



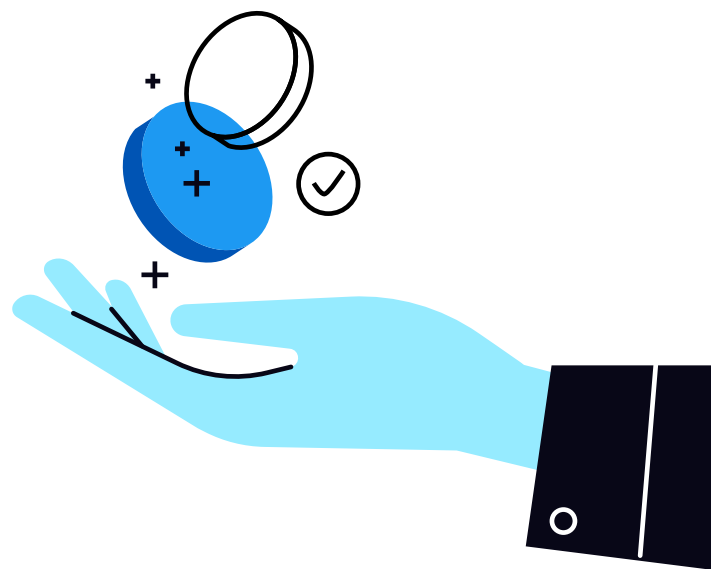
The Ultimate Buyer's Guide to Accounts Receivable Software



An organization's success relies on its finance department's ability to optimize cash flow, control costs, fuel growth, and deliver seamless customer experiences.

Yet, inefficient accounts receivable (AR) processes – burdened by manual tasks, fragmented systems, and delayed payments – not only drain resources but also frustrate customers and hold organizations back from achieving their goals.

Think about the amount of time your AR team spends chasing payments, correcting errors, resending invoices, and responding to endless customer inquiries. This isn't just an operational issue – it's a significant barrier to achieving faster cash flow, stronger customer relationships, and scalable growth.



93%

of companies struggle with outdated AR processes

59%

of companies link poor cash flow to manual AR

But there's a solution.

By embracing AR automation, organizations can transform their AR function into a strategic powerhouse. Automation eliminates inefficiencies, accelerates payments, and delivers superior customer experiences by streamlining workflows, offering flexible payment options, and providing real-time insights. Finance leaders who adopt AR automation reduce Days Sales Outstanding (DSO), lower overhead costs, and gain real-time visibility into cash flow – empowering their teams to focus on high-value initiatives, such as cross-selling, while building stronger customer relationships.

This guide will show you how to evaluate your current AR processes, identify opportunities for improvement, and select the right tools to modernize your operations for long-term success.

Assessing your needs

Assessing your current AR processes with a structured approach ensures that you have a clear understanding of your organization's needs. This foundational step is critical for selecting a solution that addresses inefficiencies, improves customer satisfaction, and aligns with your strategic goals.



1. Evaluate your current AR processes

- **Common pain points.** Start by documenting the most time-consuming and error-prone tasks in your AR process, such as invoice delivery, manual data entry, and payment reconciliation. Interview your AR team to uncover recurring challenges and review historical data to identify patterns of inefficiency. Use this information to prioritize areas for improvement.
- **Gaps in efficiency.** Map out your existing receivables workflow from invoice creation to payment collection and reconciliation. Look for bottlenecks, such as delays caused by manual approvals, missing documentation, or system incompatibilities. Perform a time-and-motion study to quantify the inefficiencies and create a baseline for comparison.
- **Customer experience challenges.** Gather feedback from your customers about their experience with your billing and payment processes. Use surveys or direct interviews to identify pain points such as unclear invoices, limited payment options, misapplied payments, or poor communication about the status of payments. Analyze customer complaints or disputes to pinpoint areas where your receivables process may be falling short.

2. Define your goals

- **Key Performance Indicators (KPIs) to improve.** Establish clear and measurable goals, such as reducing DSO by a specific percentage or increasing the adoption of electronic payments by a set amount. Ensure these KPIs are aligned with your organizational goals.
- **Desired outcomes.** Define the outcomes you want to achieve, such as increased efficiency, better cash flow visibility, and improved customer satisfaction. Translate these into specific software requirements, like the need for electronic invoice delivery, real-time reporting, automated payment reminders, or artificial intelligence (AI)-driven cash application.

3. Engage stakeholders

- **Key players.** Identify all stakeholders who will be impacted by or involved in AR transformation, including finance leaders, IT staff, customer service teams, and external auditors. Ensure that each group understands how the new solution will benefit them.
- **Building a team.** Form a cross-functional project team to oversee the selection and implementation of the AR software. Assign clear roles and responsibilities, such as a project leader to manage timelines, IT staff to address integration needs, and finance leaders to validate ROI. Encourage collaboration by holding regular meetings and sharing updates.

What is AR automation and how does it work?

AR automation leverages technologies such as AI, machine learning, and cloud platforms to digitize and simplify every stage of the AR process. Automation transforms manual, error-prone tasks into efficient, electronic workflows that provide real-time visibility and greater control over cash flow.

Here's how AR automation typically works:



Credit and Risk Management

AR automation software replaces manual credit reviews with real-time tools that integrate historical data, payment trends, and predictive analytics to assess credit risk. Automated workflows guide credit application approvals, enforce consistent credit policies, and enable ongoing monitoring of customer risk profiles. These systems can also flag changes in customer behavior or risk levels.

HOW IT WORKS:

- Real-time credit scoring evaluates applicants based on historical and predictive data.
- Automated workflows enforce consistent credit approval processes.
- Continuous monitoring of customer accounts identifies emerging risks.

BENEFITS:

Automation revolutionizes credit and risk management by providing real-time credit evaluations and intelligent monitoring. Automated tools eliminate manual inconsistencies, enabling faster and more accurate credit decisions. And features like automated credit scoring models, customizable workflows, and integrated dashboards reduce risk exposure and improve decision-making efficiency.

- ✓ Faster, more consistent credit decisions
- ✓ Reduced risk exposure through real-time monitoring
- ✓ Increased efficiency with automated workflows

Invoice Presentment

AR automation transforms the invoicing process by supporting multi-channel delivery methods, including email, customer portals, and electronic AP networks. Automated systems ensure invoices are accurate, branded, and compliant with international invoice requirements. Built-in tracking provides visibility into invoice delivery status and customer actions, such as viewing or paying invoices, while self-service portals empower customers to resolve issues independently.

HOW IT WORKS:

- Multi-channel delivery ensures invoices reach customers quickly.
- Automated validation checks ensure compliance and accuracy before invoices are sent.
- Self-service portals allow customers to access invoices, make payments, and resolve disputes.

BENEFITS:

Automated invoice presentment ensures timely, accurate, and flexible delivery of invoices through multiple channels, such as email, customer portals, and AP networks. Customizable templates and branding improve professionalism, while automated tracking ensures invoices are sent and received without delays. Automation also helps organizations comply with international invoicing rules.

- ✓ Faster invoice delivery for potentially faster payment cycles
- ✓ Reduced errors with automated tracking and compliance
- ✓ Enhanced customer satisfaction with multi-channel delivery options

Payment Processing

AR automation solutions streamline payment acceptance and reconciliation by supporting a wide range of payment methods, such as Automated Clearing House (ACH) and credit card transactions. These systems reduce friction in the payment process by integrating with legacy enterprise resource planning (ERP) platforms to seamlessly and securely post payments. Automated reconciliation workflows also ensure that payments are matched to the correct invoices immediately upon receipt.

HOW IT WORKS:

- Payment portals provide customers with secure, flexible payment options.
- Real-time processing ensures instant reconciliation of payments.
- Built-in fraud mitigation controls safeguard payment data and transactions.

BENEFITS:

The payment processing capabilities in AR solutions make it easy to accept diverse payment methods such as ACH and cards, while automating reconciliation and mitigating the risk of payment fraud.

- ✓ Accelerated cash flow through streamlined payment workflows
- ✓ Enhanced security with built-in fraud mitigation controls
- ✓ Lower processing costs with optimized payment behavior

Cash Application

AI-driven cash application tools use advanced matching algorithms to reconcile incoming payments with open invoices automatically, even when there are discrepancies such as partial payments or missing references. Machine learning improves results over time, handling complex scenarios like deductions or short payments with minimal manual intervention. Real-time dashboards provide instant insights into outstanding invoices and resolved payments, ensuring faster revenue recognition.

HOW IT WORKS:

- AI matches payments to invoices with high accuracy, reducing errors.
- Exception-handling workflows manage discrepancies, such as short payments.
- Real-time reporting provides visibility into cash flow and payment trends.

BENEFITS:

Automated cash application solutions use AI-powered tools to match payments to invoices with high accuracy, even when there are discrepancies. Advanced exceptions handling and real-time reporting capabilities further streamline operations and provide greater visibility into cash flow.

- ✓ Increased accuracy in payment matching
- ✓ Reduced manual workload with intelligent exception handling
- ✓ Faster revenue recognition with real-time updates

Collections Management

Automated collections tools use predictive analytics and account segmentation to prioritize overdue accounts based on risk and payment behavior. They generate automated reminders, personalized for each customer, and trigger follow-up actions based on the account's status. Collections dashboards provide a clear view of outstanding receivables, payment history, and customer engagement.

HOW IT WORKS:

- Predictive analytics identify at-risk accounts and prioritize collections efforts.
- Automated reminders and follow-ups are tailored to the customer's payment behavior.
- Dashboards provide real-time visibility into overdue accounts and aging receivables.

BENEFITS:

Automated collections management prioritizes overdue accounts and engages customers more effectively. Predictive analytics identify at-risk accounts, while automated reminders and workflows ensure timely follow-ups. Real-time dashboards provide insights into outstanding balances.

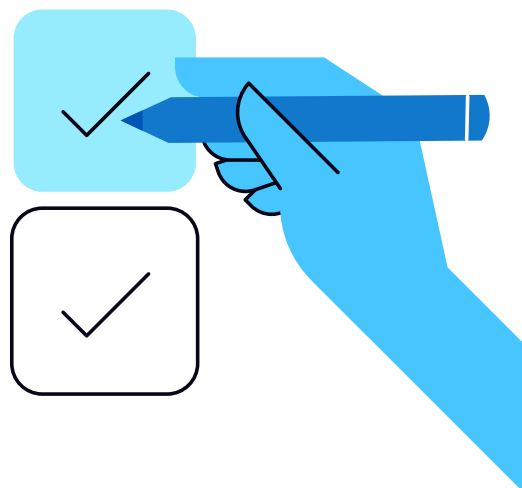
- ✓ Improved recovery rates with data-driven prioritization
- ✓ Streamlined workflows for faster follow-ups
- ✓ Greater visibility into outstanding balances for proactive action

AR automation integrates advanced technologies into every aspect of the AR process, turning fragmented workflows into a unified, efficient system. By automating key functions like credit management, invoicing, payments, cash application, and collections, organizations can improve accuracy, accelerate cash flow, enhance operational control, and increase customer satisfaction.

Evaluating AR software solutions

Choosing the right AR solution requires careful evaluation of features, vendor capabilities, and scalability. Below are key considerations to ensure that prospective solutions meet your needs.

Thoroughly evaluating these factors and asking the right questions will ensure that the solution you select aligns with your organization's goals and provides a solid foundation for long-term success.



Essential features

- **Integration.** Ask solutions providers about their ability to integrate with your existing systems. Verify whether their solution supports seamless data exchange, automated updates, and system compatibility to eliminate data silos and improve workflow efficiency.
- **Automation.** Inquire about the extent of automation offered by the software. Ensure it includes features like automated invoicing, payment reconciliation, and exception handling. Confirm that the solution offers AI-driven capabilities that can adapt to your business's specific workflows.
- **Security.** Confirm that the software adheres to the latest security protocols. Ask how it protects sensitive financial data and mitigates fraud. Additionally, inquire about the provider's cybersecurity measures, such as encryption, multi-factor authentication (MFA), and incident response planning. Look for certifications like SOC 2 or ISO 27001.

Assessing vendors

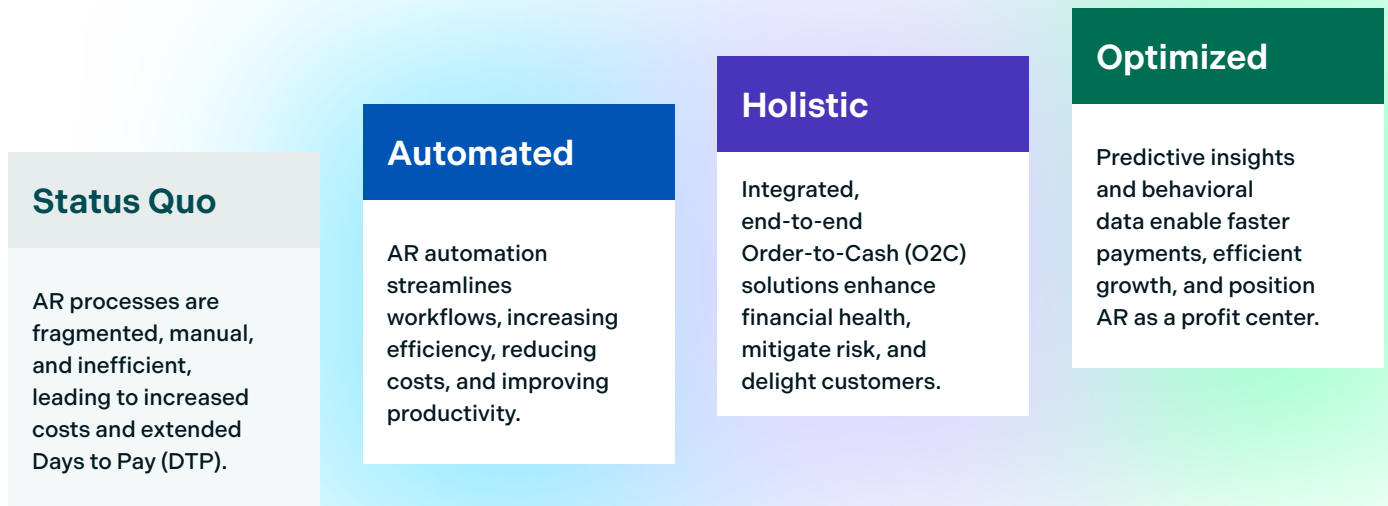
- **Unified AR Solution.** A unified AR solution brings together credit and risk management, invoice presentment, payments processing, cash application, and collections on a single platform. This seamless approach not only increases efficiency but also enhances customer satisfaction by reducing delays and errors across the AR lifecycle. Ask how the provider's solution unifies these processes and whether it supports real-time data visibility.
- **Governance and compliance.** Ensure that the solution simplifies compliance with global invoicing regulations and supports interoperability with government platforms and third-party networks. Ask about features such as automated tax compliance, digital signature support, and tools for adhering to regional mandates. A robust governance framework is critical for maintaining regulatory compliance and reducing risk.
- **Track record.** Research each prospective vendor's history in delivering AR automation solutions. Ask for case studies and references from organizations with similar needs to understand how the solution has been implemented successfully elsewhere.
- **Support.** Evaluate each provider's onboarding process, training programs, and ongoing support. Confirm whether providers offer dedicated account managers, troubleshooting resources, and user training to ensure a smooth transition and long-term success.
- **Scalability and flexibility.** Understand how prospective AR solutions accommodate growth and changes in business requirements. Does it support an increase in transaction volume, the addition of new users, or integration with emerging technologies? Ensure that each solution offers configurable workflows and modular features to adapt to evolving requirements.

Building a Business Case for AR Automation

Once your organization has begun exploring AR automation, building a business case is the critical next step to ensure buy-in from key stakeholders. Progressing through the stages of AR transformation – from Status Quo to Optimized – requires demonstrating how automation will address inefficiencies, enhance customer satisfaction, and deliver measurable results. AR automation provides a roadmap for this transformation, showing how fragmented, manual processes evolve into streamlined workflows, integrated solutions, and ultimately, predictive insights that position AR as a profit center.



The AR transformation journey consists of four stages:



Your organization's current stage defines your opportunities. The goal is to create a business case that aligns with your stage while highlighting the benefits of achieving optimized AR processes.

Your organization's journey through AR transformation should be guided by a clear business case that connects cost savings, cash flow improvements, and strategic value to organizational goals.



Calculating ROI

- **Cost savings.** For organizations in the Status Quo stage, highlight inefficiencies like manual data entry, paper-based invoicing, and error correction. Demonstrate how AR automation eliminates these costs, reducing labor requirements and minimizing payment delays. As you progress to the Automated and Holistic stages, show how integrated AR solutions further decrease costs by eliminating redundancy and enabling seamless data flows across systems. At the Optimized stage, advanced analytics and predictive tools enable cost reductions by providing insights into payment behavior, reducing disputes, and automating complex tasks.
- **Improved cash flow.** Improving cash flow is a priority at every stage of maturity. For Status Quo organizations, focus on how automated invoice presentment and cash application speeds up payment cycles. For those aiming to become Holistic, discuss how AR solutions reduce DSO. At the Optimized stage, predictive and behavioral insights allow billers to forecast payment trends, enabling proactive cash management and reducing the risk of late payments.

Demonstrating strategic value

- **Enhanced customer experience.** Customer satisfaction improves as AR processes mature. For Automated organizations, AR solutions help ensure accurate, timely invoice presentment. At the Holistic stage, features like real-time payment updates and self-service payment portals foster trust and ease. Optimized AR takes this further by offering personalized payment options, resolving disputes quickly, and delivering seamless customer experiences.
- **Risk mitigation.** With the risk of cyberattacks and payment fraud at an all-time high, risk mitigation is essential at all maturity stages. At the Status Quo level, manual processes are prone to errors and fraud. Automation at the Automated stage introduces secure workflows and audit trails, while Holistic solutions add integrated compliance tools. Optimized AR employs predictive analytics to anticipate risks, detect anomalies, and prevent fraud.



Conclusion

Modernizing your AR processes is an investment in your organization's future. By leveraging automation, you can overcome the challenges of traditional AR management, drive efficiency, and enhance financial stability. Use this guide as a roadmap to select and implement the right AR software for your business and take the first step toward transforming AR into a strategic advantage.

ABOUT THE AUTHOR

Mark Brousseau is president of Brousseau & Associates.

Over the past 29 years, Mark Brousseau has established himself as a thought leader on accounts payable, accounts receivable, payments, and document automation. A popular speaker at industry conferences and on webinars and podcasts, Brousseau advises prominent end-users and solutions and services providers on how to use automation to improve document- and payments-driven business processes. Brousseau has chaired numerous educational conferences and has served on several industry committees and boards. He resides in Center City Philadelphia with his wife and three sons.