

Scalable Accounts Receivable: A Strategic Approach

Insights and Tips from Industry Experts





Accounts receivable (AR) fuels your business, pumping cash through the organization to cover expenses and drive growth. But AR departments are often running on fumes, sidelined by outdated processes that can't keep pace with increasing payment complexity. To best support your business and remain competitive moving forward, your AR function may need a digital overhaul.

AR teams with inefficient processes are racing to keep up with the volume and variety of payments but can't reach maximum speed.

Common areas of concern can include:

- Inability to scale operations using manual processes
- Staffing challenges
- Growing number of payment methods and channels
- Distributed workforces and the move to everything digital and online
- Disparate technology and banking systems
- Getting paid on time and the downstream impacts on DSO, cash flow, credit, and collections
- Customer relationships, facilitating sales, and building accounts

The resulting delays are felt across the organization, delaying cash application, slowing customer credit replenishment, and hampering growth.

How can you build a successful AR model that works in today's environment and prepares you for tomorrow's challenges? Versapay invited six experts to share their experiences and insights for building a future-proof AR function.

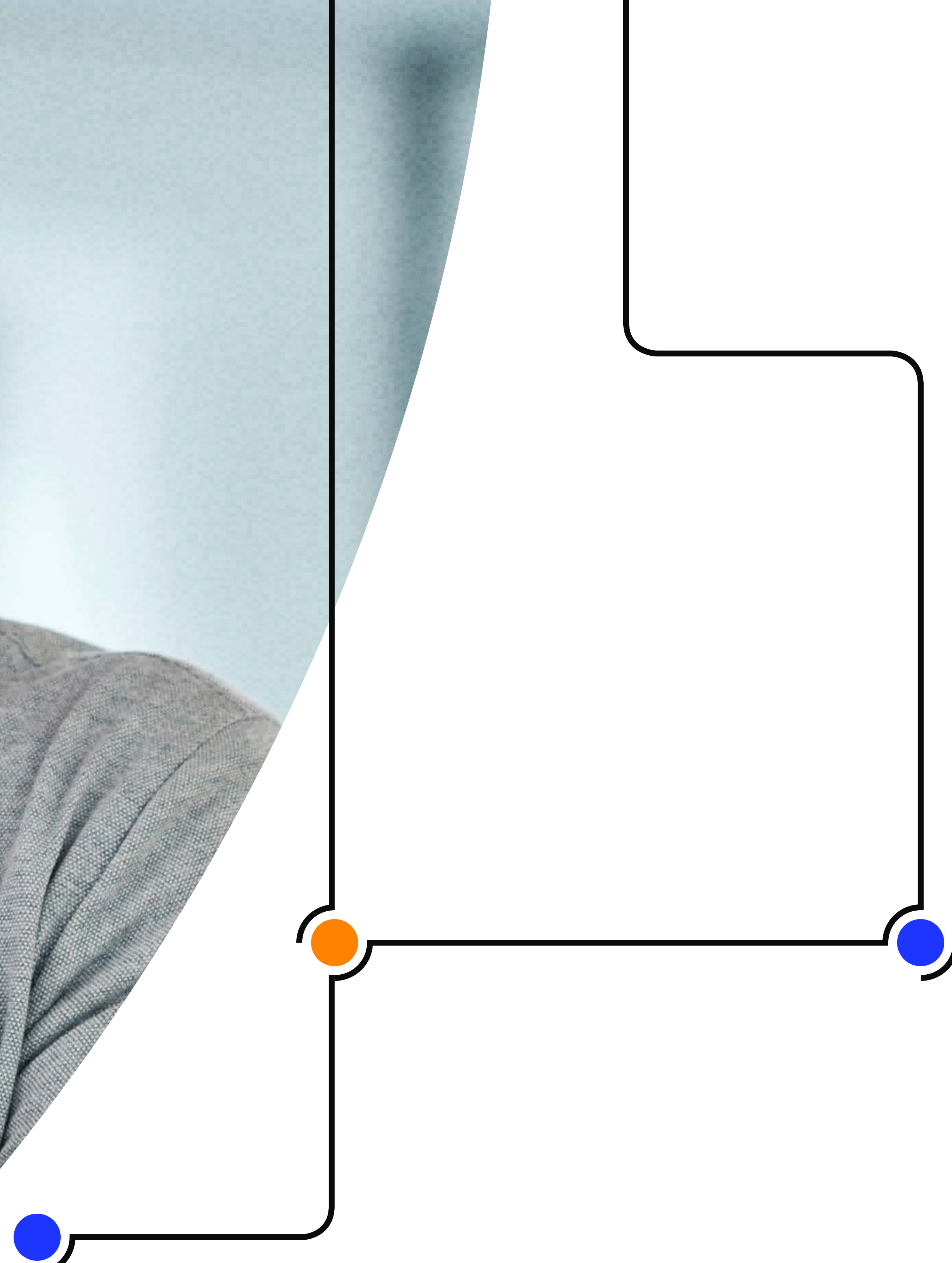


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EXPERT INSIGHTS

“What used to take three days is done in six hours. We process up to \$25 million in payments a day.”

Jeff Seder

Senior Vice President - [Carter Lumber](#)

Carter Lumber

Carter Lumber is a 90-year-old family-owned business that grew from a single store. In 2000, the company shifted to serving builders rather than consumers, adding outside sales and opening credit to customers.

Challenges to growth

The old way of processing payments created a lag in cash flow, affecting every corner of the business. They needed to post by invoice detail, which required considerable time and effort. Further complicating the process, salespeople would often hold checks for builders who didn't have money in hand but still needed to place an order. And for every transaction, there was a lengthy reconciliation process.

Now, the sales team uses their mobile devices to process payments from field locations or brings checks to the store, where they are captured with an iPad. The payment feeds into the credit server, updates the customer account, and creates the cash image letter that goes to the bank.

Everything's automated. "Half of our \$2.3 billion revenue is now coming in through remote locations," Jeff Seder explained.

With their AR processing automated, employees who had been mired in busywork were able to step into roles that generated and supported new business, like underwriting and billing. The net result was greater efficiency in AR and a boost to the company's overall growth.

The bottom line

Last year, Carter Lumber grew by \$700 million. That kind of growth could really put a strain on cash flow, so automation was a critical factor. Seder contends that Carter Lumber wouldn't be a \$2.6 billion company today without Versapay's Cash Application solution, saying, "Cash Application has been a great tool. It helped us focus on other areas, so we grew with acceptable losses and were 10% above our collections goal for the year. Plus, what used to take three days is done in six hours. We process \$25 million in payments a day."

EXPERT INSIGHTS

“Business payments have lagged consumer payments when it comes to modernization and adoption of digital technologies for years. In AR, there’s still a lot of paper in the system, including checks, invoices and even cash, which means a lot of time and effort is still being spent to review and reconcile payments.”

Ronald Shultz

EVP of New Payment Flows - [Mastercard](#)

AR then and now

At Mastercard, Ron Shultz guides commercial clients through the process of modernizing business payments so they can improve cash flow, efficiency, and the customer experience. This involves helping businesses streamline outdated, manual processes with newer digital payment methods such as electronic invoicing, virtual corporate cards, and automated accounts payable and bill pay solutions, so they can future-proof their operations.

The complexity of commercial payments has led to some complacency and acceptance of inefficient AR workflows. There’s still a lot of paper in the system, which takes several days to arrive by mail and be processed by hand. Shultz noted, “as the paper piled up during the pandemic with no one in the office to reconcile checks and free the cash flow trapped inside, it became clear that a new approach was overdue.”

Digital and contactless payment tools have become ubiquitous in the consumer space, but business-to-business (B2B) transactions have not kept pace. One reason is that these are much more fragmented than consumer payments. The disjointed process of invoicing and accepting several forms of payment that may, or may not, reference a specific invoice forces AR teams to spend hours reconciling payments. Automating the AR function is the answer, and the transition is easier than you may realize.

Transaction transition

“For many, digital payments are now an everyday habit as consumers expect to pay for what they want, when and how they want, whether they’re footing the dinner bill via QR code, sending money via smartphone app to family members abroad, or paying their bills digitally. But back in their office and behind the scenes when companies transact with each other, payments are stuck in the past. The transition to automated AR for individuals at both ends of the transaction is not difficult; you just need to enable them to work through that migration. But the before and after is transformational,” Shultz explained.

Especially when it comes to small businesses, cash flow is the number one priority. Automation can provide a place for customers to view and pay invoices electronically, marry remittance, invoice, and payment information, and offer electronic information sharing. When there is a short pay or charge back, that information is all contained in the system, in the right format, at the right time, in the right place.

A strategy for efficient growth

As leaders reassess their approach to AR, many are making the strategic decision to adopt automation. For some, technology is the answer to high turnover and a tight labor market. Others need better cash flow and greater efficiency to scale up initiatives. Regardless of priority, automation improves cash flow and the user experience for employees and customers alike.

EXPERT INSIGHTS



“There’s no playbook on some of these more modern ways of making payments.”

Doug Hathaway

Chief Technology Officer - [DadeSystems \(now part of Versapay\)](#)

Addressing challenges

DadeSystems—now part of Versapay—was born when Doug Hathaway began using his software development skills to tackle payment processing challenges for clients. Right now, at most companies, the biggest pain point for AR teams is cash application. As businesses recover from the pandemic and focus on digitization, there’s an opportunity to build an AR function that addresses the time-consuming and manual challenges that have stymied AR teams for years.

Changing payment landscape

The payment landscape has expanded dramatically over the past decade, with customers now wanting to pay with checks, ACH, physical and virtual cards, digital apps, and more. But the old forms of payment don’t go away, and AR must handle each payment type differently. It can be overwhelming, and, as Hathaway put it, “There’s no playbook on some of these more modern ways of making payments.”

Automation eliminates the tedious, duplicative work of processing different payment types received through various channels. Automation can also impact the bottom line. Hathaway noted, “One Versapay customer reported saving around \$100,000 a year in FedEx fees by using the Versapay Mobile AR app to capture checks out in the field.”

But the real ROI is people’s time. AR teams are freed up to focus on higher-order functions that decrease write-offs and improve collections. Leadership has the visibility it needs to turn cash flow into new business initiatives. Customers can use the payment type of their choice, credit is replenished quickly, and it’s all done with transparency throughout the process.

Keep it simple

Often, leaders believe that a transition to automation will be difficult and disruptive, but you don’t need a PhD in artificial intelligence to make the shift. The simplicity of the Versapay solution extends to the implementation. Versapay’s Cash Application solution has a light IT footprint, which means minimal input is needed from technical stakeholders, and the software integrates with existing accounting and ERP systems. Everything from demos to training is done remotely, which makes the entire process easier.

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“During the Versapay demo, I thought, ‘This is so simple. It’s a no brainer.’ It’s very easy, very user friendly.”

Lauren Polo Mendez

Applications System Administrator - [Cole, Scott & Kissane, P.A.](#)

Choosing an AR automation tool

As the applications system administrator at a law firm, Lauren Mendez seeks and implements digital solutions to business problems. One such challenge was the large volume of customer payments that the firm processed manually.

Versapay and a competitor each gave a demo. “The competitor’s demo confused me. The process seemed a lot more complicated than I wanted to manage, and they didn’t custom tailor anything to show how it could work for me or my company,” Mendez said. “During the Versapay demo, I thought, ‘This is so simple. It’s a no brainer.’ It’s very easy, very user friendly,” Lauren explained. “The people at Versapay took the time to learn about our business and ask questions so they could be sure they were addressing all our pain points.”

Experience with implementation

Because it was the first law firm to implement Versapay’s Cash Application solution, the implementation team took the time to understand the firm’s needs and meet all its requirements. Mendez said Versapay “wanted to understand our pain points and show us how the software could address them.”

By talking about the solution’s potential and explaining the process thoroughly, the Versapay team addressed anxieties and reassured stakeholders. “Creating that relationship definitely made a difference, because if someone takes the time to understand your business, your pain points and challenges, then they can learn how to better serve you, which is what Versapay did,” she said. The result has been fewer data entry errors and better cash flow.

Tips for a smooth implementation process

When it comes time for the implementation, it’s helpful to know what your ERP can do and understand how data pushes into the system. Call your ERP vendor before implementation, especially since a special file format may be required to upload files.

You’ll also need to decide how you’ll store images because you’ll need image software to handle it. Take the time to understand the requirements, and don’t be afraid to ask questions.

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“In one case after looking at the data, I asked a CFO, ‘The industry average DSO is 25 days, but you’re at 34. Why?’ I immediately knew that he’s got manual processes somewhere that are slowing down DSO.”

Katherine Weislogel

EVP & Head of Treasury and Payment Solutions - [Synovus](#)

The pandemic surge

In her role at Synovus, Katherine Weislogel helps her customers identify and resolve problems to drive revenue growth and improve the bottom line. She had a front-row seat as the dramatic changes brought on by the pandemic pummeled businesses. Companies who had lockbox shops or teams going into their offices and handling paper realized their model was outdated. “Companies had a greater awareness of their AR function’s shortcomings and wanted to explore receiving payments electronically,” Weislogel said. “I refer to it as the pandemic surge.”

Although AR departments have been under increasing strain for years, the pandemic amplified the problem and sped up the changes that are now laying the foundation for future growth.

An automation transformation

Many CFOs are aware of the need for change and the potential for automation, but the complexity of AR has challenged teams for years and understanding the needs and nuances can be overwhelming. By running working capital models with outputs, reviewing commercial analytics, and observing back-office processes, Weislogel and her team can uncover issues that automation can address.

“In one case after looking at the data, I asked a CFO, ‘The industry average DSO is 25 days, but you’re at 34. Why?’ I immediately knew that he’s got manual processes somewhere that are slowing down DSO,” Weislogel said. When a CFO sees the impact automation can have on metrics like DSO and the bottom line, the ROI of AR automation is clear.

Mergers and acquisitions (M&A) activity has also driven the need to move quickly from a decentralized AR function into a scalable model. A centralized model opens what Weislogel calls “swim lanes”—or payment options—for all of their customer types and preferences. Pulling everything together gives businesses the solutions they need today and the agility to add new options quickly as the need arises.

Change is now

Change isn’t just coming; it’s already here. Companies that don’t start automating their policies and procedures will face an uphill challenge. Inevitably, customers who want payment options and a streamlined user experience will move to companies that offer those choices.

EXPERT INSIGHTS

“You want to be able to better serve your customers, get their payments faster, post them to their account so that they can buy more goods and services, being efficient and customer-centric throughout the entire process.”

Bill Wardwell II

President - [DadeSystems \(now part of Versapay\)](#)

Focus on the future

As president of DadeSystems (now part of Versapay), Bill Wardwell II is always looking toward the future and considering ways automation will transform the AR function for his customers. Companies are expressing the need to support more ways to pay, greater efficiency, and scalability—and automation is the only way to get there.

“Our clients want to provide online tools for their customers to pay them proactively. Online payment technology has really tested customers’ ability to leverage their historical, manual processes to support the change. They need to have better technology that’s flexible,” Wardwell explained.

Beyond efficiency, there are real financial benefits to automation. Online and mobile payment options mean payments arrive faster, improving cash flow. While bank fees and other costs will decrease after an implementation, the net benefit to a company is even greater.

Impact on people

Automation addresses staffing challenges, too. Keeping up staff levels and backfilling positions are real challenges in a competitive hiring market.

With automation, the tedious, time-consuming manual work of updating spreadsheets and matching up payments to invoices is automated, simplifying new-hire training as well as the processes themselves.

Employees can focus on projects that require higher-level skills, which translates into greater job satisfaction. While some may initially worry that they will be “automated out of a job,” Cash Application customers report that the solution gets them out of the weeds, freeing them up for other tasks.

Happier employees deliver better customer experiences. In a time when customer expectations for B2B transactions are rapidly changing, technology can help organizations understand and deliver customer-centric solutions that drive brand loyalty and growth.

LESSON LEARNED

Regardless of the size of your business, automation is critical to your ability to grow and scale. There simply is no faster or more accurate way to process payments. Implementing a solution that integrates with your business systems and processes can be easy, and delivers benefits for:

- Faster payment receipt, matching, and cash application
- Elimination of manual errors and unnecessary costs
- More accurate reporting and cash forecasting
- Faster customer credit replenishment, and
- More satisfying and strategic job responsibilities for team members

As our experts all told us, automation is happening now. Enabling your AR function to scale with growth and be a more strategic business partner is imperative. Versapay works with companies to address their specific needs and implement AR solutions.

Learn more about how Versapay helps clients accelerate cash flow at versapay.com.