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eAdoption Series, Part II: The Pain of Electronics

🕒 AUGUST 7, 2014 👤 [ANNIK STAHL](#)

Last week I talked a little bit about the [perks of billing and paying electronically](#) in the B2B world. Now that you know about the many reasons to go electronic and you're champing the bit to just do it and convince your customers to do the same, you may run into a few snags. In fact, you probably already know, right off the top of your head, just what those snags may be. They're not particularly secret and they're also not anything new.



Why does eAdoption seem like such a chore?

Let's hop right into some numbers and then

deconstruct them.

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In 2013, the [AFP Electronic Payments Survey](#) collected responses from more than 450 financial professionals and identified why companies are often reluctant to go with electronic payment methods:

- 82 percent experience difficulty convincing customers to pay electronically.
- 74 percent have difficulty convincing suppliers to accept e-payments.
- 71 percent found a shortage of IT resources for implementation.
- 70 percent have a lack of standard format for remittance information with 66 percent acknowledging a lack of integration between electronic payments and accounting systems.

This week I'm going to address the most common issues that crop up when talking about going electronic — mostly for the payment process — and next week I'll provide some solutions to those problems that you may be unaware of and that could save your bacon when it comes to being labeled by your department as eAdoption champion.

Sound familiar?

Darrin Brown, Client Success Manager at Open Scan, a Division of Billtrust, [wrote an article](#) that addresses the fine points of why there has been such a slow adoption of electronic payments. In it he talks about EDI data mapping, the issue of decoupled remittances, and the dreaded check float.

EDI 820 data mapping

B2B payments often consist of multiple invoices on a single payment. Each of those invoices needs to be identified and closed out in the receiver's accounts receivable system. While there are ways for these remittances to travel with an electronic payment like an Automated Clearing House (ACH) — EDI 820 being the most popular example — they unfortunately require technology resources to decipher it, adding a layer of complexity. And while the remittance delivery files are meant to be standardized, individual interpretation of those standard fields often causes miscommunication when attempting the translation. This makes the concept of “straight through processing” a pipe dream since a standard data mapping table is not an option. Companies receiving this way must set up a custom data map for each payer to ensure they are ingesting the correct data in the correct fields.

Decoupled remittances

In an attempt to remove the complexity and cost of sending EDI 820 remittance files, the majority of B2B payments are made with the payment traveling separately from the remittance. Payments are sent electronically, and remittances are sent by email to a specific email address set up by the receiving company. While this *does* solve the requirement to have technical resources involved in creating and setting up receipt of an electronic data file, it also creates a labor-intensive process of matching the emailed remittance with the received payment. The processing of the emailed remittance also often requires that the document received be converted to a file type compatible with the receiver's ERP. In a worst-case scenario this can even mean keying the

received emailed remittance by hand.

Check float

Check float, in relation to the time value of money, is still a factor for some companies, causing them to hesitate to pay their vendors electronically. Electronic payments move fast and take the “check is in the mail” excuse off the table. This issue has become rarer with the emergence of the early-pay discount in the last few years as well as the realization that the cost of producing and mailing a paper check and remittance is significantly higher than the cost of initiating an electronic payment.

Customers want it how they want it

eAdoption does have its difficulties but as you'll find out in next week's post, the payouts are huge. And it's not a pie-in-the-sky scenario; with electronic payments and bills, companies see faster deposits and the lowering of days sales outstanding (DSO), while going green at the same time. Now it's about figuring out how to convince your clients to head down that path with you.



“Never mind a book about how to change myself. I need a book about making everyone else change.”