

Window of Opportunity: Gaining AR Transparency Through Automation

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Lack of visibility into accounts receivable is standing in the way of businesses' growth. Can automation shine a light on B2B payment processes to transform relationships and drive success?



- 01 The absence of transparency in AR poses challenges for many businesses. When accounting teams lack insight into problems' causes, it can be tough — or impossible — to arrive at the best solutions.
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In today's uncertain economic landscape, a lack of transparency in accounts receivable (AR) processes is hindering businesses' growth. When accounting teams operate in the dark, payment hurdles, inefficiencies and hidden costs go unchecked. This makes it difficult for companies to understand the root causes of issues, challenging their ability to make informed decisions.

Transparency through automation of the payment process can transform AR management, offering all the insights needed to enhance cash flow, strengthen buyer-supplier relationships and, ultimately, promote overall success.

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Lack of AR Visibility Impedes Companies' Growth

The absence of transparency in AR poses challenges for many businesses. When accounting teams lack insight into problems' causes, it can be tough — or impossible — to arrive at the best solutions.

Lack of AR transparency is a top challenge facing small businesses.

In today's complex business environment, cash flow challenges have become an all-too-familiar pain point. What is less well-known is their major source: a lack of payment transparency. Having visibility into the AR process is crucial, as it is the only way a company can spot problems that may be holding up payments.

Research has shown that United States small to mid-sized businesses (SMBs) rank the lack of real-time visibility into their current cash position as one of their top financial planning challenges. Moreover, not having real-time information on cash flow can have a damaging effect on a business's revenue and growth.

Manual processes contribute heavily to poor visibility into AR.

SMBs cite cash flow and forecasting as the number-one challenge of relying on manual AR processes, with 59% facing this problem. In addition, 50% say these outdated systems result in spending excessive time on AR processing.

For these businesses, achieving increased visibility into AR is an urgent necessity to position themselves for success. Fortunately, AR automation is rapidly emerging as an effective solution for gaining this visibility.

Increased Transparency Leads to Better Buyer-Supplier Relationships

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Buyers demand improved visibility into payments.

53% of heads of payment at middle-market companies want **simplified processes** for paying suppliers.

Transparency in B2B payments is a two-way street. Customer disputes and exceptions to billed receivables are a major source of business disruption, and the key culprit, again, is a lack of payment transparency — in this case, for the buyer. In a recent survey, B2B buyers expressed their preference for transparency and more information overall, with 37% wanting access to order status, order history and outstanding invoices. PYMNTS Intelligence research confirms this, with 38% of heads of payment from middle-market companies seeking tracking and transaction management features when choosing which option to use in their supplier payments. Moreover, 53% want simplified payment processes.

Offering self-service customer portals and automated communication workflows is an important solution to ensuring better customer communication and satisfaction.

Suppliers need more communication from buyers.

Suppliers want more data and clearer communication from their B2B buyers. When asked what changes their top customers could enact to foster better working relationships, 98% said improvements in communications are vital. Specifically, one-third of suppliers said that buyers could make information more easily accessible. In addition, 26% of suppliers expressed a preference for a unified digital platform providing access to everything they need.

Automation Sheds Light on AR for Better Forecasting

Suppliers can gain a needed window on cash flow by digitizing their payment processes and leveraging AR automation. This innovation offers further benefits such as reduced errors and delays.

Automation's invoice tracking features reduce delays.

PYMNTS Intelligence findings reveal that 40% of CFOs say automation meaningfully reduces problems related to payments. Many of these benefits come from having increased visibility. Nearly eight in 10 CFOs at firms making more than \$1.5 billion annually said AR automation reduced delays through improved invoice tracking. In addition, 85% said it did so by addressing invoice errors and discrepancies.

77% of CFOs at large U.S. firms say AR automation reduces delays by improving **invoice tracking**.

An Insider on How AR Automation Is Bringing Transparency to B2B Payments

PYMNTS Intelligence interviews Barrett Smith, Chief Payments and Customer Operations Officer at payments automation company Versapay, on the importance of transparency in B2B payments.

Barrett Smith
Chief Payments and Customer Operations Officer
VERSAPAY

“As automation and technological advancements continue to evolve, increased transparency will accelerate the B2B payments process and facilitate better alignment between [accounts receivable] and accounts payable.”

Transparency in the B2B payments process is becoming more critical for firms' success.

Smith highlighted the challenges that arise from a lack of transparency in payment processes. For suppliers, this opacity can lead to delays in account reconciliation, making it difficult to identify discrepancies or errors promptly.

Meanwhile, buyers face uncertainty regarding payment amounts and terms, often resulting in disputes. Smith emphasized that transparency not only streamlines these processes but also improves financial metrics like days sales outstanding (DSO), a key indicator of a company's financial health.

Additionally, he noted that greater transparency in B2B payments can ensure that data is organized in standardized formats. This can make processes more consistent and efficient. Having more transparent data can help companies qualify for better payment processing rates, saving money and adding value for customers.

Automation addresses these concerns by enabling greater alignment between businesses' AR and AP departments.

As companies strive to streamline their financial operations, AR automation offers a solution to the inefficiencies of manual accounting. Smith underscored how automation can reduce errors and enhance the overall experience for both suppliers and buyers. By automating AR, businesses can achieve real-time visibility into payments and invoices, leading to better communication between disparate departments. Furthermore, AR automation minimizes manual data entry, thus improving data integrity and reducing the likelihood of costly mistakes.

“Both AP and AR automation can reduce the mundane data entry tasks and spreadsheet-based work, leading to increased efficiencies, fewer errors and a more streamlined end-to-end journey,” Smith said. “This means teams can focus on high-value tasks such as at-risk customer outreach and credit risk analysis to improve collection efficiency.”

Automating AP and AR will require upfront investments in process changes, team training and software, Smith added, but the long-term benefits are considerable. They include significant cost savings, improved accuracy, and stronger relationships between buyers and sellers.

The biggest challenges for companies looking to automate their AR processes are adjusting workflows and ensuring data quality.

Companies aiming to automate their AR processes face challenges, Smith noted. Among the most significant hurdles is the need to adapt existing workflows and elevate data quality.

Companies must pinpoint which AR processes require adjustment and how new automated workflows will integrate with or replace traditional methods. However, technology is not the only barrier.

“People tend to be fearful of change, and that fear can limit the adoption of automation capabilities,” Smith said.

Ensuring that employees recognize the benefits of automation is crucial for adoption. Additionally, integrating disparate systems like ERP and CRM platforms with AR/AP software is complex. It requires early attention to maintain data consistency and achieve seamless operations.

“With careful planning, process reengineering, data quality management and team training, these concerns can be addressed and lead to simplified AR processes that improve outcomes for both the supplier and buyer,” Smith noted.

Advanced technologies such as artificial intelligence (AI) are transforming AR automation.

AI's role extends beyond merely sorting invoices or processing payments, Smith explained. It is transforming how users interact with data. By integrating AI as an intermediary layer between systems and users, AR processes become considerably more efficient.

“The potential power of AI is very exciting when you think about the complicated web of moving, reconciling and optimizing money,” Smith said.

For instance, AI can swiftly convert queries into actionable insights, eliminating the need for manual data analysis. This capability not only streamlines operations but also scales business functions.

Versapay's moves to leveraging AI to refine internal workflows and elevate customer experiences illustrate a broader shift toward utilizing AI for its profound impact on financial operations and beyond.

“AI is having and will continue to have a major impact across AR and global payments,” Smith asserted.

Opening the Door to Growth With AR Automation

To capitalize on the benefits of transparency in AR processes, firms must embrace digital and automated technology. Businesses critically need to address visibility gaps that hinder effective decision-making, weaken buyer-supplier relationships and impede growth.

Implementing the following steps can position companies for sustained success:

- **Take stock of your current process.** Investing in technologies that enhance visibility into AR processes enables better tracking and analytics. Improved transparency can drive more-informed decision-making and uncover hidden inefficiencies.
- **Determine the need to foster collaboration.** Enhancing communication and data sharing builds stronger buyer-supplier relationships. Transparent processes foster trust, which is vital for long-term partnerships.
- **Automate AR to streamline operations.** Automation tools streamline AR operations. This reduces manual errors, speeds up payment processing and ultimately strengthens relationships with suppliers by ensuring accuracy and timeliness.

By digitizing and automating AR, businesses can overcome the challenges posed by a lack of transparency. The roadmap to success begins with visibility, leading to informed decision-making and sustainable partnerships.

RJ Ancona
VP & GM, B2B Product, Partner & Client Management
AM EX

“Automating AP and AR processes can help boost transparency in business payments. American Express is investing in both partner and proprietary buyer and supplier capabilities, like our Automated Payments solution, OneAP. These capabilities allow our customers to streamline back-end processes and gain efficiencies, granting businesses a window into payment status and potential delays. We are enhancing our products to strengthen buyer-supplier relationships, improve cash flow and realize growth.”

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The PYMNTS Intelligence team that produced this Tracker:
Managing Director: Otmar Ortz
Writer: Carson Oshansky

Senior Content Editor: Alexandra Redmond
Senior Research Analyst: Augusto Solari
Research Analyst: Mariano Soler

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