

Digitizing the Credit Department One Step at a Time

When business credit professionals say they “use technology” in the workplace, it can mean any number of things. For some, the word “technology” is used interchangeably with tools as simple as phones and computers. Meanwhile, others may have definitive interpretations of what technology is and what it means for credit departments embracing the digital era.

Research and advisory company Gartner defines “digitalization” as “the use of digital technologies to change a business model and provide new revenue and value-producing opportunities.” As an industry, business credit views digitalization across a broad spectrum, ranging anywhere from electronic invoicing, payments and signatures to online credit applications and automated credit decision-making, and more. Credit professionals may be at different stages in their digital journeys, but all are willing to share their experiences and offer advice to their fellow credit colleagues.

Long-Time Digitizers

Credit professional Tim Bastian, ICCE, said his company department’s digitalization efforts have been well underway for more than a decade. They have used automated credit tools for over 20 years, he said, while other tools—e-invoicing, online credit applications and EFT payments—developed within the past 15 years.

The credit team and Bastian are the drivers behind the company’s efforts, he said, while vendor connections through NACM—especially at Credit Congress—are great in order to see what the latest and greatest technology has to offer.

“We bill on 125 different billing platforms for e-invoicing,” he said. “Online credit apps are out there, but [have] limited usefulness and EFT payments are a preferred way to receive payment. Digitalization is finally starting to eliminate some paper and is much more efficient when sharing information. It is simple to build retention processes around electronic data and images.”

However, there is a give and take. In some instances, Bastian noted costs to accommodate a customer request is reason to reject digitalization, and vendors of programs sell buyers on benefits that may not be available to them. Yet, customers with electronic billing have much of their accounting functions completed for them.

Going forward, there will be very secure share tools and enhanced contract review technology will improve.

“Credit is front and center in the process within our company, controlling and maintaining customer master data, sales tax certificates, insurance documents and interfacing with the various users of the data throughout the organization,” Bastian said.

Growing Digitalization

Similar successes have been found at Access Lighting, said Accounts Receivable Supervisor Bernard Bourque. E-invoicing is the company’s preferred method, with 90% of invoices sent electronically. Although there are also a handful of EDI accounts and an even smaller number of snail mail invoices, he said, the e-invoicing aspect of digitalization is a great benefit to their customers, reduces lost invoices and improves response times.

Bourque said the company has seen a variety of benefits from digitalization in its credit department, specifically, speed, accuracy and security. Anything is beneficial as long as it improves something for the organization or customer without compromising processes, accountability or tracking.

“Anything that makes us better is ultimately better for our customers,” he said. “The benefits from this actually reflect in other areas where we have more time to take care of other issues. Our customers see an overall improvement in customer service. Each effort is presented as an effort to improve our service to them and then, we back it up.”

For the most part, Bourque added, customers have responded positively. They appreciate how Access Lighting is trying to improve their experience. Occasionally, some are more comfortable for the “way things are,” he said, but given time and opportunity, they generally drift into alignment. However, there are a few customers who simply refuse to progress and, instead, insist on faxing.

The credit and accounting departments are key record retention areas of the company and, as such, drive certain elements of digitizing many legally required records. Bourque said they regularly push to move records to electronic formats to reduce storage space and costs, while improving accessibility. Each effort lends itself to supporting greater digitization across the organization as other departments see the benefits. Examples include keeping reports in electronic format instead of paper format that now can be converted to historical data tables that would otherwise be lost. Combined with current data, Access Lighting can develop long-term trend analysis that wasn’t available previously.

“We will continue to roll out efforts to make account information available to individual customers online securely,” Bourque said. “On the credit side this year, we will be looking into implementing credit monitoring and automating credit reporting.”

—Andrew Michaels, editorial associate