AUGUST 19, 2021

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Extracting the Desired ROI Out of Your A/R Transformation Project

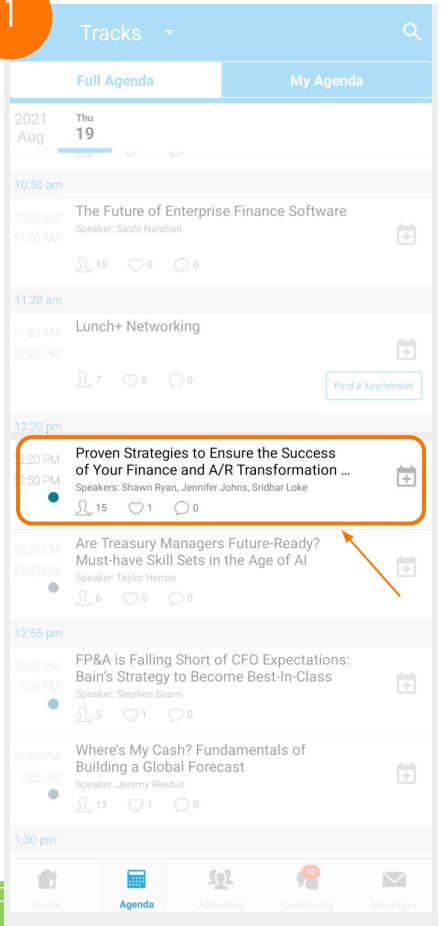
Jason Herrington

Director – Finance Transformation

highradius

How can I register my vote during polling sessions?

1



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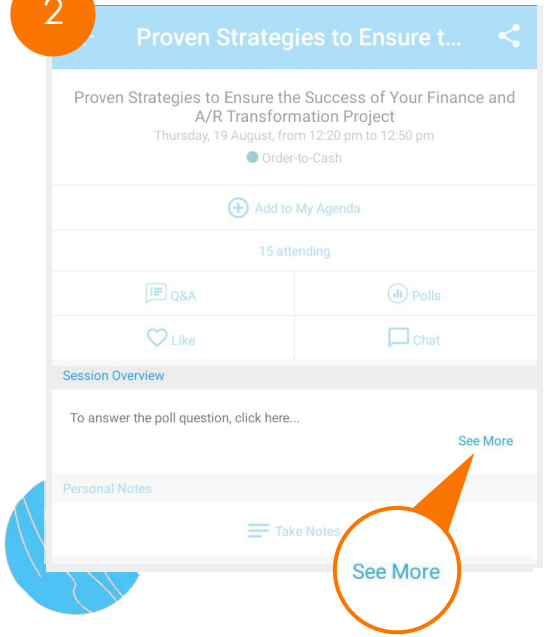


3

Accounts Receivable Moves to the Top of the CFO Agenda

Market dis

By Nilly Essaides a

CFOs are increasingly focusing on shortening the cash conversion cycle and tracking receivables' health in 2021

Source: The Hackett Group study

EXECUTIVE SUMMARY

Pandemic-related disruption and the start of a recession have intensified companies' emphasis on liquidity management. In the early stage of the outbreak, 75% of finance organizations took steps to optimize working capital practices, and 79%

A/R Leaders are leveraging technology to meet these objectives, but

does implementing technology mark the end of transformation?

Why Do 85% of A/R Transformation Projects Fail

Here are the two most common mistakes that you to avoid -

Poor User Adoption

If end-users don't adopt technology - you will never see the process results you expected

No Performance Benchmarks

If leaders don't define the right performance benchmarks - you can't course-correct to meet them

slido

Does implementing technology mark the end of your digital transformation journey?

ⓘ Start presenting to display the poll results on this slide.

The updated definition of **DT** is ~~Digital Transformation~~

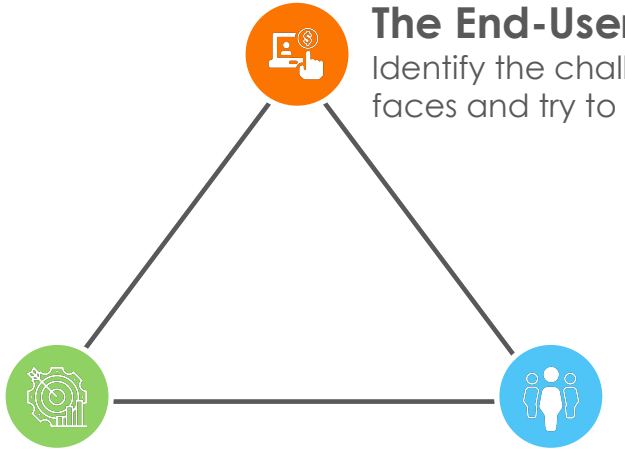
DELIVERING VALUE BEYOND TECHNOLOGY

Change Management is the Key to a Successful DT Project

There's no denying that digital transformations require technology solutions – but successful DT projects heavily rely on the execution of **change management**

The Three-Perspectives for A/R Digital Transformation

Consider these perspectives and how they will be affected during transformation



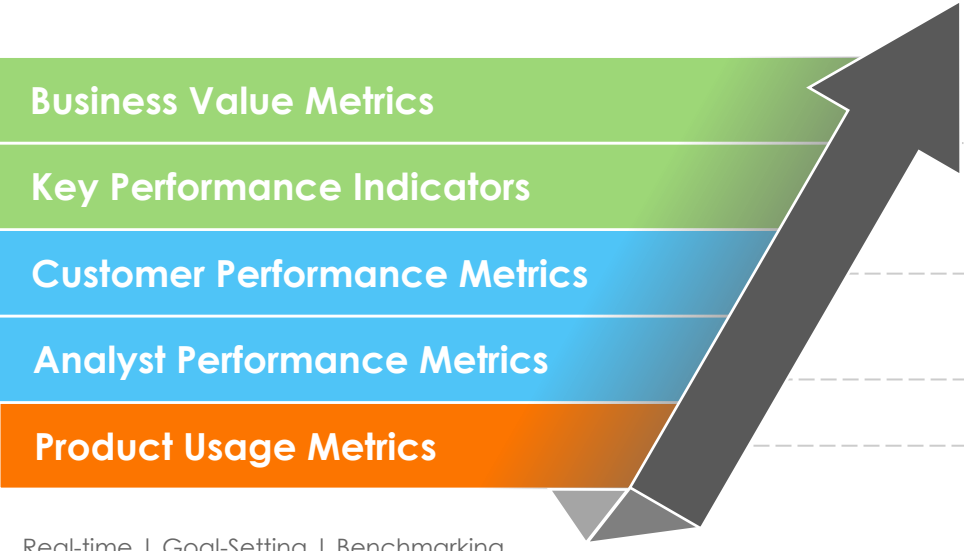
The End-User Perspective
Identify the challenges the team faces and try to improve them

The Business Perspective
Understand the business goals to track if the project is heading in the right way

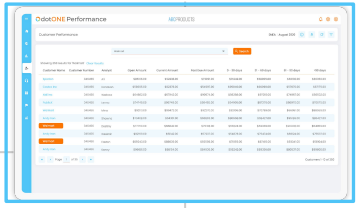
The Customer Perspective
Learn the specific needs and consumption habits of varied customer segments

A/R leaders need a framework to help them realize the value they initially wanted out of these projects.

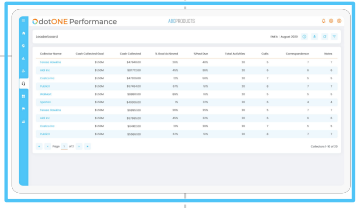
The Bottom-Up Approach to Track the Success of Your A/R Digital Transformation



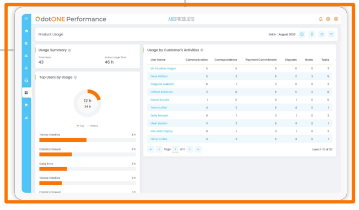
- Org level KPIs and Value Metrics
- By region, company codes



- Customer level KPIs and Value Metrics
- Benchmark



- Goal achievement %
- Productivity metrics
- Benchmark



- Avg Time spent / user
- Activities completed

A/R Value Realization Framework to Get the Desired ROI Out of DT Projects

Note : Colored shapes next to the VMs in each product area match the KPIs on the list below them, indicating which KPIs directly contribute to improving that specific Value Metric.

CREDIT	EIPP	CASH APP	DEDUCTIONS	COLLECTIONS
VALUE METRICS (VM)				
Percentage Current ■	Days Sales Outstanding ■	Analyst Productivity ■	Net Recovery Rate ■	Percentage Current ■
Credit Analyst Productivity ▲	Interchange Fee Reduction ▲	Reduce Bank Fee ▲	Analyst Productivity ▲	Average Days Delinquent ▲
Reduce Bad Debt ♦	Cost of Invoice Delivery ♦		Reduce Write-off ♦	Collector Productivity ♦
Increase Sales ●	Cost of Payment Processing ●			
KEY PERFORMANCE INDICATORS (KPI)				
Number of Risk Class Changes from Credit Reviews ■ ♦	% Customers with Confirmed Delivery of Electronic Invoices ■ ♦	Item Level Hit Rate ■	% Invalid Deductions ■	Number of Outbound Collections Calls ■ ▲ ♦
Average Time to Review New Applications ▲ ●	Clickthrough Rate of Dunning ■ ♦	Check Character Capture Value ▲	% Invalid Deductions Collected ■	Amount of Promise to Pays Created ■ ▲
% of New Applications Auto Approved ▲	% of Customers Paying Electronically ■ ●	% of Deductions Auto Coded ■	Average Days to Resolve a Deduction as Valid or Invalid ■ ▲	Number of Manual Email Correspondences ■ ▲ ♦
Average Time to Review Blocked Orders ▲ ●	% of Payments Converted to Level III Processing ▲		% of Deductions Accurately Predicted as Valid or Invalid ▲	Number of Automated Email Correspondences ■ ▲ ♦
Number of Credit Limit Increase Reviews ■ ●			% of Deductions Coded Automatically ▲	% of Past Due Amount Untouched in a Two Week Period ■ ▲
Average Time to Review Existing Customers ▲			% of Invalid Deductions Written-off ♦	
% of Existing Customer Auto Reviewed ■ ▲ ♦				

Driving Continuous Improvement From Your DT project

INTRODUCING dotONE PERFORMANCE

The dotONE Performance is the combination of our experience and technology that delivers results from your order-to-cash digital transformation.

1

Deliver transformation projects that are on-time and In-budget

During the implementation stage, we are try to understand your requirements and delivering solutions that meet and exceed expectations.

2

Take quick & corrective action by monitoring leading KPIs

Leading indicators help you see if your project is moving in the right direction and if not, you can take immediate corrective action.

3

Ensure you receive long-term value by tracking lagging Metrics

Business Value Metrics are the lagging indicators that help you measure the success of your transformation, long after implementation has taken place.

dotONE Performance Empowers Teams With Three Unique Benefits

1 Real-time monitoring of indicators for proactive correction

Track indicators like Product Usage and Analyst Performance Metrics to learn if the project is creating a positive impact on the process early-on.

2 Benchmarking KPIs against best-in-class peer performance

Compare leading metrics (like cash application hit-rates) and lagging business value metrics (like DSO) against best-in-class peers to improve your O2C function.

3 Visibility into global A/R performance and customer dashboards

Review the performance of different business units against your planned goals in a more visual format with the ability to pinpoint the challenges.

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Thank you!

highradius

NEXT SESSIONS

Food and Beverage Break

14:00 PM CT | Main Stage

SIRIUS SOLUTIONS

O2C

Practical Applications of Artificial Intelligence in Credit, Collection & Deduction Management

14:15 PM CT | Main Stage

PMC TREASURY
Our expertise. Your advantage

TREASURY

How Treasurers Can Drive Working Capital Optimization

14:15 PM CT | The Cantina

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