DIGITAL BY DESIGN:

How Accounts Receivable Automation and Digitization Can Enable Long-Term Remote Work

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As the financial director of the company, CFOs have always prioritized the effective use of resources. But in the U.S., at least for the foreseeable future, labor market pressures and climbing input prices will force them to double down on their efforts to improve operational efficiencies. In terms of creating efficiencies in their own departments, CFOs who automated manual accounting processes are able to free up between 20% and 60% of staff time. With this time unlocked, accounting professionals are now able to focus on delivering deeper organizational insights, adding strategic value to their roles.[1]

When it comes to accounts receivable (AR) management, cloud-based, digital technologies are taking automation to the next level. Focusing on communication and collaboration between AR teams and their customers is increasingly seen as a critical component to driving efficiency and growth.

In this playbook, we discuss the latest results of a Versapay and Industry Dive Survey that explored how AR automation can transform AR departments. One hundred and sixty-two responses were collected from senior finance executives across all industries.

We specifically address how companies can leverage best-in-class accounts receivable management technology to enable long-term remote work while ensuring AR staff are equipped with the tools they need to add the greatest value to their companies. We also discuss how sophisticated digital technologies not only automate repetitive tasks but can drive efficiency, improve customer relationships, accelerate cash flow, and reduce costs.

By the end of the playbook, readers will:

- Understand how remote work has driven the **need for financial automation.**

- Recognize **common challenges and risks** associated with manual invoicing and payment practices.

- Learn how sophisticated AR automation technology can enable remote workers to perform **more strategic initiatives.**

- Discover how the Research and Productivity Council (RPC) integrated Versapay's AR automation technology to **improve efficiency, reduce costs and improve cash flow.**

- Understand the **characteristics of best-in-class AR automation and digitization technology** and how to choose the right fit for your company.

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Remote working introduces new AR hurdles—
are you prepared?

For companies everywhere, the automation of manual processes is defining the new world of accounts receivable. While digitization efforts began well before COVID-19, the pandemic supercharged this agenda. During the worst of the outbreak, ensuring business continuity demanded that manual AR processes—which were once performed on-site—would now be performed at home, via automation technologies.

As Karli Vold, VP of Customer Success at Versapay explains, when the world transitioned to remote work, the operational processes that used to be the norm, failed. "In most organizations, every part of the AR process was interrupted—from collecting mail at the office, to asking questions of and requesting information from colleagues in another department."
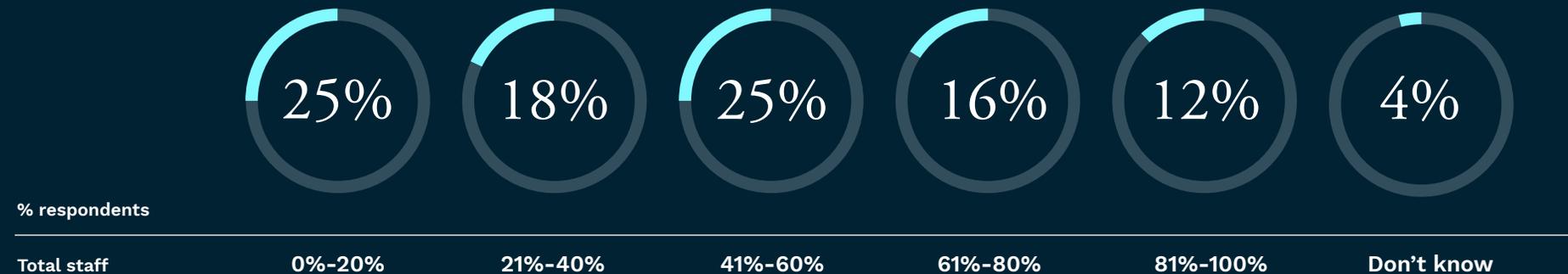
Vold adds that companies quickly realized they needed to modernize their accounts receivable processes, including how they worked with customers. For some companies, digitizing the payment process became essential because it was the only way they would feasibly get paid while "Accommodating customers who wanted to make payments and who were also managing a remote workforce."

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Finance executives predict accounting staff will be working remotely on a permanent basis

Although many employees are intent on returning to the office in 2022, a significant portion of accounting staff will continue working remotely. According to the latest survey by Versapay and Industry Dive, 25% of finance executives will see between 41% and 60% of their staff permanently working off-site. Another 28% expect that between 61% and 100% of their staff will never return to the office.

The percentage of accounting staff that finance executives expect to permanently work off-site

% respondents	25%	18%	25%	16%	12%	4%
Total staff	0%-20%	21%-40%	41%-60%	61%-80%	81%-100%	Don't know

N=162

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Manually processing AR while working remotely magnifies risk

Operational and financial risks are common in manual AR processes, and, as gatekeepers of cash flow, minimizing AR risks are often a top concern for CFOs. AR efficiencies directly affect business planning and management by reporting on cash flows and informing the status of the company's financial position at any given point in time.

Top risks of manually processing AR

Billing/invoicing **errors**

Security of payments

Operational inefficiencies that lead to **errors/miscommunication** between staff and/or customers

Increased DSO due to lag in collection processes

Increased **risk of inaccuracies** in cash flow forecasting

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The top benefits of AR automation according to finance executives

% respondents

Benefit

80%	75%	73%	70%	65%	65%
Reducing time-consuming, error-prone processes	Increasing bandwidth for accounting and finance teams to take on strategic initiatives	Improved ability to attract and retain accounting and finance talent	Ability to accept digital payments	Providing shared access to information and data over the cloud	Foster a culture of collaboration and an excellent customer experience

While manual AR processes are error prone and time consuming under normal circumstances, when companies add remote working to the equation, these risks are magnified, explains Vold. "When COVID hit and people were sent to their home offices, we saw a significant increase in lost, delayed and misapplied payments. We also saw a misalignment in task prioritization and execution, combined with communication challenges—amongst a host of other efficiency issues."

In light of the traditional risks associated with manual processing, and with so many accounting staff expected to continue working from home, finance executives are turning to digital technology solutions to facilitate and streamline their AR processes. According to our survey results, 44% of respondents have already integrated digital technologies into their AR, roughly 25% plan to invest in digital technologies within the next year, and another 15% in the next two to five years. The top benefits of automation, they say, are greater accuracy, massive time-savings, a heightened ability to attract top-tier talent, more digital payment capabilities and improved customer experiences.

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How AR automation can help attract and retain talent

For CFOs, the ability to attract and retain top-tier talent has become a significant challenge. Recent research shows that one in four CFOs in the U.S. are finding it difficult to fill open positions in their companies.[2] In terms of attracting and retaining talent for finance and accounting functions, 71% of the Versapay and Industry Dive survey respondents were concerned that if they didn't adopt a more flexible/remote workforce operating model, higher turnover rates were inevitable.

AR automation that enables remote work promises to address these concerns. In addition to reducing time-consuming, error-prone processes and freeing up staff to take on more strategic initiatives, 75% of respondents expect AR automation to enhance their ability to attract and retain new talent.

Historically, AR tasks have been quite mundane and tedious, says Vold; however, advanced automation and digital connectivity is enriching their work. "With these modernizations, AR departments are less focused on routine tasks and can become a more integral part of the customer service team," she says. "With Versapay's cloud-based AR collaboration portal, for example, AR teams can have an immediate connection with customers. This connectivity elevates the role of AR as a center of customer service excellence and makes these positions much more valuable and attractive to potential hires."

Versapay's AR automation technology drives efficiencies, reduces costs, strengthens cash flow, and opens career opportunities at RPC

At the Research and Productivity Council (RPC), an organization providing services that help ensure food safety, air quality and marine health around the world, automating AR processes produced multiple dividends. With more than 1,300 monthly invoices being processed manually, and limited payment options for customers, RPC typically endured a backlog of overdue accounts. RPC started using Versapay's AR automation solution to process and automate payments within their Microsoft Dynamics enterprise resource planning (ERP) system.

Previously, clients received invoices by email and had to call RPC with their credit card information at the ready or send checks when making payments. RPC would then have to manually process them. Customers utilizing Versapay's technology can now receive their invoices digitally and pay online with just a few clicks. In addition, they can customize how invoices are paid and view all invoices in one, online payment portal. By implementing Versapay's AR automation technology, RPC reduced their overdue accounts by 70%, which substantially strengthened their cash flow and improved their customers' experiences. At the same time, RPC accelerated their AR workflows and increased their efficiencies by reducing the amount of staff time devoted to collecting payments.

In addition, AR automation has enabled RPC's AR staff to perform more strategic work. For example, with much of the daily, tedious, time-consuming work now automated, RPC's Credit & Collections Management Specialist, Tammy Craft, is now playing a larger role and supporting her Controller's efforts while collaborating more frequently with junior accountants. "Thanks to automation, she says, I've had the time to assist the Financial Controller with the working papers, year-end, and month-ends."

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Best-in-class AR automation solutions setting the precedent for AR being digital by design

For many senior finance executives, implementing new AR technology and processes comes with a host of concerns. For example, 49% of the Versapay and Industry Dive survey respondents cited budgetary constraints as a roadblock to automation. The second most cited roadblock was the effort it would take to uproot current processes (37%), followed by finding the right technology partner/solution provider (37%).

Versapay anticipated these concerns, explains Meredith Mitchell, Product Manager at Versapay. Their cloud-based, collaborative AR solution is seamlessly integrated with the most popular ERPs on the market and possesses open APIs for those ERPs without native integrations. This greatly reduces integration costs.

In addition, it's possible for businesses who are still on the fence to take a measured approach to automation, as opposed to "a big bang AR transformation," she says. "Versapay can provide customers with a steppingstone approach or a path toward full AR transformation. This allows them to start small and implement the technology slowly over the course of time, which helps with the overall change management process ," she says. "It could start with just offering customers the option to make credit card payments directly in the ERP. From there, you can then add payment portals and advanced functionality such as automated cash application and tackle the transformation agenda gradually."

Automation alone, however, isn't enough to truly transform the AR function, Meredith adds. "For us, a complete digital transformation allows for payments online; has built-in AI, so payments matching to invoices is done automatically; and the platform allows for increased collaboration and communication between companies' AR teams and their clients—in real time."

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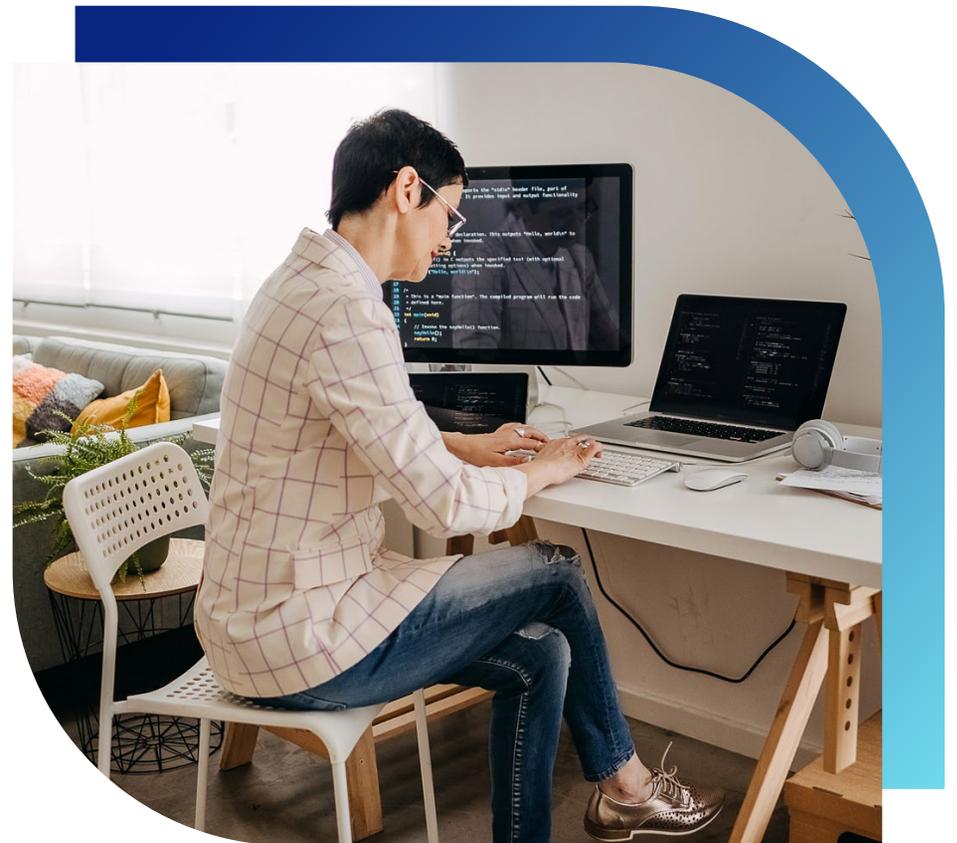
The top questions to ask when choosing an AR automation solution[3]

When evaluating AR automation solution vendors, considering how the software influences the customer experience is paramount. Here are 5 questions we recommend asking during your evaluation to understand whether the solution is capable of building extraordinary customer experiences, even when everyone is working remotely:

1

Does the platform let your customers access their invoices and pay online without the need to create a login?

2

Does the platform make it convenient for your customers to pay online using their preferred payment methods (user friendly, self-service, etc.)?

3

Does the platform allow customers to toggle between multiple suppliers for an easy-to-use, centralized payment portal?

4

Does the platform allow your customers to access their accounts via mobile devices?

5

Does the platform include a portal for customers to access shared information, save payment methods, set up autopay, and communicate with you regarding questions and payment status over the cloud?

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Conclusion

Most CFOs understand the importance of transforming repetitive manual processes, particularly in light of the new world of remote working. Accounts receivable automation—in addition to ensuring business continuity during extreme disruptions—promises to reduce errors, increase efficiencies, improve cash flow management and free up valuable time, which enables long-term remote work and liberates AR staff from having to perform repetitive and tedious tasks.

Accounts receivable management that's digital by design moves automation into the next level of customer service by allowing for real-time digital collaboration and communication between companies and their clients. Versapay's collaborative AR automation solution offers a step-by-step AR transformation process while addressing common concerns over budgetary constraints, process changes and cultural roadblocks to adopting the necessary technology to ensure your finance function is state of the art.

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Sources

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2. Duke University CFO Survey, q3 2021. https://www.fuqua.duke.edu/duke-fuqua-insights/cfo-survey-cost-pressures-mount-amid-widespread-supply-disruption-and-labor

3. "Vendor Checklist for Accounts Receivable Automation Software," Versapay. https://f.hubspotusercontent40.net/hubfs/433648/Guide%20%5BMJ%5D/vendor-checklist-for-accounts-receivable-automation-software.pdf

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The leaders in collaborative accounts receivable

Versapay is focused on transforming accounts receivable efficiencies and accelerating companies' cash flow by connecting AR teams with their customers over the cloud. Through the Versapay Network we make billing and payments easy for buyers and sellers, reducing costs and eliminating paper, checks, and manual business processes. Based in Toronto with offices in Atlanta, Cleveland, Baltimore, LA, and Las Vegas, Versapay is owned by Great Hill Partners, a Boston-based technology investment firm.

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