March 2021

BCMA

Business Credit Management Association

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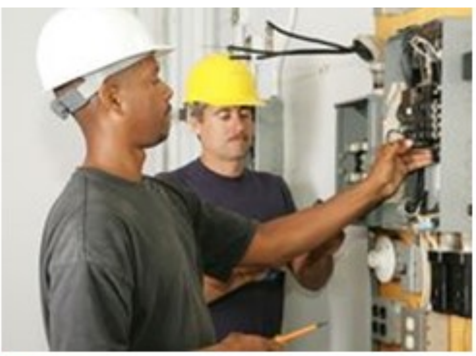
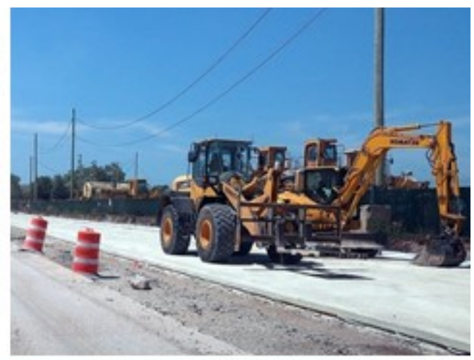
E~ Credit News

LAST CHANCE





How to Navigate Complex WI Contractor Sales & Use Tax Laws

Presenter - Holly Hoffman, former Auditor

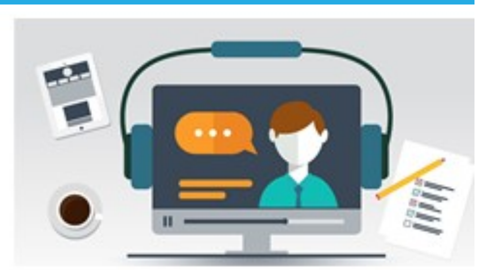
Guest Presenter - Russ Bredeson, WI Dept of Revenue

5-Part Webinar Series - $89 per person or $139 for corporate (2-10)

1pm-2pm Each Tuesday in March 2021

BCMA Business Credit Management Association

Sales & Income TAX ADVISORY NETWORK



Register Online

Webinar Series

RISE OF THE MACHINE...AGAIN: PROCESS AUTOMATION TAKES CENTER STAGE DURING A CRISIS BY: KEITH COWART

We all know business runs in cycles. The hot topic one year becomes yesterday's news after gains have been realized from the new technology, only to have that topic rise to the top once again as businesses look to pivot and look for additional savings or improvements. If you have been a part of a company long enough, you will see new CEOs come in with grand ideas that have vague familiarity of the leader that preceded them two CEOs ago. These cycles are inevitable. The only thing that changes the rate at which the cycles flow are advancements in technology, economic headwinds, and of course as we are far too familiar with at this point, global pandemics.

Every year, FIS conducts a market survey to keep a pulse on market trends. In 2019, companies were focused heavily on artificial intelligence (AI). This was driven mainly by advancements in technology that ushered in something new that everyone had to have. However, if we look back just a few years, the idea of AI was already emerging. Back then, it was simply known as "Big Data". Companies realized they were sitting on a gold mine of information, but quickly discovered they had no way to exploit that data. AI provides companies with a way of capturing and analyzing the data that can be used to drive process improvements. AI continues to be a focal point for companies; however, based on our 2020 market survey, the main driver has switched back to focus on process automation, with over 58 percent of respondents citing process automation as the most important factor for them in the credit and collections arena. So, what is causing this quick shift back to a previously hot topic? Was it new advancements, economic headwinds, or the pandemic? Spoiler alert. . . the answer is: ALL THREE.

Let us look at these drivers in reverse order, starting with the pandemic. It was totally unexpected, and no company was prepared for the impact a complete global shut down would have on their business. Companies were forced to have most (if not all) of their workforce begin working remotely. There were many challenges with this, including infrastructure constraints, suitable connectivity from home, distractions with families forced to work and do school from sometimes the same room, and more importantly, the ability for coworkers to collaborate and work collectively. According to our survey, over half of respondents stated their AR departments are not able to complete all their functions remotely. If only one part of a process cannot be done effectively when working remotely, it puts a strain on the entire process. This has caused companies to look at investing in digital solutions that allow them to effectively manage the process remotely, as well as look to automate as much of the process as possible.

Economic headwinds have impacted most industries with few exceptions. At the macro level, it really is impressive at how the global economy has been able to withstand such a considerable shock. Of course, at the micro level, many businesses have not been able to survive it. Overall, it is a testament to the elasticity and bend-but-don't-break structure of the global economy. Beyond that, the challenges faced by companies has now forced them to look at new ways of doing business. As cash flow shrinks, companies are scrambling to find new ways to increase revenue and decrease expense.

One major way to decrease expense is to automate. This does not necessarily equate to reducing headcount. In fact, I am a major proponent of reallocating resources from expense driven activities to revenue focused activities. Throughout my career, I have been in situations of having to reduce expense. Early in my career, I was focused purely on savings through headcount reduction. While it certainly reduced expense, that approach without fail, created additional problems, not to mention the personal side of impacting the lives of those I was responsible for. As my knowledge and maturity increased, I came to learn that savings can be realized through automation and focusing my team on improving other areas of the operation, which more times than not, achieved greater savings than simple headcount reduction ever could.

Automation is about more than just reducing headcount expense. It removes manual work that frees up resources to focus on more value-added activities. For example, automation in the granting/reviewing/extending realm of credit removes the manual work of capturing and gathering critical information for the decision-making process. This allows credit analysts to actually spend time reviewing the credit worthiness of customers. If you ask many credit analysts how much time they spend analyzing versus administrative work, you will find an inverse equation of how it should be. Simple credit decisions can easily be completed by automation tools that remove some of the workload allowing credit analysts to perform quality work and ultimately avoiding credit losses.

A major source of efficiencies gained through automation falls in the collections space. Far too many companies rarely can contact their entire customer base within a given period. With manual processes, they are forced to make potentially detrimental decisions about which customers they will focus on. Through automation, collection organizations can effectively contact their entire customer base multiple times within a certain time period. Combining automation with AI, risk factors can be injected into the categorization and prioritization of accounts. This allows teams to automate the communication with low risk customers and focus their resources on higher risk customers. AI also monitors the patterns of customers to predict future risk so that resources can proactively address areas of concern and effectively retrain customer payment behaviors.

Within deductions and dispute management, automation plays a major role in removing resolution delays and ensures you maintain collectability of invoices. As invoices age, the likelihood of collection falls significantly. Ultimately, many companies are faced with the decision of continuing to collect or write-off some or all of the invoice as a concession to a customer providing much needed revenue. Automatically identifying short payments and disputes and routing them to the appropriate team for resolution reduces the cycle time and increases the likelihood of collection. Automation also plays a part in consolidating information for root cause analysis that will put you in a position of dispute prevention versus reaction. The cash application process has a major opportunity of improvement through automation.

Over the last few years, somehow the notion that the cash application process has a major impact on cash flow has crept into companies' mindshare. The reality is the cash application process only has a minor influence on cash flow. Think about it in simple terms; cash application means that the payment has already arrived at the bank. Your company has the cash flow benefit already based on your collection processes. Cash application is really about efficiency and reducing operational expense.

During the pandemic, there has been another major push to move away from checks and onto electronic payment methods. This causes an increase of manual work for cash appliers, however. The remittance data for electronic transactions rarely flows in with the payment. Generally, it is sent separately to an email box. Without automation, this requires cash appliers to search for and retrieve the remittance data and match it with the payment. While some vendors will have you believe that is considered a "match" or "hit" in their automated process, it is only the first step. True automation comes with matching the remittance to the payment AND to the open invoices without any manual intervention. With a true automated process within cash application, the system can monitor email boxes or server locations to automatically retrieve the remittance data (regardless of format), match it to the payment, and open invoices. As you can see, this level of automation can certainly provide savings for the company as the system can get you closer to a zero-touch environment.

I saved advancement in technology for last for a couple of reasons. First, I covered a good portion of it in the paragraphs above. Second, automation is only as good as the technology that supports it. As companies adopt what is available and achieve the benefits from it, their focus shifts to another area of

THE TIMES THEY ARE A-CHANGIN'…FOR CASH FLOW (CONTINUED)

improvement. When the technology changes, it brings back attention to automation as it demonstrates that there are even greater advantages available.

The advancement that the credit and collections space has seen with digital solutions has grown exponentially. The combination of automation with AI has provided organizations with the ability to achieve things never before possible. In a year that has seemed to drag on far longer than just the 366 days it is allotted (because why wouldn't 2020 be a leap year), companies have been faced with challenges forcing them to turn back the cycle and focus once again on the things that drive improvements and value. More specifically, companies are focusing on automation, causing the machine to rise again.

About the Author:

Keith Cowart

Sr. Product Marketing Manager

Keith Cowart is a Sr. Product Marketing Manager in FIS' Corporate Liquidity - Receivables group which features the award-winning Credit-to-Cash product, GETPAID and Integrated Receivables. He has over 20 years of professional experience in various accounting and finance leadership roles including Accounts Payable, G/L Accounting, as well as Credit and Collections in large global companies with shared service centers. Keith's focus has always been in continuous improvement and leveraging technology to automate processes to achieve extraordinary results. Keith holds a Bachelor of Business Administration degree from Piedmont College and a Master of Business Administration degree in Management from Georgia State University.

Credit Research Foundation

The above article was originally published in the Credit Research Foundation 4Q 2020 Credit & Financial Management Review

YOUR EXTENDED STAFF (YES)

As the Economy is finally starting to bounce back, members and clients are starting to return to their offices. Some of these companies are seeking qualified credit professionals to fill positions that are now open. Your Business Credit Management Association specializes in providing resumes from numerous skilled Credit Specialists who can help fill these positions.

The Credit Association is the only temporary and project help agency that provides Business Credit, Collection & Accounts Receivable services, professionals and expertise exclusively.

You can work with one person part-time or full time, or engage multiple people who can handle special projects or clean-up for an impending deadline, like; quarter-end, year end, audit, etc.….

YES Employees are long-term employees of the Association and are paid sick, vacation, travel Allowance and holiday pay to encourage their long-term commitment to our clients. Many YES project employees have served WCA's clients for years and are often requested to return for new projects by prior clients.

We are the experts in the Business Credit, Collection & A/R field. Rely on us for the help you need in this unique and critical area of your company's operations. We can set up an interview for you to meet our specialists and provide you with the assistance you need immediately.

For more information or any questions contact Darryl 262-289-1222or Wayne 262-289-1224

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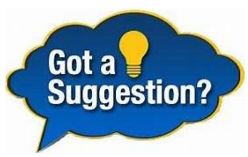

Would you like to contribute to the BCMA Newsletter? Just write to us at admin@wcacredit.org with your idea!

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Fine Paper/Graphic Arts Industry Credit Group
Book of Reports Only
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MARCH 11, 2021
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Electrical Suppliers Industry Credit Group
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UPCOMING INDUSTRY CREDIT GROUP MEETINGS

MARCH 15, 2021
Western Electrical Suppliers Industry Credit Group
Teleconference Call

MARCH 16, 2021
Building & Construction Materials Credit Group
Teleconference Call
Minnesota Fine Paper Credit Group
Teleconference Call

MARCH 17, 2021
Minnesota Electrical Suppliers Credit Group
Teleconference Call
Food Service Supply Hospitality & Food Suppliers Industry Credit Groups
Teleconference Call

MARCH 18, 2021
Construction Industries Credit Group
Teleconference Call

MARCH 19, 2021
IL Fine Paper Industry Credit Group
Teleconference Call

MARCH 24, 2021
Iowa Plumbing Heating Electrical & Construction Industry Credit Group
Teleconference Call

BCMA
Business Credit Management Association

Education Events

March 2, 9, 16, 23, 30, 2021
How To Navigate Complex Wisconsin Contractor Sales & Use Tax Laws

ICE Breaker Webinar ~ INCOTERM's 2020
March 17, 2021 | 3:00 –3:45 PM CT

"Increasing Sales Without Increasing Risk" Webinar
March 24, 2021 | 9:00 –10:00 AM CT

HOW TO MEASURE & IMPROVE CREDIT DEPARTMENT PERFORMANCE
May 20, 2021 | 9:00 –10:00 AM CT

Details are still being ironed out
"Bankruptcy Essentials " Webinar
April 2021 | Time TBD

"Credit Decision Making" Webinar
June 16, 2021 | Time TBD

CHECK OUT OUR CALENDAR FOR MORE UPCOMING EVENTS.

YOU CAN TRUST THE ASSOCIATION TO ASSIST IN COLLECTION RECOVERY FROM YOUR DEBTORS ANYWHERE IN THE WORLD.