

Something old, something new

How to marry AR and AP
new and legacy systems



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Legacy system

An information system that may be based on outdated technologies but is critical to day-to-day operations.

Source: Gartner

Introduction

Accounts payable and receivable professionals work hard to add value to their organizations—a particularly important objective in an uncertain economy.

Yet many are also working with legacy computer systems that can make reaching this goal more difficult.

Some days, it probably feels like the best thing to do is ditch the legacy system and move to a completely new one. However, that requires an investment of time, money, and other resources that might not be possible for your organization right now.

A more achievable strategy is to link your legacy system with new solutions or applications that can help your accounts payable and receivable teams streamline operations and boost performance. This approach typically requires fewer resources than “ripping and replacing” your current system.



Why AR and AP teams deserve better solutions

In any organization, the accounts payable (AP) and receivable (AR) departments handle functions that affect cash flow and financial control. “They are like the valve on the heart of the organization, regulating the financial blood flow,” says Paul Kizirian, strategic advisor, commercial banking and payments, with Aite-Novarica Group. Errors or oversights in these operations can affect the entire organization.

AR departments need to work productively with customers and ensure they want to continue doing business with the company, plus carry out policies that enable the organization to receive payment as quickly as it can. And when processing payments, AR professionals need to know which purchase orders (POs) each payment covers, so they can accurately and efficiently close out their records.

Similarly, AP professionals need to maintain solid relationships with vendors and suppliers and work effectively with colleagues across the company, often calling on them for timely approval of invoices.

For as important a role AR and AP departments play in their organizations’ financial success, many get by with a barebones staff and older systems that can hamper efficiency, offer subpar reporting, and have clunky user interfaces.

28%

of surveyed CIOs said modernizing legacy systems and applications would drive IT investment in 2023—the third most-mentioned initiative

Source: Foundry

Bolt on better AR and AP solutions to legacy systems

Introducing more modern solutions can streamline operations, enhance accuracy, and boost customer and vendor satisfaction, improving an enterprise's performance and competitiveness. The challenge? Completely replacing existing systems often isn't an option, given the investment of time and money required, particularly in a rocky economic environment.

Moreover, because of the critical role financial operations plays in an organization's performance, you want to introduce any new systems with deliberation. Many legacy systems handle critical AP and AR transactions, and you want to ensure these processes can proceed with as little disruption as possible.

One solution is to link legacy and new systems. That way, you can leverage more current processes that will provide a foundation for improved performance, no matter how the economy twists and turns, while allowing the legacy system to continue its work.

Do you really need to spend money on this? (Answer: Probably)

When an AR and AP legacy system continues to do its job, it can seem extravagant to consider replacing it, or even to connect it with a newer system. As the saying goes, "If it ain't broke, why fix it?" But if you hang onto legacy systems, you'll face:

- Less-efficient operations
- Vulnerability to security breaches
- Customer turn-off, due to clunky interfaces
- Rising maintenance costs

These are all very good reasons to explore solutions that will let your AR or AP team work more efficiently and securely.

Smart advice for linking AR and AP systems

While every initiative to marry new and legacy systems will have its own challenges, a few project management principles apply to most. Here are some to start:

- **Take the long-term perspective.** Linking legacy and new systems is more a marathon than a sprint, with many steps necessary to drive business value. Small wins along the way can build momentum and demonstrate to others the value of the project. “Approach the change management process with consistency and commitment,” says Eric Glover, Billtrust’s Senior Director of Professional Services. “If you don’t keep encouraging employees to try a new system, it becomes easy to fall back into the old way of doing things. Then, you won’t get all the value the new software can offer.”
- **Let business needs drive decisions and action.** While marrying two computer systems will, of course, involve the IT department, the desired business results—say, increased efficiency, improved digital capabilities, and/or tighter security—should drive the project.
- **Keep vendors and customers aware of changes.** It’s not only employees who need to know what’s going on. Changing systems will affect how many customers and vendors interact with your organization, often disrupting their internal processes and creating additional work for them, at least in the short term. They may understandably question how they’ll benefit from their efforts.

This last point—communication—is particularly important. For example, AR teams should let customers know how payment processing will change. Most customers will want to be confident they’re submitting payments correctly and that their payments will be accurately received and recorded.

Similarly, AP teams need to tell vendors about changes that will affect their processes and provide plenty of time for them to adapt.

It also helps to show how the changes can benefit your vendors or customers. For example, if the new system offers more accurate and timely reporting, tell them it will likely reduce the need to follow up on transactions.

Five ways to create a strong marriage between AR and AP legacy systems and new solutions

38%

of people say their organization's leaders lack understanding of the benefits of migrating to the cloud, and of IT in general.

Source: 2022 Mainframe Modernization Business Barometer Report

With these principles in mind, the following steps can help to ensure a productive connection between the new and legacy systems.

1. **Review your legacy technical environment.** You'll want to assess the architecture, the code, the user interface, and the system's cost and complexity, among other attributes. By gaining a handle on your starting point, you can more easily decide how best to reach your goal. "Evaluate your existing system," Glover says. "It's possible it was enhanced and now offers more than you realized."
2. **Develop an integration roadmap.** Determine the approach that will be most effective in linking your legacy and new application to reach your business goals.
3. **Research solutions providers.** Among the qualities you'll want to consider are their experience in your industry, how easily their solution will link and operate with your system, the services they provide, and the software itself.
4. **Document your work and the systems.** This will help ensure the system remains viable over the long term, and particularly if additional changes are needed.
5. **Determine how you'll handle existing data.** In some industries, regulations might require that you archive it when introducing a new system. In addition, once you link a legacy and new system, you may gain access to data that previously had been difficult to reach. By analyzing it, you may be able to identify and capitalize on new opportunities.

Conclusion

Connecting a legacy system and new solutions can streamline operations, enable your management team to make more informed decisions, and provide a greater ability to capture new opportunities.

While it might seem that completely replacing a legacy system is the only way to leverage more current technology, marrying old and new systems can offer many bottom-line benefits, and often at a more reasonable investment of time and money. "Innovation often is even more important in an uncertain economy," Glover says. "That's when it's critical to keep costs down and focus on efficiency and accelerating cash flow. Then, when the economy turns, you're in an amazing place to scale."





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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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