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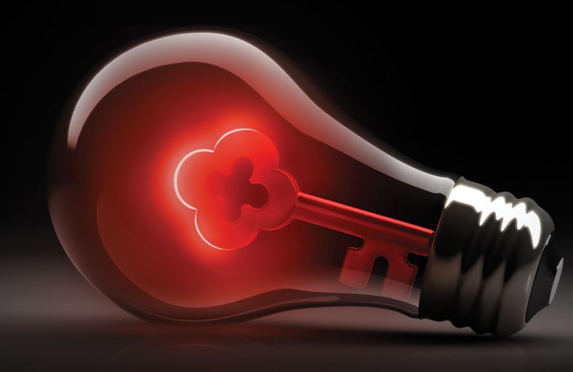


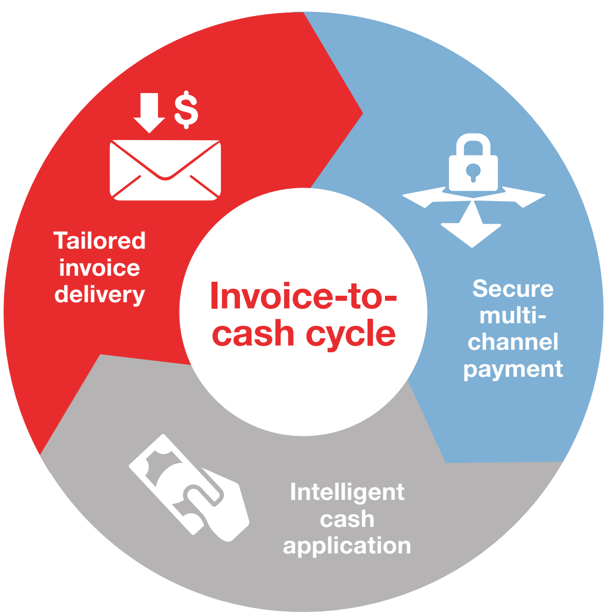
Invoice-to-cash best practices study

In order to identify best practices for the invoice-to-cash process, thorough research was conducted.* In 2015, Billtrust® organized in-depth interviews with senior-level finance, shared services, credit and IT executives. Participating companies were large/mid-cap across a wide range of industries.

They asked if the invoice-to-cash process was a strategic corporate undertaking. Ninety percent of the executives who participated in the survey say it was.

The study results showed that the majority of executives embrace Accounts Receivable (AR) Automation, which focuses on accelerating the invoice-to-cash process. AR Automation is all about automating three key areas: invoice delivery, invoice payment and cash application.

The imperative to accelerate invoice-to-cash and enjoy the coveted benefits requires a process that has three core characteristics:



Key takeaways

Ninety percent of the executives surveyed said the invoice-to-cash process was a strategic corporate undertaking.

Results showed that the majority of executives embrace AR Automation.

Reducing days sales outstanding (DSO) was cited as the most important invoice-to-cash metric.

Tailored invoice delivery

Your customers want choices in how they pay you. By providing flexible options for how they receive invoices and make payments, you can satisfy customers and get paid faster.

Intelligent cash application

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. Automating this process from end to end with intelligent cash application cuts costs and shaves days off days sales outstanding (DSO).

Secure multichannel payment

The quickest way to present invoices and get paid is via electronic channels. The greater the percentage of buyers who transact electronically, the greater the positive impact on DSO.

Key metrics executives measure

What kind of metrics do executives actively track as part of their invoice-to-cash cycle? For starters, reducing DSO was cited as the highest priority among 53% of the respondents. It's easy to see why. A reduction in DSO delivers an immediate, quantifiable dividend. DSO reduction is an important metric that can improve a business's financial picture—without making changes to its revenue or cost structures.

For a third of respondents, "closing the books on time" is of primary importance. Another 27% cited "minimizing matching errors" (in cash application) as a key metric.

What are the most important invoice-to-cash metrics?

Reducing DSO

Closing the books on time

Minimizing matching errors

Lowering invoice costs

Speeding invoice delivery

Ranking invoice-to-cash capabilities

The study queried executives on the broader issue of identifying the most important capabilities for an AR Automation solution. Listed below are key factors cited:

- Ability to reduce DSO/improve cash flow, which translates into immediate cash savings and the ability to improve resource allocation.
- Cash application can be labor intensive—automate as much of the process as possible.
- Automation is more accurate, more reliable—ideally a single system with an end-to-end perspective.
- Invoice-to-cash systems with many disparate applications cobbled together are unpopular.
- Providing customers with payment channels that accommodate their preferences helps ensure retention and good relations.

The role of automation in DSO reduction

Among companies that have automated invoice-to-cash, 84% have achieved a DSO reduction ranging from one to 13 days.

DSO is affected by many factors, but there are five features of AR Automation that can shorten DSO. These are especially powerful when deployed in combination.

1 to 13 days → **84%**
DSO reduction

DSO and invoice-to-cash

Timing of invoice delivery

Faster delivery correlates with faster payments.

Timing of inbound payments

Electronic payments received sooner than paper checks.

Manage disputes and short payments

Faster visibility into disputes allows for faster reconciliation.

Customer self-service

The more buyers have 24/7 access to the invoicing process, the more they can do for themselves.

Cash application timing and accuracy

Achieve a high rate of same-day posting with automation.

Start reaping the benefits of the invoice-to-cash process

Automating and accelerating invoice-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.

To learn more about best practices for automating your invoice-to-cash process, contact your Payments Advisor.

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*Billtrust® *Invoice-to-Cash Best Practices Study,* Billtrust.com, 2015, Chicago.

Billtrust Quantum provides payment cycle management solutions to automate the invoice-to-cash process. By integrating invoice delivery, invoice payment, and cash application, Billtrust delivers a flexible, cloud-based solution to accelerate cash flow and drive higher operational efficiency. Billtrust is a registered trademark of Factor Systems, Inc.