



corcentric™

Automating Accounts Receivable

**How Accounts Receivable
teams can become more
efficient and improve cash
flow through automation.**

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Introduction

The accounts receivable team is rarely celebrated in the same way that sales teams are. Yet, their role in bringing cash into the business is absolutely central. Without the swift and accurate presentment of invoices to customers, cash flow would falter, hampering growth, creating instability, and choking the business.

But cash flow requires more than just getting the invoices out there quickly and accurately. The real value of the AR team comes through astute management of exceptions to the payment process, pre-empting payment problems, and addressing concerns quickly, before they slow the flow of cash into the business. Human qualities that require time and focus.

With almost 47 percent of B2B invoices¹ in Western Europe paid late and days sales outstanding (DSO) at 98 days in the same region, it's easy to see the potential for cash flow improvement. These figures have been worse since the Coronavirus pandemic, with 94 percent of businesses in Europe report lengthening DSO, but even before this there was considerable scope for improvement.

AR teams need to be empowered to solve payment problems and bring the cash into the business sooner. This white paper looks at common obstacles to this simple objective and how automation of AR processes is generating competitive advantage for a growing number of businesses.

The Status Quo: Accounts Receivable Challenges

Manual and repetitive invoicing processes are a daily challenge faced by many AR teams. It's still not uncommon to find members of the team dedicating hours each day to printing, sorting, folding, and preparing invoices for post. Even where invoicing is now electronic, there are often manual steps to generate and deliver these e-invoices.

The lockdowns resulting from the 2020 coronavirus pandemic forced many accounts receivable departments to swiftly embrace electronic invoicing, as a way to ensure invoices reached customers who were out of their offices. In some instances, this rush to e-invoicing resulted in cumbersome, manual processes for e-invoice production and delivery – such as saving each invoice as a PDF and manually attaching them to individual emails for distribution.

As more customers embrace [electronic invoice processing](#) in their

accounts payable departments, pressure builds on sellers to deliver invoices in electronic formats that can be processed automatically. Typically, this means either file transfer, direct connection (e.g. EDI), or manual upload to invoicing portals. The latter can become a significant bottleneck for invoice delivery and run the risk of copy-paste or re-keying errors. In an ideal world, much of this repetitive work would be handled automatically, freeing up AR teams to focus on areas that demand a personal touch and human problem-solving skills.

Beyond the daily requirement to deliver invoices, AR teams may need to supply payment status reports to management. In some cases, audits of payment histories are required. These challenges require AR teams to report accurately at scale, across broad invoicing histories.

AR teams need to keep well-indexed records, allowing easy access to related communications, in order to act on exceptions to the payment process and explain anomalies to auditors or higher management.

Furthermore, accounts receivable departments have had to adapt to operating with remote workforces, due to mandatory lockdowns and an overarching shift to more flexible working arrangements. While the shift has created change at an unprecedented pace, efficiency through automation has not necessarily been front-of-mind throughout these changes.

Automation for Business Efficiency

Automation is found throughout every successful business. Wherever there are repetitive or simply rule-driven tasks to complete, digital automation provides a more efficient and accurate approach.

The biggest threat to business is, often, wasted time. Eliminate the time wasted by skilled employees working on repetitive tasks by automating these tasks, and businesses can free employees to focus on their bigger objectives. This should be a mantra for success.

Automation not only eliminates wasted time, but presents a streamlined connection between electronic systems. Automating the production and delivery of invoices takes human error out of the equation, ensuring total accuracy of content and delivery. With 21.7 percent of late payments due to errors in invoice content or delivery², automation presents an obvious solution.

AR automation gets invoices to your customers quickly, accurately, and efficiently, with a positive impact on payment times while also driving

down DSO and reducing delinquency. Automation can stretch beyond invoicing though. Where late payers are identified, automated reminders, or statements, can be sent prior to the invoice deadline. Exception reports can be automatically generated and even follow-up calls can be automatically scheduled via integration with calendars or CRM systems.

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Objections to AR Automation

Given the opportunities for improved business efficiency through AR process automation, it's remarkable that many businesses have yet to capitalise on this innovation. One of the most common objections to automation is the value and business-critical nature of invoices. Many businesses are held back by the fear that something could go wrong with an automated system, critically affecting the associated cash flow. Yet this "if it ain't broke, don't fix it" attitude is what, in fact, holds back businesses.

How justified are these concerns, really? A vast percentage of business processes are already electronic. And plenty of these operate with rule-driven automation, bringing improvements in efficiency, as well as reliability gains.

The argument that invoices should be delivered personally is a flawed objection to the modernisation of AR. Automated delivery can present the appearance of being delivered from a specific individual, with as much personalisation as required.

With invoices being one of the most frequent touchpoints between supplier and buyer, it is a valid concern that they should be delivered in a professional and friendly manner, for the sake of good customer experience. However, it is misleading to think that such personalised customer service requires manual involvement. AR staff should only get involved to manage exceptions. Automating the delivery process means they can respond to exceptions more quickly and with greater focus.

Guaranteed Delivery and Total Visibility

When AR processes are automated, the delivery of documents can be assured. If a customer fails to open or click through to an invoice, resends can be sent automatically. When an invoice fails to be acknowledged in one format, the best automation systems can resend via a different format – even by post.

By virtue of automated and, therefore, electronic processes, it is possible to quickly access a total overview of invoicing status at every stage. In complex AR scenarios, filter criteria or access permission settings can enable review of payment performance for specific regions, divisions within the business, or sets of customers.

Greater control and timely intervention can be gained through real-time access to customer lists displaying invoicing status – from receipt of invoice, to whether they have read it, shown intent to pay, or have made partial or full payment.

Electronic Invoicing

Central to any AR automation project is the consideration of [electronic invoicing](#). Sending invoices electronically offers a range of benefits, stemming from the efficiency and visibility of electronic processes.

E-invoicing is a competitive advantage, facilitating automation of invoicing processes and exception handling, as well as enabling more direct integration with customers' payment systems through EDI and the direct delivery of invoices as structured data. E-invoicing has grown rapidly in popularity in recent years, with year-on-year growth estimated to be approximately 16 percent worldwide⁴.

Benefits of e-invoicing:

- + **Streamlined Working** – E-invoicing creates better financial efficiency through invoicing simplicity. Automate repetitive manual processes and free up accounts receivable teams to focus on more profitable activities. Make more efficient use of your employees' time.
- + **Guaranteed Delivery** – Electronic delivery does not require customers to be in their offices to receive and process invoices delivered by post. EDI or other structured data transfer can be used to deliver directly to customers' AP systems, bypassing manual uploads to invoicing portals.
- + **Improved Cash Flow** – Collecting money fast is always a major competitive edge. E-invoicing enables faster payments, with less hassle and delinquency. Businesses who use e-invoicing report faster payment of invoices, resulting in greater working capital and free cash flow, which enables business growth and increased financial stability.
- + **Cost Savings** – Electronic invoicing is reputed to save approximately €6.60 per invoice sent⁵. This huge cost saving is a result of the reduction in postage costs, paper consumption, manual handling of paper invoices, and the cost of equipment used in the printing and posting process.

+ **Easier Access** – Electronic invoices, and associated financial documents, can be stored securely online. Provide easy access for your customers to fulfil their own copy requests and you reduce call volumes to customer services teams. Online storage also aids internal document searching, retrieval, and performance analytics.

+ **More Control** – Implementing e-invoicing results in real-time visibility of invoicing status, including delivery and read notifications. Improved visibility provides insight that can be acted on, to support credit control in reducing late payments and disputes. When e-invoicing is integrated with credit collection software, businesses enable seamless and secure access to sensitive documents and messaging workflows, expediting credit collection.

+ **Auditing Simplicity** – Use an admin console to simplify search and analysis of electronic invoice files, making auditing easier and lower cost.

+ **Stress-free Compliance** – Electronic invoicing has grown fastest in regions where government mandates require its adoption for VAT compliance. For example, all B2B invoices sent in Brazil have to be in electronic format. The EU directive 2014/55/EU has ushered in e-invoicing as the standard for public sector

procurement. In recent years, countries such as Italy have gone even further, requiring e-invoicing for all B2B transactions too. Electronic storage is a more practical solution when invoices need to be stored from 5 to 10 years to meet legal requirements. E-invoicing can be used to achieve VAT compliance through digital signatures and online record keeping.

Invoicing Beyond an ERP System

ERP systems, typically robust and reliable systems capable of handling a broad range of demands, are central

to many business processes. However, the work required to extend an ERP system beyond its intended remit, into the realm of electronic invoicing,

can be prohibitively expensive and time-consuming. Few businesses could survive the risk of invoicing complications, cash-flow disruption, or systems downtime this is likely to involve.

As a best practice, businesses should be oriented toward taking information from an ERP system and merging that with additional data sources where required in order to deliver a flawless billing process. This process should include support for a vast range of invoice delivery rules and automated exception handling.

“

Electronic invoicing is reputed to save approximately €6.60 per invoice sent.

SOURCE: Billentis e-invoicing Journey 2019-2025

The most direct way to achieve an effective rollout would be through aligning with a partner that can provide these capabilities via a solution and service layer that integrates with existing ERP systems. An e-invoicing solution that builds on the ERP system's capabilities should automate invoice generation and delivery in a broad range of formats. You'll want to support the broad range of EDI and XML standards to connect with any network requirements or AP systems.

More information about extending invoicing beyond an ERP system can be found [here](#).

Working with a Diversifying Market

Although there is plenty of talk about standardisation of electronic invoices, the reality is an increasing global diversity of standards. Working within specific regions or industries will often require adherence to specific standards for invoice content, layout, and even delivery mechanisms.

In the EU, since EU Directive 2014/55/ EU was transposed into law, many countries have their own [specific electronic requirements](#) for invoice delivery in the public sector. In Italy, these mandatory e-invoicing requirements apply to both B2G and B2B sectors. Other countries are likely to follow Italy's lead and roll out similar B2B requirements over the next few years.

In some markets, businesses are encouraged to join a Value-Added Network (or VAN). However, subscription to a specific VAN can limit the flexibility in invoicing, making it harder to do business with partners outside of that chosen network. In many industries, there are multiple competing VANs. The resulting growth of 'payment portals' often means that AR teams need to present invoices by logging in to multiple portals and manually keying in invoicing details for each customer.

With the right AR automation process, it is possible to remove the manual

connection and keying of invoices, thus automating the process through use of EDI.

When evaluating AR automation solutions, consider carefully whether they will work fluidly across regions, networks, and variations within industries. Taking an approach which emphasises flexibility, routed in the centralised generation and management of invoices, will ensure you can meet all of your customers' requirements, however these evolve in the future.

Improving Cash Flow through AR Automation

Responsible for bringing the cash to the business, the accounts receivable function is where some of the biggest impacts on cash flow can be made. This becomes more apparent when looking at factors negatively impacting cash flow. Typical reasons for late payment include 'bureaucratic payment systems' where human interaction causes delays in invoicing, through to inaccuracies such as sending invoices to the wrong person or including incorrect information. According to Atradius², the last two points account for almost 22 percent of all late payment reasons in the UK.

In the previously mentioned Forbes article, about improving cash flow, one of the key points was to collect

invoices that are past due. There is an implication that, in a B2B context, slow-paying customers are effectively using you to fund their own operations.

Late payment of invoices isn't always down to an intentional extension of payment timeframe though; sometimes it's simply a challenge for customers to process invoices quickly enough. Many customers may look for early payment discounts from their suppliers, but require invoicing simplicity to take advantage of this. Could this be a point of strategic differentiation for your business? Are your competitors enticing customers away with similar offers?

Fundamentally, many businesses are invoicing in a sub-optimal manner, whether this is due to time required create and send, inaccuracies in content or contact details, or the need for manual engagement with payment portals. These inefficiencies can be addressed wholesale through the introduction of automated invoice generation and distribution.

Anything that can be done to improve cash flow will improve the health of a business and can be seen as a strategic advantage in an increasingly competitive world. AR automation is a significant step towards improved cash flow, freeing up AR teams to focus on getting payments in quickly, rather than manually creating and distributing invoices.

About Corcentric EIPP

Corcentric EIPP is a managed service dedicated to streamlining, automating and enhancing business invoicing, from delivery, through to payment. Corcentric EIPP ensures accurate and efficient delivery of invoices to your customers in the medium which suits them.

Beyond saving time and cost through invoice automation, Corcentric EIPP enables a risk-free and seamless shift towards electronic invoicing, reducing errors and driving down DSO.

Corcentric EIPP also removes the classic challenges of document storage and retrieval for auditing and compliance. Businesses depend on Corcentric EIPP to provide secure online access to their document distribution history, facilitating ease of reporting, performance analysis and proof of delivery along with a range of other document management functions.

About Corcentric MAR

Corcentric Managed Accounts Receivable (MAR) combines service, technology and funding to achieve several guaranteed business outcomes, which unlock working capital and provide cash flow predictability.

We operate as an extension of your business to invoice and collect payments from your customers. We take a white glove approach to ensure customer experience meets or exceeds expectations in line with their perception of your brand.

As a non-recourse and funded solution, we simply pay you the invoice value (minus a small service charge) exactly when you want it. This provides 100% predictable cash flow with no risk of late payments or bad debt. Dropping your DSO from 30+ days to 15 can instantly liberate millions in working capital.



15

global office locations - US
and Europe



2,500+

customers and growing



300 Billion

in transaction value each year

What Our Clients Think

“Partnering with Corcentric has consistently enabled us to not only achieve significant processing efficiencies, but to have the visibility to identify customer trends, forecast spend, and develop strategic initiatives that actually improve our working capital.”

– Richard Simons, Daimler Trucks North America

“Through improved invoicing efficiency, accuracy, and visibility, Corcentric saves us hours every day.”

– Mark Eyers, The Guardian

“Our credit control process is a business-critical function, therefore the trust we put in Corcentric to ensure timely and accurate delivery of our documents is immense.

It would be physically impossible to handle the large number of documents internally, but Corcentric takes the pain and difficulty of this function away, so we can focus on other productive tasks.”

– Ulf Springer, VF Group

Reference sources

- 1 [Atradius payment practices barometer Western Europe 2020](#)
- 2 [Atradius payment practices barometer Western Europe 2018](#)
- 3 [Forbes article: How to Collect Money From Slow-Paying Customers](#)
- 4 [E-invoicing Market Forecast to 2027](#)
- 5 [Billentis e-invoicing Journey 2019-2025](#)

Next Steps

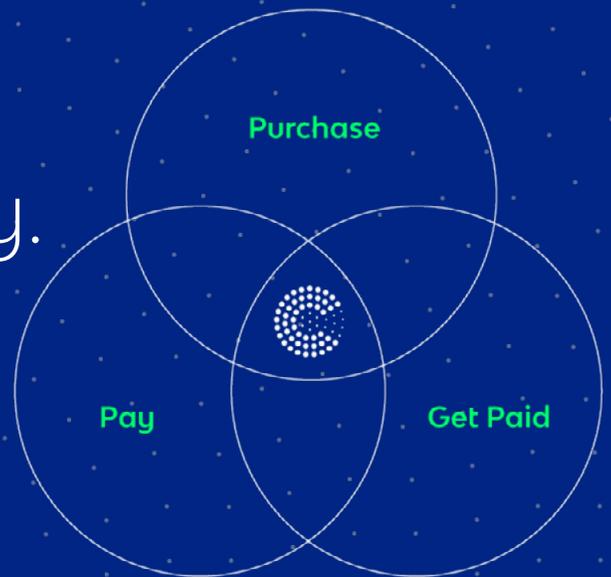
We can provide a more detailed explanation of our MAR and EIPP solutions and how this can benefit your business at a time that suits you.

[Book a Free Consultation Today](#)

Alternatively, you can find out more about MAR in [this white paper](#).

Spend smarter,
optimize cash flow,
and drive profitability.

Corcentric is a leading provider of procurement and finance solutions. We help companies reduce costs and improve working capital by optimizing the way they purchase, pay, and get paid.



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