Introduction to AR Automation

Transforming AR workflows into innovative and efficient digital processes that create a competitive advantage
Finance has long been recognized as a driver of reducing costs within an organization. More recently, however, it has become an innovator within the organization.

World-class organizations continue to enjoy a significant cost advantage over peers, according to The Hackett Group’s latest benchmarking data. In 2018, the G&A cost as a percentage of revenue for world-class organizations was 28 percent lower than that of peers.

But this same study also indicated that Finance leaders were shifting their focus to more than just cost savings. In fact, now more than ever, they are thinking about how to use information that flows through their department to offer strategic business insights and create competitive advantages for the entire organization.

46% Reduction in cost of delivering services by world-class Finance departments.
Innovation and competition start with business processes

CFOs are taking more strategic roles in their organizations and identifying areas where they can gain efficiencies. By automating labour-intensive Finance processes such as Accounts Receivable, Finance leaders have an opportunity to materially improve the customer experience and drive revenue.

Innovation is key to keeping your organization competitive, and successful innovation plays a fundamental role in increasing your productivity and growth. However, for many, there's a missing link between realizing the important role that information flow plays in fostering innovation and the need to optimize your business processes to make effective use of it.

Often, information can become siloed within a department because of poor information processes —and without this agility, an organization can struggle to innovate and thrive. For Finance departments, optimized processes can help free up valuable time and resources needed to deliver strategic business insights across the organization.

Do more with less

In addition to leading the Finance function, today’s Finance leaders are expected to drive both top- and bottom-line growth across all areas of the business – from improving the customer experience to using technology for innovation.

According to the AchieveNEXT 2018 CFO Sentiment Study:

- **75%** CFOs say their role will become more strategic.
- **38%** Investing in Finance automation to unlock an organizational competitive advantage

While cost optimization is still a critically important criterion when considering strategic outsourcing solutions, according to a Deloitte study, it is no longer at the top of the list. Since disruptive outsourcing can transform the way organizations operate, businesses now have a new competitive advantage that makes them more agile, efficient, and effective. Approximately 84 percent of the respondents had already initiated discussions, conducted pilots, or implemented at least some disruptive solutions.

In the study, almost 50 percent of CFOs regularly meet with others to “align their technology initiatives with all enterprise, department, and team goals.” At the top of the priority list for many Finance leaders is data accessibility and utility. For example, organizations often store data in multiple systems – from paper files to disparate applications. This makes it difficult to find relevant data, gain a quick snapshot of your finances, and develop informed insights.

Many CFOs are turning to automation to solve these challenges and access accurate, up-to-the-minute data. In fact, more than half of the respondents to the study above said that they plan to increase their investment in finance automation technology within the year, up from the 38 percent in the previous year.
Automate your busywork to improve productivity

A study by CFO.com found that the average Finance worker spends about 50 percent of their time processing transactions. Part of the problem is that filling out all that paperwork is a time-consuming endeavour. In fact, an IDC workflow study commissioned by Ricoh found that 58 percent of businesses still rely on paper documents for critical business processes. Adopting technologies such as AR automation can make this far more efficient and substantially improve your bottom line.

Automating your AR processes materially reduces the amount of time that it takes to process payments. This allows your team to spend less time manually keying in data and more time on strategic projects and positive customer interactions that drive revenue.

A powerful mix of tools, systems and resources can turn raw information and paper documents into digital data that fuels your day-to-day back-office functions and enables a culture of innovation.

The first step is to examine your AR function by asking:

• Are there manual steps in our existing processes and workflows?
• How much time, resources and paper are involved?
• What roadblocks are impeding AR from operating efficiently?
• Are outbound communications — mailing statements, invoices, etc., delayed?
• Is back-office data integrated into our ERP?
• Do we have the infrastructure needed for imaging, digitizing, indexing and processing?
• If not, do we have the space — and the budget — to expand and modernize?

An outsourced automated AR process helps improve back-office efficiency with no investment in additional infrastructure or resources. If you are considering a partnership, here are some capabilities to look for in a provider:

Back-office reporting

Your system should not only capture and move information efficiently, but also deliver a view into your back-office operations. Turn raw data into actionable insights that help with informed decision-making and better business performance. In a world dominated by information, ensure you have the tools to be predictive and proactive — not reactive.
Compliance and security
Going digital mitigates the compliance and security risks associated with paper documents and manual workflows. Your digital data should be accessible to those who need it, but that doesn’t mean it has to be more vulnerable. Don’t risk the safety of your confidential information. Look for security features like password-protected access, version tracking, backup and recovery, anti-virus and 24/7 protection.

Despite its decline in volume, cheques remain a payment method that all organizations must still offer their customers — even if it is an inefficient and costly endeavour. And although there are newer digital replacement tools, such as EFTs, these also require a completely manual process that takes more time and often creates more errors.

Ricoh eliminates this headache by creating a modern, PCI-compliant lock-box service that processes and deposits all payments by cheque and EFT, including validating and posting entries to your ERP system. In addition, this secure solution also provides post-dated cheque management, validation and exception management, and correspondence forwarding, giving organizations a powerful new way to process payments.
Strategic benefits from automating your AR function

Reduce inefficiencies and human error
- Manual workflows inevitably result in inefficiencies and mistakes. Exceptions are missed, post-dated cheques are lost, or payment information is missing on arrival. Automated workflows minimize these errors and manage exceptions with ease. Offload the day-to-day workflows with Ricoh Payment Processing Services and deliver efficiency and accuracy so you can lower costs and improve KPIs.

Optimize the AR process to improve the customer experience
- Automated workflows can dramatically improve the speed and personalization with which businesses interact with their customers. By automatically capturing and processing payments, your organization can gain insights into discrepancies and resolve them quickly. Ricoh Payment Processing Services material reduces payment processing time so your team can spend more time on strategic projects and positive customer interactions.

Maintain business continuity
- In an always-on economy, business continuity is essential for long-term success. With digitized workflows, back-ups are easily produced and recorded. This ensures data accessibility by remote workers while reducing physical vulnerabilities and the risk of irretrievably lost data in the case of serious incident or disaster. Ricoh Payment Processing Services require fewer dedicated human resources, enable those resources to work effectively from anywhere, and provide greater efficiency – all while preventing virtually any business disruption.

Minimize unstructured data
- The ability to automatically turn paper-based and manually entered information into digital records is essential in modern business. Organizations naturally accrue vast amounts of unstructured data through their regular operations. Manual entry can only catch a fraction of this data. Aside from potential regulatory penalties, businesses are missing a vital source of revenue by letting this data slip through the net. Ricoh Payment Processing Services dramatically improves information mobility and helps turn unstructured data into valuable business intelligence so that businesses can boost productivity and improve decision-making across the organization.

CSR and environmental impact
- Modern business produces infinite documents that require significant energy when printed and stored. Digitizing and automating workflows naturally mitigates this environmental impact. Ricoh has earned numerous awards for our ethical and environmentally friendly solutions and our Payment Processing Services help improve energy efficiency, resource conservation and human wellbeing in line with corporate sustainability targets.

Streamline processes to improve employee engagement
- Manually entering data is repetitive and exhausting, negatively impacting employee morale and, subsequently, productivity. This tedious task is susceptible to errors which can significantly impact cash flow. Ricoh Payment Processing empowers your people to contribute in a professionally meaningful and personally fulfilling way.

Improve access to information and simplify the back office
- Most AR departments use a single-purpose computerized accounting system to help deal with cash flow management, which can make data difficult to access. Streamline repetitive tasks to ensure consistency, completion, and efficiency while making vital information needed for business decisions accessible on demand. Ricoh’s Payment Processing Services creates bridges between information silos so that data can be shared when and where it’s needed.

Ensure regulatory compliance
- With increased availability comes increased accountability. Automated workflows provide businesses with demonstrably compliant systems. Auditable, transparent systems are a crucial component of data privacy and protection regulations - particularly for industries entrusted with sensitive, personally identifiable data. Ricoh Payment Processing Services captures, stores and accesses payment data in digital formats for enhanced security and compliance while activity logs help ensure accountability and transparency.

Leverage big data analytics
- Unstructured data can be incredibly valuable when collated, analyzed and deployed effectively. Digitizing and automating data collection and processing turns these silos into smart data hubs for use across the organization. With the right access, business units can use this data to make informed predictions around peaks and troughs in financial activity, design smart processes or protocols and many other ways of creating competitive advantage. Ricoh Payment Processing Services automatically processes and deposits all payments then validates and posts entries into your ERP system so you can gain deeper financial insights through up-to-date tracking and reporting.

Support the bottom line
- Invoices become less collectible the longer the AR process takes, resulting in a significant loss of revenue. After 3 months, 26% of invoices are uncollectable; at 6 months that number rises to 70%, while 90% of invoices that are 12 or more months old are uncollectable. Ricoh Payment Processing Services enable an efficient system that processes customer payments promptly to smooth cash flow, ensure customers are never over-billed and improve your reporting, planning, and forecasting.
Case study: Canada’s Leading Courier Automated Their AR Workflows to Improve Customer Satisfaction and Saved Millions

Canada’s leading courier serves thousands of customers every day. With a dated payment processing system, their AR team was forced to enter information manually. This led to errors that gave customers a poor experience. Examples include:

- Post-dated cheques were often lost
- Payments were applied to the wrong invoices
- Late payment notices were being sent to customers who had already paid
- The AR team didn’t have the tools to manage periods of high volume

The courier company automated their AR systems to reduce errors, apply payments to the correct bills, and improve the customer experience. An outsourced payment processing solution eliminated the need to process physical cheques and manually enter data into multiple systems. The new system has reduced the time it takes to process a cheque from five days to just two during peak periods. The AR team has also minimized lost cheques and inaccurate late payment notices which has significantly decreased complaints and improved customer satisfaction. As a bonus, these efficiencies have led to millions of dollars in cost savings!
The story of the numbers

According to an IBM Institute for Business Value study, the two obstacles most frequently cited by CFOs preventing them from providing more useful insights are the integration of information across the enterprise and development of the right talent.

The real opportunity for Finance lies in extracting useful, forward-looking information from all this financial data. Data-driven decisions are critical for successful innovation, so providing comprehensive, timely and accurate data helps executives make better business decisions. Finance can also add strategic value in the correlation of information across the organization, to analyse it and — if not apply it directly — make it available to the right decision-makers at the right time. One CFO, interviewed as part of the global innovation report cited above, concluded: “Innovation is possible when we can look forward as well as back. What does this information tell me about trends? Do we speed up or slow down as an organization? Do we identify opportunities to be more successful in the marketplace? Can we afford to be more aggressive? It’s about telling the story of the numbers.”

More time for strategic thinking — and for customers

While processes will become increasingly digitised, very few of those jobs will be entirely automated, at least not in the near or medium term, a recent McKinsey report found. Instead, workers will devote less time — or no time at all — to dull, repetitive tasks, and more time to higher-level strategy and customer interactions.

You see it happening already in areas such as Finance, where modernized accounting processes free workers to concentrate on solving higher-level problems — or listen to customers and learn what new services they would like to see, leading to possible new lines of business (and probably, new automated workflows). In fact, according to the McKinsey report, job automation is reducing errors and increasing productivity tremendously and is quickly becoming an important competitive differentiator.

History has taught us that workers will learn new skills required by the changing markets and the evolving technologies. It’s also taught us that companies will adapt their processes and people to these innovations. While job automation can perform many tasks that are good for and needed by businesses, they can’t replace the human creativity and people skills that ultimately nurture the relationship with your prospects and customers.
Fuel real innovation

Working with the right services partner can help Finance provide valuable business insights that fuel real innovation. And by working with the right service partner, your business can experience the inherent benefits of optimizing information flows.

Experienced providers can:

- Help you look across information silos and re-engineer the flow of information to become more comprehensive and integrated
- Quickly incorporate new technologies to intelligently capture, index and extract data for incorporation into digital workflows
- Free up your resources to focus on analysis, finding the “story of the numbers” and driving more forward-looking initiatives

When considering the impact your Finance team can have on your organization, think beyond just the cost saving measures, and start thinking about how this department can start growing your business through insight and innovation.
At Ricoh, we’re always looking to help organizations understand and implement what it takes to nurture innovation — the strategies, behaviours, best practises, investments and business outcomes that characterise the most innovative companies around the globe. The technology choices you make for your documents, your workflows and your workforce directly impact your business in terms of sustainability, processes and profit.

At Ricoh, we are dedicated to helping you every step of the way.