The AR Modernization Playbook: From Stalled to Implemented

How to Evaluate, Select, and De-Risk an AR Solution

VERSAPAY | CFO DIVE

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AR modernization efforts routinely stall not because of a lack of urgency, but because of fragmented ownership, unclear ROI, and the real risk of disrupting processes that touch the close.

Most CFOs already know their AR operations are costing them in cash, time, and visibility. The harder problem is solving it and the stakes are higher that most modernization efforts reflect. According to Versapay's *2026 Annual Cash Flow Clarity Report*, 78% of finance leaders say unexpected AR issues are no forcing changes to capital investments, hiring plans, and borrowing decisions.

Minimizing ownership, evaluation, and execution issues is critical to ensuring AR modernization efforts advance to implementation and adoption, and ultimately deliver impact. This buyer's guide is designed to help finance leaders move from identifying their AR problems to solving them with a new solution.

STEP #1

Assess where you are

Organizations need to understand the existing state of their AR operations before evaluating vendors (or even determining evaluation criteria).

Among most organizations, the current state of AR is one plagued with challenges: 2026 Versapay research* found that 74% of finance teams spend significant or moderate time weekly chasing late payments, and 81% of senior finance leaders say collecting outstanding invoices has become more challenging.

Pinpointing these kinds of inefficiencies, and quantifying cash flow leakage — across payments, cash application, collections, and dispute resolution — is critical at the outset of a modernization effort. Quantifying the manual effort tied to AR exceptions in organizations' close and reconciliation processes is also important.

Take Action

To quantify cash flow leakage and exception effort in dollars, start by segmenting AR by customer, payment method, and channel.

Then measure each of the following areas:

- Unapplied cash and exception rates in cash application
- Remittance quality and completeness
- Short pays and deductions by reason
- Dispute backlog and cycle time
- Invoice delivery success rates
- Write-offs and credits

With those measurements identified, layer in your operating cost considerations. These include:

- Manual touches per payment
- Cost per invoice and per payment applied
- Collector capacity, rework, and downstream accounting touches (such as manual journals, adjustments, and reconciliations)

STEP #2

Build your business case

Having the right business-case framing ensures an AR modernization is funded and managed as an essential financial initiative, rather than as a nice-to-have technology update.

The key is translating quantified current-state AR findings into a multi-pronged business case that encompasses working capital considerations, P&L concerns (including labor savings and reduced leakage), risk and control capabilities, and several important leading indicators.

Prioritize Key Outcomes

91%

of senior finance executives expect AR automation to reduce DSO by at least 4 days

29%

expect DSO reductions of 11+ days

56%

believe an advanced AR automation solution could benefit their company $1M+ annually

Source: Versapay 2026 Annual Cash Flow Clarity Report

Take Action

Anchor your business case in measurable financial outcomes across each of the following areas:

Working capital

- Reduction in DSO drivers
- Lower unapplied cash
- Improved cash visibility and forecast accuracy

P&L

- Lower cost-to-collect and cost-to-apply
- Reduced write-offs and deduction leakage
- Potential savings in bank and/or lockbox costs

Risk and controls

- Stronger auditability
- Fewer control breaks
- Cleaner reconciliations
- Fewer manual adjustments that create close risk

Leading indicators

(tracked monthly with a phased timeline to value)

- Straight-through processing rate
- First-pass match rate
- Exception rate
- Dispute cycle time

"The right AR solution does more than automate tasks. It **improves decision-making, accelerates cash conversion** while strengthening control, and reduces the day-to-day noise of manual adjustments and reconciliations."

Lucia Lee, Vice President of Accounting at Versapay

STEP #3

Define what you're looking for

Armed with a quantified understanding of AR and a KPI-driven business case, CFOs can work backward to validate that any prospective solution's capabilities directly support the outcomes they're seeking.

Vendors should be able to demonstrate impact across three distinct dimensions: cash impact, control strength, and close integrity.

Take Action

Pay close attention to a vendor's ability to deliver on the below concerns. If they can't showcase results across all three dimensions, their solution may not be worth the investment.

Cash impact

- High straight-through processing
- Strong first-pass match rates
- The ability to handle real-world exceptions — such as short pays, partial payments, deductions, and consolidated remittances

Controls

- Clear audit trails
- Approval workflows
- Role-based access
- Segregation of duties

Close integrity

- Proven ERP and bank integrations
- Clear posting logic
- Realistic phased rollout plan with parallel run and reconciliation
- Transparent total cost of ownership
- Customer references with measurable KPI improvements

STEP #4

De-risk implementation

Asking the right questions during vendor evaluation and selection can help minimize issues during implementation and adoption.

During this step of the buying process, organizations should focus on protecting cash continuity, maintaining controls, and ensuring that the ERP posting and audit evidence will be correct from day one.

Take Action

Get clear answers to the following questions to ensure a prospective vendor's risk profile aligns with your organization's needs and expectations.

- What does the phased rollout look like, and when will we see initial KPI improvement?
- Which ERP, bank, and lockbox integrations are standard vs. custom — and where are the risks?
- What is the parallel-run and reconciliation approach, including daily cash tie-out and rollback plans?
- How are controls enforced — regarding things like audit trails, approvals, and segregation of duties?
- How is audit evidence generated and retained (including support for close and SOX testing)?
- What data is required, who owns cleanup, and how is data quality sustained post-go-live?
- What internal resourcing is required, and what proof points should we expect at 30, 60, and 90 days?

STEP #5

Ensure the right fit

During solution evaluation and selection, it's easy for CFOs and their modernization-team partners to focus exclusively on the features vendors show off in demos. But finding a true solution fit hinges on long-term concerns like adoption, time-to-value, and scalability.

"Ultimately, it's about improving accuracy, increasing visibility, and enabling faster, more reliable cash outcomes without introducing additional risk," says Lucia Lee, Vice President of Accounting at Versapay.

Vendors' demos and feature lists can be helpful, but determining if a solution is right requires understanding exactly how it changes AR operations for the better.

Take Action

Ask yourself: Does this solution...

- Improve AR accuracy and audit readiness while accelerating cash?
- Provide real-time visibility into our cash position?
- Connect B2B payments, customer remittance capture, and AR workflows?
- Offer modern B2B payment options and customer payment experiences that get us paid faster?
- Capture remittance and automate matching to increase straight-through cash application?
- Standardize and control the AR workstream?

Avoid common AR modernization pitfalls

There are several common reasons AR transformation projects go off course. Proactive and coordinated planning can help organizations avoid these issues and minimize the risk of failure.

1. No clear metrics or CFO ownership.

When the modernization initiative isn't tied to clear cash KPIs with a single financial owner, getting leadership support is challenging.

2. Fragmented accountability across finance.

If ownership is fragmented across cash application, collections, disputes, customer service, and IT, modernization projects can't move forward in a cohesive and coordinated way.

3. Data quality issues.

When concerns like customer master data, remittance data, and deduction codes aren't addressed upfront, the manual work required for data cleanup can become a roadblock.

4. Overloaded personnel.

When organizational subject matter experts are stretched thin, and governance doesn't force timely decisions, projects slow.

CONCLUSION

Making AR a competitive edge

AR technology is a critical cash management tool. Maintaining manual processes in AR holds back organizations' cash flow and clouds their visibility.

A modern AR solution can provide capabilities that enable finance teams to gain full control of the invoice to cash process and unlock faster cash flow. The right solution can turn AR into a working-capital engine by reducing friction in how customers pay, increasing automation in how organizations apply cash, and enhancing reporting accuracy and visibility.

AR modernization efforts that succeed help organizations reduce issues with unapplied cash aging, exceptions, and disputes, and equip accounting teams with the audit trails and governance required to support a high-quality close.

Making sure an AR modernization effort succeeds, however, requires treating the project as a controlled finance transformation. It must be anchored in clear KPIs, with clear process owners, and a defined, phased rollout plan.

Ideally, that rollout plan also minimizes any risk of disruption to cash posting, subledger integrity, or internal controls.

"At Versapay, we de-risk the program with proven ERP and banking/lockbox integrations, a phased deployment, and parallel-run reconciliation — so posting logic is validated, cash ties out daily, and controls remain intact through cutover," says Lee.

Automating AR with a unified platform like Versapay gives organizations total financial control, and eliminates the inefficiencies that are costing them more than they think. Now is the time for organizations to take control, and to pursue modernization without letting ownership, execution, and evaluation roadblocks hold their projects back.

Want to see how a modern AR process improves your cash flow? Talk to our experts.

VERSAPAY

Versapay automates accounts receivable, removing barriers to collecting and reconciling B2B payments. Our solutions connect finance teams, customers, and business systems in one ecosystem to ensure cash flow clarity. With over 10,000 customers and 5M+ companies transacting on the platform, Versapay processes over 110M transactions and $300B annually.

Learn More

Versapay 2026 Annual Cash Flow Clarity Report

This study was conducted in partnership with Wakefield Research among 400 financial executives with a minimum seniority of Director. All respondents report to the office of the CFO and work at companies with annual revenues between $100M and $1B USD, based in the United States and Canada.