



# The strategic value of order-to-cash best practices

The order-to-cash process is often overlooked and under-leveraged as an opportunity to drive business efficiency, increase cash flow and strengthen customer relationships.

Companies that approach this process with strategic goals in mind gain considerable advantage over those that do not. While it's important for a business to recognize the opportunity to reduce costs involved in the order-to-cash process, the benefits go much further.

## The many values of strategic order-to-cash

Take a moment to think about your company's invoices and ask yourself these questions:

- Are more of your customers wanting new ways to receive invoices and pay them?
- Do your invoices create clarity, eliminate customer confusion and reduce time-to-payment?
- How rapidly are your invoices delivered via mail or web-based systems? How might that enhance your access to working capital?
- Is your company efficient at applying payments once received? Is there too much manual effort involved?
- Are you making it easy for your customers to do business with you?

By taking the proper steps, businesses can transform their order-to-cash process and realize the strategic advantages that come from invoicing, including enhanced customer service, personalized messaging for upselling, increased brand loyalty and an improvement in days sales outstanding (DSO).

**“Billtrust taught us how to receive our money quicker, save money and create invoices that are so much easier to read.”**

Dan Wallach, CFO, 84 Lumber

### **Clarity, choice and speed-to-cash**

Topping the list of value-creating order-to-cash strategies are activities that improve DSO, including invoice design, electronic invoice adoption programs, a well designed Electronic Invoice Presentment and Payment (EIPP) and an intelligent cash application process. Invoices should be easy for customers to understand and help a business get paid quickly.

Another key area that drives speed-to-cash is electronic invoicing. Optimized paper delivery of invoices and statements is no longer enough. Modern invoicing systems require multiple options for delivery of invoices, as well as for payment. Electronic invoicing virtually eliminates invoice delivery time to customers, helping cash get in the door faster. That speed has made a difference for Thos. Somerville Co., a Mid- Atlantic distributor of plumbing,

heating and air conditioning supplies, which is sending 71 percent of its invoices electronically. “Because many of our customers receive their invoices electronically, conversations about invoice disputes now occur a week earlier, meaning they are resolved sooner,” said Pete Misiewicz, vice president of IT at Thos. Somerville Co.

Ames Taping Tools is another great example. Ames outsourced its invoicing and customers complained about receiving invoices too slowly. And while the biggest concentration of their customers was in California, their mailing house was in South Carolina. Customers couldn’t take advantage of early payment discounts because they weren’t receiving invoices in a timely manner. The Ames credit group used to manually print invoices for their key accounts and fax/email them to their customers so they could take advantage of the discounts. With Ames’ new invoicing system, the company is now mailing its invoices and statements from multiple locations across the U.S. and Canada, accelerating mail delivery time by two to three days. Furthermore, Ames has migrated many of its customers to electronic delivery, eliminating mail time from the equation altogether.





**“As part of our process, we redesigned our invoices. We received immediate feedback from customers that our new invoices were easier for them to follow and we saw a reduction in the amount of inquiries we were receiving.”**

Rob Hollenbach, Director of Shared Services,  
IDEXX Laboratories

### **Automated, intelligent cash application**

The order-to-cash cycle begins with invoice delivery and payment, but isn't complete until cash is properly applied. Once payment is received, the funds have to be accurately applied (posted to a system of record) for a company to realize payments as revenue. Delays in cash application put DSO at risk.

Cash application is challenging because buyers pay in a variety of ways. Whether by check to a lockbox, directly to headquarters or at a remote location, the data on checks has to be captured, which often involves manual keying. Even when buyers submit electronic payments, they frequently come decoupled from the invoice, making matching a resource-intensive task. Exception handling poses yet another challenge. As much as a business strives

for 100 percent match rates, the reality is that exceptions will occur. Handling exceptions takes time and resources and is a big cause of increasing DSO.

Automating the cash application process end-to-end cuts costs and reduces DSO. Through technology, sellers can automatically extract transactional data from any source and intelligently match to open receivables, which can dramatically improve hit rates whether payments are coming by check or electronics. Having a user-friendly tool to efficiently work through the inevitable exceptions can get payments posted quicker without dependence a large manual staff.

Avnet is one of the primary distributors of computer products, electronic components and embedded technology in the world. As Avnet has grown, their need to process payments more efficiently also grew, so their vice president of financial operations, Jim Strand, focused on streamlining their cash application process. “We did not mess around. We made a commitment to reinvent the process by eliminating manual touchpoints like data entry and image capturing. The end result was a significant lowering of costs; same-day payment processing and much higher payment match rates.”



**“Partnering with Billtrust has been a great decision for Anda. We have seen an increased level of customer satisfaction and an improvement in cash flow. Billtrust gives us the opportunity to use today’s technology to better serve our customer base and manage costs.”**

Director of Collections, Anda Inc.

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### **Increased brand loyalty through better customer experiences**

An order-to-cash system should provide the same web-based archival and retrieval to both customers and call-center personnel to securely research, view and print any invoice or statement. As IDEXX’s Hollenbach explains, “Our electronic invoicing platform allows our customer service reps to call up a document that’s identical to what our customers see online or get in the mail. So if the customer calls with questions, they are looking at the same thing.”

The best order-to-cash systems also let customers manage and research their own invoices with easy-to-use web-based tools. PUMA North America provides online tools that let their customers search for invoices by purchase order or invoice number, view exact replicas of the paper invoice, sort invoices by key criteria and download, and print and pay them. PUMA’s senior manager of credit and accounts receivable talks about how they leverage their web invoicing channel with their customers: “We are selling e-invoicing as an improvement in our customer service. We point out to customers that they can see their invoices online, without calling us or waiting for the invoice to arrive in the mail.”

Online delivery channels not only create loyal customers—they also reduce customer service costs. Ed Guadagno, director of credit & collections for East Coast Metal Distributors, a provider of HVAC equipment and supplies to contractors, describes this linkage: “The more customers have access to their invoices online, the fewer calls we get for copies and reprints.”



Thos. Somerville emails invoices as PDF files and attaches a “flat” file with the same information that customers can download into their own accounting system. Pete Misiewicz has emphasized the role a feature like this plays in driving customer satisfaction: “Providing customers with the ability to download their invoices into an accounting system like QuickBooks has eliminated a ton of keying for them. Now, these customers are super loyal because we helped them become more efficient in their own business.”

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**“Billtrust helped us boost our adoption of online payments across our customers and improved our posting of payments. We now get our money days quicker.”**

Chief Credit Officer, Leading Building Supply Company

## Personalized marketing and digital signatures

A strategic order-to-cash system supports the addition of targeted marketing messages through invoices, allowing businesses to personalize customer communication. PUMA, for example, prints the name of the analyst responsible for each customer account, along with his phone number, fax number and email address directly on each customer invoice, enhancing self-service with personalized customer service. East Coast Metal Distributors also uses invoice marketing to send customized messages; they often send individualized messages to different branches and regions.

For example, to promote that they are now accepting recycling in Georgia, they put that message on the appropriate invoices.

Another strategic benefit of a modifiable document is the ability to overlay digital “proof of delivery” signatures on invoices. In a strong economy, many companies deprioritize proof of delivery. But, as Ames Taping Tools discovered, “When markets are down, customers want to know who rented a tool or made a purchase. We had to jump through a lot of hoops to retrieve signatures captured at our stores and send them to customers,” said Ames’ CIO. Today, signature capture is integrated into Ames invoices.

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## Conclusion

Order-to-cash has the potential to be a strategic linchpin of your business. If done right, it represents an opportunity for improved cash flow, increased customer satisfaction, movement toward corporate sustainability and, of course, measurable cost reduction.

When evaluating solutions, ensure that they will be flexible enough to accommodate your customers’ needs for receiving invoices and making payments, that they address the critical last step of intelligent cash application, and that there is a program in place to drive electronic adoption. With these three key capabilities, suppliers can get on track to achieving a perfect balance between buyer satisfaction and reduced DSO.

### About Billtrust

As the leading provider of order-to-cash solutions, Billtrust has always focused on making it easier for companies to get paid. Through consistent evolution and iteration, our integrated, cloud-based AR platform drives customer efficiencies, grows revenue and increases profitability for businesses across several industries.

With more than 18 years’ experience and expertise – and a culture dedicated to our customers – we help businesses implement AR best practices, resulting in greater operational efficiency, accelerated cash flow and most importantly, happier customers.



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