

# Digitization: the final factor

Why automating financial processes is essential for manufacturers  
to reap the full benefit of their digital transformation



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# The need for digital accounting

The manufacturing sector is a leading adopter of digital and advanced technology.

It's transforming, not just supply chain and production operations, but also partner ecosystems and business models. Digital technology holds tremendous potential and is likely to be decisive in determining the fate of industrial manufacturing companies for years to come.

Yet, while many manufacturers have been automating their production lines, they haven't been updating their financial processes and now the need to do so has become critical.

Customers are demanding choice in how they pay and the proliferation of payment options is making cash application more and more difficult. Globalization is adding to the complexity, and growing

business volumes are exacerbating the scale of the problem.

Standardization and automation can certainly deliver a competitive advantage, but only when they're implemented evenly across the organization. Robotic arms on the production line need to be complemented by robotic process automation in invoicing.

This paper explains how digitizing the entire order-to-cash process will enable manufacturing firms to adapt to new business models, improve productivity and compete more effectively. It is the final factor necessary to complete their transformation to digital manufacturing.



It's critical to digitize the entire order-to-cash cycle as an integrated process to unlock cash flow, simplify operations and deliver the best possible customer experience.

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# Challenges and opportunities

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## Achieving flexibility at scale

The manufacturing industry is thriving. Business volumes are high and expected to grow further. At the same time, customers are demanding different payment options and cash application is becoming

increasingly complex. Flexibility – as well as speed and scale – will be key to handling the coming volume and variety of financial transactions.

### **CHALLENGE: VOLUME AT SPEED**

'Manufacturing is firing on all cylinders: output is humming, capacity utilization is up' and optimism is at an all time high<sup>1</sup>

Manufacturing handles more B2B payments than any other sector (29%)<sup>2</sup> so the flexibility to scale up and down quickly will be key<sup>3</sup>

### **OPPORTUNITY: FINANCIAL PROCESS AUTOMATION**

To handle the scale, diversity and volatility of future transaction flows, firms need scalable and automated digital financial processes

Financial process automation reduces costs, improves accuracy, satisfies customers and accelerates cash flow into the business

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1. 2019 industrial manufacturing industry outlook, Deloitte, 2019
  2. Fundbox, 2019
  3. Six challenges facing modern manufacturing companies, manufacturing.net, 2019

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## Adapting to new business models

The sector is adopting new operating models such as on-demand and micro-manufacturing, subscription box services

and Manufacturing as a Service (MaaS). Yet only 20% of manufacturers claim to be 'highly prepared' for them.<sup>1</sup>

### CHALLENGE: NEW BUSINESS MODELS

On-demand and micro-manufacturing were expected to top \$57 billion in 2018<sup>2</sup>

MaaS allows customers to leverage a shared network of manufacturing capabilities to produce their goods

Subscription box services give manufacturers the opportunity to sell direct to consumers

### OPPORTUNITY: COMPETITIVE AGILITY

These new operating models cannot function without integrated digital financial systems

Modernizing financial processes will give manufacturers the agility they need to adapt to new business models and compete effectively

Manufacturers that digitize accounting processes early will stay ahead of the pack

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1. 2019 industrial manufacturing industry outlook, Deloitte, 2019
  2. 2019 Manufacturing Trends Report, Microsoft, 2019

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## Automating evenly across the business

Manufacturers have been busily automating their factories and connecting their supply chains. But many haven't yet applied the same degree of digital automation to their accounting processes. This has kept many accounting staff in low-

value, dissatisfying jobs, which increases turnover. Automating evenly across the business will enable firms to sidestep skills shortages, mitigate security concerns and realize the full commercial opportunity of digital manufacturing.

### **CHALLENGE: AUTOMATING EVENLY**

Manufacturing faces a talent shortage with 2.8 million jobs going unfilled by 2028<sup>1</sup>

Digital supply chains and factories produce massive amounts of data that require digital financial processes to turn them into bills

The majority of manufacturers use outdated operating systems, including Windows XP which is vulnerable to a security breach<sup>2</sup>

### **OPPORTUNITY: ACCOUNTING AUTOMATION**

Manufacturers can sidestep the skills shortage by automating financial processes

Digitizing the order-to-cash cycle improves invoicing accuracy, reduces payment delays and releases cash to the business faster







A payments partner with good security credentials can help a manufacturer assure its customers of an unbroken chain of trust

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1. 2019 industrial manufacturing industry outlook, Deloitte, 2019
  2. Survey: Majority of manufacturers use outdated operating systems, manufacturing.net, 2019



# Digitize the whole order-to-cash cycle

An integrated platform delivers benefits to customers, employees and the business across the order-to-cash lifecycle.

STAGE	WHY DIGITIZE?	OPERATIONAL EFFICIENCY
<b>Credit</b> 	Putting credit applications online gets you off to a good start: <ul style="list-style-type: none"> <li>— Improve risk management decisions</li> <li>— Reduce friction between sales and finance</li> <li>— Help things work better down the line</li> </ul>	<ul style="list-style-type: none"> <li>— Process credit applications and references automatically</li> <li>— Credit data stays accessible for later stages</li> <li>— Real-time portfolio monitoring and alerts</li> <li>— Combine third-party data with industry and peer information</li> </ul>
<b>Order</b> 	Offering a web store lets customers order online if they want to: <ul style="list-style-type: none"> <li>— Speed up purchasing</li> <li>— Improve customer experience</li> <li>— Get data right from the start</li> </ul>	<ul style="list-style-type: none"> <li>— Build your own web store</li> <li>— Add your branding</li> <li>— Link data across the lifecycle</li> </ul>
<b>Invoicing</b> 	Automated invoicing cuts out time-consuming, error-prone manual work: <ul style="list-style-type: none"> <li>— More accurate invoices</li> <li>— Fewer queries and disputes</li> <li>— Faster payments</li> <li>— Easier reconciliation</li> </ul>	Offer your customers every invoicing format, through a single unique supplier: <ul style="list-style-type: none"> <li>— Print and mail</li> <li>— Email or fax</li> <li>— Electronic invoice presentment and payment (EIPP)</li> <li>— Deliver invoices straight into accounts payable portals</li> </ul>
<b>Payments</b> 	Allow your customers to pay by whatever means they like: <ul style="list-style-type: none"> <li>— Offer credit card payment without prohibitive costs</li> <li>— Match payment methods to customer preferences</li> <li>— Reduce effort and labor through automation</li> <li>— Ensure secure and compliant payments</li> <li>— Offer an online payments portal</li> </ul>	<ul style="list-style-type: none"> <li>— Reduce interchange fees for credit card payments</li> <li>— Take credit card payments from Visa, American Express and other major brands easily and at affordable rates</li> <li>— Capture virtual card numbers and apply the cash automatically</li> <li>— Integrate with ERP systems</li> <li>— Run campaigns to encourage your customers to adopt electronic payment methods</li> </ul>
<b>Cash Application</b> 	Digitizing cash application improves a business's liquidity: <ul style="list-style-type: none"> <li>— Improve the accuracy and speed of reconciliation</li> <li>— Get access to cash more quickly</li> <li>— Eliminate bank lockbox and data entry fees</li> </ul>	Speed up the cash application process by: <ul style="list-style-type: none"> <li>— Cutting data entry and keying costs</li> <li>— Assisting with matching</li> <li>— Investigating and researching exceptions</li> <li>— Posting to your ERP</li> </ul>
<b>Collections</b> 	Replacing spreadsheets with a digital collections solution helps you: <ul style="list-style-type: none"> <li>— Prioritize more effectively</li> <li>— Improve success rates</li> <li>— Reduce manual effort through automation</li> </ul>	<ul style="list-style-type: none"> <li>— Automate contact management</li> <li>— Prioritize accounts strategically and increase account coverage</li> <li>— Reduce the average age of debt</li> <li>— Provide a consistent customer experience</li> </ul>

## Case study: Acushnet

### Manufacturer simplifies cash application and grows electronic payments

#### The challenge

Acushnet Company was using an outdated Automated Clearing House (ACH) process involving their bank lockbox and an online payment portal by which customers could signal which invoices were paid by check. The whole process often resulted in discrepancies when applying cash. Correcting errors and reversing transactions was extremely time consuming. They began steering customers away from the portal, but this only created customer dissatisfaction.

#### The solution

Acushnet turned to Billtrust Cash Application to provide an alternative

to their outdated lockbox processes. It allowed more electronic invoicing options, increased customer adoption rates and did away with corrupted lockbox files.

#### The results

Through using Billtrust Cash Application, Acushnet's payment match rates have grown exponentially. They brought credit card payment match rates up to 100%, ACH match rates up to an average of 99.5% and optical character recognition (OCR) match rates up to an average of 85%. They also cut the amount of time needed to manually process open cash bins by 20 hours per day.

"We were steering customers from our portal to try and keep up, but when Billtrust offered an integrated payments solution, we jumped."

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**MARK STOREY**  
**SENIOR DIRECTOR, CREDIT MANAGEMENT**  
**ACUSHNET**

**ACUSHNET**

# 20-hour

decrease in daily cash application

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# 99.5%

match rate achieved for ACH

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# 20%+

annual growth in electronic  
payments

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## Recommendations

1. As business volumes grow and transaction types diversify, manufacturers must secure the capability to process invoices and payments efficiently at scale.
2. Firms should implement digital financial processing so they can adapt to a variety of increasingly popular new business models.
3. Any financial system the manufacturer chooses must be capable of integrating with their digital manufacturing systems in order to turn operational data into accurate invoices.
4. Manufacturers currently without automated financial processes should move quickly to implement them if they are to maintain their competitiveness.
5. It is essential to select a financial automation provider whose security and compliance credentials will give the manufacturer and its customers the protection they require.
6. Manufacturers should look for a payments services partner who understands not just accounting processes, but the manufacturing sector as well.

Working with Billtrust, Saint Gobain cut their invoicing and payments costs by 50% and increased adoption of electronic invoicing and payments by 70%.

Billtrust voluntarily follows anti-money laundering best practices and hold compliance and security accreditations for

cloud services (SSAE 18 SOC 1 and SOC 2), electronic payments processing (NACHA), and card payment processing (PCI-DSS).



## Learn more

If you'd like to learn more about how Billtrust could help give you a competitive edge by digitizing your order-to-cash cycle, please [get in touch](#) with one of our manufacturing sector specialists or learn more at [billtrust.com](https://billtrust.com).

### ABOUT BILLTRUST

Billtrust is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections.



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