Optimizing your financial operations:

Building the connections to automate your entire workflow

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Introduction

To truly optimize your organization's financial health, your accounts payable (AP), accounts receivable (AR), and document management all need to work together.

To achieve this, process automation is vital. It eliminates routine and repetitive tasks, freeing the members of your finance team to focus on mastering their individual parts.

That's why two-thirds of companies have placed a priority on automating processes. There's plenty of room for it. According to studies, 80% of current financial operations have the potential for automation. Despite this fact, a whopping 49% of companies in the U.S., U.K., and France still don't automate their financial processes at all.

That means roughly 50% of all companies aren't taking advantage of a solution that increases efficiency, provides greater insight into data, improves customer satisfaction, and safeguards against fraud.

The primary drivers behind finance automation

When undertaking a major business transformation, it helps to lay a good foundation. Beyond simply keeping up with the competition, what are the drivers behind engaging in your automation project?

Improving operational efficiency – The average finance team spends six hours a week on manual tasks, while 16% of teams waste over 10 hours a week on these processes. Add it up and that amounts to several weeks a year, completely lost to manual operations. Digitizing these jobs means that your finance team spends less time on projects like bookkeeping and data entry, and more time engaging in high value tasks that stimulate cash flow.

Minimizing errors – Humans make mistakes, whether that's a typo during data entry or a paper bill getting lost. Any of these issues can have a significant impact on your finances, leading to late fees, damaged relationships, and time wasted correcting mistakes. Automation eliminates this concern, with near flawless data entry enabled through AI-assistance and other actions managed on a set schedule.

Greater consistency – Even with established best practices, different teams are likely to have their own methods of performing tasks. This approach can lead to snags that slow down operations. Automation establishes pre-defined steps that are followed the exact same way every single time.

Deeper data insight – At the moment, only 40% of CFOs believe that their data is trustworthy. Automation eliminates errors and enhances data analysis. With the assistance of AI and machine learning, you can easily detect patterns and trends that allow you to work strategically.

Team empowerment – Let's face it. The members of your finance team didn't join the company in the hopes of spending their time on data entry and manual tasks. Not to mention that your business' productivity isn't optimized if that's what they spend their day managing. By automating your finance processes, your team can work more strategically, moving corporate strategies forward and building stronger internal and external relationships.

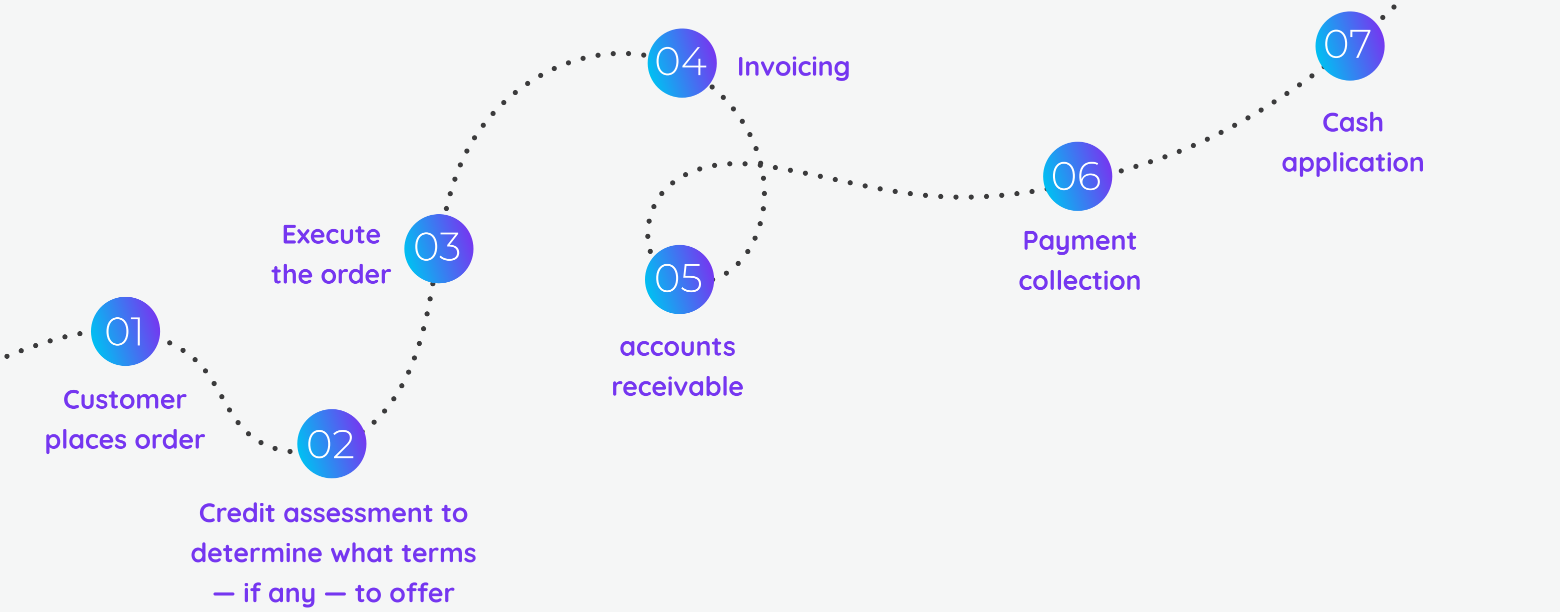
Any one of these benefits would be enough to justify the change, but finance automation provides you with all five.

Understanding the Credit to Cash and Purchase to Payment Process

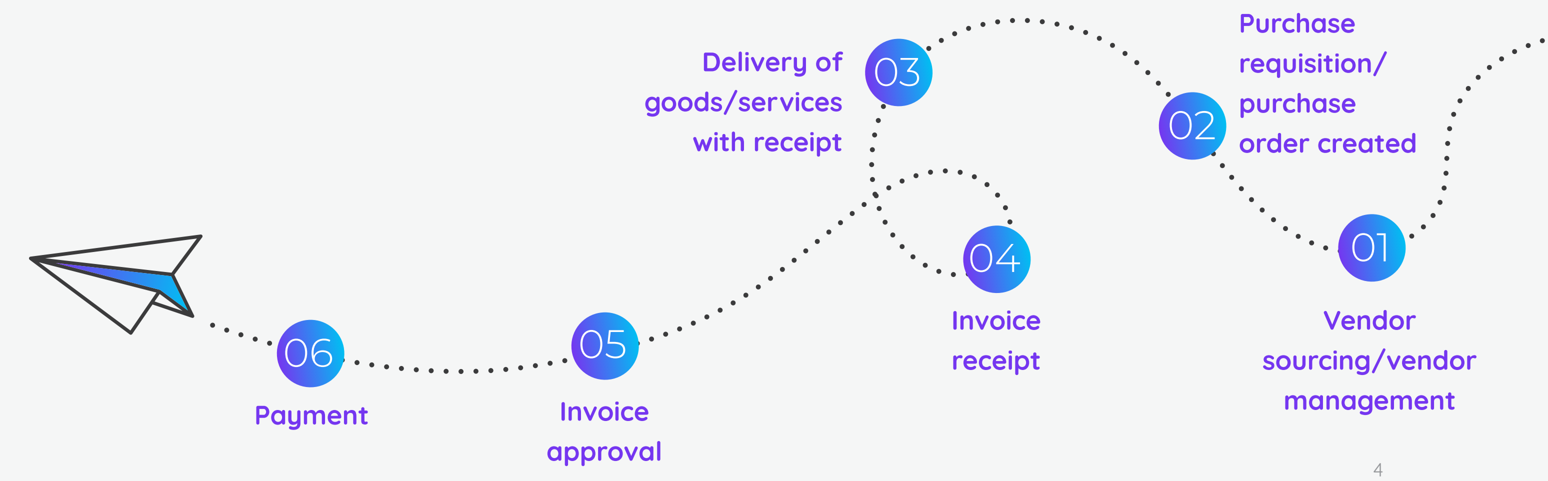
Before evaluating the how and why of automation, it helps to understand the key processes at play. Finance teams are primarily concerned with the credit to cash (C2C) process — the purchases a company's customers make — and purchase to payment (P2P) — the purchases a company makes from vendors.

Each involves several steps and understanding them will help you to recognize where automation can lead to improvements.

THE C2C PROCESS



THE P2P PROCESS



When relying on manual processes, both the C2C and P2P process are vulnerable to inefficiencies and wasted money, and fraud.

On the C2C side of things, manual processes leave you exposed to:

- **Poor credit management** – To effectively manage customer credit, you need access to real-time data and the ability to quickly spot trends and changes in payment behavior. Manual processes limit your visibility. Without real-time updates, you're always working with dated information that may not reflect your customers' current financial status.
- **Inconsistent follow-ups** – This leads to misaligned customer expectations, late payments, and money lost. Invoices, payment reminders, and dunning notices should go out on a set schedule, with a variety of workflows ready to go for each customer segment or as a response to certain buyer behavior triggers. This can only be guaranteed through automated rules that follow the same process for every transaction every time.
- **Limited data visibility** – Without an automated approach, your data is split between different systems. Not only does this make it difficult to regularly monitor KPIs like aging and past due AR — inhibiting your ability to strategically approach your collection activity — it also complicates your interdepartmental interactions. You lack the ability to easily share vital data with departments like sales, making it challenging for teams to work collaboratively. An automated solution centralizes your real-time data into a single location so all departments can access and analyze the same information.

Similar challenges exist on the P2P side. Without automation, your organization can fall prey to:

- **Slow approvals** – Top performing organizations can typically get an invoice approved in 2.8 days. But without automation this number is difficult to achieve, and poorly performing teams often take more than a week to approve invoices. Informal delivery of invoices and inconsistent follow-up can result in delays that lead to late payments. Automation assists this process by immediately directing invoices to the appropriate team member, and sending regular reminders until approval is granted.

- **Poor data visibility** – As in the C2C process, data visibility is essential. You need to make payments while ensuring that invoices are resolved at the optimum time. This allows you to get the maximum use out of your cash, while avoiding late payments that could lead to fees or even supply chain disruption. Automation centralizes your data in a single location, and AI-assisted analysis helps you gain insights into that data that allow you to effectively plan.
- **Fraud exposure** – Paper invoices and manual AP are susceptible to fraud. Potential fraudsters have numerous opportunities to tamper with documents and conceal fraudulent activity. Automation helps avoid this by documenting all activity from the moment an invoice is received until payment is delivered. It also combats fraud by allowing you to take steps like segmenting duties and placing checks and balances on the process, such as requiring multiple approvers on invoices over a certain amount.

In both the P2P and C2C process, automation helps eliminate routine work like data entry, which can drain your team's productivity. Using technology like optical character recognition and machine learning, data entry is handled flawlessly, freeing up your team to focus on higher value activities.

The challenge and importance of e-invoicing

The next part in your automation process is e-invoicing. It's not a new subject, but one that has gained increasing importance as new regulations have emerged and several countries have mandated its use.

In many ways, an e-invoice mirrors a traditional invoice. It's a commercial document containing transaction data, including:

- The date of issuance
- Names and addresses of both parties
- VAT registration and information
- Services rendered
- The amount charged

Where an e-invoice differs is in its format and how it's processed. It's issued, transmitted, and received electronically, and comes with structured data in a machine-readable format.

There are several notable benefits associated with e-invoicing.

- **Process automation** – Invoices are delivered automatically through your organization's ERP, eliminating the need for employees to manage document handling and distribution. This makes the process faster and less prone to error.
- **Cost savings** – By eliminating the costs of paper and printing, e-invoices are less expensive than their paper counterparts. By cutting down manual intervention, e-invoicing also decreases the possibility of errors and helps lower labor costs.
- **Reduced invoice cycle time** – With faster reception and payment times, e-invoicing provides faster cash flow. Faster cycle times lead to captured early payment discounts, avoidance of late payment penalties, and better leverage when it comes time to negotiating future terms.
- **Improved data quality and availability** – Because e-invoices require secure storage mechanisms, your original signed documents are securely stored for the period established by relevant legislation.

- **Superior security** - E-invoices are sent through private networks or protocols and the origin and authenticity of e-invoices are guaranteed with electronic signature systems.

Despite these clear advantages, there are some difficulties posed by e-invoicing. In countries like Brazil, Chile, and Peru, as well as throughout the European Union, e-invoicing has become a legal mandate. While this has increased process efficiency and lowered costs, it has also introduced complex regulatory requirements. Organizations operating across multiple countries may struggle to ensure compliance with the unique regulations faced in each country.

In addition to the difficulties caused by government regulations, there are additional challenges that organizations adopting e-invoicing will likely face.

- **Technical compatibility** - E-invoices require organizations to have compatible systems and software to exchange invoices electronically. This may be a particular challenge for smaller organizations with more limited resources.
- **Standardization** – Standards and formats vary around the globe, which can make it difficult to exchange invoices with international partners.
- **Security and fraud** – Though e-invoicing offers greater security than traditional invoicing, e-invoicing may still be vulnerable to cyber-attacks and fraud, demanding organizations to maintain vigilance and robust security measures.

WANT TO DISCOVER ALL THE ESSENTIALS ABOUT E-INVOICING?

Check out E-invoicing 101: What you need to know and why it's important

Check out E-invoicing 101

How emerging technologies are changing finance

As the technological landscape changes, it's altering how companies manage their business operations, particularly in the world of finance. Three of the most prominent solutions to emerge are artificial intelligence, blockchain, and cloud technology. For finance teams to succeed today, they must be familiar with and make use of all three.

The rise of artificial intelligence has been one of the most visible and talked about technology disruptors in years.

Artificial intelligence - technology that enables computers and machines to simulate human learning, comprehension, problem solving, decision making, creativity and autonomy.

Notable examples include generative AI — such as ChatGPT — as well as predictive analytics and chatbots. Predictive analytics fed by AI and machine learning empowers AP departments to optimize their payment schedules with vendors, and AR departments can spot patterns in customer behavior that help them accurately forecast cashflow and mitigate risk. Generative AI has also been embraced by accounts receivable teams to create and respond to customer communications.

Blockchain - an advanced database mechanism that allows transparent information sharing within a business network.

Competency with blockchain will be essential for CFOs by

2025

Gartner has declared that competency with blockchain will be essential for CFOs by 2025. Its ability to ensure secure transactions and lower compliance expenses, all while accelerating data transfer processing, make it an essential tool for the future of finance. This is particularly true given the continued growth of cryptocurrency, a field that Allied Research expects to triple in value by 2030.

Cloud technology - the delivery of computing services — including servers, storage, databases, networking, software, analytics, and intelligence — over the internet ("the cloud") to offer faster innovation, flexible resources, and economies of scale.

While 94% of enterprise organizations currently use the cloud, small and medium sized businesses have lagged. In fact, only 44% of traditional small businesses use cloud infrastructure.

By offering seamless access to servers, networks, storage, and other vital tools via the internet, cloud technology provides companies with a unified data platform and allows them to take advantage of technologies like artificial intelligence.

The steps in your digital transformation

There are distinct phases to your digital transformation, each a vital step in the process. These are the steps to follow to optimize your financial operations.

Create a transformation strategy – Develop clear goals, timelines, and success metrics for your project. Outlining these in advance will help guide you through the process.

Collaborate with IT & Procurement – No team is an island, especially when it comes to making a major change in operations. By working with your IT and procurement teams, you can ensure proper integration of the new solution. Coordinating with IT will also help you ensure scalability and security of the technology as your business grows and changes.

Invest in the right e-invoicing and automation technology – Explore your options and select a solution that provides compliance, while delivering business outcomes in automating your financial processes.

Focus on change management – Give your team a head start on success by providing training, support, and ways of working that take best advantage of your new capabilities.

Monitor performance and compliance – Success is a never-ending process. For your automation project to succeed, it should be constantly monitored for performance with an eye toward increasing efficiency and maintaining adherence to all compliance regulations.

A unified approach to automation

The individual parts of your finance department need to execute their individual parts flawlessly, while also working toward the over-arching goals of the company.

As explored above, automating individual back-office processes helps increase efficiency and enhances performance. But you shouldn't stop there. Adopting a unified automation approach ensures all your financial processes are working together.

Here are a few of the key advantages offered:

- **Elimination of data siloes** – Even if you've automated individual processes, if they are all working through disparate systems, data siloes will develop. Data gets locked up and makes it difficult to analyze results. In fact, 50% of CFOs say they make financial decisions based on gut instinct, because data is siloed or otherwise not readily available. Manual processes are also resistant to change, making it difficult to adapt as businesses grow. With a common dataset for all departments to work from, your company gains the ability to better coordinate, report, and plan.
- **Increased time for strategy** – By unifying processes and eliminating manual work, members of your finance team are freed to focus on higher value, strategic work. According to the Harvard Business Review, one organization reported a 400% increase in available time to apply to strategic work after unifying their finance processes.
- **Reducing the cost of legacy processes** – Paper invoices cost substantially more to process than their e-invoice counterparts, but those aren't the only costs to focus on. Consider this: 76% of CFOs say that their organizations struggle to plan without a consolidated source of truth across business units. That leads to lost revenue and growth opportunities. It can also lead to customer and employee churn. All of which leads to money being lost.

The agility, insight, and control that a unified, automated approach offers to finance makes it more than a "nice to have" feature. It's a business imperative.

How Quadient optimizes your finance processes

Quadient provides your organization with a unified solution to manage your finance process, allowing you to automate your front-office, financial, and back-office processes. This includes:

Customer communication management – Gain the ability to quickly create compliant communications at scale, including notifications, correspondence, emails, statements, and policies, governed by approval workflows.

Omnichannel Delivery – Quickly develop, test, and deploy integrated online and mobile experiences aligned to the customers' channel of choice.

Personalized documents – Easily integrate data from business applications such as ERPs, CRMs, and marketing platforms to personalize and enrich all communications.

E-invoicing – Automatically generate and distribute invoices with built in "compliance as a service" to ensure that they adhere to all relevant regulatory requirements.

Accounts receivable automation – Automate collections activity from invoice presentment to dunning. AI-assisted analysis helps predict payment behavior and improve credit management. Customizable workflows grant you greater process control and allow you to speed up and simplify payments, while tailored reporting gives you more visibility into your data.

Accounts payable automation – Fully automate your payables, including validation, approval, and payment. AI-assisted data analysis helps you optimize payment schedules, extending the reach of your cash and ensuring you take full advantage of offerings like early payment discounts.

Journey analytics & orchestration – Map and orchestrate customer and communication journeys while measuring business outcomes.

Are you ready to elevate your finances?

As organizations continue to navigate a fluctuating economy, changing business regulations, and increased competition, it's important to give yourself every advantage possible. That starts with taking advantage of the increased efficiency and performance offered by a unified automation solution.

To take the first step in your finance transformation, contact one of our specialists for a demo today!

Request a demo

About Quadient®

Quadient is a global automation platform powering secure and sustainable business connections through digital and physical channels. Quadient supports businesses of all sizes in their digital transformation and growth journey, unlocking operational efficiency and creating meaningful customer experiences. Listed in compartment B of Euronext Paris (QDT) and part of the CAC® Mid & Small and EnterNext® Tech 40 indices, Quadient shares are eligible for PEA-PME investing.

For more information about Quadient, visit www.quadient.com