Many companies invest heavily in transaction automation without reducing days sales outstanding (DSO). Inefficiencies in receivables management can also increase bad debt write-offs, operational costs, error rates, and staff. Best-in-class SAP customers are using technology innovations to manage receivables more effectively.

A variety of factors are driving the need for new technology that can automate receivables management and provide real-time access to a wide range of internal and external information sources.

Getting the most from your working capital has become essential as you seek to keep the lights on and still have money for expansion. Because bank funding is expensive, you need to optimize your order-to-cash cycle. This means making sound credit decisions, avoiding write-offs for debt losses, and supporting efficient operational processes.
As high-quality customer service becomes more important to your success, customers increasingly expect to interact with their account managers in person rather than deal with anonymous accountants by phone or e-mail. You need to give your sales team the customer information they need on-site. You must also meet customer expectations for speedy resolution of invoice disputes.

Meanwhile, your finance team wants to be a full partner in the business, not just a group of paper-facilitating accountants. They want to provide information that helps you close deals, avoid credit-blocked orders, and identify your most profitable customers. They want to reduce calls into the back office (which take time but add little value) through self-service access to information. According to a recent study by The Hackett Group, companies that automated transactional processes and self-services reduced finance costs (as a percent of revenue) by 47%.*

Like other parts of the business, your finance department needs real-time information that is not hampered by batch processing or aggregation routines, which can limit reporting flexibility and drill-down back to individual transactions. Finance managers also need ready access to alerts so they can focus their activities on exceptions with the greatest impact – wherever they happen to be.

Supporting the Entire Order-to-Cash Cycle

SAP® tools for receivables management address the complete order-to-cash cycle – from credit checks when orders are entered into the system, to customer billing, dispute resolution, collections, and booking of the financial side of transactions. These tools can help your credit, dispute, and financial operations teams work effectively together and with your customer service representatives and sales executives.

The SAP Credit Management, SAP Biller Direct, and SAP Collections and Dispute Management applications are part of an integrated software solution that automates and fosters collaboration within key steps of the overall receivables management process. In addition to automating exception handling in traditional business-to-business transaction processes, the applications can help you proactively evaluate and manage credit, optimize customer care and service, and speed cash collection.

**SAP Credit Management** helps companies implement a single company-wide credit policy and use credit analysis results to update credit limits automatically. It also lets you embed automated credit checks into vital operational processes to help ensure that each transaction is monitored.

**SAP Biller Direct** is an electronic bill presentation and payment solution that lets your customers download or pay invoices via bank transfer, credit card, and other means. They can also start the dispute resolution process, if necessary.

**SAP Collections and Dispute Management** provides workflow and process support for managing disputes, as well as functions for generating prioritized work lists that help collections specialists proactively contact customers.

You can deploy these add-ons in a single system – or pull data together from multiple systems – to give your team a unified view of their receivables and customer relationships. According to SAP Performance Benchmarking, companies that fully integrate their accounts receivable systems with their billing systems have reduced overdue receivables by 26%.

All three applications can be deployed in a shared-services environment for further process optimization and to leverage economies of scale. Integration to SAP Financials Shared Service Framework software has been optimized for SAP Collections and Dispute Management.

26%

Reduction in overdue receivables
Innovations for Enhancing Enterprise Mobile Devices and Analytics

SAP continues to make considerable investments in the area of receivables management. Innovations include tools to give your accounts receivable team and business leaders detailed and actionable information – wherever and whenever they need it.

New mobile applications extend the reach of information to different user groups. In-memory data processing increases speed and agility in analyzing data for interactive reporting. Tools that help employees with different roles look at the same data from their own job context enhance collaboration.

MOBILE ACCESS TO FINANCIAL INFORMATION

Those in your sales organization may spend significant time traveling to customer sites. Members of the team need to monitor the credit and receivables situations of their customers without calling the back-office accounting department or relying on outdated printouts. They need to provide customers with copies of invoices or status updates as soon as the customers request them.

The SAP Customer Financial Fact Sheet mobile app gives your sales representatives, account executives, and business managers a complete overview of their customers’ account situations anywhere and anytime. This insight can help them manage and grow their parts of the business more effectively.

Designed for the iPhone, iPad, Android, and Windows-based devices, the app displays all relevant receivables data for a specific customer, down to the invoice level. Users can send copies of invoices or dunning information to customers via e-mail. They can also review customer credit information to apply appropriate terms and conditions during negotiations and avoid credit-blocked orders.

Promises to pay particular invoices can be documented in the mobile app and are monitored automatically by the enterprise resource planning software. Sales reps can confirm or update invoice disputes to accelerate resolution. Notification, task, and alerting functionalities give sales reps and the back-office team collaboration tools that automatically document information in the SAP ERP application. This is significantly better than documentation by e-mail that is not linked to your business partners or transactional data. (See Figure 1.)

![Figure 1: View of a Customer’s Receivables in SAP® Customer Financial Fact Sheet](image)
MANAGING RECEIVABLES ON MOBILE DEVICES

Today, accounts receivable managers must identify exceptions found within thousands of pages of reports. Because many reports are run in nightly batches, there may be process-timing issues that lead to outdated data. Finance and sales teams often have inconsistent data sets. Meanwhile, collaboration between sales and back-office teams around exceptions can be time-consuming. And managers may find it difficult to identify late-payment risks caused by changing customer payment behavior.

Designed for multiple devices as well, the SAP Receivables Manager mobile app helps accounts receivable managers monitor their customers’ payment behavior, manage their receivables risk, and enable efficient cash collection. Powered by the SAP HANA® platform, SAP Receivables Manager can quickly deliver configurable alerting as well as a heat map that helps managers visualize the status of an entire customer base.

Analytics in the app provide improved insight into customer payment behavior, which allows better accounts receivable monitoring. You can see, for example, how much money is owed, when it is due, and in which countries. You can also get a credit risk profile of the companies that owe the most money and see how much money is tied up in disputes caused by quality-control issues or late deliveries. In addition, the app offers personalized alerts and notification for exceptions. Collaboration tools help your accounting team work together to prevent late payments. (See Figure 2.)

ANALYZING WORKING CAPITAL

Companies that don’t manage their working capital efficiently must often turn to capital markets or expensive bank credit to cover their current obligations. But it can be difficult to get a holistic view of cash flowing into and out of your organization. Complicated paths for root cause analysis can impede data availability and slow the analytics process.

The SAP Working Capital Analytics analytic application introduces a new and intuitive way to monitor and analyze your DSO and days payables outstanding (DPO). (See Figure 3.) Also powered by SAP HANA, the application helps you:

- Calculate relevant key performance indicators for greater accuracy
- Identify intuitive interaction patterns using flexible analysis paths
- Quickly spot outliers, make fact-based decisions, and take action
With SAP Working Capital Analytics, you can drill down to the business transaction level to analyze all aspects of DSO and DPO. You can explore root causes of working capital changes and optimize strategies to improve your company’s liquidity, efficiency, and overall financial health.

The application offers analytics for receivables and payables in multiple dimensions and lets you save and reuse paths for root cause analysis. You can also drill down to the business transaction level to fine-tune your operational tactics.

“...The explorable interface of SAP Working Capital Analytics allows users to interact with data in a groundbreaking way. Now, for the first time, you can perform a visual analysis by directly interacting with graphs and charts in real time. Intelligently designed, the analytic application performs a maximum of work by combining multiple analysis steps, while requiring a minimum of input from users. Instant visual feedback arms you with vital insights and keeps you ahead of the game. One thing is for sure: it’s never been easier to edit panoramic queries and to make smarter financial decisions.”

Christian Schaefer, User Experience Designer, Sovanta AG
Reduce DSO While Enhancing Cash Flow and Customer Service

By providing greater financial visibility into your customer base, the enhanced connectivity and support provided by SAP innovations for receivables management can help you control your customers’ credit exposure. You always have a clear, 360-degree view of your customer, wherever you are. Surveys of SAP customers find that overdue accounts receivable decline by 18.6% when detailed customer profiles (including the entire invoice, adjustment, and payment history) are available at the point of interaction with customers.

SAP software helps you identify issues and invoice disputes earlier in the payment cycle in collaboration with your customers, and it helps you track and correct the root causes that drive DSO. This makes it possible to reduce DSO, strengthen your cash flow, and optimize customer service.

Credit evaluation and management become more effective with timely insight into risk across your accounts receivable portfolio and help ensure your sales and finance teams have access to the same information. Increased accuracy in credit checking can improve your response to creditworthy customers.

A fair and transparent dispute resolution process can also enhance customer care. According to SAP Performance Benchmarking, our customers report 56.5% lower uncollectible accounts receivable write-offs (as a percentage of revenue) with integrated, automated dispute management.

The greater processing speed provided by SAP HANA offers instantaneous access to data that mobile users and reporting users expect.

The solutions also help drive down financial operations costs by supporting scalable e-billing processes, optimizing processes for high volumes of open items, and providing self-services for internal and external business partners to speed issue clarification.

Further benefits include improved efficiency of overall operations – through a simplified IT infrastructure, enhanced workflow, and collaboration between your CFO, finance operations team, and the rest of the business. Billing, collections, and accounts receivable activities are streamlined through automation and workflow. Native integration with shared services systems, sales and distribution systems, customer relationship management systems, and your treasury and general ledger software help ensure accurate reporting and compliance.

LEARN MORE
For additional information about the many ways that SAP software can enhance the accounts receivable process at your company, please contact your SAP representative or visit our Web site at www.sap.com/solution/lob/finance/software/receivables-management/index.html.

56.5%
Lower uncollectible accounts receivable write-offs