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# 6 results of automated collections

## Intro

When you look at a typical week in the life of a collector, it looks a lot like this: identify and prioritize customers who need to be contacted, research and collect all necessary documents and notes prior to contact, call customers and send them endless email reminders. Then report to the right people, escalate any issues, and solve disputes when they arrive in a timely manner.

Team members use lists and spend their time in spreadsheets and other software in search of all the necessary pieces of the puzzle, like purchase orders, invoices, contracts, and specific notes. They have individual customer knowledge stored in their heads. They know how to go about their week and how to make the calls to get paid.

But all this takes time (a lot of time), and the manual processes involved in chasing payments take valuable resources away from more meaningful work, even if a dedicated collections team is present.

No wonder automation has recently become very popular. Just about everything is being automated today, including accounts receivable and, by extension, collections. Intelligent software can help reduce costs and modernize every stage of the collections process.

Did you know that manual AR processes take (on average) 24 days to follow up on late payments? With AR automation you can bring that number down to an average of 16 days.

So, stop your team from fumbling through spreadsheets, back-and-forth emails or calls. AR automation helps you streamline your AR collections process and shift away from repetitive, productivity-killing, time-consuming routine tasks so your team can focus their attention on more strategic work and key exceptions.

Not only do these modern processes free up employees' valuable time, they can also bring financial teams closer together, in the world of hybrid and remote work. The pandemic has changed the dynamics of how we work significantly.

Automation enables teams to work more effectively and efficiently, and unlocks the power to run tasks continuously. Using tools such as Robotic Process Automation (RPA) and Artificial Intelligence (AI), automation ensures that tasks, messages and communication are not lost or forgotten and allocated to the right team members.

If you are currently fully convinced that automation is the best choice for your AR process, what can your collections team really expect from going this route? In this white paper, we demonstrate six immediate results you may uncover.

## We'll explore:

- ✅ The benefits of personalized customer communications

- ✅ Better, connected workflows

- ✅ Effective risk management through integrations

- ✅ Insightful reporting

- ✅ How to improve your cash flow

- ✅ How automation and technology boasts collaboration between collections, AR, and other business units

## What are the consequences of not automating?

One important loss when you don't automate your processes is the opportunity cost. By waiting to automate business-critical processes, you can place your organization at a competitive disadvantage. Organizations that embrace and apply automation will be able to switch faster, work more efficiently, and achieve higher quality in their products and services.

# Personalized customer communications

A customized communication process helps you to optimize customer relationships. Most customers prefer emails, but sometimes correspondence by mail or simple text messages are needed. It's good to have these multi-channel reminders in your communications arsenal.

It is best to make any reminders that go out the door personal. For example, the content and tone of a first reminder email should be different to that of the final reminder. A text message is different to a message sent via registered email. A letter to a multinational corporation is not the same as a letter you would send to a consumer who purchases your services.

To help you on your way, good collections management software should already have a few templates that you can start with. When communications are templated and automated, your notices are better understood and this can greatly enhance your collections' success.

Another aspect where good communication comes in handy is in the area of dispute management. It is frustrating for customers if disputes and complaints are not dealt with, and payment reminders, for example, still follow after repeated contacts. Disputes are easier to deal with when you have an automated solution. Automation can offset delays and late payments, makes sure all data is easy to get to,  and reduces costs.

# Time savings and efficiency through a better workflow customer communications

One of the challenges for collections teams is to reach more of the right accounts at the right time. You don't want collectable money left on the table.

Day-to-day activities that take up a lot of time can be significantly reduced by choosing the right software set-up. Without a robust software solution, 75% of your time will quickly be used up on prioritizing, analysis, preparation, etc., while only 25% of your time is left for real customer contact.

With good collections management software, this is reversed, and you can spend most of your time on personal contact. Repetitive tasks go on autopilot, freeing up time to focus on qualitative interactions or more complex tasks such as setting up direct debits, dealing with disputes and/or resolving complex or numerous invoices. With smarter automation, tasks that are high touch can be prioritized.

For example, specific collections procedures are assigned to certain customers based on internal and external information. For a more personal approach, you can apply management by exception and indicate which customers should be followed up with manually.

With workflows, you optimize actions and communication with your customers for customized service. In the meantime, various people in your organization remain informed about the matters that are relevant to them – such as the AR manager who explicitly asked to be kept informed about the handling of a particular complaint.

An added benefit is that well-designed procedures and workflows significantly reduce the margin of error. Duplicate reminders or pending invoices are excluded. By offering payment information and indicating the invoice it relates to, there is less risk of errors in payment.

## Optimize and refine

When you have an automated collections process in place, there is the added benefit that refinements and improvements can be made. By collecting data about your collections efforts and payment results, you can learn more about your customers and finetune your collections strategy. This makes improvements to the overall AR process possible.

## How do I make payment as easy as possible?

When using digital channels like emails and text messages for your payment reminders, you should include a payment link. This gives your customers the ability to pay any outstanding invoice with one click. By nudging customers in the right direction, you will get paid faster.

What's more, by also including quick buttons for disputes or accepting payment terms you can offer your customers more options to communicate with you.

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## Risk management

Which customers exhibit risky behavior? What is that new prospect's creditworthiness? These are questions that should be asked when a new customer or prospect comes along.

As a company, you are constantly looking for new customers and new markets. In the meantime, you don't want to lose sight of existing customers. The landscape is constantly changing with opportunities but also with risks.

The integration of collections management software with all kinds of financial software and online trading information allows effective risk management. There are many third parties and agencies that enable you to check creditworthiness and payment information (e.g. Graydon, Dun & Bradstreet).

# Reporting made easy

Reporting is an indispensable part of business operations today. Financial teams monitor financial data on a daily basis and have to prepare and share many reports.

But creating and maintaining reports is a challenge when AR systems still run on manual mode. It is time consuming and requires much of your team's time.

With automated collections management software, you no longer have to generate reports manually, or rely on the IT department or complicated business intelligence (BI) software. Reports are at your fingertips with just a few clicks.

It is useful if you can use some basic reports or templates from the start. These include aging analysis, 12-month evolution reports or customers who are in a dispute or have a payment plan running.

If you still want to create some new reports yourself, note that this is very easy to do. With Billtrust Collections, for example, just about any data can be cast into dynamic reports. You can easily build a list of customers with the desired information via filters.

Flexibility is an asset with reports. Think of downloading in different document types, sharing and sending to the right people, granting access to certain people, and the periodicity of sending.

You'll also have instantly accessible dashboards, that you can pull up at any time someone asks for it.

If you do use BI tools, make sure that information from your collections management software can be easily exchanged.

A current credit score can detect a lot of potential problems in advance for all customers, existing and new.

Procedures can respond to the credit score. With personalized reminder procedures, you determine how punctually you should follow up with particular customers. If the customer's risk profile changes, the procedure relating to that customer can be changed or that customer can be moved to a new procedure.

If a customer's risk level alters, procedures can change and be tailored depending on customer profile and preference.

## Added benefits of collections automation

- Easier to scale: collections can grow with your business
- Enhanced and more accurate data and information within the system
- Rapidly accommodating more data sources when needed
- A single source of truth
- Shared knowledge
- Audit trail
- More strategic thinking time

# Improve your cash flow

We all know that cash is king, but how do you achieve a volume that you are comfortable with? If you use automated procedures and automated payment reminders you will succeed in significantly reducing an important performance indicator such as Days Sales Outstanding (DSO), without the workload and costs involved surging out of control.

DSO is an indication of how long it takes on average for a customer to pay an invoice after delivery of a product or service.

It is a good measurement instrument to begin with. Companies have every interest in a good DSO. A good DSO is a low DSO. Lowering DSO by just a week can already provide significant benefits, so never underestimate the importance of bringing forward outstanding payments.

That said, a good DSO is not a panacea. The biggest weakness is that calculations are based on averages. Large and small amounts and payment terms balance each other out. Moreover, DSO says little about future payment behavior.

By using advanced tools such as AI (artificial intelligence) and RPA (robotic process automation) you can adapt to this and then the possibilities are enormous.

Statistics can predict which approach is required and has the best chance of success. AI tools recognize whether that one late payment from customer X is an exception, so that the applicable procedure continues to be applied for that customer.

With these automated insights, outstanding debts can be paid off faster, you can improve cash flow and make better cash flow forecasts.

When collections is combined with payment options the payment processing time and payment cycle can be greatly reduced. With a payment solution like Billtrust Payments you can offer the right payment method to a customer at the right time, increase access to digital payments without the regulatory burden and reduce or remove the cost of accepting digital payments.

Best-in-class AR departments measure success differently. Rather than focusing on immediate cash in the door (DSO), they measure AR performance by customer satisfaction levels.

## AR teams experience an average increase of:

**12%** More organized cash app

**15%** Faster payments

**20%** More self-service capabilities

**23%** Collections improvement

**25%** Better customer service

# Align your team

Automating processes will bring much needed support to your collections team. We already talked about productivity taking off. Manual, tedious tasks are put on autopilot while your staff can focus on handling more complex collection issues. Collections departments work best when all collectors prioritize their work in ways that best reflect the overall business goals of their firms.

Automated collections software helps collectors align their strategies to be maximally efficient and flexible. It gives your team room to breathe with higher job satisfaction and higher team morale. In the end it also means less staff overhead. And when training new staff, it enables a best practices approach.

Not only leads automation to better collaboration inside the collections team but also in the broader AR team and other business departments within companies such as the sales team. Ideally workflows should be connected. Take invoice disputes as an example. The person who registers the dispute internally is not always the person who will resolve the dispute or the person who communicates about it. With a good software solution, other employees can be quickly called in to help, or kept informed. It will keep every stakeholder in the loop on the status of disputes.

# Conclusion

With an automated collections process in place, a greater collaboration is possible inside your organization and with customers. With Billtrust Collections as your solution, you can simplify and automate collections management, centralize communications, create intelligent collection workflows and tailor activities to each customer.

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