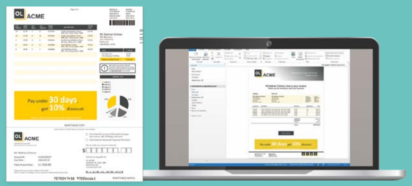
What are accounts receivable?

Accounts receivable (AR) are the monies owed to the company by customers for goods sold or services rendered. In order to have an accounts receivable process, you need two things: a sale and a purchase. A company sells an item or service to a buyer and extends credit to that buyer so that the total cost of the sale can be paid later and on terms that are agreed upon by the seller and buyer.

Accounts receivable are typically executed by generating an invoice and either mailing or electronically sending it to the customer, who in turn must pay it within an established time frame, called a credit term or payment term.

Invoice/bill



A business document issued by a company to a customer relating to a transaction. It indicates the products, quantities and agreed prices for the products or services.

Why are accounts receivable processes critical?

Accounts receivable processes are the lifeline of any business. They allow the company to get paid.

Target industry

Supply chain: Chain of trading partners (manufacturers, wholesalers, warehouses, logistics, distribution, etc.) involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer.

Here's a typical supply chain:

Target Customer

Companies that are sending up to 500,000 invoices a month for business-to-business transactions. They have a lot of documents to generate and manage. Their invoicing process includes many steps that mostly rely on manual tasks. But our solution can easily adapt to specific needs and companies that are sending between 10,000 and 500,000 invoices benefit from an interesting return on investment.

What is the typical process?

Once the customer has ordered and received a product or service, an invoice needs to be sent out. The accounts receivable department verifies the customer data, confirms the customer's PO and delivery note match and post the transaction, in order to create the invoice.

The department creates the invoice, prints and folds it, inserts it into an envelope and puts a stamp on it. The document can be sent to the post office and delivered to the customer.

Alternatively the printed invoice is scanned to send by email. Scanned invoices are often indexed manually in order to archive them in an electronic content management system. Others are simply copied and filed in a filing cabinet.

What are the main problems?

The main problem is that the accounts receivable staff manually executes all the steps required to produce and distribute invoices, statements and reminders every month.

In fact, 53% of organizations still rely on manual processes, according to Aberdeen Group's 2012 Order-to-Cash study.

They spend the bulk of their time answering customer inquiries due to human error and inaccuracies on invoices and statements.

Electronic delivery is increasingly in demand: Customers and senior management are pushing for more electronic delivery but the systems, applications and resources are not there yet.

Electronic delivery falls into two broad categories: Delivering a PDF representation of the invoice and delivering a true e-Invoice, often described as an Electronic Data Interchange (EDI) transaction.

Because of their rigid systems, companies are often not able to change their invoice to improve the AR process.

Such changes include:

- Design changes for corporate branding, change of address, legal and regulatory requirements and barcodes additions
- Delivery preference, sending documents in the mail or electronically
- Delivery as a true EDI transaction

Target buyers and what they want:

1. The operations manager needs to reduce the time spent on customer inquiries and disputes, as well as reduce or eliminate manual processes, handling of paper and manual errors.
2. The accounting manager is looking to modify invoice templates on demand and send electronic invoices and documents.
3. The IT manager wants a solution that easily adapts to the company's systems and processes.
4. The CFO expects to lower per-invoice costs and reduce consultant fees.

Why choose OL Connect?

- Lower invoicing costs
- Modify invoice templates on demand
- Send electronic invoices and documents
- Reduce time spent on customer inquiries and disputes

How OL Connect works?

1. It starts with printing invoices as usual.
2. OL Connect automatically captures the print output and makes the necessary changes to the layout. We apply the new branding, make the regulatory changes in the terms and conditions and add inserter controls and postal barcodes.
3. OL Connect outputs the invoice in the appropriate format and distributes it: print, email, web, EDI.
4. Automated processes can also be triggered. The automation possibilities are endless.
5. As a last step, information is archived in an electronic content management system.

Key benefits

- ✓ Reduce or eliminate manual processes, handling of paper and manual errors
- ✓ Meet your customer’s expectations
- ✓ Improve cash flow
- ✓ Improve the customer experience

What to ask?

1. Are you able to send invoices by email to your customers?
2. How long does it take you to create your invoices?
3. Are you able to modify the design of your invoices as quickly as you want?
4. Can you easily extract customer data from your systems and integrate it into your invoices?
5. Are your invoices entered manually into your system? If so, what is the labour cost?
6. Do you have a process for detecting data entry errors? If so, what is the labour cost?
7. What is your error rate and how much time is spent resolving errors?