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WHITE PAPER

Order-to-cash pain points

How to ease them for happier customers

What's painful about your O2C processes?

When it comes to the B2B order-to-cash (O2C) cycle, your peers in finance departments across the world have plenty to say. From tedious manual processing to reducing DSO, AR teams are crying out for solutions that will make their working lives easier—and keep their customers happy.

In this white paper, we give a glimpse of your peers' takes on O2C pain points based on research we conducted in April 2023. We also explain how Billtrust can help you and your AR team alleviate some of your most common challenges.

The O2C survey says...

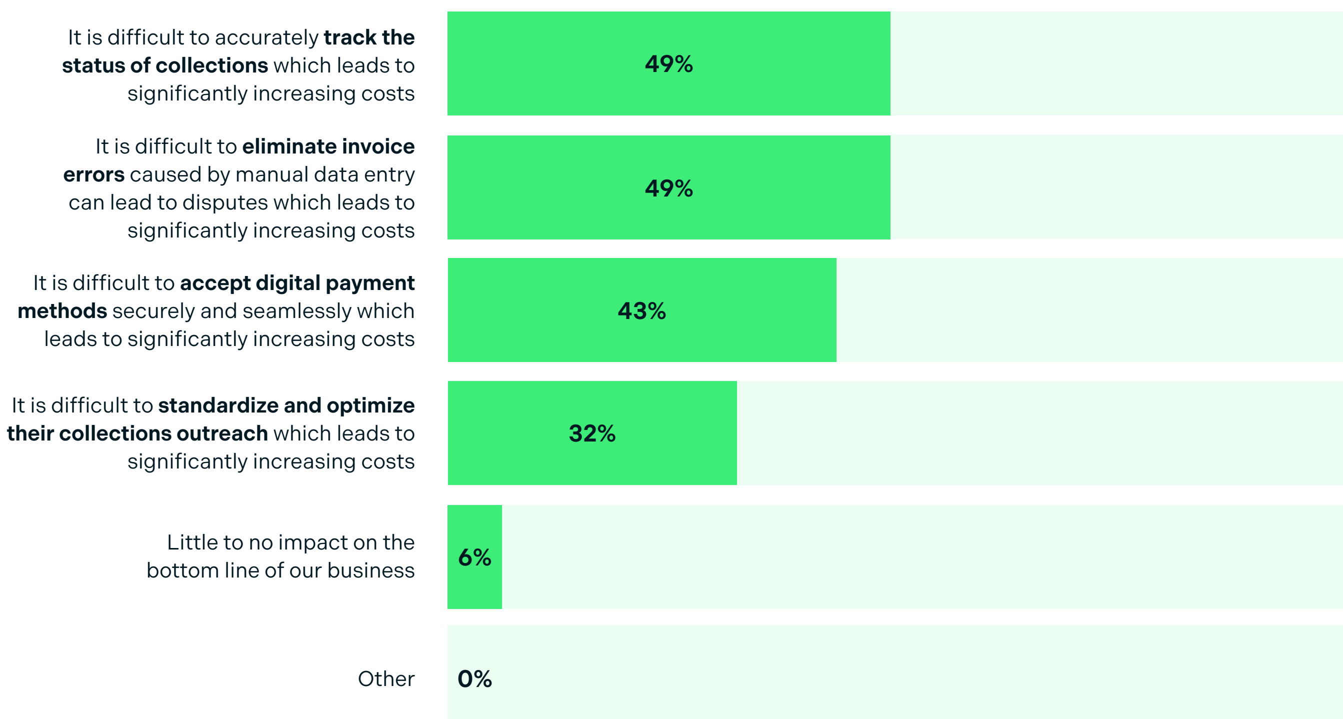
Billtrust commissioned IDC to conduct a survey, the results of which were published in an IDC InfoBrief, *The Evolution of Order-to-Cash*, of more than 600 professionals with responsibility for making accounting software decisions within their organizations.

Based on the research findings, the urgency of OTC is clear and powerful: 77% of respondents agree that digital transformation across the O2C process is critical to the survival of the organization.

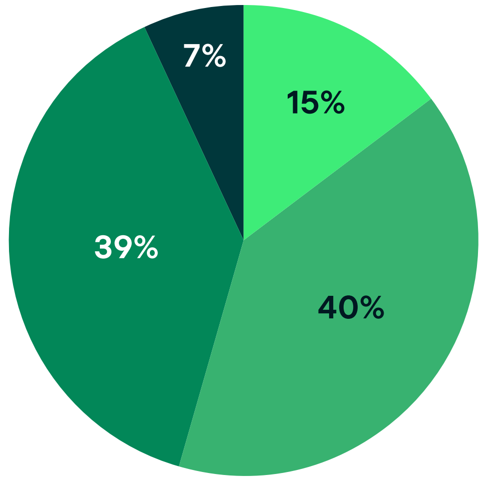
That said, many companies still haven't managed to make it to the connected stage of maturity. In fact, only 15% of respondents have a connected O2C process based on real-time data. For larger companies—those with more than 5,000 employees—that figure is just 10%.

Manual processes have a direct impact on a business's bottom line, and many of the survey respondents agree. In fact, 94% of respondents indicated that manual OTC processes would have negative effects on their company's balance sheet.

How would you characterize the impact of less efficient/manual order-to-cash processes?



How would you characterize your current state of your order-to-cash process?



Connected order-to-cash process based on real-time data
High degree of real-time insights; advanced intelligent billing/invoicing, cash application and credit management; cloud-first strategy

High levels of process automation
Acceleration of insights towards real-time; expanding scope of order-to-cash tasks; proactive response to most market developments; high level of cloud applications

Increasing levels of process automation
Integration of most order-to-cash systems and operations across borders, proactive response to some market developments; growing level of cloud applications

Large degree of manual processes
Fragmented systems; fragmented/siloed data architecture; on-premise, legacy IT; reactive response to market developments

O2C pain point #1: Manual processes

Having to contend with cumbersome O2C manual processes is more than a minor irritation for finance teams. While a significant number of B2C companies have migrated to automated O2C processes, most B2B operations are still stuck with outdated legacy systems and infrastructure.

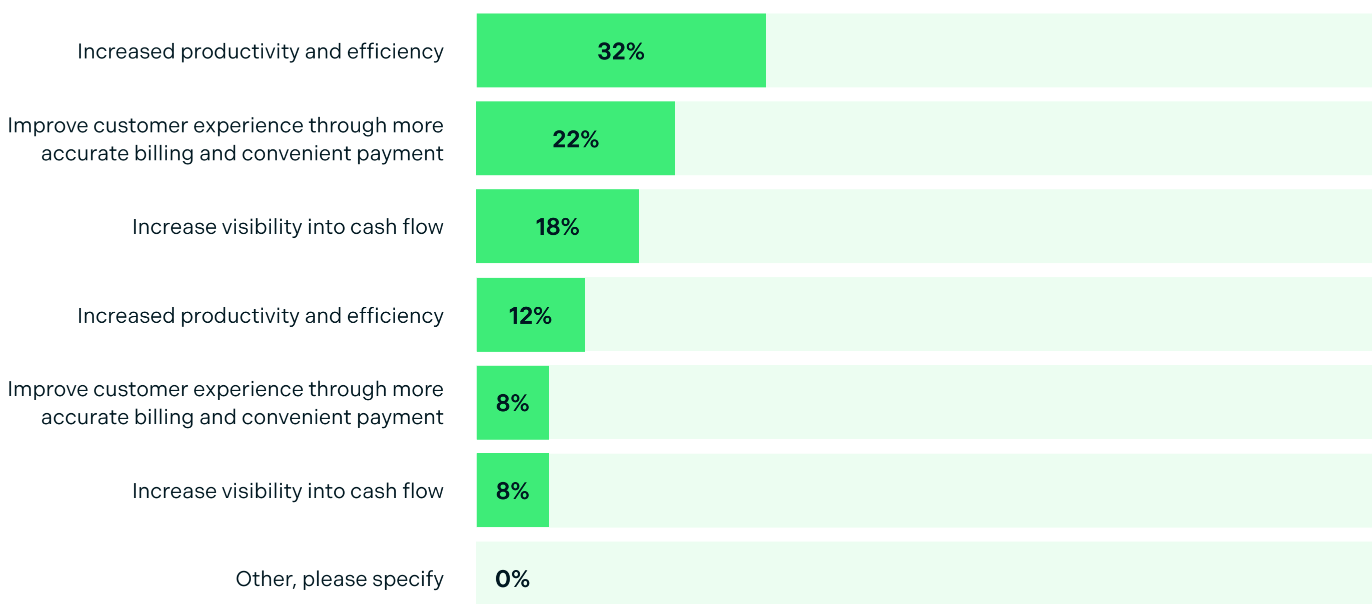
Many are still sending out paper-based invoices and waiting up to 90 days for the "check to be in the mail." Is this you, too?

That means lots of AR teams are still down in the weeds performing the most tedious work, like keying in data to process payments and taking time out of their day to call customers about late payments.

Often, these calls turn into dispute management, sometimes caused by AR staffers incorrectly typing the amounts due on paper invoices. Of course, this negatively affects how their own customers feel.

Then there's the gripe about manual processes being too fragmented across departments, with AR teams having little control over the entire process.

What was the major driving force for changing major aspects of your order-to-cash process?



O2C pain point #2: e-Invoice compliance

Many organizations are now trying to streamline processes—and e-invoicing is one way they can do that. Added to that, many countries have mandated e-invoicing, or plan to in the near term.

"There is no e-invoice compliance without order-to-cash automation," notes Loek Smits, Billtrust's Director of Interoperability. "You need to achieve high levels of process maturity, automation, and consequently data quality."

E-invoices can be electronically presented to buyers in a few ways:

Supplier-controlled

via PDF over email

Billtrust offers a solution that enables buyers to pay their emailed invoices directly from the email.

via a supplier-hosted self-service portal

If the self-service portal is provided by an automation vendor that can manage integrated payments, then buyers can pay their invoices directly within the portal.

Buyer-controlled

via an AP provider portal

Invoicing automation from Billtrust can help your company invoice into AP portals, receive payments faster and improve your percentage of electronic invoices.

Buyers also have preferences for not only how they want to receive invoices, but also how they want to send their payments. Some buyers want to be able to receive and pay invoices electronically, or through an AP portal.

Suppliers to those businesses need to be able to accommodate that to get paid quicker and reduce DSO.

Billtrust also offers streamlined multi-channel invoice delivery. That's important to point out: Businesses should make sure they're giving customers multiple ways to receive and pay invoices based on their preferences.

It's also a smart idea for suppliers to give their customers self-service capabilities—portals where customers can review invoices, track payment status and manage disputes, with dashboards that are easy to navigate.

Our solution also includes analytics so our suppliers can determine who is not paying, to follow up with collections more quickly or better manage disputes.

O2C pain point #3: High days sales outstanding (DSO)

One of the biggest challenges is reducing the time it takes from when someone places an order to getting cash in the door, as measured by days sales outstanding (DSO).

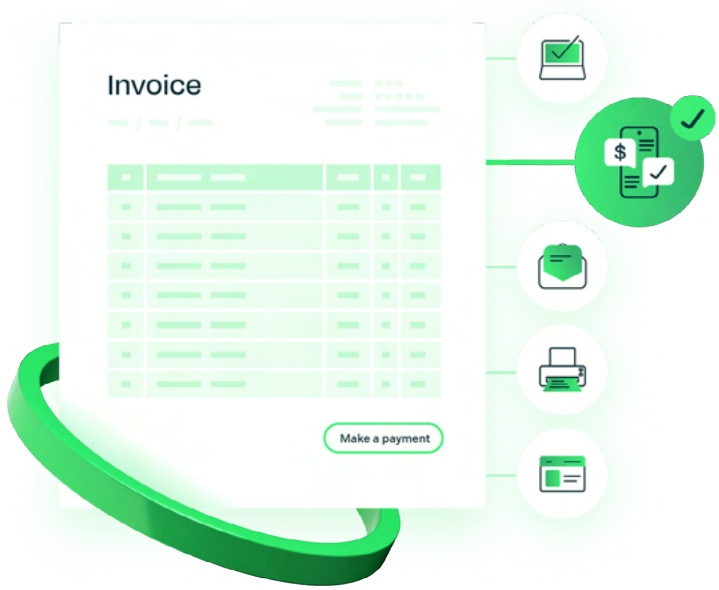
A lot of that is due to manual processes, having to create paper invoices or having to contend with decoupled remittance.

For example, if a patient gets a bill from their doctor's office with a coupon on the bottom of the bill, but they don't include the coupon when they mail their check, the doctor's office may have no idea how to credit that payment to the patient's account without a very manual process.

There are other sticking points that increase DSO, depending on how a customer pays.

- With a check, DSO can be up to 90 days
- ACH can be up to 45 days
- With a credit card, DSO can be 21 days

So, there is an incentive to offer faster payment methods, even if it costs more to process the payment, like it can with credit cards.



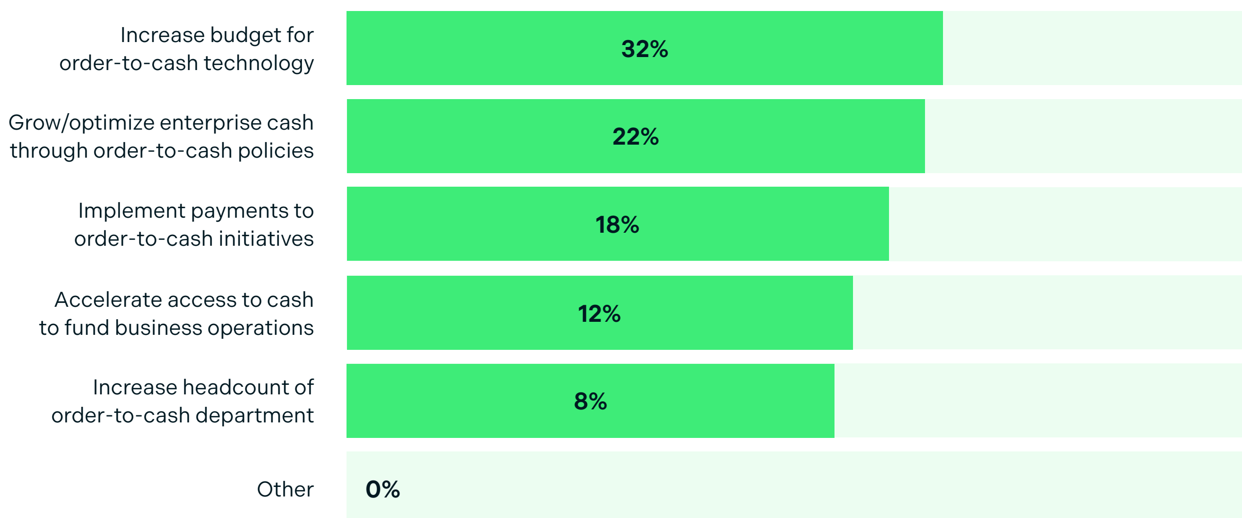
Customer preferences matter, too

On top of that, there's the payments side of the customer's organization – how they want to pay. Some organizations have to make payments via corporate credit cards, which could have unattractive float terms or they could require certain vendors to only be paid via paper check. That's a big pain point.

As inflation exceeds 2%, it's obviously important to reduce DSO. For every 30 days, it's a 243 basis point (2.43%) writedown. If a business receives payment after 90 days, it gives up 136 basis points (1.36%) of margin. The longer something sits out there, the less value it has.

If you offer terms but only accept checks, would it be more advantageous to just offer credit card payments to accelerate your order to cash? Would offering credit card surcharging be advantageous? All these questions are just another part of the DSO story.

In the next 2-3 years, rank the most important strategic commitments your organization plans to pursue to improve and support your organization's order-to-cash operations. (Overall rank)



Business Payments Network from Billtrust

Businesses need to leverage platform technology that can accept faster payments to accelerate their business processes and integrate directly with their ERP. This improves cash flow and reduces overhead.

Billtrust's Business Payment Network (BPN) gives you a holistic, end-to-end view of all your O2C processes. It's an e-bill delivery network that connects buyers to suppliers and all other ERPs to a network that facilitates movement into electronic data. This helps reduce DSO, drives visibility and helps businesses pay and get paid faster.

With BPN, suppliers can send their invoices so buyers can receive them in the format that their AP portal will accept.

Suppliers can also utilize dashboard reporting and analytics, from invoicing, to payments, to collections, disputes and exception handling. Businesses can then optimize their responses to customer inquiries. This increases their ability to provide better customer service, because they'll have better visibility and real-time information to promptly respond to any customer issues and ensure customer satisfaction.

BPN by the numbers

190+

AP portals invoiced

119%

YoY volume increase

Up to 76%

reduction in DSO when deploying digital payments

Connect with Billtrust's BPN and get paid faster. Save time and unleash cash flow with straight-through, bi-directional digital payments processing. BPN makes all the right connections for easier transactions between you and your customers.

Why put up with O2C pain points when you don't have to? Billtrust can help you overcome these headaches with our many solutions to streamline your O2C processes.

About Billtrust's research

Billtrust commissioned a study of more than 600 owners, operators and C-suite level executives in businesses representing the construction, transportation, distribution, wholesale and manufacturing industries to learn some of the biggest financial challenges these organizations are facing, as well as the increasing significance of a modern accounts receivables (AR) function in navigating the current economic environment and beyond.

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Learn more

Visit billtrust.com or contact our sales team.

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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