

Smarter machines: Better cash application accuracy using AI and machine learning

Companies that approach this process with strategic goals in mind gain considerable advantages over those that do not. While it's important for a business to recognize the opportunity to reduce costs involved in the order-to-cash process, the benefits go much further.



It's all about AI nowadays:

- Do you use ChatGPT, Siri, Google Bard, or Alexa to get information?
- Do you get Netflix recommendations based on the content you watched?
- Does your smart thermostat automatically keep your house comfortable?

If you answered yes to any of these, you've used some form of artificial intelligence (AI) or machine learning. These technologies are being used to help businesses automate processes, increase customer satisfaction and make smarter decisions.

If you haven't brought automation technology into your business, there's a huge opportunity for you to increase efficiency and accuracy within your organization while providing a better customer experience.

Let's first understand what AI really means.

AI 101: Key terms and concepts

Numerous AI-related terms can seem daunting to newcomers in the field. It's essential to comprehend key terms like Robotic Process Automation, artificial intelligence, machine learning, neural networks, and others to establish a foundational understanding of AI and its potential uses.

— Robotic Process Automation

Robotic Process Automation (RPA) is a technology designed to automate repetitive, non-cognitive tasks without human intervention. It utilizes virtual software robots in conjunction with artificial intelligence (AI) to extract and process data from IT systems. RPA is particularly beneficial for automating high-volume, low-complexity, rule-based tasks such as data extraction, form filling, and file transfers. For many companies, RPA acts as a preliminary stage in the journey towards embracing Artificial Intelligence.

— Artificial Intelligence

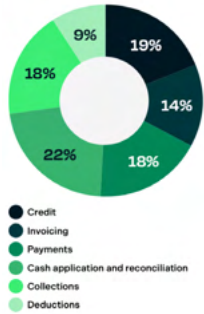
AI enables machines to replicate human thinking and problem-solving capabilities. Unlike RPA, which

follows predefined rules and actions, AI can recognize patterns, learn from data, improve past results, and make future predictions. RPA has limited scope for improvement and optimization, whereas AI's capacity for growth and enhancement is substantial. RPA is process-driven, while AI is data-driven, allowing it to adapt actions and outcomes based on changes in performance data.

— Machine learning

AI increasingly relies on vast amounts of data known as big data and data analytics to enhance machine learning (ML) models, enabling them to predict and perform automated tasks without human intervention. Machine learning emulates human learning by utilizing data and computer algorithms to continually improve accuracy through experience. It empowers computers to learn, make predictions, and decisions autonomously. Most recent advancements in AI revolve around machine learning.

AR STAFF TIME ALLOCATION



It's time for smarter AR technology

At the end of every month, cash application departments across the country are deluged by payments. The money is in, but until the manual task of tracking down remittance data and applying cash is complete, company credit is tied up and business slows down.

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.

Traditionally, AR teams handle invoicing and payments as a series of separate tasks:

- Print invoices, stuff them into envelopes and mail them to “paper” customers
- Email invoices to any customers willing to get them electronically
- Open envelopes and deposit checks that trickle in
- Collect lockbox, credit card and ACH payments
- Manually match payments with open invoices
- Answer the phone calls regarding customer queries and issues
- Resend lost invoices and track down misapplied payments

The smart solution

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.

Accuracy that can't be matched by humans

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, Cash Application can automatically pull remittance data from emails as well as third-party AP portals and self-service portals.

The smart solution

Cash Application is mission critical and we've created a seamless software solution for every scenario. Billtrust Cash Application automates the process of applying payments from multiple sources quickly and accurately to accelerate cash flow.

When you implement Billtrust Cash Application, your entire team becomes more efficient and can focus on strategic initiatives as you increase the speed of cash flow back into your business.

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