive buyer adoption of electronic invoicing and payment channels to mitigate the impact the postal system can have on DSO. And buyers that adopt electronic channels enjoy a greater level of efficiency in how they interact with sellers.

Achieving high levels of buyer adoption requires a continuous effort focused on applying best practices. B2B companies that have embraced best practice programs have achieved electronic delivery levels over 90 percent and electronic payment adoption of 50 percent. Best practices span areas including communication, training, promotions and tracking.

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## Conclusion

Automating and accelerating order-to-cash can impact DSO. When evaluating solutions, ensure that they will be flexible enough to accommodate your range of buyer requirements for receiving invoices and making payments, that they address the critical last step of the process with intelligent cash application and that they have a program in place to drive electronic adoption. With these three key capabilities, sellers will be on the path to achieving a perfect balance between buyer satisfaction and reduced DSO.



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