

It's Time for Accounts Receivable to Embrace Automation

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Originally published in the Credit Research Foundation's publication, Perspective by CRF (Q2 2023)

Have you stopped to think about how much time is spent on manual tasks?

The answer may surprise you.

For mid-size companies, most A/R teams spend more than 2,000 hours annually on routine, labor-intensive accounts receivables tasks. For larger enterprises with teams consisting of approximately 25 people, this number jumps to 16,000 hours of routine, manual work.

Responding to requests for documentation, sending invoice copies and reminders, researching account status, and following up on outstanding balances - all of these routine, repetitive tasks for the A/R department not only drag down morale but also derail focus from more meaningful activities.

It's no wonder 45% of finance and accounting practitioners feel repetitive work is a massive drain on the organization.

Needless to say, this makes the A/R area of finance ripe for change, and action must be taken to help streamline back-office tasks.

Why Automation?

The truth is that Accounts Receivable is overdue for an upgrade.

It's time for a more streamlined and efficient process to enable teams to handle other high-value duties such as building meaningful relationships, maintaining the billing system, creating reports, and investigating irregularities.

Advanced automation has the opportunity to streamline repetitive, manual processes, from account classification to correspondence and even metrics tracking. Next-gen software could augment workflows and enhance engagement to save time, reduce costs, and prevent errors.

1. Streamlined Communication

The implementation of automation significantly enhances the customer experience by enabling the autonomous delivery of targeted correspondence with the appropriate tone and content, strengthening customer relationships, and facilitating timely payments.

Additionally, bi-directional correspondence is designed to work in tandem with payer classification, ensuring that all payers receive messages tailored to their specific circumstances. This integrated process saves time and effort for A/R teams, enabling them to focus on more complex cases and enhancing overall productivity.

2. Account Classification

Automated account classification provides specialists with the ability to segment their outreach based on intelligent insights derived from various payer types, including fast payers, slow payers, at-risk accounts, strategic accounts, government agencies, and resellers. This automated process ensures that collections workflows are optimized, and up-to-date information is available to expedite processes.

With automation, teams will have access to valuable insights into customer payment patterns. This includes knowledge of which customers pay early, late, or on time, enabling teams to prioritize outreach accordingly.

Predictive forecasting capabilities provide valuable information about which customers are likely to make late or no payments, enabling teams to implement the appropriate incentives and strategies to mitigate the impact of delinquent accounts. It also flags accounts that display unusual behaviors, so proactive and prescriptive action is taken to mitigate risks. Ultimately, the automation of account classification and receivables management processes will enhance the effectiveness of the A/R team, streamline workflows, and improve cash flow.

3. Automated Metrics

By understanding the payment status, an accounts receivable team has the opportunity to deliver the appropriate correspondence and prepare for payment arrivals accurately. Automation offers the added benefit of providing real-time updates without the need for constant communication with customers.

Further, automation seamlessly tracks metrics, such as Days Sales Outstanding (DSO), providing valuable tools for teams to gain insight into performance trends. By leveraging these automated tracking mechanisms, teams monitor payment progress, identify potential delays, and streamline the collections process, resulting in improved cash flow.

Embracing A/R Automation

Implementing automation has a significant impact on enterprises, resulting in an immediate 75% reduction in workload by eliminating tedious and error-prone manual tasks. By freeing up teams to focus on more meaningful and rewarding work, enterprises also improve employee retention.

In addition to workload reduction, automation increases productivity and efficiency within finance and accounting departments by up to 60%. Scalable and flexible software solutions reduce the need to hire additional professionals to meet growing business demands or seasonal fluctuations. Scalable and flexible automation offers a more cost-effective approach to handling workloads for the A/R function.

Advanced technology, such as AI and automation, also improves capital and cash performance by reducing Days Sales Outstanding (DSO) by up to 15%. By providing more robust reporting and analytics, businesses gain a clearer view of their financial status, leading to a 10-15% reduction in past-due A/R and a 35% reduction in bad-debt write-offs.

A/R automation improves auditing by reducing human errors and automatically capturing notes, actions, and outcomes. Adopting A/R automation also leads to increased customer satisfaction, as automated technology responds within minutes to clients 24/7, 365 days per year. By leveraging these benefits, enterprises improve their financial performance, streamline processes, and enhance customer satisfaction.

The Future of Accounts Receivable

Some finance professionals may still hesitate to embark on implementing automation, taking the wait-and-see approach, but waiting even just one more month before embracing automation could be the final nail in their proverbial coffin.

There's no way around it – now is the time to incorporate advanced technology into the finance back office. Teams are at risk of reduced productivity, inaccurate data, and poor metrics – all affecting the bottom line. In today's quick to change business environment, all eyes must be on that bottom line, and finance is

a big part of that equation.

The move to remote work and decentralized workspaces demonstrated the power of digital transformation, as businesses that embraced digitalization saw the significant organizational impact and made progress towards enacting real change on a global scale. By embracing automation, businesses recover thousands of hours of lost time that was previously spent on data entry and follow-up tasks. This new-found time is redirected to career-enhancing work, and an increased percentage of goals achieved for the department. More in-depth analysis allows for greater strategic decision-making that becomes the norm for A/R, driving deeper value and impact for the organization as a whole.

While the idea of adopting new technologies may seem daunting, quick wins are an important start to jump in and reap the benefits. By embracing innovative technologies, your business stays ahead of the curve and continues to grow in a rapidly changing world.

What are you waiting for? Start on your automation journey today and your CFO and future self will thank you.

About the Author



In her role as Senior Director Product Marketing, Elaine is dedicated to developing and articulating compelling value propositions and targeted content, working with thought leaders, industry and subject-matter experts and analysts to communicate the benefits and value of Auditoria.ai to advocate for customer-centric finance transformation. With more than two decades of marketing experience, Elaine delivers messaging and positioning, sales enablement, and thought leadership, collaborating cross-functionally to ensure ongoing market relevance.