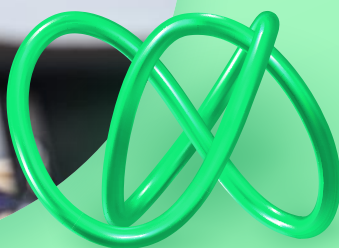
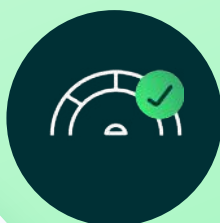


# Should you modernize your credit application process?





As a business grows, the owners and operators may consider offering credit terms to their customers as a means of financing. Credit terms refer to a situation where a supplier sells goods or services to a customer with a predetermined payment due date in the future.

For consumers, applying for credit online is a simple process. However, for businesses, it varies depending on the entity they are dealing with. Usually, the credit application process is not straightforward and requires significant manual work for all parties involved.

While the days of fax machines and paper-based forms for credit requests are behind us, the process still relies heavily on manual steps. Typically, a PDF application is emailed, which the buyer needs to fill out, sign, scan, and return. The supplier then has to digitize the application data and manually search for additional information, such as on credit institution portals.

Fortunately, the benefits of using an online credit application form are clear in today's world. It is much more convenient for buyers to complete a form and receive updates on their credit request status. Mandatory fields reduce the chances of missing essential information and making mistakes.

If a business is receiving a significant number of credit requests, it is a logical decision to transition to an online system to avoid being overwhelmed by paperwork. However, even with an online system, various inefficiencies can arise during the credit analysis process. The data often relies on a single document or spreadsheet, and there is a lack of visibility and transparency for both the business and its customers, which significantly slows down the credit approval process.

To address these inefficiencies, there is only one outcome: modernize your credit application process. This step not only expedites credit approvals but also, often overlooked, results in shorter sales cycles.

# Finding risk in the credit landscape

The pressure on businesses to expedite credit decisions is mounting, yet current challenges hinder progress. Lengthy trade validations consume valuable time and resources for AR and modern credit teams. Sales teams are dissatisfied with slow customer onboarding processes and lack visibility into the subsequent progress of credit decisions, which directly impacts sales growth.

## Outdated workflows

AR departments struggle with manual credit application processes that burden teams with administrative tasks and inefficient workflows. There are inherent front end costs with credit team members following up with prospective customers on incomplete and/or incorrect data. And it leaves AR managers concerned with performance and efficiency of the team and priorities inside of the team.

## Scattered, unsecured information leads to low visibility

Historically, AR managers lack control and insight into their overall credit application process. They often do not know the status of a given application, who is working on approving the application, what pieces of the application are still outstanding, and the volume and rate of the applications flowing through their department.

The explanation is rather simple: there is no centralized place to store all credit information, including data, documents, trade references, and attachments. Sensitive data and documents, needed to perform credit decisions, are contained in unsecured emails and access is not monitored, creating risk for non-adherence to compliance and security protocols.

## Outdated and/or incomplete data

Building upon the previous challenge, another significant issue is dealing with outdated data. In times of economic uncertainty, it becomes crucial to receive timely alerts regarding bankruptcies, out-of-business updates, and other relevant trade alerts. Having access to real-time insights on business performance and the ability to swiftly assess risks are more vital than ever.

## Self-service problems

When it comes to customizing credit applications, including modifying fields on applications, email templates, and branding, businesses often encounter challenges that require advanced tools or assistance from other teams. Even for seemingly simple changes, the process can be cumbersome and time-consuming. However, having the flexibility to make these customizations efficiently is crucial for tailoring the credit application process to specific business needs and maintaining a consistent brand image.

# What can a modern credit application process do for you?

Advanced, fully automated credit application solutions can replace a confusing network of tools and manual tasks. The resulting benefits generate ROI for savvy organizations in several ways.

## The need for speed

In this economic environment, businesses need to make informed decisions about a customer's ability to pay, and as fast as possible.

Traditional approval times can take five days or more, especially when you add the burden of following up for bank or trade references or keying in financials that were submitted on paper. An automated credit approval process can reduce this to hours or even faster with help from auto-approval and auto-decisioning capabilities and up-to-date information. This improves your new customer's buying experience and gets you paid faster.

## Simplicity rules

Credit departments want to move the credit application from initiation to approval in the fastest possible time. Having a simplified customer onboarding process, with reduced complexity, can expedite decisions and allows for tracking applications.

Businesses with multiple divisions and departments can't do without a tailored approach, where often different credit policies are in place for every division. Creating customized credit application forms tailored to specific credit processes is a great way to solve for this. These customized forms can be designed with unique branding, terms, users, and application workflows, allowing for a more tailored and efficient experience. E-signatures and mobile-ready forms further simplify the process.

## Interdepartmental wins

Today, credit decisions extend beyond the purview of credit departments alone. Smooth and efficient credit processes benefit various divisions within companies, including sales teams, by reducing the cycle time for decision-making.

A streamlined credit application process equips sales teams with all the necessary parameters, enabling them to close deals more quickly and consistently. And with improved visibility into the application process, sales teams can better monitor the progress of their accounts.

Administrative burdens related to following up on credit paperwork are alleviated for AR teams.

## Enhanced customer service

A frictionless process eliminates the long wait for order approvals. User-friendly forms, scheduled reminders and a way to get updates further enhance relations with new and existing clients.

## Fewer errors, more accuracy, optimal risk mitigation

By obtaining accurate information directly from sources such as customers and third-party credit bureaus, businesses can eliminate manual entry errors.

To enhance the credit application process, it is crucial to achieve a 100% execution rate for acceptance of business terms, compliance requirements, guarantees, and other necessary documents. A world class e-signing procedure makes the credit application package enforceable, while it's equally important all data and attachments should be stored securely.

## Make a real impact on your costs

Eliminating almost all manual work, and the wasteful cycle associated with processing (or disqualifying) a new customer, can make a real impact on a company's costs. Whether your company handles thousands of new accounts every year or just a couple per week, you can experience remarkable reductions in manual workload and save yourself from making costly decisions.

# The crucial steps of a successful credit application

Every great business journey often begins with a single step: an application for credit. But there are distinct disparities between manual and automated approaches. While the manual method involves physical forms, email exchanges, and labor-intensive tasks, the automated process utilizes dynamic online forms, integration, and advanced algorithms.

Let's explore the key distinctions between these two approaches and the benefits that automation brings to the credit application process.

MANUAL CREDIT APPLICATION - How it usually works	AUTOMATED CREDIT APPLICATION - How it should work
<b>Step 1 - Credit demand (verification phase)</b>	
Credit application is filled out manually on a physical form or a PDF sent by email.	Credit application is completed online using an automated and <b>dynamic form</b> .
Verify whether all required information is obtained from the customer and check for any errors. Paper forms are not filled out completely and applicants skip questions they don't want to answer.	The online form guides the applicant on how to accurately complete it and obtain all necessary information. Suppliers can specify which fields are required and the applicant can't submit unless all these required fields are completed.
Contact the client to get missing information.	The applicant e-signs any included agreements, guaranties, and forms.  Reminders for references can be configured and the supplier can (through the system) request more information such as uploading or e-signing documents.
<b>Step 2 - Gather internal and external data (information phase)</b>	
Application data must be digitized and manually researched for additional information.	Application data can be manually or automatically processed and cross-checked with databases and third-party credit bureaus to verify the buyer's creditworthiness.
A credit manager may enter the application data into a spreadsheet or database and manually research the buyer's credit history or reputation.	An automated credit scoring system may pull data from credit bureaus and bank references to assess the buyer's risk level.
Retrieve customer trade references provided by the customer.	Additional documentation - if needed - can be collected within the application or added through the system after the fact. Everything is stored in one, centralized location.
Look up credit bureau data from third-party providers.	

### Step 3 - Analyze (evaluation phase)

Perform a credit check for a customer's creditworthiness.

When going the route of auto-decisioning - by configuring credit data and/or application data -, analysis is happening simultaneously

Check - through credit models - if customer credit score is acceptable.

### Step 4 - Credit approval (decision phase)

Approval decisions are made by a credit manager or team of managers based on their judgment, discretion, experience and knowledge.

Approval decisions are made by a workflow that has been set up.

Approval criteria may vary based on the discretion of the credit manager or team of managers.

Approval criteria are pre-determined and based on established rules and risk factors.

May lead to delayed approval or rejection decisions due to manual processes and communication delays.

Approval or rejection decisions are made instantaneously or within a few minutes. It means your best customers can start ordering without waiting for manual/human approval.

### Continuously throughout all stages

Track progress. Stakeholders are alerted on the progress of decisions without having to call in.

Increased transparency. Stakeholders can view limited information in the credit application process and, if needed, provide inputs to the workflow forms seamlessly.

# How does Billtrust streamline the credit decision process?

We've talked about how speeding up approvals enables sales to sell early and faster, and increase customer satisfaction, and how automation is key in reducing manual work and the errors that come with it.

Billtrust Credit speeds up the credit process by customizing online application forms and creating criteria for auto decisioning. It takes the guesswork and complexity out of approvals. It also drastically cuts down customers' onboarding time.

Because credit, collections, and payment data exists in the Billtrust platform, credit analysts can access this information to use in decision-making, resulting in even faster and more accurate credit decisions than when using a standalone credit application product. Plus, this data comes in handy as reference when you want to extend or change credit terms to an existing customer.

In short, when you partner with an integrated order-to-cash platform, you can make more strategic decisions for your company in less time.

Test Prod Company 12345  
Credit Application  
Prepackaged Software (Services) SIC 7372, Software Publishers NAICS 511210

View Credit Profile

Company Accounts

PROD:SIMONANDSCHUSTER Simon and Schuster  
Not Defined

PROD:Alpine Automotive  
Not Defined

PROD:Alpine:Alpine Electronics  
Not Defined

PROD:Alpine:Alpine  
Not Defined

Edit

**Credit Decision Data**  
D-U-N-S 80-473-5132

Refresh

**Paydex Score**  
78

**D&B Rating**  
3A4

**Credit Limit**  
\$400,000  
Minimum

**Financial Stress Class**  
3

**Payment Activity**  
Average High Credit \$238,209  
Highest Credit \$800,000  
Total Highest Credit \$5,240,600

Credit Decision Data last updated on 5/10/2022

Application 1: In Review  
jnatarajan+prod-qa-17122021510pm@billtrust.com

Groups: PROD:SIMONANDSCHUSTER and Schuster

Initiator Credit Line Request Applicant Credit Line Request

Select a Form

> Applicant Details

> # Trade References

> # Bank References

> # Secondary Section

Attachments:  
Application\_Esign

References:

+ Add

Initiator  
Jothish Natarajan

Reviewer  
Muralidar Sundara

Notes

Justin Worden  
Application moved to In Review.  
17 Dec 2021

Jothish Natarajan  
Sent Updates email  
17 Dec 2021

Jothish Natarajan  
Dynamic Action: REVIEWER changed from - to Muralidar Sundara  
17 Dec 2021

+ Add Notes

Reassign

Reassign



## How does it work?



### 1. Supplier set-up

Based on your credit policy, you set up one or more credit application forms with questions for the applicant and with a dedicated workflow.

Dynamic actions can be used to automate certain steps in your credit application's workflow based on different criteria, and can be especially helpful for moving applications through the system without manual intervention.

Choose any 3rd party credit provider from which you want to pull credit bureau data in. The data of the provider can be used in the workflow for auto-assignment and auto-decisioning.

You can add branding and customize messaging with email templates.



### 2. Initiate app

The customer fills out the online application.



### 3. Complete and e-sign

The customer agrees to terms and conditions and e-signs any included agreements, guaranties and forms. Credit card authorization can be part of the workflow.



### 4. Automation kicks in

Our technology integrates all references, credit bureau data, and public information. The result is a complete credit file with a financial risk score and a credit line recommendation, ready for approval.

Alternatively, a guided workflow can be used to assign to someone else for action or decision.



### 5. Transparency

All stakeholders are kept informed throughout the process. Suppliers can track progress for each section and the application. Credit managers choose the level of visibility that sales has. Applicants get reminders and can monitor and edit their application.



### 6. Credit decisioning

Credit data can be manually or automatically retrieved and displayed in the application to facilitate a decision on whether to approve or deny credit limits and terms.



### 7. Monitor and renew

Once an application is decisioned, a snapshot of the credit decisioning data and a pdf version of the latest credit report is stored with the application.



## Learn more

Visit [billtrust.com](https://billtrust.com) or [contact our sales team](#).

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### 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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