corcentric | PYMNTS.com

Why *9 out of 10* CFOs want more AR automation

Payments represented the biggest source of AR friction firms recently experienced, said 4 in 10 CFOs.

Corcentric, in collaboration with PYMNTS.com, recently surveyed 100 CFOs of United States-based firms from different segments that generate $250 million or more in annual revenue. This survey gave us insight into what aspects affected their order-to-cash (O2C) cycle and how they leveraged AR automation as a solution.

First, let's take a look at the *top four O2C issues CFOs cite* as happening the most in the last six months:

	Most experienced issue	Experienced, but not the most	TOTAL
Payments and exceptions around payments	41.0%	27.0%	68.0%
Disputes and exceptions	20.0%	35.0%	55.0%
Shipping	15.0%	33.0%	48.0%
Invoice errors and discrepancies	17.0%	28.0%	45.0%
Invoice tracking methods	2.0%	16.0%	18.0%
Materials or supply shortages	2.0%	10.0%	12.0%
Labor shortages	1.0%	11.0%	12.0%
Receiving a purchase order	2.0%	9.0%	11.0%

1

Payments and exceptions around payments

Payments represented the most significant source of AR friction with 41% of the CFOs stating it was their most experienced issue, with late payments and payment exceptions disrupting billing cycles and slowing cash flow.

2

Disputes and exceptions

Respondents also cited disputes and exceptions as the second biggest issue disrupting the O2C cycle, mainly due to poor order quality. The resulting delay in the cash collection cycle can impact an organization's ability to solve quality-based disputes.

3

Shipping

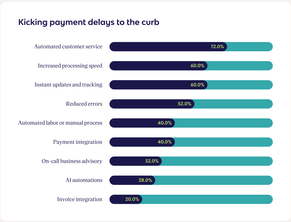
Shipping impacted their O2C process, with late deliveries leading to late payments. Shipping delays also cause unforeseen costs if goods are left in inventory for longer than anticipated, racking up storage costs and trapping working capital.

4

Invoice errors and discrepancies

17% of CFOs said they frequently experienced invoice errors and discrepancies, usually due to misrepresentation of correct quantities, unit price, and total cost on invoices, often caused by human error. The time it takes to solve these inaccuracies considerably slows down cash flow.

How automating AR helps *solve disruptions*



CFOs, in general, were in favor of automating AR processes, especially in the optimization of the O2C cycle. As per the survey, these are the top four ways automation has aided their workflow.

1

Automated customer service

Automating customer service drastically sped up the O2C cycle as aspects like order, invoice, and payment processing are accelerated with reduced errors. Customers can also check on the status of their orders on their own, freeing up further resources.

2

Increased processing speed

The increased processing speed from AR automation significantly contributed to reducing disruption around invoicing errors, which is a key aspect to consider when speeding up the O2C cycle.

3

Instant updates and tracking

Automation offered real-time visibility of AR processes, which means any delays or disruptions in invoices or payments could be rectified promptly, with as little impact on the speed of the workflow as possible.

4

Reduced errors

Errors are generally one of the leading causes of O2C disruptions, whether through exceptions or human errors. By automating manual tasks such as data validation, matching, and reconciliation, accuracy was substantially improved, speeding up payments.

The O2C cycle comprises many processes, many of them complex and prone to errors. Technology usage is becoming increasingly common, and AR automation has shown its capability to streamline a company's cash flow. Read the Accounts Receivable Automation Smooths Order-to-Cash Continuum playbook for more statistics on how CFOs leverage digital transformation in their organizations.

READ THE PLAYBOOK NOW

corcentric

ABOUT CORCENTRIC

Corcentric is a leading global provider of best-in-class procurement and finance solutions. We offer a unique combination of technology and payment solutions complemented by robust advisory and managed services. Corcentric reduces stress and increases savings for procurement and finance business leaders by forming a strategic partnership to diagnose pain points and deliver tailor-made solutions for their unique challenges. For more than two decades, we've been a trusted partner who delivers proven results. To learn more, please **visit www.corcentric.com.**