Analyst Perspective

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Billtrust Automates Receivables to Speed the Cash Cycle

[Billtrust](#) software manages the full accounts receivable (A/R) cycle, from invoicing to payments, to increase the productivity of the A/R staff while providing customers with a better experience and reducing frictions in their order-to-pay motions. The company's unified A/R software supports credit application automation, invoice delivery, collections, cash application, payment management and a business payments network (BPN).

Accounts receivable software directly addresses a core issue confronting many finance department executives today: Productivity. The U.S. Bureau of Labor statistics report that 17% of accountants retired or resigned in the 2020-22 period, cutting the available workforce, and the decline in college students choosing an accounting major suggests it will be some time before that drop will be addressed by fresh talent. In the past, executives could deal with their workload requirements by hiring more people or engaging temporary workers. They would focus on process efficiency to squeeze more output from the time available. With less talent accessible, and increasingly expensive, this has become the wrong strategy for most organizations. However, I am skeptical that A/R automation will get the attention it deserves because historically managements have not deemed it a priority. Ventana Research asserts that by 2027, only one-third of larger enterprises will consistently manage order-to-cash end-to-end, but those that do will outperform competitors.

Order-to-Cash
Market Assertion

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Since efficiency is no longer as useful a strategy as it once was, and because a shortage of accountants has raised average salaries, finance departments must turn to technology to digitally transform their core processes and achieve greater productivity to minimize administration costs. They can achieve this by organizing work around end-to-end processes rather than siloed steps while automating repetitive rote functions, streamlining actions and

eliminating the need to perform unproductive process steps. Conceiving A/R processes through a customer-centric lens also helps organizations become "easy to do business with."

For sellers, the customer life cycle typically begins with a credit application. Billtrust's Credit Applications securely collects and centralizes the buyer's credit information to make more efficient and potentially less risky credit decisions with a consistent and high degree of transparency. It improves staff productivity by setting up auto-approvals where, based on the seller's requirements, evidence shows that no intervention is required. To accelerate customer onboarding, the system requests trade references to speed follow-ups and sends reminders to customers who haven't completed their application. Data collected in the process can be sent automatically to an organization's ERP and other systems to create an authoritative customer record.

In the very old days, hand-typed invoices would be dropped in the mail. Today, the information related to the invoice is assembled in an ERP or financial management system and either printed out or made available in a portal for customers. A/R systems automate and simplify the process of delivering that invoice to customers. Increasingly, a portal makes it possible for the A/R team to monitor the status of invoices, track their delivery and manage disputes on an item-by-item basis. Customers can use the A/R portal to view their invoices in detail, communicate directly with the seller and manage their payments and payment method. For their part, customers increasingly use an accounts payable (A/P) portal to reduce purchasing-related costs. One potential advantage of using a dedicated A/R system is its ability to integrate with the wide range of A/P portals that the customer might be using. Billtrust offers integration with over 200 of the leading A/P portals, which eliminates the need for A/R to enter data into those systems manually. For paper bills, Billtrust offers a paper-based billing service that can cut production and delivery costs.

An important measure of business software design is how it handles exceptions from the norm. Timely receipt of payments is important for the liquidity of an organization, and while it's likely that most customers will pay on time, that's not always the case. The old-fashioned approach to receivable collections is sending a communication a certain number of days past when payment was due and dunning customers until the payment is resolved. These communications often were a one-size-fits-all standard approach, which might not reflect the importance of the customer or take into account issues such as disputed amounts or defective goods. Billtrust provides the basics of automating collections workflows, monitoring A/R aging trends and reporting, but also makes it possible to customize messages to provide a positive customer experience.

The company's payment facility enables straight-through processing of all forms of payments, including paper checks, automated clearing house (ACH) payments, credit card via email and A/P portals. Reducing frictions in handling payments speeds cash flows, boosts productivity and can reduce costs. It also complements cash application motions that automate the matching of payments to invoices to make the process more productive. Further, it ensures that customers can use their full credit line instead of having purchases held up because

already-received funds were not immediately matched to outstanding balances. Its BPN manages invoicing and payments, delivering invoices electronically to a wide range of A/P portals to speed their delivery and enable monitoring of their status. It also offers a BPN card to streamline payments.

Organizations have multiple options to organize their A/R functions, including maintaining the status quo. However, finance and accounting executives must find ways to boost department productivity where they can. End-to-end A/R automation offers an opportunity to apply technology to eliminate the need for staff to do low-value work, as well as reduce errors and bottlenecks in processes, by having computers do what they do best. Ventana Research recommends that CFOs, Controllers and Chief Accounting Officers assess their opportunity to gain productivity and accelerate their cash cycle by harnessing available, affordable technology. They should consider managing the A/R process end-to-end to achieve full benefit from automation. I recommend they evaluate Billtrust for this role.

Regards,

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To read more perspectives by Rob, visit https://robertkugel.ventanaresearch.com/

Robert Kugel – Executive Director, Business Research
Robert Kugel leads business software research for Ventana Research, now part of ISG. His team covers technology and applications spanning front- and back-office enterprise functions, and he personally runs the Office of Finance area of expertise. Rob is a CFA charter holder and a published author and thought leader on integrated business planning (IBP).