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The Perks of Automating

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All over the country, Chief Financial Officers (CFOs) are starting to realize the benefits of automating their companies' cash application processes. Beyond experiencing the obvious significant cost savings, these companies are also enjoying the less publicized benefits of Day Sales Outstanding (DSO) improvement, improved close processes, happier customers, and a more focused team. Yet there are still many CFOs who have yet to consider automation as part of their working capital improvement programs.

Why is that?

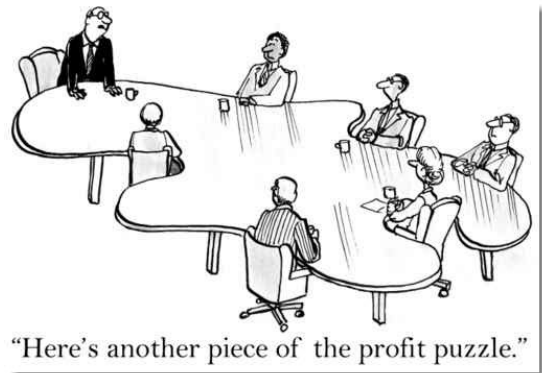
Seeing beyond credit and collections

As CFOs, when we think about DSO improvement we often only focus on increasing the speed at which we collect our receivables. We center our efforts on improving our invoicing

adding multiple lockboxes to our banking operations. And even as we accept electronic payments, we're inadvertently adding significant costs to our model.

To improve DSO, we've got to think beyond invoicing and collections. Forward-thinking firms know that to achieve world-class status they must also take full advantage of the sophisticated automation technologies that are available today.

Consider your distributed lockbox locations: Instead of using desktop scanners to scan checks at various branch locations, all of that data can be electronically transmitted, paired with



remittance documents, and matched to your open invoice file... all by 9:00 a.m. each morning. Envision obliterating the bank fees associated with lockbox data entry and reducing your teams' countless hours spent managing cash application exceptions and mismatched payments.

Now, visualize an 80-90 percent match rate which minimizes the time your team spends each week managing exceptions and applying cash appropriately to customer invoices. Your customers receive up-to-date statements, reflecting all of their payments without having to prove that a check cleared four days prior.

It's not a castle-in-the-air scenario; when you intelligently automate this process, it's real—and it matters.

According to Book of Numbers™ research from The Hackett

Group, a strategic advisory firm (NASDAQ: ANSR), a typical \$10 billion company can generate more than \$35.8 million/year in bottom-line savings by achieving world-class DSO performance.

Reaping benefits of DSO improvement

If you automate the cash application process by matching payments to open invoices, you seamlessly increase the performance of your cash management system. Once you've removed the unapplied cash and subsequent adjustments from the process, your cash collection timing will improve, your DSO will decrease, and your cash availability will improve (should you utilize asset-based lending facilities).

For example, by using OPEN SCAN's remote deposit capture capabilities, Crop Production Services, a leading North American full-service agricultural retailer, increased their cash availability by more than \$3.5 million through reducing DSO. It also saved on lockbox and courier fees.

Improve your monthly close process

Let's face it, our cash application teams work feverishly to apply cash to open invoices in order to ensure accounts receivable are properly reflected in the month, quarter, or year-end financial statements. When your exception processing is minimized your team can complete the process in less than half the time, allowing it to focus on higher value aspects of your closing procedures. As a result, you can

improve the accuracy and timeliness of your financial statements in less time and with less effort.

Hackett Finance Practice Managing Director Mark Krueger notes, "The message for typical CFOs is both clear and disturbing. To survive, they cannot wait any longer to close efficiency gaps and implement effectiveness-increasing strategies. Because every day they wait they're leaving opportunities on the table which can have a material impact on their company's profitability."

