

Epicor Cash Collect
Delivered by Lockstep

AR Email Automation Benchmarks: Measuring Collections Effectiveness



Lockstep, the publisher of this report offers the report free of charge to Epicor customers

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Collections Effectiveness

Collections effectiveness means doing the right things to get paid.

As you'll learn in this guide, embracing technology is the key to collections effectiveness. Manual collections have been exposed as a critical issue to be resolved. The benchmarks in this report will demonstrate the impact AR automation can have on your collections effectiveness.

**LET'S GET
STARTED**



Automated
Communication



Customer Self-Service



Collections Activity
Management

The Reward



The business case for collections effectiveness.

In a single metric, collections effectiveness reduces your DSO, but when you dig deeper, there are more benefits. It increases your bank balance which means you have more working capital to invest in the business. That working capital also increase your cash from operations by reducing interest expense or increasing interest income. When there is less past due, staff time is freed up for other priorities. Finally, since the drop in DSO increase liquidity and profits there is an increase in shareholder value.



Increased
Working
Capital



Decreased
Interest
Expense



Freed
Staff
Time



Increased
Shareholder
Value

Why now?

The global pandemic has completely upended how we think about accounts receivable. There is a realization that collections is critical to business survival. And so the most critical question regarding cash flow is no longer “When will we receive the cash?” but rather “When will we receive the cash?” but rather “Are we going to get paid and will it be on time?”

The global pandemic also exposed underlying conditions as collections moved into remote work. A highly manual process built on office productivity applications is difficult to manage when everyone is in a different location.

The good news is that AR automation can help. This eBook shows you how.



Underlying Conditions of Manual Collections

For too long, accounts receivable has relied on generic email and spreadsheets as the technology stack. With no integration it means data is constantly being manually transcribed between emails and the ERP. With no automation, it means that follow-ups, promise tracking, and dispute resolution is all manual. With no activity management, visibility into what got done isn't available and often winds up in spreadsheets and manual notes.



No Integration

No Automation

No Visibility

Not Controlled

Our Benchmarks on Manual Collections

In our benchmarks, AR staff require 25-40 minutes per phone call. This includes prep time to get information together, call time with customers, and post-call administration and write-ups. Through the combination of phone calls and emails, the average AR staff can complete 40-60 outbound communications per day. The limited capacity of AR staff means that less than 10% of customers are contacted after invoice presentment, because staff is typically focused on the 60-days past due and above.

25-40

**minutes per
phone call**

40-60

**outbound
communications
per day**

< 10%

**customers
contacted about
invoice status**

AR automation is a better way to collect cash.

AR automation makes you more effective. AR automation includes automated communications, customer self-service, and collections activity management. Each capability has a positive impact on your collections effectiveness. The following benchmarks will demonstrate.



Automated Communication

- On-boarding
- Invoice presentment
- Automated reminders
- Past due notices
- Automated statements
- Extensibility
- Multi-channel



Customer Self-Service

- Online payments
- Remittance information
- Invoice requests
- Statement requests
- Promise to pay
- Contact changes
- Account setup
- W-9 requests



Collections Activity Management

- Next best activity
- Activity tracking
- Automation-assisted activities
- Activity resources
- Dashboards and reports

Understanding the Benchmark Data

The data in the report was collected from Lockstep Collect. Over a 10-month period our product recorded snapshots every day of the status of our customers AR. These snapshots are used to measure and report their progress. The companies included in the analysis come from 18 different industries and range in size from \$1.4 million in revenue to \$1.4 billion in revenue. The average revenue of these companies was \$205 million. The receivables that were analyzed covered 1.2 million individual accounts and 13.2 million invoices. There was a wide range of invoice values from \$100s up to \$130k.

While some industries vary in their benchmark on financial metrics, the impact of automation was comparable. So, while the services industry may have a lower DSO than distribution, the impact of automated communication would be similar in both. As such we analyzed the companies as a whole rather than industry by industry.

18

**different
industries**

\$205M

**avg company
revenue**

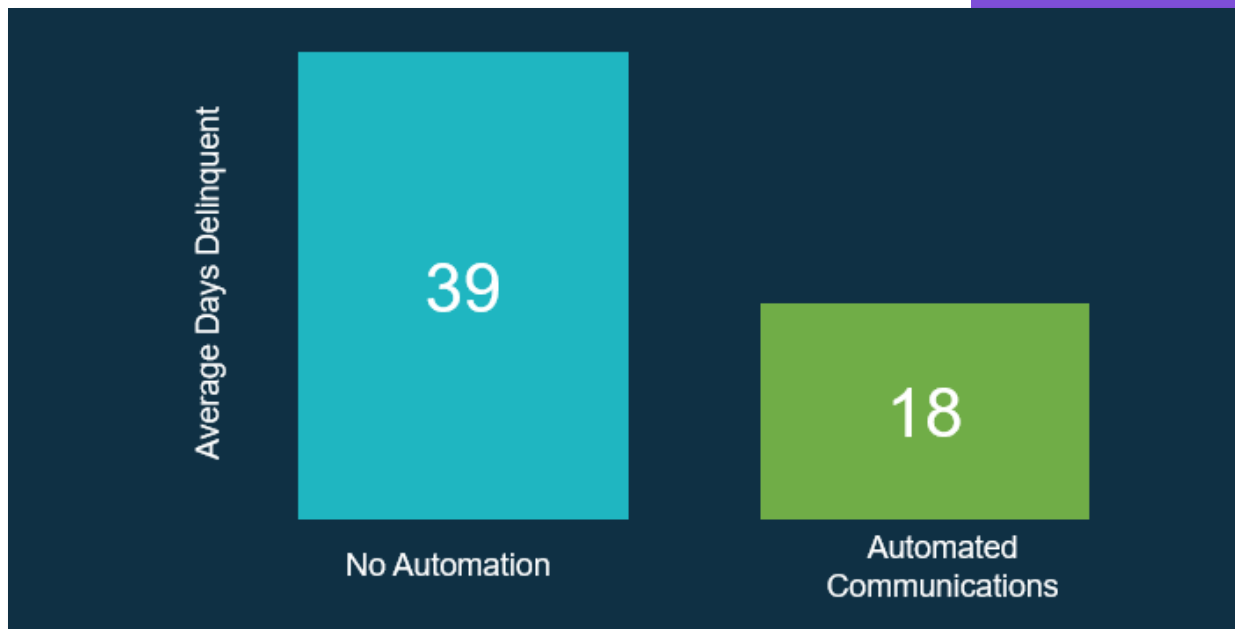
13.2M

**invoices
analyzed**

Winning Strategy #1

Automated Communications

Automated Communication: Collection professionals find themselves typing the same email over and over again with a different past due amount and a different customer name. The same is true for many other common customer communications including new customer welcome emails, invoice presentment, payment reminders, statements, and more. Lockstep Collect can automate all of these types of communications with the ability to tailor the messaging for specific groups of customers.

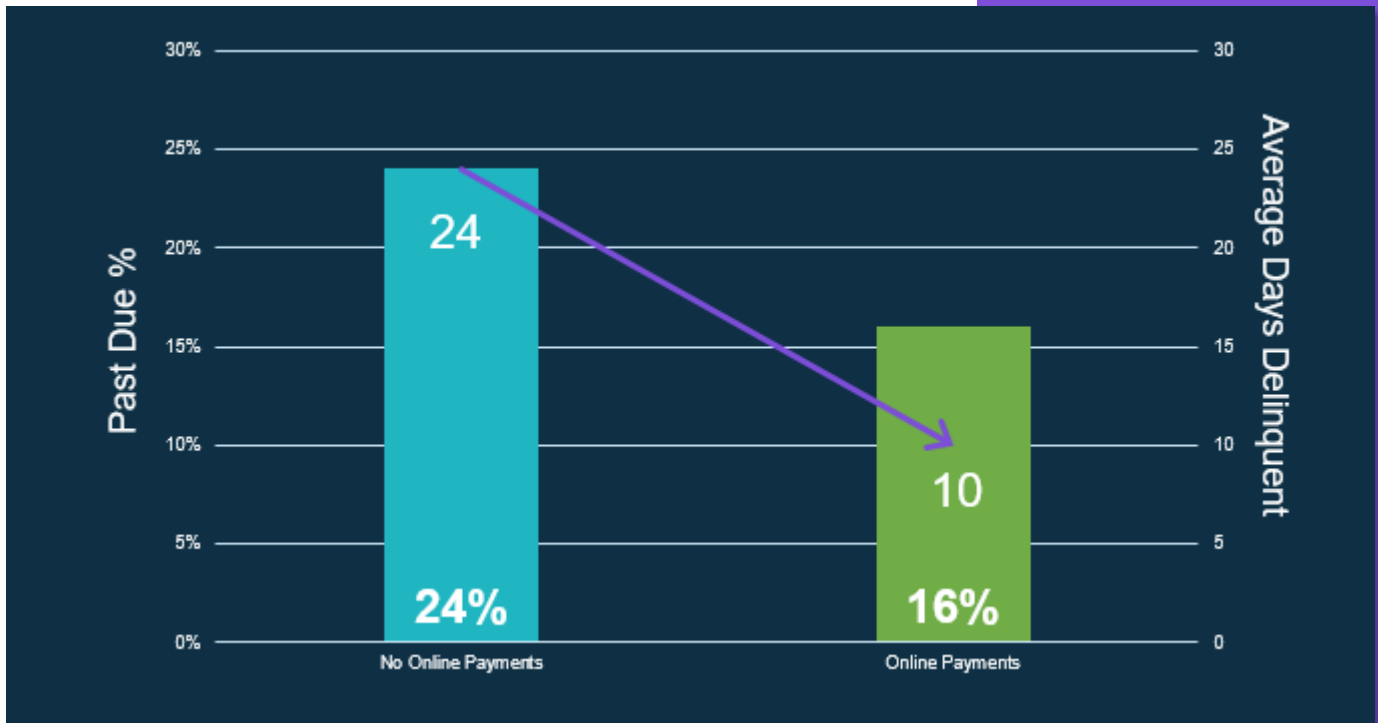


In our comparative analysis of companies pre- and post-automation implementation, companies not using automation had an average ADD of 39 days. Once automation was implemented, the average ADD dropped to 18. This is over a 53% improvement.

Winning Strategy #2

Customer Self-Service

Everyone wants self-service. We expect it when we do our personal or business banking so why should it be any different for our customers? They want the ability to see their information, statements, and invoices online 24 hours a day, 7 days a week, and they want to engage online to ask questions about their accounts or to dispute an invoice charge. Lockstep Collect provides all the information and access customers demand in a friendly, convenient, and secure online self-service platform.



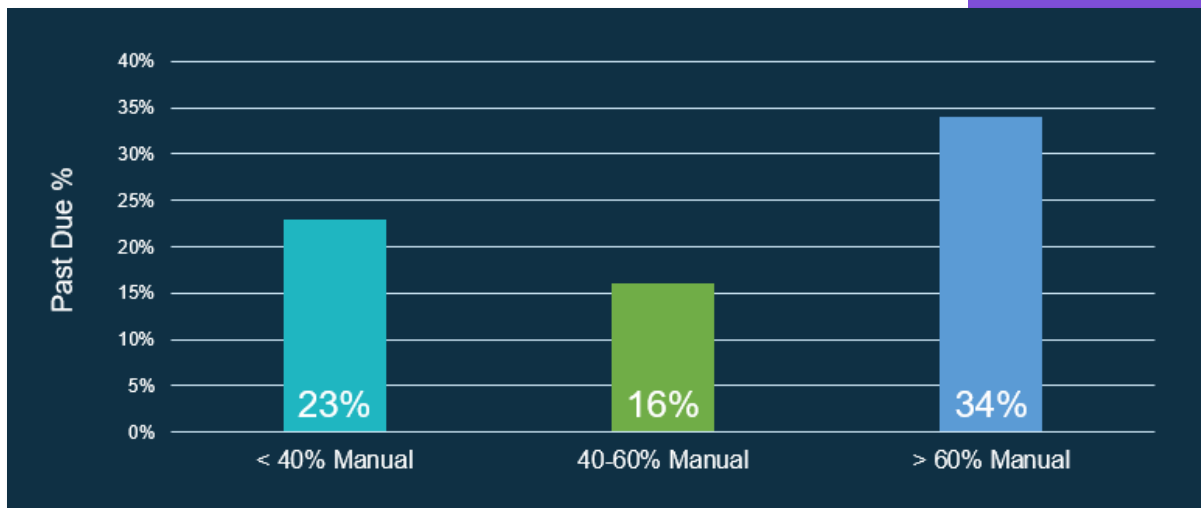
This chart displays the impact of using online payments on average days delinquent and past due. Customers who implemented online payments for customer self-service saw an average decrease in ADD of 14 days and an 8% decrease in past due.

Winning Strategy #3

Collections Activity Management

The next benchmark looks at the importance of the human touch. Accounts receivable is a customer relationship role. When we ask the community what they find rewarding about their role, two factors dominate: building relationships and helping others.

In this data you can again see the impact of automation-centric compared to manual-centric, but importantly you can see that right balance of automated and manual activities performed. The data also showed that the ratio of manual activities to automated activities increased as the outstanding balance of the invoices increased. In other words, high-value customers benefit from a personal touch.



This graph shows the impact of an automation centric collections process compared to a manual process. Most importantly you can see that a 40-60% mix of automated and manual activities yields the best results.

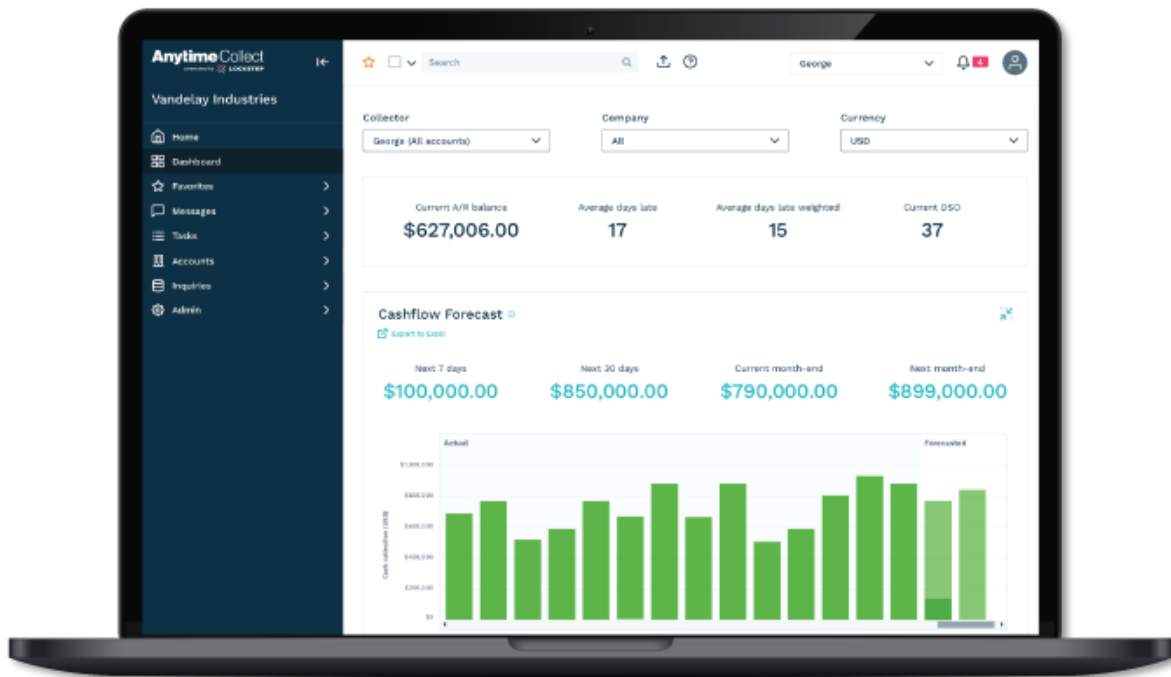
The Takeaway

The Lockstep AR Benchmarks Report shows that companies embracing technology to address the limitations of a manual collections process are seeing a tremendous improvement in their accounts receivable. All the companies in the benchmark were able to reduce their Past Due Percentage and Average Days Delinquent.

Our research shows that top performing companies utilize a balance of automated activities and personalized collector outreach combined with online customer self-service.

**Contact Your Epicor
Sales Account Manager**

Interested in seeing where your collections stack up?
Contact us to get a free opportunity assessment.



About Epicor Cash Collect

Cash Collect enables accounting teams to harness technology for collaboration and automation eliminating manual, disconnected business processes for faster invoice to cash, increased access to working capital, and a world-class customer experience backed by happier credit and collections professionals. Built by Lockstep, Cash Collect is the market leading accounts receivable credit and collections cloud platform integrated with Epicor and trusted by more than 10,000 users in over 20 industry segments globally.

**Contact Your Epicor
Sales Account Manager**

**Epicor Cash Collect
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