dun & bradstreet

EBOOK

Automated A/R Implementation Guide

Contents

INTRODUCTION

With any new technology initiative, the key to a successful launch is understanding your current state, documenting your desired state, and then identifying gaps between the two. Evaluating each of these three components across workflows, inter-departmental processes, decisioning rules, and systems is essential.

When automating the accounts receivable process, there are several technology-supported workstreams that need to be connected for the processes to be seamless. Because these tech workflows (and the various departments that support them) need to "talk" to one another, roles and responsibilities should be mapped out, and rules and safeguards should be considered before configuration begins.

In addition, it's important to address and plan for organizational change. Implementing any new process, system, or way of working through a structured approach ensures that changes are more smoothly adopted and can even contribute to enthusiasm for the new way of working.

This Implementation Guide will help you define "must-have" deliverables from your vendor. You will learn of the many decisions that need to be considered to better equip your company for a successful launch.

Change Management

There are several change management philosophies and different models, but most include engineering, systems, and organizational behavior that helps teams to:

1. **UNDERSTAND** THE CHANGES

a. Clearly define the changes that will take place, the expected outcomes, and the elements that will be eliminated once the changes take place

b. Ask why you need the change and what the key objectives are

c. Determine how these changes benefit the organization

d. Consider the effect on the team and how you can help your team be successful

2. **PLAN FOR** THE CHANGES

a. Discuss timelines, budget, implications to teams, and role definitions

b. Secure support from leadership and key stakeholders

c. Create a taskforce with stakeholders

d. Identify what success looks like; discuss goals and KPIs

3. **IMPLEMENT** THE CHANGES

a. Appoint change agents who can help shepherd the process

b. Discuss opportunities that can help teams change their usual work habits and adopt new practices

c. Train key users

d. Test the new processes, systems, and guidelines

4. **COMMUNICATE** THE CHANGES

a. Make the wider team aware of the changes

b. Provide knowledge about why there was a need to change

c. Tell all users about the training, tools and resources that will help them succeed

d. Accept feedback and optimize new procedures as needed

e. Reinforce the changes in order to sustain them in the long term

Assemble a Taskforce

One of the first tangible steps to a technology implementation is to assemble a team of stakeholders. This team will work cross-collaboratively to identify, with more certainty, where silos currently exist.

You'll want to make sure the team contributes their ideas and their concerns, along with their workflows and processes, so they can identify the aspects of the current state that will need to change.

To avoid the common misstep of moving forward without knowing the capabilities of your existing IT infrastructure or without knowing the availability and workload of your IT team, it's a good idea to include your IT department and the vendor in the taskforce.

PARTICIPANT	ROLE	KEY RESPONSIBILITIES	TIME COMMITMENT
Executive Sponsor	Sets project vision and serves as an escalation point for key decision-making	• Investment and program success	Initial kick-off meeting only
Collections Manager	Primary point of contact for payment processing and customer service	• Help to remove major internal roadblocks • Serve as first point of escalation for decision-making	2-3 hours/week during implementation phases
Credit Manager	Primary point of contact for credit operations	• Help to remove major internal roadblocks • Serve as first point of escalation for decision-making	2-3 hours/week during implementation phases
Project Manager	Project leader to co-manage deadlines with vendor	• Serve as day-to-day contact • Co-manage project timeline • Coordinate meetings and deliverables across client and vendor team	6-8 hours/week during implementation phases
User Expert	User expert who is responsible for collaborating on how solution will be operationalized	• Define strategy for using credit-to-cash solution • Ensure solution is incorporated and aligned with customer communications (if offering online payments, for example)	6-8 hours/week during implementation phases
IT Lead	IT team member with access to data and A/R or ERP system	• Extract the necessary data files • Serve as main contact for data-related Q&A	Variable depending on internal systems
Business Intelligence	Reporting and analytics	• Manage users • Configure user interface (e.g., attribute enablement and attribute names/descriptions)	3-4 hours

PROCESS CHANGE: SETTING UP FOR SUCCESS

Automating receivables can will help create an environment of opportunities and operational efficiencies that will change how teams work. Key to its success will be the team's ability to remove existing blocks or biases that exist with current operating systems. Leading your team through the understanding that the new environment will impact existing processes' can significantly increase adoption and the ability to maximize opportunities for improvements.

Take this time to:

1. **Assess** existing processes and evaluate the current state
2. **Document** the desired state and what you're trying to accomplish
3. **Identify** the gaps between the current state and the desired state and discuss them with your vendor

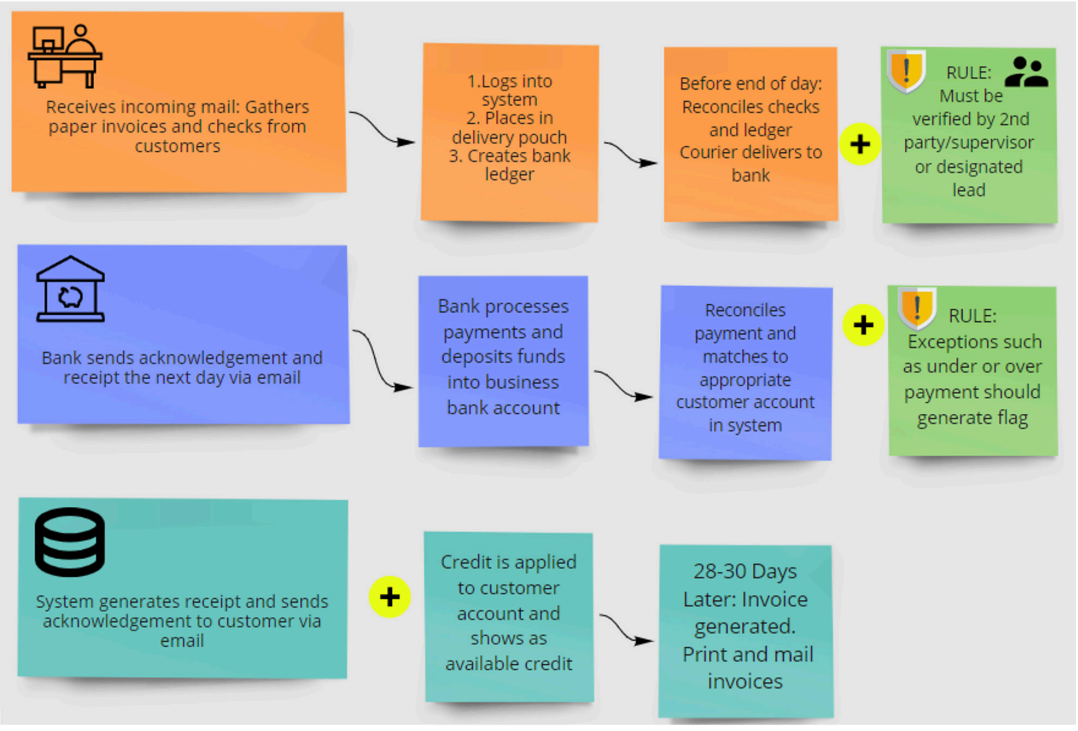
Assess Existing Processes/ Evaluate Current State

Whether it's collections, invoicing, or cash application, each function has its own operating rules and requirements. While many of the guidelines may remain the same, your taskforce will want to assess the current state of each workflow and process that will now become automated.

Analyzing your company's current state sets the groundwork needed to ensure your future changes are successful. As an example, if you process invoices or payments manually, it will be important to think through the systems that store customer account information and the systems used to apply payments. Is anything already automated? Are you utilizing spreadsheets? How is payment information applied to an account? Does the bank use a lock box? Where are excess or short payments documented?

It's also important at this point to document the KPIs achieved in your company's current state in order to provide a benchmark for what you want to improve via automation.

Example: Map of the Current State - Workflow/Process



Each portal, record-keeping system, and customer record management system is configured to render the information and results needed for a specific part of a process and, up until now, could very well be working independently of other platforms. Understanding which rules will need to become compatible within one automated system is important.

DATA MANAGEMENT

Often, when companies are onboarding a new solution, one of the bigger impacts on implementation can be the exchange of your internal A/R data and the vendor's third-party data, and then again with the reverse scenario of the external team sending files back to your ERP. This is sometimes referred to as the data supply chain. Many corporations have appropriate protocols in place that are meant to protect their proprietary data, including customer records and finances.

Therefore, understand how your internal data security measures might impact the implementation of new systems by working with your company's master data team to document the following:

- Database management system configuration
- Database software utilities
- Support software
- Taxonomy, naming conventions, and abbreviations that need to be captured and translated

HOW TO ORGANIZE YOUR EVALUATION OF THE CURRENT STATE

A good place to begin is evaluating processes that affect your company's bottom line. Stepping back to document these key areas is the first step in developing the foundation for the work to follow.

Create a detailed overview of each team member's responsibilities by mapping the key processes for each area of focus (see Diagram 2: Map of the Current State – Workflow/Process)

- Identify the main tasks associated with each step
  a. What is the process?
  b. Which systems are used?
  c. What data do we need?
  d. Where is the data stored?
- Include all sub-tasks related to each step of the process
- Ascertain whether there are any required rules for each step of the process
- Note any assumptions that are currently made in the existing process (see 1.2)
- Capture any outstanding issues that may need to be addressed or considered (see 1.3)
- Document any perceived constraints based on existing systems or other limitations (resources, industry regulations, etc.) (see 1.4)
- Determine whether there is an opportunity for improvement (think outside of existing systems)
- Describe the potential benefits of automating (time savings, reduction in DSO, etc.)

Assumptions

For each of these areas of focus, determine whether there are any assumptions due to lack of information (e.g., questions your teams may have that would not come up until you have an onboarding discussion, such as whether or not a certain process will carry over into an automated system, or how to handle a special use case that is specific to your line of business.

Outstanding Issues

Are there any outstanding issues that should have been or need to be resolved or that need to be converted into design statements or assumptions?

Constraints

Constraints are factors that may restrict the design/project in scope, resources, platform language, scheduling, etc.

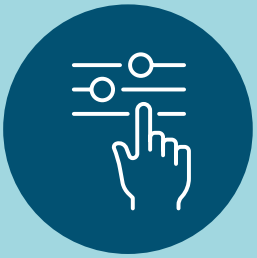
Documenting the Desired State

Opportunities to automate accounts receivable stem from process optimization needs that will help improve efficiency. Often, a company may have already automated a portion of their credit or collections process, yet they could still benefit from further improvements. If there is still a significant amount of manual review or if your number of customers or invoices has increased substantially, this could be the impetus needed to change.

When documenting your company's desired state, be sure to include areas that may have already been partially automated to discern if there is still room for improvement. For example, since credit decisions are complex, and credit data is required, capturing credit data through an automated process can save time and improve productivity on the credit team. During this process, don't try to immediately resolve existing exceptions, issues, or constraints. Focus on what would be ideal.

Here you should also take your company's current KPIs and consider how improving them will contribute to your desired state. How many days do you want to reduce DSO? By what percentage do you want to reduce open deductions?

Finally, remember to consider IT systems and possible limitations. Determine how your existing IT systems support the desired state and discuss with your vendor to make sure that the desired state is feasible. At this time, it makes sense to also determine the timing and scope of involvement you will need from your IT team. Determining their workload, their resources and capabilities, and how their timing aligns with your anticipated deployment schedule are all key pieces of information to understand before getting started.



Identify Gaps Between Current State and Desired State

Now it's time to look for any possible gaps in processes and workflow configurations and think through which elements of the process might be missing. Often, the steps can be written into the system as it is being deployed.

Document the gaps from critical processes between the current state and the desired state

Formalize and finalize a set of requirements to be built into the system

Here is an example of what the gap analysis might look like:

Description of Requirements	Business Priority	Exists in New System/ Out of the Box	ERP Integration Requirements	Notes
Collections				
Automated emails (pre-collection and follow up)	High	Yes	Include in discussion with IT	How many templates can we use?
Guided task queue for collectors	High	Yes		Team wants to know if it looks intuitive
Centralized dispute mgmt. and metrics // Dispute root cause analysis	Medium	Yes	Include in discussion with IT	Is this an additional cost?
Defined strategies per portfolio and risk band	High	Unknown		Can we use third-party scores to define risk?

Begin Implementation

Now that the current state and desired state have been documented and your team has identified gaps (such as communication between systems, the data supply chain, or limited automation), it may quickly become apparent where some of the workflows and processes will need to be reengineered.

Next, you'll work with your vendor to solidify your needs and discuss technical requirements, timing, and potential roadblocks.

ERP INTEGRATION

Depending on your company's ERP system, your vendor's implementation team can develop an integration process that occurs in batches via secure file transfer, real-time integration, or even via manual file uploads. Other things to consider:

- The number of systems/objects to be integrated
- The directionality of the files (import/export)
- The required frequency of the integrations
- The integration method needed for each file
- The file format to be used for integration

Once these details are determined, sample data files are then tested. With the SFTP/HTTPS transfer agreement in place, optional connectivity is established, and sample files are mapped and loaded. During testing, you will review and verify accuracy of the loaded data before any automated integrations are established. Then, data integration is verified via three consecutive successful automatic loads.

Data integration via secure file transfer can be implemented through batch file transfers on a periodic basis, real-time transfers via web services, manual file uploads through the user interface, or a combination of the three, depending on the required timeliness of the data. Real-time integration and manual file uploads can also be accommodated.

IMPLEMENTATION METHODOLOGY

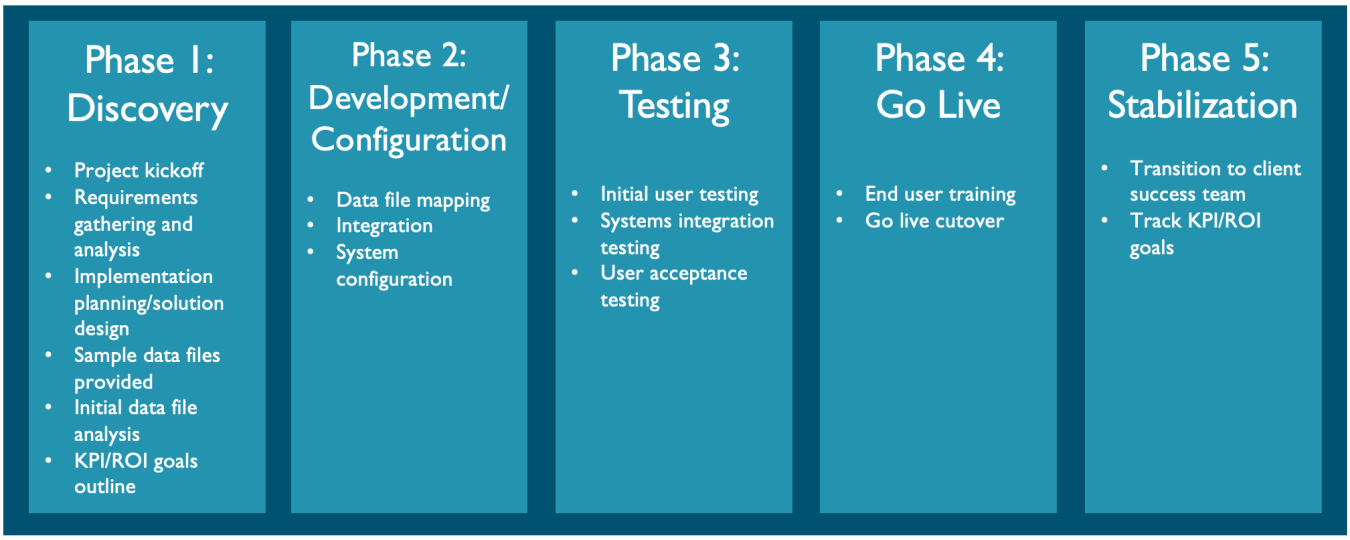
Depending on your company's needs, you may want to implement in phases or all at once. If you have time constraints, budget limitations, or any other internal roadblocks, choosing a phased approach could minimize disruption and make adoption more tolerable for both finance and IT teams.

If a complete installation (e.g., modules are onboarded during the same period) is possible, then adopting the new components concurrently could shorten your setup time, enabling you to see end-to-end results.

Prioritizing where to start will depend on your business objectives, which is why it may be beneficial to find a partner that can accommodate your needs — instead of finding a solution that forces enablement based on the provider's capabilities. Limiting your options for how you approach implementation could also impact other teams within your organization. For example, it could drive how you roll out training or impact how the sales team processes incoming orders, and it would dictate when the IT department must follow suit. Being able to collaborate with your taskforce and your vendor facilitates conversation, compromise, and negotiation — in particular where silos exist — and can engender goodwill between departments.

Throughout the implementation process, your vendor will test integration, workflow, and processes.

Sample Implementation Timeline



SUMMARY

Automating credit-to-cash has afforded proven operational and financial efficiencies. Successfully deploying a complete credit-to-cash solution is a matter of change and change management as well as an opportunity to increase efficiencies and transform operations that drive growth. Consider a change management process that enables your team to evaluate your current state, your desired state, and the gaps between the two.

Any new system, process, or technology solution can only be successful if the planning, discussions, and pre-work are done to ensure the data is clean and imported properly, the workflows and guard rails are tested and optimized before deploying to a larger group, and the core system is configured in such a way that it supports the KPIs that need to be realized.

Find a business partner that comprehends the change being undertaken and that can provide resources to help guide your team toward a successful launch. Investing in this technology and this new way of working requires and deserves great attention to detail in order to be effective.

Visit dnb.com/receivables-intelligence to learn more.

ABOUT DUN & BRADSTREET®

Dun & Bradstreet, a leading global provider of B2B data, insights and AI-driven platforms, helps organizations around the world grow and thrive. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to grow revenue, increase margins, manage risk, and help stay compliant—even in changing times. Since 1841, companies of every size have relied on Dun & Bradstreet. Dun & Bradstreet is publicly traded on the New York Stock Exchange (NYSE: DNB).

dnb.com