

The Evolution of Order-to-Cash

Billtrust Global Order-to-Cash Study



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In This InfoBrief

Cash flow has reemerged as the top concern for most businesses — especially those organizations in the mid-market. Traditionally, many of these businesses have had trouble accessing capital markets and securing financing at the same rate as their larger counterparts. Many mid-market businesses are also operating with less cash reserves than larger businesses. The order-to-cash (OTC) process has been elevated in importance as a result.

Key findings:

- ✓ The urgency of OTC is clear and powerful based on a survey IDC conducted of 622 business executives and sponsored by Billtrust. The survey shows that **77% of respondents agree that digital transformation across the order-to-cash process is critical to the survival of the organization.**
- ✓ There are still many companies that have not managed to make it to the connected stage of maturity. In fact, **Only 15% of respondents have a connected order-to-cash process based on real-time data.**
- ✓ Manual processes have a direct impact on a business' bottom line, as indicated by survey respondents. Indeed, **94% of respondents say that manual OTC processes would have negative impacts on the bottom line of their businesses.**



Billtrust Global Order-to-Cash Study

Demographics (Sample size = 622)

Job Role



Director
51%



Manager of business
24%



C-Suite
9%



VP/
Senior VP
15%

Company Size



150-499 employees
19%



500-999 employees
31%



1,000-4,999 employees
29%



5,000+ employees
21%

Industry



Financial services
15%



Manufacturing
10%



Life science
3%



Oil and gas
4%



Retail
7%



Wholesale distribution
4%



Professional services
2%



Construction
9%



Utilities
5%



Healthcare
5%



Government
1%



Hospitality and food service
1%

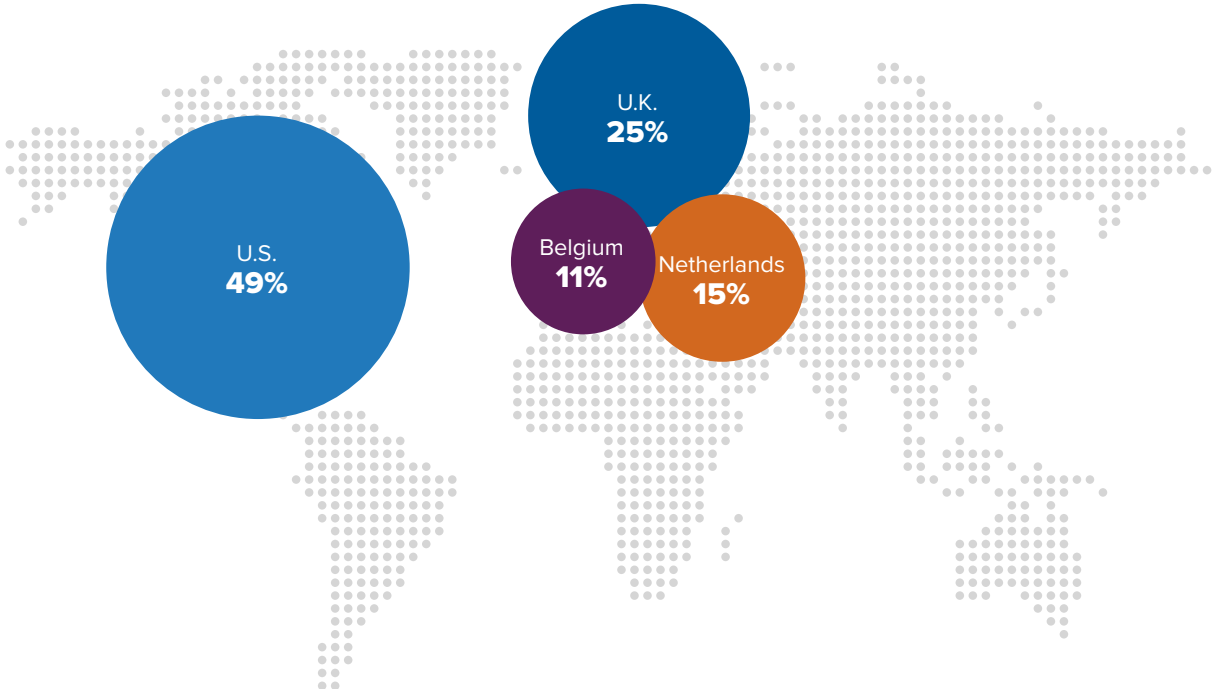


Technology vendor
4%



Education
5%

Region



Digital OTC Trends

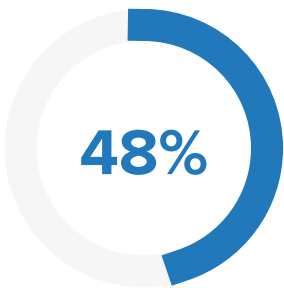
- ✓ **Growing convergence of accounts receivable (AR) and accounts payable (AP)**
OTC touches several important functions including accounts payable, treasury, and sales.
- ✓ **Rising integrated digital payments capabilities**
Corporate payments continue to be a huge pain point for AR managers.
- ✓ **Increasing focus on data security**
Security has become a multifaceted issue due to the rise of cybersecurity threats.
- ✓ **Enabling more predictive features**
Essential capabilities can establish current cash position.
- ✓ **Providing more lending/financing capabilities**
Businesses see factoring to tap into unused/unapplied funds.



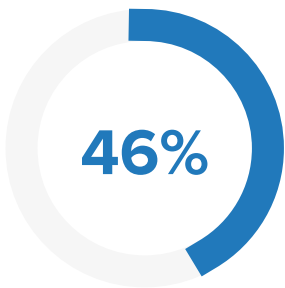
Uncertainty Impacts All Businesses

Inflation, supply chain disruption and shifting geopolitical sands all have come together to form the storms of disruption for today's businesses. Unfortunately, the uncertainty is not expected to abate anytime soon.

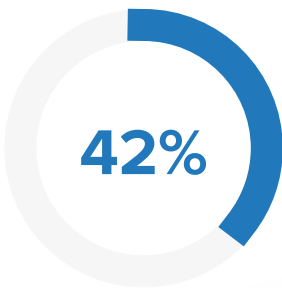
What are the most important factors influencing the order-to-cash (OTC) function for your organization?



Inflation pressure



Focus on financial resiliency



Increasing unreliability of supply chain



Office of the CFO Is Changing

The role of today's CFO is rapidly changing and expanding. While cash management and cash forecasting continue to be strategic priorities, CFOs are also increasing their focus on supply chain finance, insurance, and commodities. However, many financial leaders find themselves working with the same number of resources.

Among respondents, **90% agree that an impending economic downturn and the current economic uncertainty has "significantly" elevated the CFO's importance to the organization.** Regionally, both the U.S. and EMEA hover around 90% regarding their level of agreement to the elevated importance of the CFO.



44% OF SURVEY RESPONDENTS

have changed major aspects of their order-to-cash process over the past 24 months.

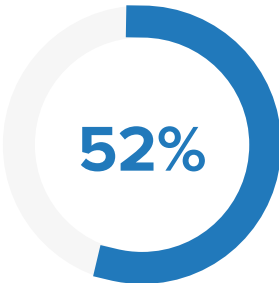
Regionally, **37% of U.S. respondents** have changed major aspects of their OTC process in the past 24 months **versus just over 50% of EMEA respondents.**

A Deeper Look into OTC

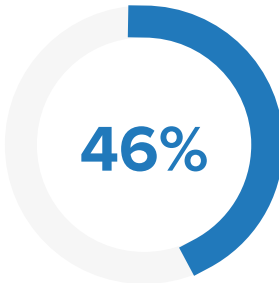
While we have seen unprecedented levels of disruption over the past 24 months, all indications point to even more turmoil on the near horizon.

As a result, businesses are taking a more aggressive approach to accounts receivable. The functions below are related to accounts receivable and are indicative of a level of transformation within OTC.

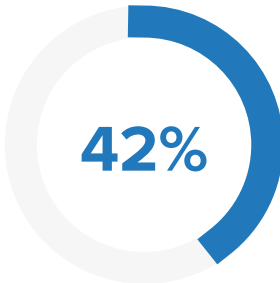
OTC Areas Undergoing Most Change Over the Past 24 Months



Payment management



Invoicing and billing



Order management

OTC Areas Undergoing Most Change Over the Past 24 Months by Region

% of respondents	U.S.	EMEA
Order management	43%	40%
Credit management	39%	46%
Invoicing/billing	48%	44%
Collections	37%	33%
Deductions/disputes	29%	19%
Cash application	36%	40%
Payment management	50%	54%

Cash Management Is Paramount

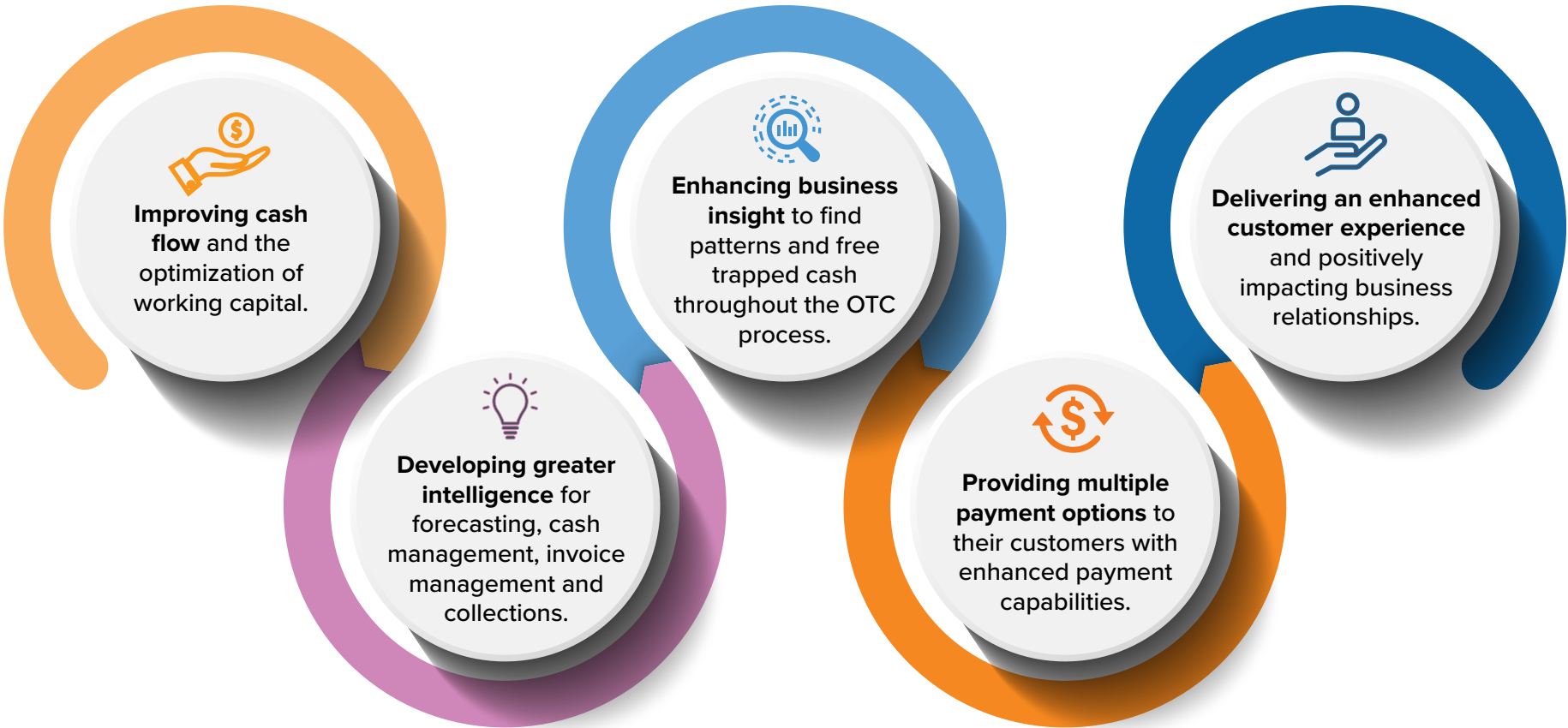
CFOs are routinely asked to answer broad questions in real time. Accurately determining cash/liquidity in real time can be exceedingly difficult for complex companies. The urgency of OTC is evident from the research findings.

17% of invoices on average are sent to customers that are paid after the payment due date.

77% of respondents agree that “digital transformation across our order-to-cash process is critical to the survival of our organization.”

The Potential Benefits of Advanced OTC Software

Financial leaders must be more strategic by having the ability to look at OTC data and trends that impact key performance indicators. Here are a few of the benefits users can expect from a modernized OTC platform:



Account Receivables Professionals Are Burdened by Many OTC Challenges

Critical functions are often mired by legacy systems and processes.



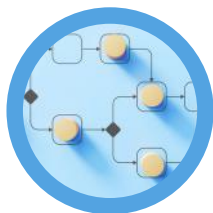
Data Management

AR managers have multiple separate data sources. [e.g.,] ERP systems, bank lockboxes, commerce sites, spreadsheets); organizations struggle to match payments to invoices for bank reconciliation, reporting and so forth. Disparate data hinders CFOs in getting timely information.



Time Management

AR managers often find themselves spending precious time putting out fires instead of focusing on strategic activities and high-value clients. Managers should spend their time to build maintain good relationship with the client.



Process Management

AR managers often are overloaded with process-level tasks like constantly having to resend copies of invoices. These often-manual repetitive tasks are typically subject to human error which elevates the risk of audits and fraud.



Customer Management

AR managers play a role in the overall customer experience. Bad experiences can have dire negative impact. A good experience can promote customer retention and can even become a potentially powerful competitive differentiator.



Cash Management

A high volume of cash and check payments burdens AR teams that must reconcile payment that arrives with little to no remittance information in a process that is often manual and highly labor-intensive.



Payment Management

AR departments do offer a wide variety of payment types. Coping with issues like security and PCI compliance complicate matters for many companies which can hinder them from adding more payment capabilities.

Legacy Approach to OTC Persists

Many organizations have inefficient OTC processes.

There are still many companies that haven't managed to make it to the connected stage of maturity. **Only 15% of respondents have a connected order-to-cash process based on real-time data** — even fewer among larger companies, with less than 10% of respondents from companies with more than 5,000 employees saying they have a connected order-to-cash process.

From a regional perspective, both EMEA (16%) and the U.S. (15%) have respondents from companies that have disconnected OTC processes, indicating that this is a common pain point in both regions.

Manual processes have a direct impact on a business's bottom line and many of the survey respondents agree. In fact, **94% of respondents indicated that manual OTC processes have negative impacts on the bottom line of their business.** This sentiment is similar across regions with EMEA (96%) slightly more pessimistic about the use of manual OTC processes.

EMEA respondents were nearly twice as likely (EMEA 60% vs. U.S. 37%) to say that difficulties in eliminating invoice errors caused by manual data entry have a significantly negative impact on the bottom line.



Shifting to an Intelligent OTC Mindset

Functional: Consumed with the day to-day operation of the AR and treasury department.

Manual: Workflows are filled with tedious, heavily-manual AR processes.

Disconnected: AR management is isolated from other related financial functions.

Reactive: AR is handcuffed by daily operations and unable to look beyond the crisis of the day.

Operational focus: “Bean-counting” with a focus on the efficiency of the department.

Strategic: AR can focus on higher level tasks like working capital management and cash forecasting.

Automated: Low-level processes are enhanced by AI-based automation.

Connected: AR is connected to other related financial functions like sales, AP and procurement.

Predictive: AR can look beyond today with AI-driven insights.

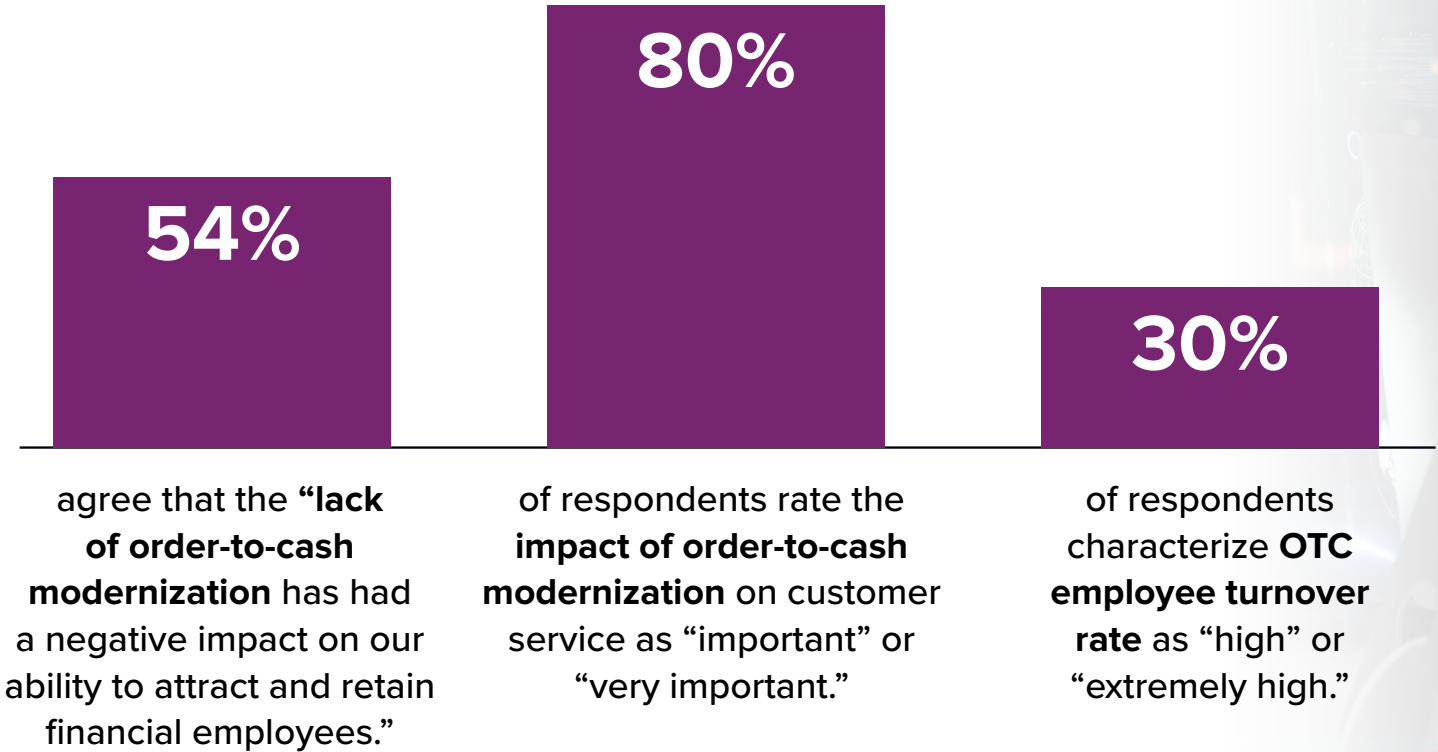
Customer focus: AR is actively finding ways to improve the customer experience.

Technologies Shaping the OTC Future

Technologies driving DX:

- ✓ **Machine learning.** Use ML to tackle OCR for billing, and cash applications
- ✓ **Automated workflows.** Automate reconciling discrepancies, credit request, and dunning.
- ✓ **Virtual assistants.** Augment and even automate many of these lower-level tasks.
- ✓ **Analytics.** Increase forecast accuracy and data analysis.
- ✓ **Application programming interfaces (APIs).** Enable developers and managers to connect disparate systems.

OTC Transformation Impacts Employee Experience



agree that the “**lack of order-to-cash modernization**” has had a negative impact on our ability to attract and retain financial employees.”

of respondents rate the **impact of order-to-cash modernization** on customer service as “important” or “very important.”

of respondents characterize **OTC employee turnover rate** as “high” or “extremely high.”



What to Look for in an OTC Provider

- ✓ **Cloud first.** The unprecedented uncertainty has revealed the importance of cloud technology. The anytime, anywhere access allows businesses to be flexible and agile to cope with rapidly changing business dynamics.
- ✓ **Data security.** Security has become a multifaceted issue because of the amount of sensitive data that is stored and shared with payees and government agencies through varying delivery channels.
- ✓ **Scalability and flexibility.** Software vendors in this market must demonstrate that they are building a solution that is ready for today's business hurdles and for tomorrow's technology challenges.
- ✓ **Innovation.** Users must strongly consider a vendor with investments in technology advances like machine learning and artificial intelligence to support critical functions, including the collection and analysis of relevant data to expose possible areas of risk/exposure.

About the IDC Analyst



Kevin Permenter

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As a research director, Kevin M. Permenter provides insights and analysis across multiple Fintech market segments including accounting, corporate tax, accounts payable, accounts receivable, and treasury. Kevin leads qualitative research efforts which drive a series of buyer-focused documents and quantitative research efforts for technology supplier documents. His research includes the interplay, challenges, and trends driving software deployment and its role in the evolution of the complex financial technology ecosystem.

[More about Kevin Permenter](#)

Message from the Sponsor



Finance leaders turn to Billtrust to control costs, accelerate cash flow and improve customer satisfaction.

As a B2B order-to-cash software and digital payments market leader, we help the world's leading brands get paid faster while transitioning from expensive paper invoicing and check acceptance to efficient electronic billing and payments. With over 2,600 global customers and more than \$1 trillion invoice dollars processed, Billtrust delivers business value through deep industry expertise and a culture relentlessly focused on meaningful customer outcomes.

Billtrust can help you solve your AR challenges.

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