SSON | THE WORLD'S LARGEST SHARED SERVICES & OUTSOURCING NETWORK

COLLABORATIVE ACCOUNTS RECEIVABLE:

HOW THE AR PULSE CHECK SURVEY REVEALS AN URGENT NEED FOR INSTANT CUSTOMER ENGAGEMENT

In association with

versapay®

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Introduction

Too often traditional accounts receivable (AR) automation platforms limit themselves to alleviating the administrative burden of manual processes. They fail to truly address the need for improved communication between the customer and the AR team. In doing so, most platforms miss out on the opportunity to fully engage the interpersonal skills of the AR team, streamline cash-flow and design processes that elevate AR performance and improve the customer experience all at once.

SSON's 2022 AR Pulse Check survey of 103 Shared Services and Outsourcing (SSO), Global Business Services (GBS), and Finance leaders reveals that 50% of the market surveyed has invested in cloud. However, 26% of the surveyed market is currently deliberating while another 23% has no plans to transition. And yet, whether they've invested in cloud solutions or not, it's clear that AR teams are struggling to reduce manual administration and streamline customer contact. The survey reports approximately 85% of respondents are still manually matching payments with remittance. Another 87% identified phone or email as the primary customer contact method.

SSON's AR Pulse Check Survey reveals that regardless of investment in cloud solutions, there's a disconnect between customer needs and the business processes set-up to support AR. To bridge the gap, what's needed is a platform that reduces manual processes to improve cash flow and improves customer collection. This report highlights how Collaborative AR is a strategic change agent to a business area struggling with speed-to-payment, manual collections, inefficient and disorganized processes, and siloed legacy systems.
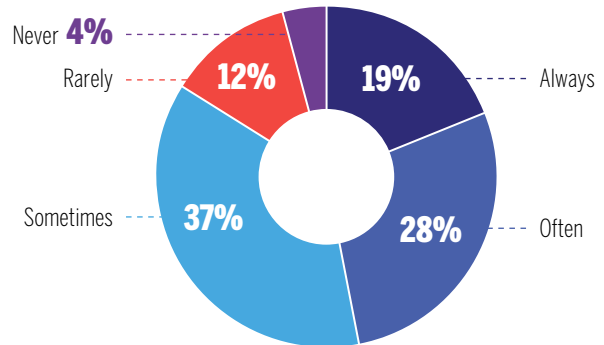
Collaborative AR is a revolutionary way of approaching AR automation. It combines real-time account information and payment history, with automated cash application while simultaneously facilitating buyer and supplier transactions and interactions all in one place. A cloud portal allows direct collaboration, supporting customers throughout the entire AR process, securing quicker payments and accelerated cash flow. A user-friendly system creates happy customers more willing and able to pay, which translates into higher revenue from improved cash visibility.

The following sections explain how this process transpires with Collaborative AR, highlighting cloud portal opportunities and solutions to traditional AR system challenges.

Has your company's accounts receivable (AR) team transitioned to cloud computing?
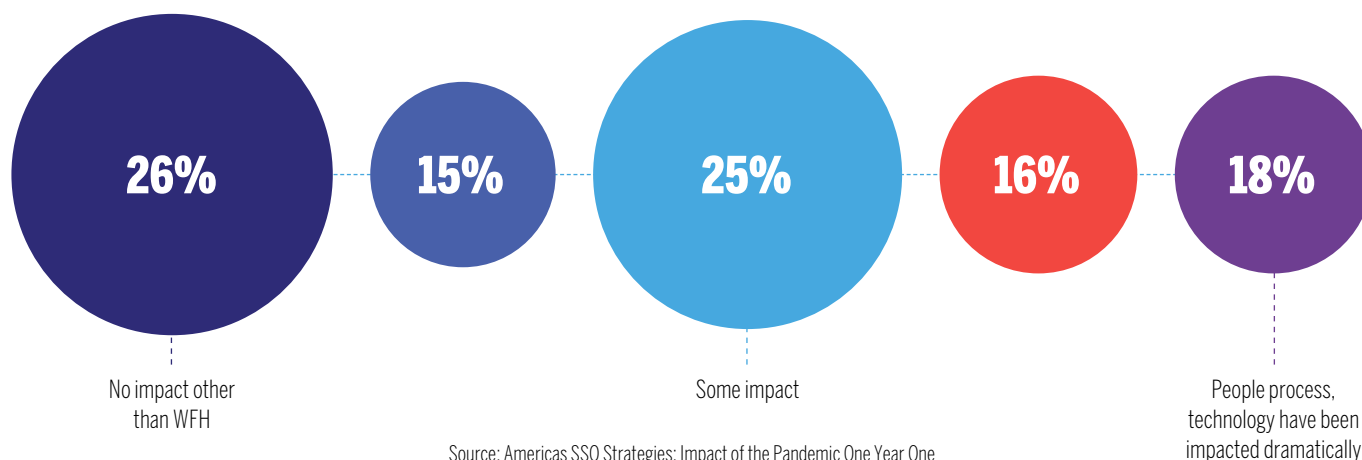
- ● Yes, fully transitioned
- ● Currently transitioning
- ● No, but evaluating solutions
- ● No plans to transition
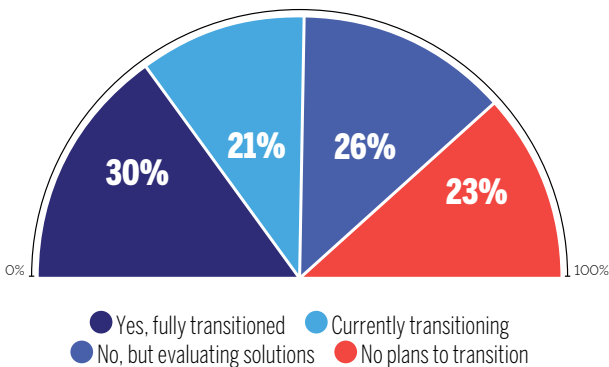
Does your AR team have to manually match payments and remittance data?

Source: 2022 AR Pulse Check Survey

Impact of the Pandemic on AR: One Year On

How would you rate the impact of the pandemic overall, on your service delivery operations?

26% No impact other than WFH

15%

25% Some impact

16%

18% People process, technology have been impacted dramatically

Source: Americas SSO Strategies: Impact of the Pandemic One Year One

COVID-19 exposed system inefficiencies. In a North American Shared Services 2021 'One Year on' Survey[1] of SSO and GBS leaders, when asked about the pandemic, about 70% of respondents reported the pandemic had at least some influence on business operations, with approximately 20% indicating "dramatic impacts to *people, processes, and technologies*." The pandemic aggravated AR process communication barriers between businesses and customers. Customers have increasingly digital demands and throwbacks like paper invoices, checks, legacy systems and sluggish order-to-cash execution that plague AR teams are slowing down operations and making for unhappy customers.

Customers are looking for an improved process to pay their bills, and when it's easy to pay, they will more likely pay on time. How to Intelligently Manage Payments Through Accounts Receivable Automation[2] documents COVID-19's widespread cash management impact.

Finance leaders are rapidly realizing that their organizations need digital, unified solutions for both AR teams and their customers throughout the entire invoice process. A digital transformation network where AR teams work in tandem with customers amplifies opportunities for a business model that aligns people, processes, and technologies.
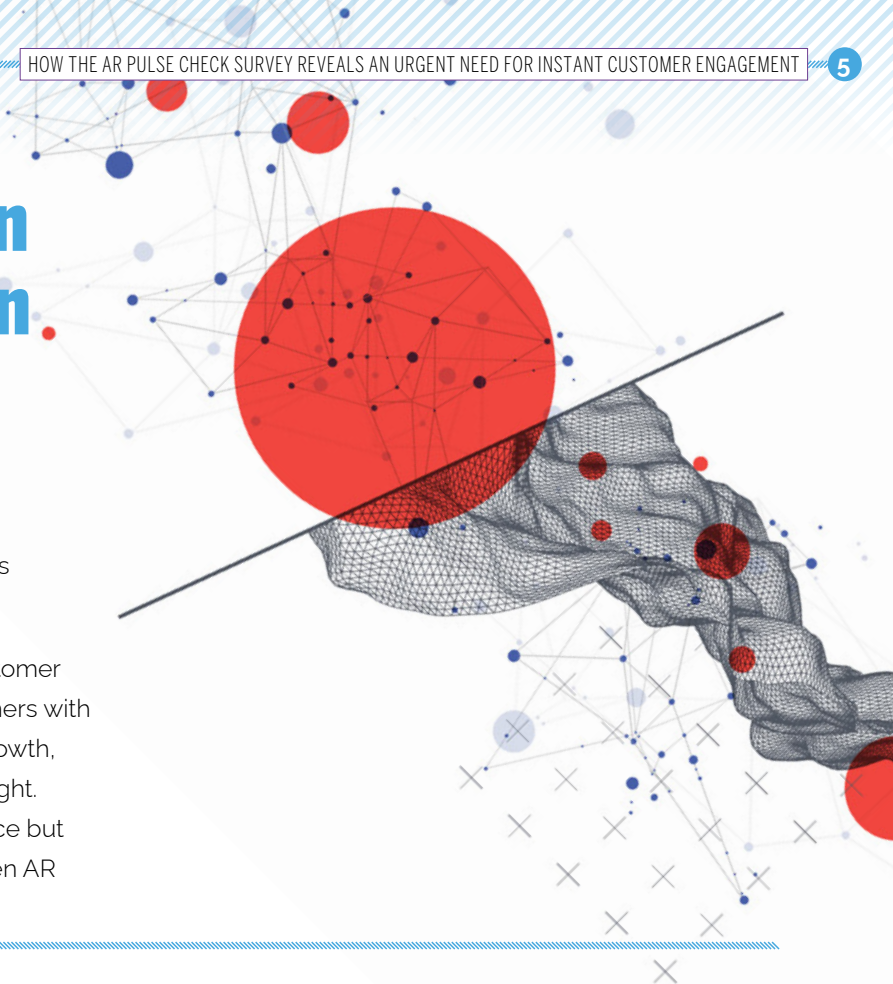
1 https://www.sson-analytics.com/insights-americas/analytics-workbooks/americas-sso-strategies-impact-of-the-pandemic-one-year-on
2 https://www.ssonetwork.com/finance-accounting/reports/how-to-intelligently-manage-payments-through-accounts-receivable-automation
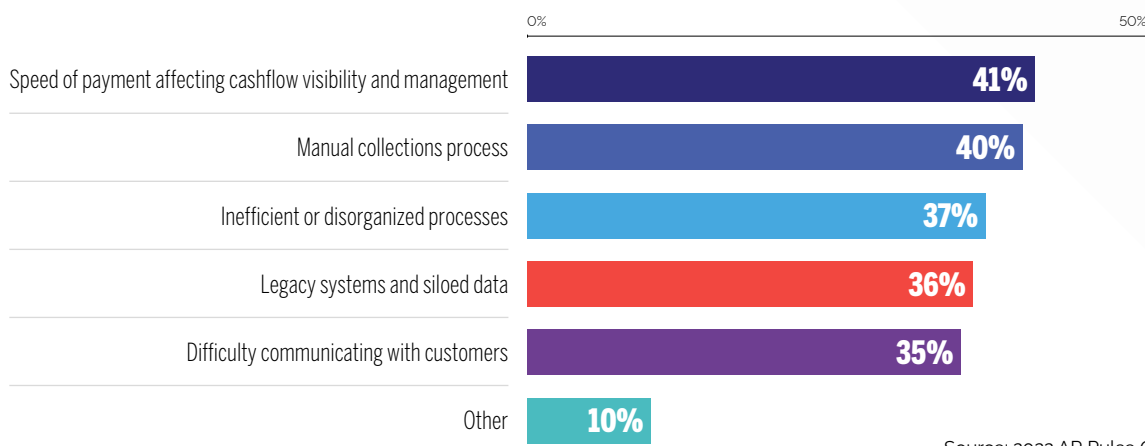
The Communication Breakdown between AR and Customers

How can AR become a strategic change agent that exemplifies next-gen Finance? Simple. Applying Collaborative AR to an area of back-office operations that's often overlooked: customer experience.

The following section highlights how important customer service is to Finance leaders. By connecting customers with AR teams in an integrated ecosystem that drives growth, Collaborative AR pushes the function into the spotlight. This technology not only addresses customer service but also tackles the communication breakdown between AR

What is the biggest challenge currently inhibiting your collections processes?

|	
Speed of payment affecting cashflow visibility and management	41%
Manual collections process	40%
Inefficient or disorganized processes	37%
Legacy systems and siloed data	36%
Difficulty communicating with customers	35%
Other	10%

Source: 2022 AR Pulse Check Survey

teams and customers, minimizing manual process complications from system fragmentation.

SSON's AR Pulse Check survey responses confirm this conclusion. For example, about 35% of participants reported customer communication difficulties with almost 41% acknowledging manual inefficiencies. The overlap in collective responses indicating manual inefficiencies from siloed data and slow payment process speeds contributing to reduced cash visibility correlate with communication difficulties.

When following up on AR tasks with customers, which method does your team use most?

- Chat **3%**
- Digital portal
- Phone
- **1%** Postal
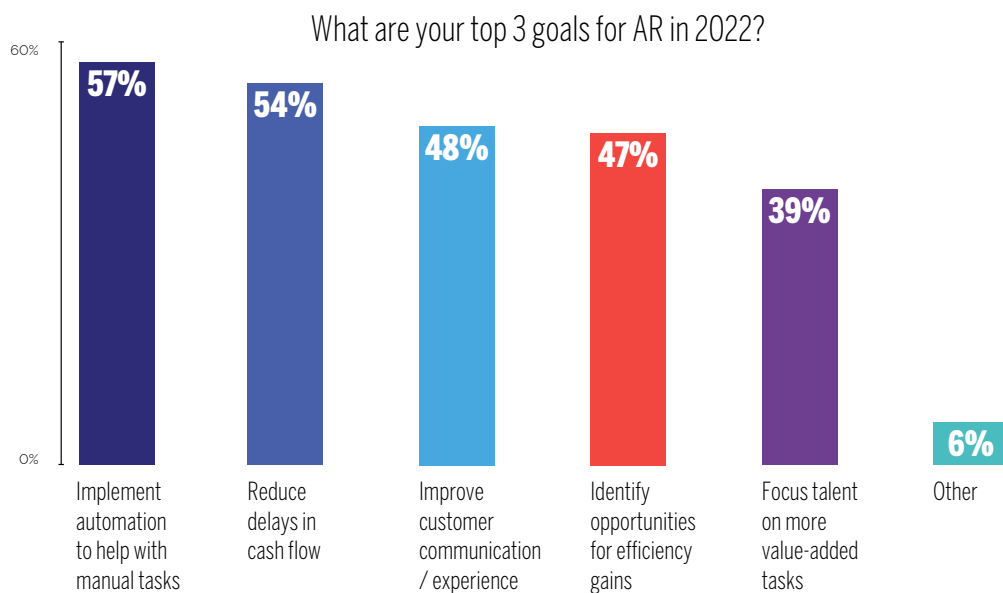- **10%**
- **19%**
- **67%** Email
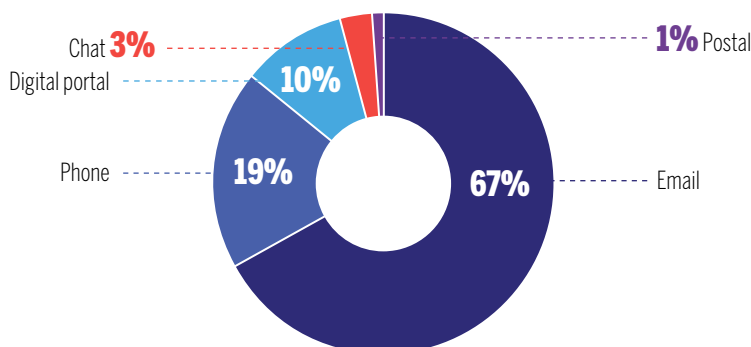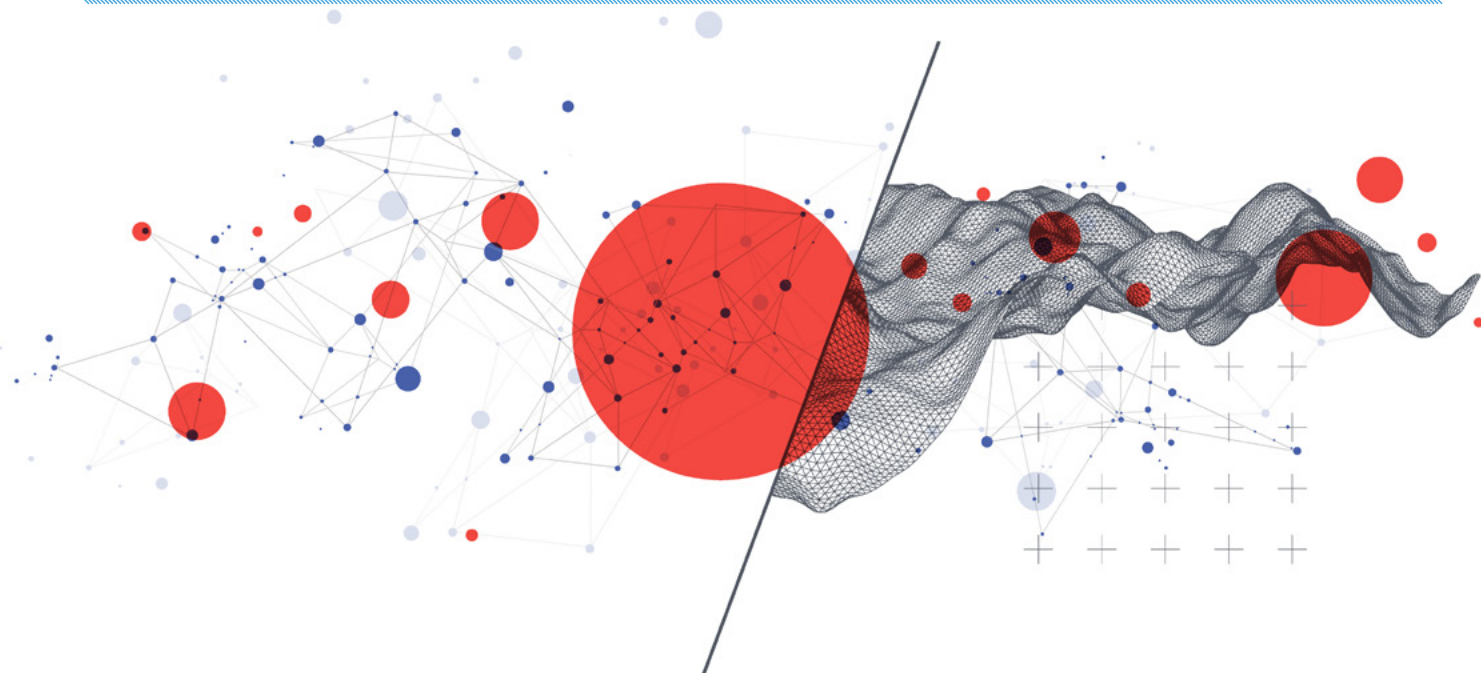
Source: 2022 AR Pulse Check Survey

That 87% of participants report to using manual methods such as phone and email in an age when automation technologies thrive, and moreover, expose tangible business challenges. It seems that while organizations have implemented AR automation, it has only sped up the pace of existing manual processes, rather than foundationally changing the way AR collects money from its customers and communicates with them. But Collaborative AR solves these problems. By connecting customers and AR teams together with shared access and centralized visibility of all account information and customer interactions, Collaborative AR solves system fragmentation.

The growth-driver—a shared cloud-based portal—links both AR and customers alike with identical access to billing/payment information for improved customer service. The portal stores identical information in real-time from one place including:

- Invoices Sent
- Disputes
- Payment Histories
- Partial Payments
- Supporting Documentation
- Conversations
- Dashboard reporting

What are your top 3 goals for AR in 2022?

| Goal	Percentage
Implement automation to help with manual tasks	57%
Reduce delays in cash flow	54%
Improve customer communication / experience	48%
Identify opportunities for efficiency gains	47%
Focus talent on more value-added tasks	39%
Other	6%

Source: 2022 AR Pulse Check Survey

System integration topped 2022 priorities. Among system integration goals, 60% expressed a need to identify efficiency gain opportunities, while more than half sought automation of manual tasks.

Another 47% prioritized reduced cash flows while 42% indicated customer communications for their 2022 system integration goals. Collaborative AR supports these objectives by integrating AR cloud into the organization's ERP software suite (we revisit ERP later with extended discussion in our case study example).

In addition, traditional AR systems assume mutual exclusivity between enterprise efficiency and excellent customer service—that efficiency functions without centricity, or vice versa. But both objectives happen together. Collaborative AR exposes this "either-or-but-not-both" misconception with its ERP cloud capabilities because true efficiency leverages customer-focus to drive revenue and growth.

As survey responses illustrate, improved customer communication/experience reflects value-added efficiency gains because enhanced ability and willingness to pay reduces cash-flow delays.

How important is customer experience in your AR process?

Not important 4% · Somewhat important · Important · Very Important · Extremely important
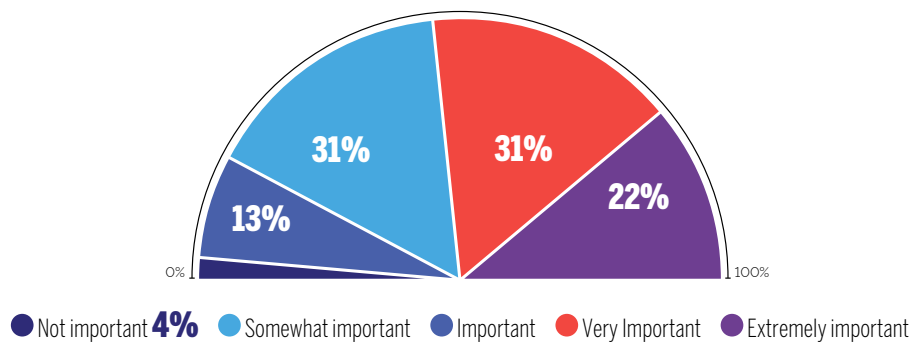
Source: 2022 AR Pulse Check Survey

Surprisingly, customer satisfaction was not ranked among the top three metrics used to assess AR performance, nor was difficulty communicating with customers a top challenge, and yet 83% of respondents still rated customer service a top priority.

These collective responses demonstrate that while customer service is an important priority, when competing against key metrics of performance or challenges to be resolved, it will often lose to efficiency metrics like Days of Sales Outstanding (DSO) or staff productivity. It also may indicate that many businesses are somewhat unaware of what Collaborative AR is capable of.

Again, this isn't and either/or scenario. AR doesn't need to pick between customer service and reduced DSO or staff productivity. Collaborative AR achieves these aims in tandem by connecting customers and AR teams to consolidate communications, ensuring real-time, accessible billing/payment information.

The next section highlights how improved customer service can enhance AR service.

Improving AR Performance and Customer Service through Client Portals

Too often collections are delayed due to miscommunications, missed billing or payments needs, or an inability to connect with the customer. These communication barriers not only delay cash flow, but they also under-utilize talent by absorbing too much time in customer outreach.

83% of survey respondents in the SSON AR Pulse Check survey voted the customer experience as being "important" to "extremely important". At the core of an improved customer experience rests collaborative communications—a shared portal to address payment issues. However, traditional automated processes provide no such portal. When asked to elaborate on why customer experience was important, respondents replied:

> "
> Customers are our income stream, and we survive on services purchased. If customers are slow to pay, cash flow becomes a huge issue."

One respondent perhaps best summarized the conflict with the comment:

> "
> In our business model, we give most priority to [the] customer, however, we also give due priority to our internal conducts."

Manual efficiencies are a huge culprit. For example, about 67% of survey participants said they correspond with AR customers by email. Despite 50% of the market investing in cloud, only 10% reported communicating with customers via customer portals. These statistics suggest most AR teams waste time digging through inboxes to manage customer relationships even while leveraging automated processes in the back office.

A shared cloud portal eliminates this issue. Who wants to waste time scouring emails when an integrated system for Collaborative AR extinguishes needless searches? The solution: system integration, converting manual processes into added value automation efficiency gains, expediting communications with real-time opportunities to pay, reducing cash-flow delay. Collaborative AR made possible through a shared portal satisfies customer-service needs.

When following up on AR tasks with customers, which method does your team use most?

Chat **3%**
Digital portal **10%**
Phone **19%**
Email **67%**
Postal **1%**
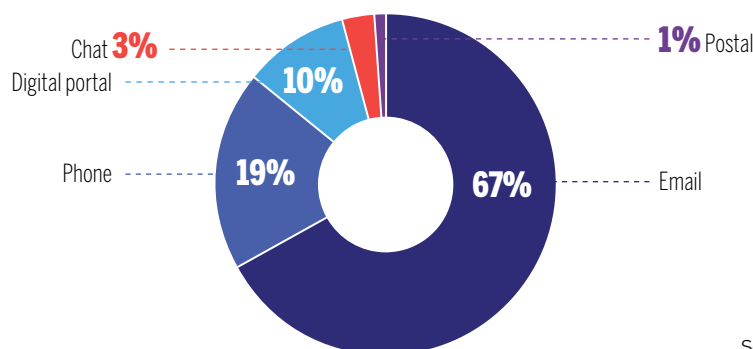
Source: 2022 AR Pulse Check Survey

How Collaborative AR Improves Collections and Customer Service

Collaborative AR leverages the type of customer-focused digitization platform sought in Global Business Services (GBS) enterprise strategies. The North America Shared Services 2021 Survey[3] revealed demand for personalized customer-enabled digitization services involving scaled automation, artificial intelligence, and cognitive solutions capabilities. According to survey participants, when asked about GBS priorities driving future value-add for customers:

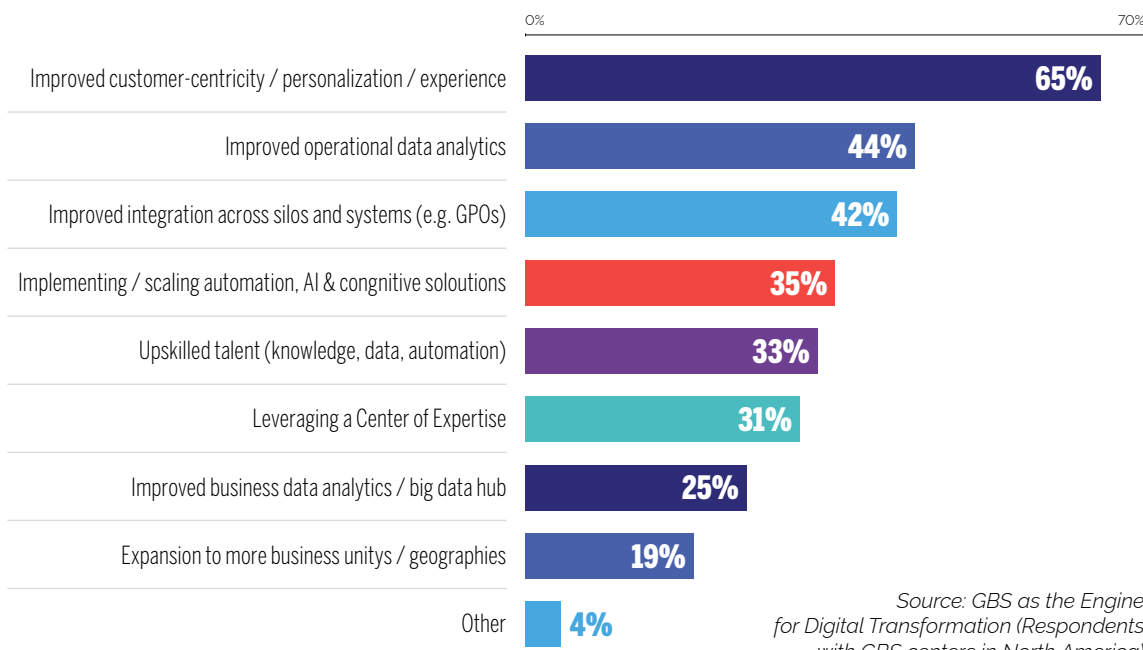|		
65% replied "improved customer-centricity/ personalization/experience"	**35%** noted "implementing/ *scaling automation, AI, & cognitive solutions*	**33%** emphasized upskilled talent, including *knowledge, data, and automation.*

What are your GBS priorities to drive future value-added for customers?

Priority	Percentage
Improved customer-centricity / personalization / experience	65%
Improved operational data analytics	44%
Improved integration across silos and systems (e.g. GPOs)	42%
Implementing / scaling automation, AI & congnitive soloutions	35%
Upskilled talent (knowledge, data, automation)	33%
Leveraging a Center of Expertise	31%
Improved business data analytics / big data hub	25%
Expansion to more business unitys / geographies	19%
Other	4%

Source: GBS as the Engine for Digital Transformation (Respondents with GBS centers in North America)

3 https://www.sson-analytics.com/insights-americas/analytics-workbooks/north-america-shared-services-2021-driving-value-through-future-of-work-gbs-and-workforce-transformation

Collaborative AR reflects these objectives—scaled, shared, cloud automation linking customers and AR teams with equal transaction knowledge access, through AI-empowered cognitive solutions. Moreover, Collaborative AR accomplishes these objectives with the following features:

Customer collaboration:
AR teams are in lockstep with customers for real-time AR efficiency by providing one portal for account management

Online payments:
Digital payments support businesses by quickly collecting billing information while encouraging easy, secure payments using preferred payment methods for customers.

Omni-channel invoicing:
Satisfying a diversity of customer needs by providing a variety of invoicing options.
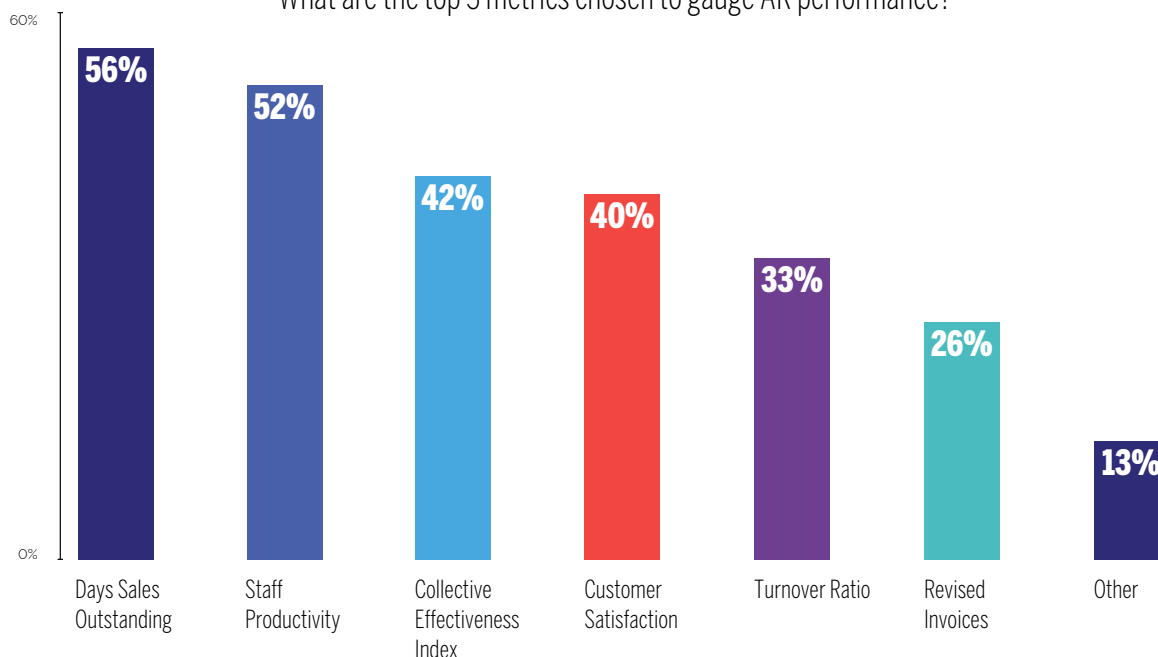
Intelligent collections:
Automating collections efforts, building better customer relationships, while eliminating time-consuming, ineffective collections activities. These practices decrease Days of Sales Outstanding (DSO)—time taken to collect payments from sales. Intelligent collections deliver customer-driven solutions since DSO ranked top among surveyed AR performing metrics, surpassing 56% of responses.

Advanced cash application automation:
Capture and reconcile payment data, and eliminate entry errors through automatic payment matching.

What are the top 3 metrics chosen to gauge AR performance?

Metric	Value
Days Sales Outstanding	56%
Staff Productivity	52%
Collective Effectiveness Index	42%
Customer Satisfaction	40%
Turnover Ratio	33%
Revised Invoices	26%
Other	13%

Collection automation applies to the broad universe of collection metrics. For example, some market sectors, such as commercial real estate, apply a collection effectiveness index to represent the illiquidity characteristics associated with real estate.

Almost 41% of responses referenced the collection effectiveness index among the "top three AR performance metrics." However, while AR collections affect almost all businesses, not every enterprise utilizes this index.

The bottom line is this: regardless of accounting collection metrics employed, survey responses support intelligent collections, and Collaborative AR supplies such solutions.

According to the AR Pulse Check, more than 84% survey respondents reported their AR team manually match payments and remittance at least "sometimes". Of those surveyed, an approximate 19% claimed AR teams "always" encounter manual burdens with payment-matching and remittance processes.

Collaborative AR addresses this issue because its automated shared portal matches payments with nearly 100% accuracy, freeing up AR staff time to focus on resolving truly problematic accounts. The following section explains intelligent automation applications employed across direct payment options. Here, Collaborative AR removes the guesswork, allowing ERP customers to synchronize account information into a one stop single source of truth.

Customers expect fast, straight-forward contact. Time-driven deadlines challenge patience as people seek quick, simple solutions. When companies prioritize customer experience and help customers process payments to secure billing deadlines, they pay, and those payments generate efficient revenue gains. So, the adage follows: "Time is money" (pun intended).

Indeed, payment-matching and remittance efficiencies reveal tangible benefits. Collaborative AR provides a streamlined end-to-end process by which AR teams work with the customer for faster billing/payment processes. Therefore, Collaborative AR differentiates among shared services leaders because it aligns technologies via digital services innovations with end-to-end process optimization.
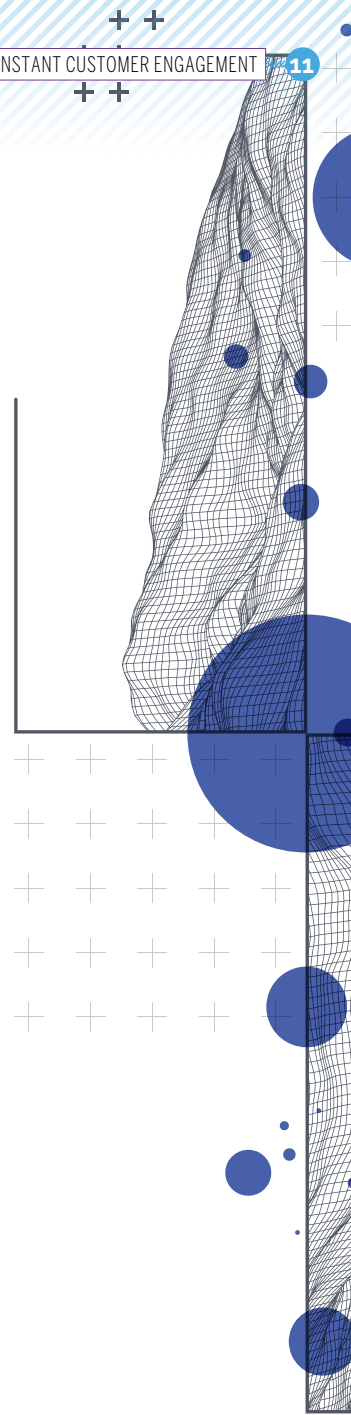
Does your AR team have to manually match payments and remittance data?

0%

37%

28%

19%

12%

4%

100%

● Always ● Often ● Sometimes ● Rarely ● Never
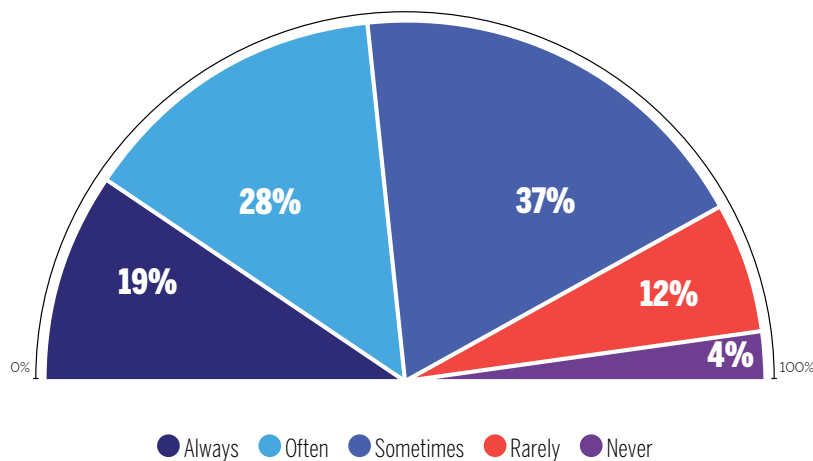
Source: 2022 AR Pulse Check Survey

Case Study:
Halving Query Response Rates at Regency Centers

Regency Centers is the national owner, operator, and developer of 400+ properties. This case study demonstrates how the company utilized Collaborative AR to solve for challenges stemming from its rental property management operations.

Before Collaborative AR, Regency remained awash with system inefficiencies. The company lacked access to tenant transactions. This limited visibility in client activity caused headaches for the AR team, triggering communication delays, missed payments, and many follow-up queries.

> **"**
>
> Our property managers had limited visibility into tenant's account and recent activity. When they received questions from tenants regarding payments, they couldn't see much. The most they could tell was tenants' current open balance, but they couldn't reconcile how/why that balance was come to."

Beth Albury, Accounts Receivable Manager, **Regency Centers**

Client-engagement seemed amiss, with property managers (PMs) unable to answer pertinent financial statement questions, magnified by an absence of any real-time AR view. However, Regency Center Accounts Receivable Manager, Beth Albury, understood value-added AR software solutions.

But for her proactive initiative, siloed tenant data left PMs without any purpose-fit shared portal account information access; so, the AR transformation journey began. Collaborative AR allowed Regency to bring the right internal people into the conversation with tenants at the right time. For example, a property manager could easily provide an AR rep with detailed notes in a running thread in the portal for up-to-date customer contact.

By implementing an intuitive, cloud-based tenant-landlord communication collections system, both the tenant and AR team experience improved because all parties received identical information access. Everyone—AR Team, PMs, and tenants—saw the same information. All pertinent information was automatically posted back to Regency's ERP, including:

- Invoices Sent
- Disputes
- Transaction Histories
- Partial Payments
- Supporting Documentation
- Conversations

Furthermore, all conversations flowed from the same place, stored in a shared cloud portal. Thanks to Collaborative AR, Regency's tenants can now:

- View real-time balances
- Perform safe, secure, online transactions
- Communicate within a user-friendly portal

"

Tenant phone calls seeking basic information have gone down more than 50%

Beth Albrey, Accounts Receivable Manager, **Regency Centers**

Collaborative AR delivered real-time financial innovation insights. Here, Regency's customers digitized paper-based statements across payment platforms without delays, accelerating cash-flows.

This human-centered omni-channel invoice delivery and payment acceptance system allowed Regency to achieve the following solutions for its 8,000+ tenant-client base with 90% payment-matching accuracy ratings:

- More than 50% reduction in tenant-phone call queries
- No more 30-day waiting periods between statements
- Up-to-date statements available any time for all teams and tenants.

Tenants now report extraordinary payment experiences. Furthermore, smoother communication in PM/tenant correspondence has accelerated payments. This case study spotlights the transformative power of Collaborative AR.

Industry Insights from Versapay's Leadership:
Q&A with **Craig O'Neill**, CEO, Versapay

Why is a collaborative approach to accounts receivable integral to helping AR teams work more efficiently with customers and across departments throughout the entire invoice and payment lifecycle?

The cloud-based workflow revolution—unceremoniously linked with the rise of COVID—is at the center of this shift towards more collaborative, customer-focused experiences. And traditional AR tools—which were designed for yesterday's world—can't keep up with work that's now happening remotely, and at a rapid pace. Today, winning businesses are powered by the genius of teams. Collaboration—and the tools that enable it—is the catalyst for driving efficiency and delivering exceptional payment experiences. A collaborative approach to accounts receivable ensures B2B payments no longer feel frustrating and cumbersome, and instead are streamlined and convenient.

Which newly emerging, game-changing technologies are currently trending in accounts receivable (which are fads; which are here to stay, and why)?

Remote-first—or hybrid—work has become commonplace; therefore, collaborative tools—like video calls, document- and file sharing, and team-based messaging—are mission-critical to getting things done. Technology that enables two-way collaboration and promotes data transparency and shared real-time access to important documentation, are here to stay.

Another trend we see accelerating is collaborative commerce—this idea that businesses are connecting their people and their systems to work in a more integrated fashion. Current supply chain challenges have exposed how vastly underserved and urgent the need to address this is.

Continued: Q&A with Craig O'Neill, CEO, Versapay

When embarking on AR automation initiatives, what best practices should businesses implement or consider in advance? What should drive the shift in mindset that an AR disconnect exists—and that finance teams need to collaborate directly with customers to get paid—and how can top-down alignment be achieved?

The automation of existing processes will only take you so far; those processes might still be broken, just mildly less inefficient. To achieve true AR transformation, you need to connect your AR teams with your customers, over-the-cloud, and bridge that AR disconnect that stems from a lack of real-time information around what's outstanding and why, and the difficulties of asking and answering questions and resolving disputes. Customer experience is as important as advanced automation functionality. And it's vital you ensure everyone in the Finance department understands they play an important role in your company's relationship with your customers. There's immense value in cementing alignment between the CFO and CIO, but beyond that, amongst all heads of customer-facing teams—Sales, Marketing, Customer Service, etc.

How does Versapay's collaborative AR automation solution streamline payment and AR operations within businesses ERPs, remedying complications associated with fragmented systems?

Often the root cause of payment delays is missing or misunderstood information—either about invoices or about the customer's intent with a payment. Verspay's Collaborative AR Network makes it easy and natural for AR teams to solve this disconnect and help payments flow more easily.

Our solution takes industry-leading AR automation, combines it with all the collaboration tools you've come to expect from modern, cloud-based applications, and seamlessly integrates it with your ERP. The benefits of the network are numerous. It makes it easy and secure for buyers to walk away from paper checks and embrace digital processes; in-mail delays become a thing of the past; receiving payments becomes a straight-through, touchless process—when exceptions occur, AR staff are armed with highly relevant, accurate data to confidently assess intent; and, amongst other benefits, all payments—of all types—are automatically applied, posted, and reconciled within your ERP.

Conclusion: Unlocking AR Potential

Traditional AR automation platforms may alleviate AR process-pains and manual burdens. However, automation alone fails to address current communication problems—the AR Disconnect—existing between customers and AR teams.

Collaborative AR aligns transformative technologies with faster customer communication over a cloud-based network that synchronizes system information between AR teams and customers. This cooperative shared-portal platform resolves the AR disconnect that so often stymies down cash-flow and increases the DSO metric so prioritized by the surveyed SSO, GBS and Finance leaders.

The Result: Strategic growth-driving AR processes accelerating cash-flows with enhanced, real-time financial efficiency insights, renewing AR team focus for improved customer experiences. These technologies automate collaboration in an untapped area that shared services innovations to thrive—facilitating customer participation throughout the entire process, providing end-to-end digital transformation.
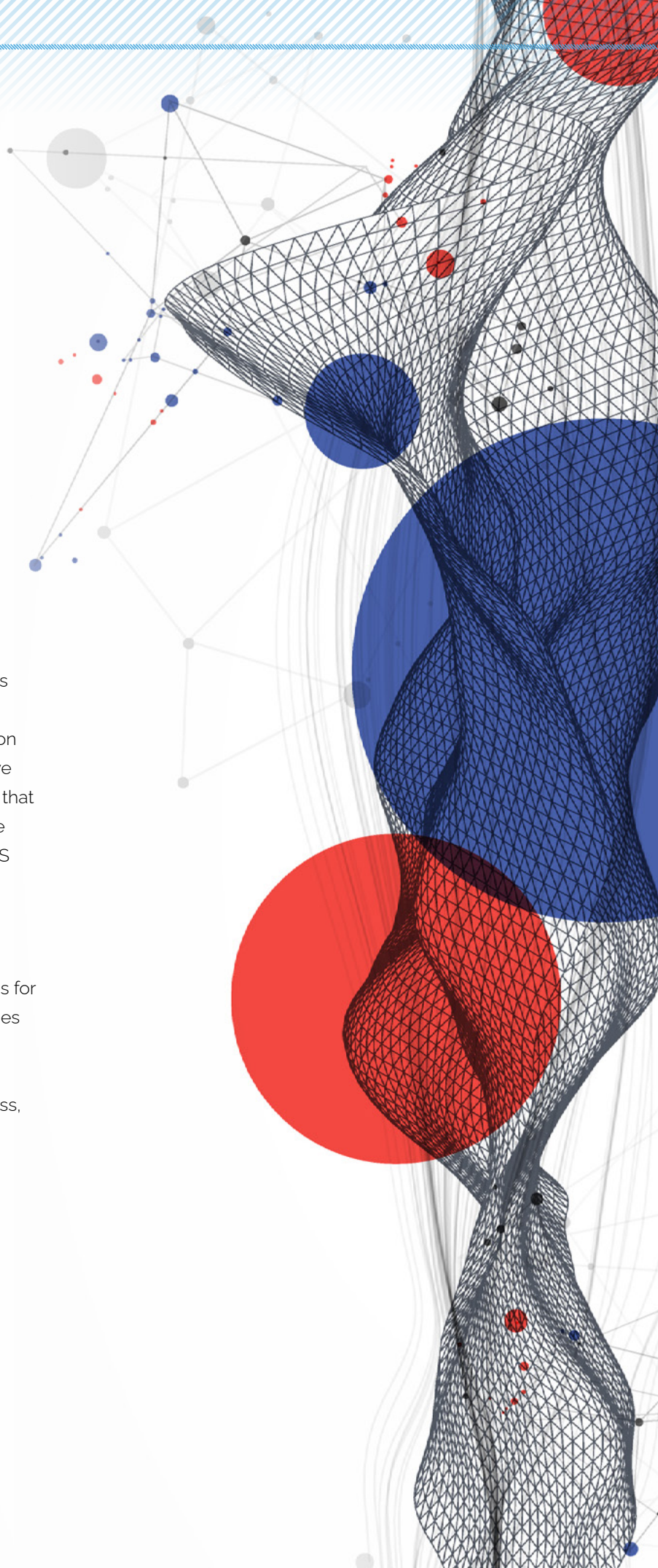
ABOUT VERSAPAY

Versapay is a business payments and AR automation platform that connects AR departments with their customers over the cloud. Owned by Great Hill Partners, Versapay is based in Toronto with offices in Atlanta, Cleveland, Baltimore, LA, and Las Vegas. With 8,000 clients and 700,000 buyers engaged, Versapay drives $17+ billion in global payment volume annually.

Visit: **https://www.versapay.com/**

ABOUT SSON

The Shared Services & Outsourcing Network (SSON) is the largest and most established community of shared services and outsourcing professionals in the world, with over 170,000 members. Established in 1999, SSON recognized the revolution in support services as it was happening and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for shared services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.

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