



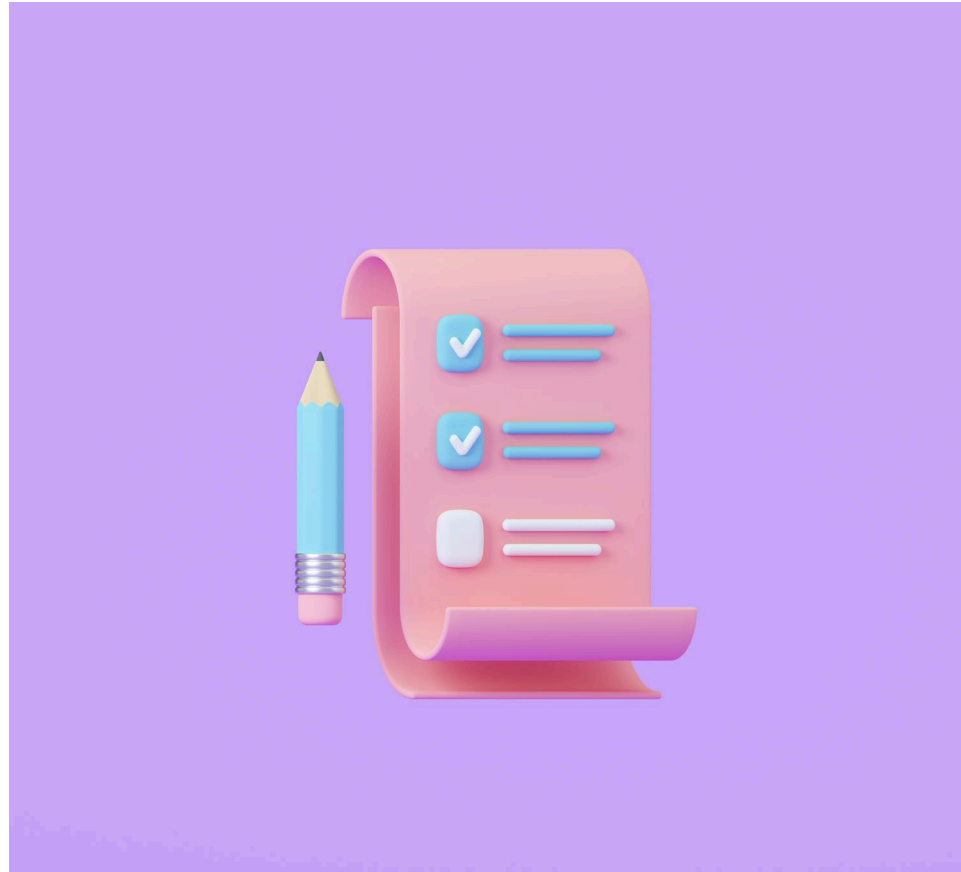
Automation Journey for Credit & A/R Professionals

CMA- Webinar August 14, 2024

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## TODAY'S AGENDA

- Context around automation in Revenue Cycle- Credit to Cash, Invoice to Cash
- Where to begin
- Steps for Management support
- Things to consider
- Thinking about Implementation
- Measuring success



## WHAT IS DRIVING AUTOMATION INTERNALLY

- CFOs are focused on evaluating AI opportunities, improving efficiency and productivity through automation and generative AI, increasing collaboration throughout the business, providing a strong financial base in terms of cash flow and liquidity, and more. *"CFO Priorities for 2024 " Oracle website, May 15, 2024*
- In 2024, CFOs will place high importance on leading transformation projects, with a special emphasis on digital transformation inside their organizational frameworks. In today's business environment, digital transformation is not simply a catchphrase; it is a necessary component for staying competitive. *" LinkedIn, Top 7 Finance Trends and Priorities for CFOs in 2024"*
- 58% of CFOs say they are spending more time on tech investment and implementation, *"PWC June 2024 Pulse Survey"*



## CFOs dedicate time to a strong finance, tech foundation



to



\*Note: Showing 7 choices out of 11 options.

Q: Compared to a year ago, how much time are you dedicating to the following? (Response to 'More'.)

Source: PwC Pulse Survey, June 11, 2024 base of 673, CFO base of 84

## ROLE OF CREDIT & A/R



As Credit & A/R professionals you can and in most cases impact most of the priority items that CFOs are focused on.



Your A/R reporting and Credit Risk Assessment support the first bar of Financial Planning & Analysis



Increasing efficiency in your department and for your team members supports the Business Performance Management



Recommending Credit to Cash specific tools to senior management addresses technology investment



Compliance, Financial Reporting and Risk Management are all part of the Credit & A/R mandate



## WHERE TO BEGIN

A few different approaches to consider

- Schedule time with Senior management and ASK them what is a pain point or a goal for them that you can help with
- Choose your OWN pain point and identify what is the most troublesome or where are you and your team spending most of your time
- What are the biggest time wasting or frustrating tasks that are part of your responsibility
- What is your wish list ? When do you find yourself saying " If I only had....."
- Conduct a Process Flow Analysis of all the tasks that you are responsible for. Who performs those tasks and where could their skills or talents be applied if some tasks were automated or simplified



## ADD VALUE

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OR maybe it isn't ALL about time savings or cutting costs but about adding value to the organization ( Speed to Value)

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Making the Credit & A/R team a part of business decisions and strategic planning and not just a necessary task of managing risk and collecting past due invoices

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Providing additional perspective regarding customer behavior using payment habits

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Supporting growth initiatives by pre-screening a target customer base

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Helping sales identify untapped opportunities with good paying customers or customers with a great risk score but not using their credit line to its capacity



# AUTOMATION IDEAS TO CONSIDER

Credit to Cash or Invoice to Cash continuum

Digital/on-line Credit Application

Credit Investigation & approval process & communicating decisions

Credit review of existing customers/Segmenting by Credit Risk

Reporting on Credit Risk levels-communicating to senior management and sales

Past due Collections

Dispute or Deduction Resolution

Claims, Returns, Rebates, Damages-communication with many departments and teams

Reporting on A/R performance

Cash Applications

Payment processing





# THE EXTRAS



CUSTOMER MASTER  
INFORMATION- LEGAL  
NAME



TAX  
CERTIFICATE REQUESTS  
AND TRACKING



UCC FILINGS-  
LIEN TRACKING



OTHER SECURITY DOCS



SPECIAL  
TERMS/CONTRACT  
REVIEW



CREDIT CARD  
SURCHARGING



BAD DEBT RESERVE



SUPPLIER- VENDOR  
EVALUATION

## DECISIONS TO MAKE



Begin the window shopping process and educate yourself on products, pricing, support, etc

Can you accomplish automation with internal tools or IT resources?

Do you need an outside vendor but internal IT support?

Can you accomplish the goals with just an outside party?

Do you have team members with special skills that write a bot code or create an algorithm?

Choose a task or a process from start to finish and set a timeline



## TYPES OF SOLUTIONS



Task oriented software- credit apps, tax certificates, automated credit decisions, self- serve payment portals, electronic invoicing ( EIPP)



Bots- RPA- auto collection reminders, phone calls and emails, uploading invoices to portals, retrieving remittance information, retrieving partial payment, deduction documents, retrieving shipping info, POD, Bill of Lading, filing liens, ucc filings, etc.



Full Credit to Cash or Order to Cash software- to automate the credit approval process or automate the collections process or combine both and use Credit Scores to prioritize collections



AI-Machine Learning to apply logic to auto-cash posting ( this can be done in house or external vendors)



Natural Language Models ( Chat GPT or Bard) to auto- create collections reminders

## MAKE YOUR CASE



Present your Proposal for automation



Choose your focus, establish what the issues and metrics are NOW



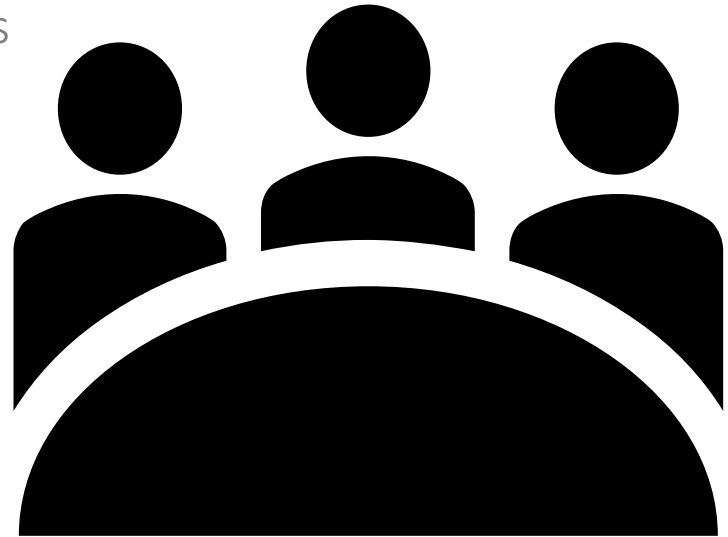
Explain the value, cost savings, efficiency, reduce risk, accelerate payments, better customer service, less manual errors, etc



Set timeline and cost or resources required

# CHANGE MANAGEMENT

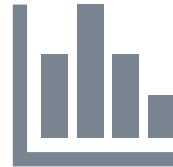
- Establish a change management plan/ High Level Project Plan
  - Who needs to be involved
  - Who will be the project champion
  - Internal communication if it will require other departments
  - External communication, how will you tell customers
  - Backup plan if something fails
  - Response to inquiries internal/external



# MEASURE, MEASURE, MEASURE



**Count and measure all of the steps in a process, hours to complete, number of team members involved in a task or process , etc**



**BEFORE, DURING and AFTER to prove results**



**Track and/ or REMIND everyone involved of the success stories:**

including increased communications,  
less human error,  
more time to focus on strategic customers,  
more support of company sales efforts, etc.

## MEASURE SUCCESS

88% of CFOs and other business executives say they struggle to capture value from their technology investments " *What's important to CFO's in 2024*" PWC.





## METRICS TO CONSIDER

**Speed to Value** -speed to value emphasizes the importance of delivering tangible results quickly and efficiently, thereby maximizing the return on investment and driving competitive advantage.

Rather than merely completing tasks or projects, organizations must prioritize delivering value to customers, stakeholders, and the business itself.

Success metrics can include a reduction in DSO or a higher Collection Effectiveness Index from the Collections team

It can be more customers received a reminder or phone call as opposed to just 80%

It can be a resource dedicated to cash app now has time to research partial payments and deductions

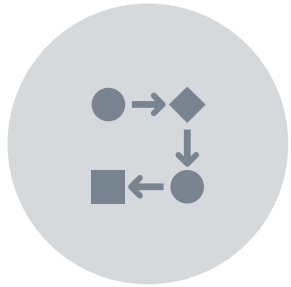
It can be a more pro-active credit review process on a regular basis.

Time savings can offer an opportunity to take on A/P, vendor credit reviews, more communication with sales to support the company's strategies





## SUMMARY



The automation Journey is a Journey, it is continuous search for improvement and efficiency gains



It requires you to be curious and aware that there may always be something new to learn or a new way of doing things



Lean on your credit groups, trade associations, educational opportunities for new ideas and make your voice heard internally.



Think like a business partner to your organization.



# QUESTIONS

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