Your 2021 Accounts Receivable Checklist

A roadmap to ensure business continuity through digital transformation
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Executive summary

The world of business is changing faster than ever before. Advances in technology and increased globalization have flattened the world and accelerated the pace of trends, disruptions and crises. Flexibility is required for modern businesses to thrive.

Business leaders have taken notice. Major investments have been made in the digital transformation of financial processes in recent years. Both accounts payable (AP) and accounts receivable (AR) processes have been revolutionized by technological progress, rapidly changing market expectations and the increased need for flexibility. In fact, seven out of 10 firms plan to digitize their AR processes within the next three years.¹

But as pace of change accelerates, one thing has become clear: digital-first processes are no longer “nice-to-haves.” They are an essential component of maintaining business continuity in an ever-evolving landscape. In this guide, you will learn about the key challenges businesses are facing today and how digitally transforming the AR process can help you make significant improvements in three areas:

- REMOTE WORKFORCE ENABLEMENT
- CASH FLOW SUPPORT
- REDUCED COST STRUCTURE

Paper processes are no longer reliable
Paper checks are holding back business

The paper check has been with us for over 300 years, but the operational challenges exacerbated by the COVID-19 pandemic may finally end its dominance in B2B payments.

Across the world, AR and AP teams have gone remote. Their new work-from-home environment is not conducive to the creation and processing of paper checks. Digitization has become essential, and suppliers need to quickly adopt AR systems that permit flexible payment acceptance in multiple payment channels.

Many suppliers have faced challenges with electronic payments. The electronic payment ecosystem has not yet been fully rationalized, and the current friction in payments flowing between buyer and seller makes the space ripe for disruption. That's why we are starting to see payment networks that serve as a hub to capture a payment and standardize how it is received by the supplier — without having to ask buyers to change their methods.

When done correctly, payments networks enable suppliers to implement dynamic rules based upon their business objectives that help them to accept the right payment via the right channel at an acceptable price point.

When digital transformation is achieved intelligently, the power of AR automation and digital payments becomes undeniable. Even after the COVID-19 pandemic is over, the paper check may never dominate B2B payments again.

64% of firms are shifting away from physical invoices

According to an analysis by Forrester, invoicing automation has transformed from a “nice-to-have” technology into a business necessity.
New payment channels will increase cash flow

Many B2B suppliers are wary of accepting card payments. The benefits of guaranteed funds, fast settlement and even satisfying buyer preferences have not balanced out the high costs of interchange fees in the calculations of many suppliers. But when cash flow becomes a concern for buyers and suppliers, the equation can change.

In times of reduced cash flow, small and medium-sized businesses need to keep what cash they have on hand for essentials like payroll and push out non-essential expenses for as long as possible as they adjust their models to get revenue flowing again.

For buyers, card payments are a lifeline. They feature a built-in credit line and float, with 30 days to pay their card provider, as well as the ability to make partial payments while they rebuild their revenue streams.

For the supplier, card offers guaranteed funds with quick settlement. But, most importantly in times of reduced cash flow, card payments will allow many customers to pay their suppliers when they otherwise could not.

New innovations like payments networks and advanced AR automation give suppliers the ability to automate their 3rd party payments, lowering the work involved in accepting cards while leveraging best practices like processing with Level 2 and Level 3 data to lower interchange fees.

On any given day, $3.1 trillion is owed to U.S. suppliers.

67.9% of firms that receive more than half of their payments late experience cash flow problems.

Accelerating trend: AP portal adoption

Gartner predicts that by 2025, 50% of businesses will adopt AP portal automation.
Rise to the challenge of AP portal automation

AP portals are notorious among suppliers for simplifying the AP process while shifting more work to AR teams. When customers ask their suppliers to invoice and accept payment through portals, suppliers must choose between possibly alienating them by saying “no” or investing in the necessary tools to meet the challenge.

One of the tools available to suppliers is increasing headcount, either by hiring internally or outsourcing. But this option is a budget-bloater and does not help a company attain the flexibility needed to weather changing market conditions.

Automation is the smarter answer. Sometimes this can be accomplished by a supplier’s own IT department. Typically, these types of integrations involve EDI or Robotic Process Automation (RPA), which uses technology to complete repeatable tasks, automating much of the manual work that has been involved in trying to integrate with AP portals. But with the wide range of AP providers utilized by buyers, this can become a mammoth task.

The smartest of the smart solutions is leveraging a third-party automator. Suppliers should shop for a vendor who is already integrated with the AP portals their clients use, as well as ones they don’t, to future-proof for new customers. And if the supplier is working with an AP provider that the vendor doesn’t support, they should be able to offer the option of bringing that portal into their system.

By 2025, 50% of global midmarket and large enterprises will have implemented an automated portal solution.¹

93% of respondents have customers with portals.²

82% report that portals require significant additional staff time.²

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¹ Recent Gartner report
The business continuity through AR checklist

Billtrust is committed to helping our customers and community through the disruptions of the COVID-19 crisis and beyond.

Read on to find an actionable checklist of improvements you can make across three categories:

• Remote workforce enablement
• Cash flow support
• Reduced cost structure
Remote workforce enablement

1. GROW ELECTRONIC INVOICING to reduce reliance on in-office printing

2. PROMOTE ELECTRONIC PAYMENTS to stop slowdowns due to paper checks getting stuck in the mail

3. AUTOMATE CREDIT APPLICATION FORMS to quickly collect all necessary information in one place and to make collaboration easier

4. LEVERAGE SMART COLLECTIONS TOOLS that use automated email contacts to reduce calls made to empty offices

5. HOST SELF-SERVICE PORTALS to reduce the need to answer incoming invoicing and payments calls

6. LAUNCH ROBUST WEBSTORES and mobile webstore apps to allow customers to order remotely and reduce call pressure on staff
2 Cash flow support

- **Open new payment channels** to collect payments that might otherwise go delinquent
- **Invoice faster with ePresentment** and realize payments faster
- **Apply cash more quickly and accurately** with cash application automation
- **Use smart credit management tools** to make better and faster credit decisions and speed the sales cycle while reducing delinquency
- **Give collectors smart tools** that help them collect faster
Cut down on cost structure

- **LEVERAGE PAYMENTS NETWORKS** and accounts receivable automation to reduce interchange fees on credit card payments
- **SAVE RESOURCES** dedicated to keying into AP portals with account receivable automation
- **STABILIZE LABOR COSTS** with automation across the order-to-cash cycle
- **INCREASE CASH FLOW** with more efficient processes to reduce the costs of financing working capital.
- **REDUCING PRINTING AND MAILING COSTS** with ePresentment
How Billtrust solutions aid digital transformation

**Credit**
Enable customers to quickly buy more while reducing your overall credit risk through multiple data sources, AI-powered recommendations and an automated credit application process.

**Invoicing**
Deliver invoices the way your customers want them while lowering costs, driving electronic invoice acceptance and accelerating the path to payment.

**Business Payments Network**
Business Payments Network (BPN) makes accepting electronic payments easy. Remittance is automatically gathered, consolidated and delivered to your ERP.

**Collections**
Nurture your entire receivables portfolio with automated contacts, best-in-class policies and smart daily task lists that guide efficient collections management activities.

**eCommerce**
Meet your customers in the B2B eCommerce marketplace with a highly configurable webstore and mobile app.

**Payments**
Easily accept your customers’ preferred payment methods, leveraging our technology to save on interchange fees and other costs.

**Cash Application**
Realize higher match-rate accuracy through a configurable, secure and automated approach to customer payment application.

**Services**
Optimize the performance of your Billtrust solutions through superior software implementation and best-in-class customer support.
Conclusion

The COVID-19 crisis looks to be a long-lasting one, but its impacts on the world and the way we do business will be longer lasting still.

The companies that embrace digital transformation now are not just ensuring their business continuity during the time of COVID-19, they are leading into the future – a future of greater integration with digital systems, enhanced flexibility for changing processes and greater efficiencies delivered by cutting-edge technology.

To learn more about how you can put your company on the path to assured business continuity through digital transformation, reach out to sales@billtrust.com.