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5 Blatant Untruths About Receivables Automation

JULY 10, 2014 ANNIK STAHL

This week I'm focused on debunking five misconceptions, myths, and plain old misinterpretations about automating your receivables. Some of these whoppers may be new to you while others sound familiar since you still steadfastly believe in them. All of them are patently false.

In a couple of weeks I'll cover five more so by the end of the two week period, your mind will be changed, your heart will be open, and your spirits lifted. Everybody say *Ohmmm…*

#1: We'll lose control over

our process

The image of computers becoming smarter than humans and then taking over our world makes for a great plot line for a science fiction novel or movie but not so much for receivables automation.

Think about a manual order-to-cash cycle: it depends on human intervention to receive and process orders, generate a paper invoice to the customer, receive and process the payment, and finally recognize the payment. The more people involved, the higher costs become, and less control you have. Manual processes also tend to be inconsistently applied, leading to a lack of process control and visibility concerning exactly where things stand at any given time.

Now consider Open Scan's Dynamic Receivables solution: it provides greater financial control, higher autopost hit rate accuracy, faster cash application, and integrated deduction identification. All of this means that automation actually gives you greater control and increased visibility into the process. You can predict and control your cash flow with better precision — no robots needed.

MYTH #2: Automation is not really more efficient

You don't seriously think that you're going to become more efficient tethered to a paper-based process do you? Manual receivables systems involve intensive paper-handling and the keying of a lot of data, forcing your individual staff members to focus on many individual transactions and not on more important strategic issues. So that’s a labor issue.

As well, when you’re dealing with a lot of paper, it’s going to necessitate additional processes for storage and destruction in order to preserve sensitive information. That’s more of a processing cost.

When you move to an automated solution, you reap the benefits almost immediately. No more data keying and your archiving and storage story is built in. You now have the opportunity to encourage your former data keyers to do more productive and strategic tasks.

Listen to what Ric Hans, Credit and Collection Manager at Daylight Transport in Long Beach, CA, had to say about his company’s experience with Open Scan and how it realized greater efficiency almost immediately.

MYTH #3: It's cost-prohibitive

The expenses of maintaining a manual A/R system are many and they include labor costs, processing costs, reconciliations costs, compliance costs, and oftentimes decreased ROI on systems investments.

Ron Pagoota, Director of Revenue and Accounting at Southeastern Freight Lines in Lexington, SC, commented in the company's case study saying that, “The project was one of the best enterprise implementations this company has experienced. It took 50 percent less IT time and resource allocation than other software implementations.”

Read more about how Open Scan worked with Southeastern Freight Lines to reduce cash application costs and improve efficiencies.

And another thing to consider: When you choose a solution that is Software-as-a-Service-based (SaaS), there are no upfront software or infrastructure purchases or recurring license maintenance.

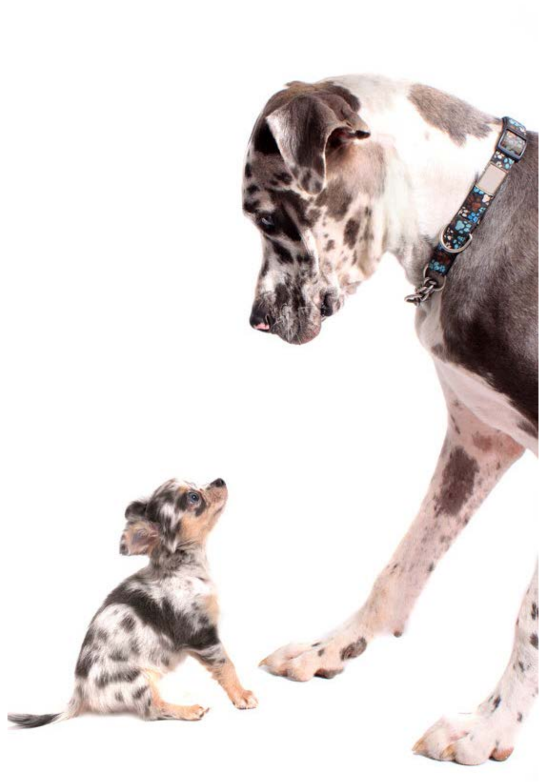
MYTH #4: We’re too small

Maybe you think your small business couldn’t really benefit from automation because of one or more reasons:

1. You have one FTE whose main job is to deal with all the payments and remits that come in and that person would be the one working the system if you automated. So what are you saving?
2. You think you need expensive IT resources and funds to do this.

To address #1, once you automate, the time it takes to process all your receivables will no longer require a full time employee to mindlessly key in data; you can use this person to manage exception handling (which will be easier and more efficient with automation, too).

And regarding #2, when you use a cloud-based solution there is no software (let alone hardware) to purchase. A SaaS solution that's scalable will ensure that as a small business, you can participate without ever having to pay expensive user-based license fees.



MYTH #5: We're too big

Cloud-based solutions delivered as a service are designed to handle large volumes of transactions; they're made to scale. As a large company, you probably spend millions annually on paper, equipment, and postage costs, as well as on time and labor spent on generating, keying, printing, and copying. Don't forget all that filing, storing, and locating of paper documents.

So there really is no such thing as "too big." In fact, the bigger you are, the more you can benefit from automating completely.

Computer World has a great article about the importance of multi-tenancy which should be something you're thinking about, as well.

Still not a believer? Next up: Five more myths and misconceptions about automating your receivables process.

"Myths are a waste of time. They prevent progression." — Barbra Streisand