



Why order to cash is not a finance issue

Damian Leslie – Marketing Manager

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damian.leslie@order2cash.com

Why order to cash is not a finance issue

1. What is order to cash?
2. The impact of Order to Cash
3. The hidden pitfalls of sub-process management
4. Order to cash and customer satisfaction
5. Credit Management and the need for greater influence



1. What is order to cash?

Why order to cash is not a finance issue

Order to cash refers to the business processes involved in the receipt, approval and **processing of customer sales orders** and the **receipt of payment** for the associated goods and services.



The order to cash cycle



The order to cash cycle





2. The impact of order to cash

Why order to cash is not a finance issue



Order to cash is **much more** than just a finance issue

Marketing
Inside Sales
Sales
Risk Assessment
Legal
Order Processing
Billing Department

Logistics
Mailroom
IT
Credit Management
Customer Service
Collection Agency
Accounts Receivable
Treasury

The order to cash cycle





4. The hidden pitfalls of sub-process management

Why order to cash is not a finance issue

In many cases, a drive for efficiency has created separate roles and areas of specialty within a finance department.

Dividing pieces of work within the O2C cycle and assigning those tasks to different roles and minor departments.

Sub-process management causes roadblocks

This has created different silos within the finance department



Risk Management



Billing & Invoicing



Credit Management



Collections

Different needs. Different workflows. Different systems. Different datasets.



Hidden pitfalls within this structure

- Difficult to communicate
- Repetition of work
- Data needs to be shared and uploaded to multiple systems
- Costly to manage and non-user friendly
- Causes unnecessary delays
- Makes it difficult for customers to engage and interact with you
- Non-flexible or scalable



5. O2C and customer satisfaction

Why order to cash is not a finance issue

The order to cash cycle



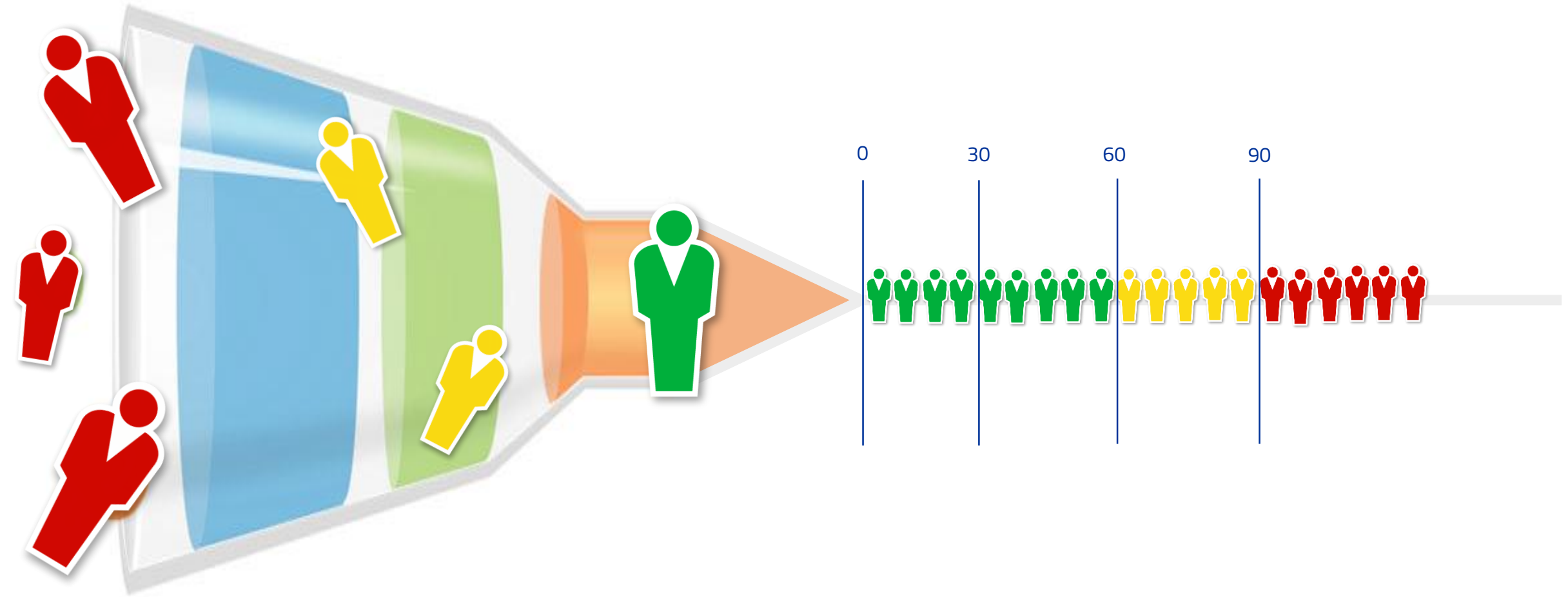
4 questions worth answering

1. How many invoice templates does your organization use?
2. How many payment terms/possibilities does your company offer?
3. How many dunning workflows do you utilise?
4. How many marketing personas do you target in the prospecting stage?

O2C and the buyer journey



One size does not fit all.



"A key indicator of a great finance team lies in its ability to tell a complete and character-driven story about its business – present, past and future."

Darrell Cox, CFO Vena Solutions



5. Credit management and the need for greater influence

Why order to cash is not a finance issue

The order to cash cycle



Common reasons for delayed/non-payment

- Missing invoice - invoice never received
- Missing data on invoice
- Invoice not delivered in correct format/via preferred channel
- Customer can't pay by credit card
- Customer can't authorize payment over a certain amount. Requires approval
- Holiday/leave of absence
- Peak period of activity causing delay

Do you understand your customer?



Do you understand your customer?



What patterns of behaviour do they have?
Why do they act in that manner?
What influences those patterns?
What pain points do they have?

- Uncover patterns of behaviour within your customer base
- Segment customers based on behaviour
 - Geography
 - Scale of business
 - Timeliness of payment
 - Etc.
- Tailor workflows to suit behaviour patterns
- Build individual/group debtor(customer) profiles
- Offer additional invoice/payment/credit options to different groups
- Cater to customer needs/requirements and improve your overall service levels.

Make it **easy** for
your customers to
do business with you



Quick wins for O2C improvement

Why order to cash is not a finance issue

- **Consolidate all O2C related data** into one environment
 - All disciplines need to be able to view each others datasets
 - Marketing, Sales, Legal, Billing, Risk Management, Credit Management etc.
 - Make it available/shareable
- **Hybrid e-Invoicing**
 - Support different methods of delivery – print, email, XML, cellular, EDI etc.
 - Add tracking options to secure a complete audit trail from creation through to payment (sent, open, viewed, clicked, etc.)
- **Provide additional payment options**
 - More choice, more chances to pay
 - Reduce payment timelines dramatically
- **Automatic reconciliation**
 - Focus on exceptions, eliminate 90% of manual process



Alphabet Belgium O2C results

Realised a **cost reduction of minimum 50 %**, shifting to e-Invoicing only

Number of phone calls doubled from 7,000 to 14,000 per year, with a positive impact on payment behaviour

Overdue amounts reduced from 3.4 M EUR to 1.4 M EUR in 12 months

Days Customer Credit level decreased from 6 days to 2!

2011 4 collectors managing 280 M EUR - 2017 4 collectors managing **440 M EUR**

2011 Total HQ 128 / 14 Accounting - 2017 Total HQ 200 / 14 Accounting





KONE O2C results

Global solution – local support

Offer **delivery of invoices in numerous formats** – depending on customer preference

Full audit trail tracking for every order – including print

Invoices **include payment links (Level 3 Data inclusive)** to ease and accelerate payment process

Portal for customers, **SAP integration** for KONE staff

60% uptake in digital invoicing from 2016-17 **+20% growth in volume** expected in 2018

reduced interchange fees by **+\$1M in 2017**





6. Conclusion

Why order to cash is not a finance issue

Why order to cash is not (only) a finance problem

1. Order to cash is the most critical part of the buyer journey and therefore is **much more** than just a finance issue. It's about **where, when and how** a customer interacts with your business.



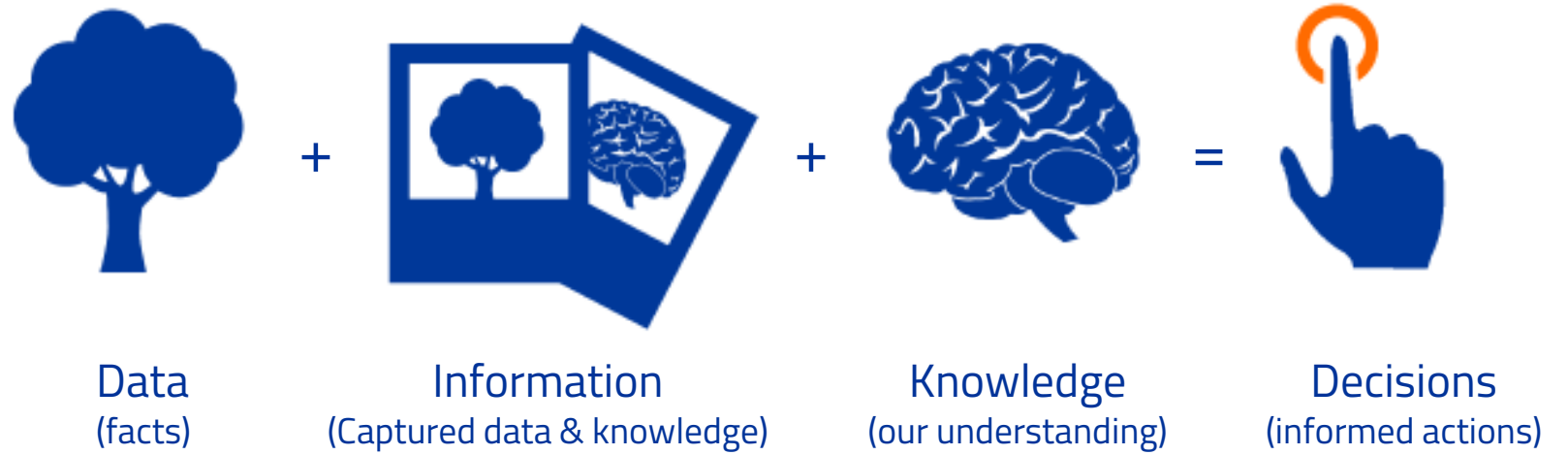
2. You need to understand your customer relationships and how O2C can benefit/hinder them. Behavioural analysis is key.



3. For O2C to run effectively **all departments and strategies must be aligned** and each needs to understand their impact on the process.



4. Data and knowledge must be shared across the whole cycle



**Stop thinking about managing Credit
and start thinking about managing O2C**



Credit Management 2020: Exception management and the evolving role of a Credit Manager

Next session: 22nd February



Questions?

Thank you for attending.

The order to cash cycle



The Order2Cash portfolio



We have connected to over **700 ERP systems**



Provide **international payment options** to customers



Deliver invoices to **any AP/B2G network**



- Credit Risk & Customer Assessment
- Secure Digital Contract Signing
- E-Invoicing
- Online Payments
- Cash Application
- Credit Management
- Collections
- Business Intelligence

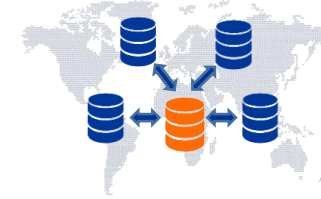
Why work with Order2Cash?



All O2C processes.
One platform.



24/7 availability.
Multi-device support.



Global interoperability.



Easy to conduct
business with.



Continued innovation
and development



Scalability



**“A brilliant
software
solution for
the entire order
to cash cycle.”**

Stefan Persoons
IT & Systems Manager at Antargaz

