AI Pushing the Boundaries of What's Possible for OTC

Examining OTC Technology Investment as a Pathway to Growth

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Study Background and Objectives

This InfoBrief aims to provide **an understanding of the depth of current and future plans as well as sentiments around data strategy, data capture, and data outcomes in the order-to-cash (OTC) sector** as identified by key stakeholders.

The data in this presentation is from IDC's *Billtrust Global Order to Cash Study Survey* on data in the OTC market segment fielded in March 2024 to 617 business, project, and IT executives.*

SURVEY RESPONDENTS:

Directors

Managers

Senior VPs

C-Level Executives

INDUSTRIES:

Construction

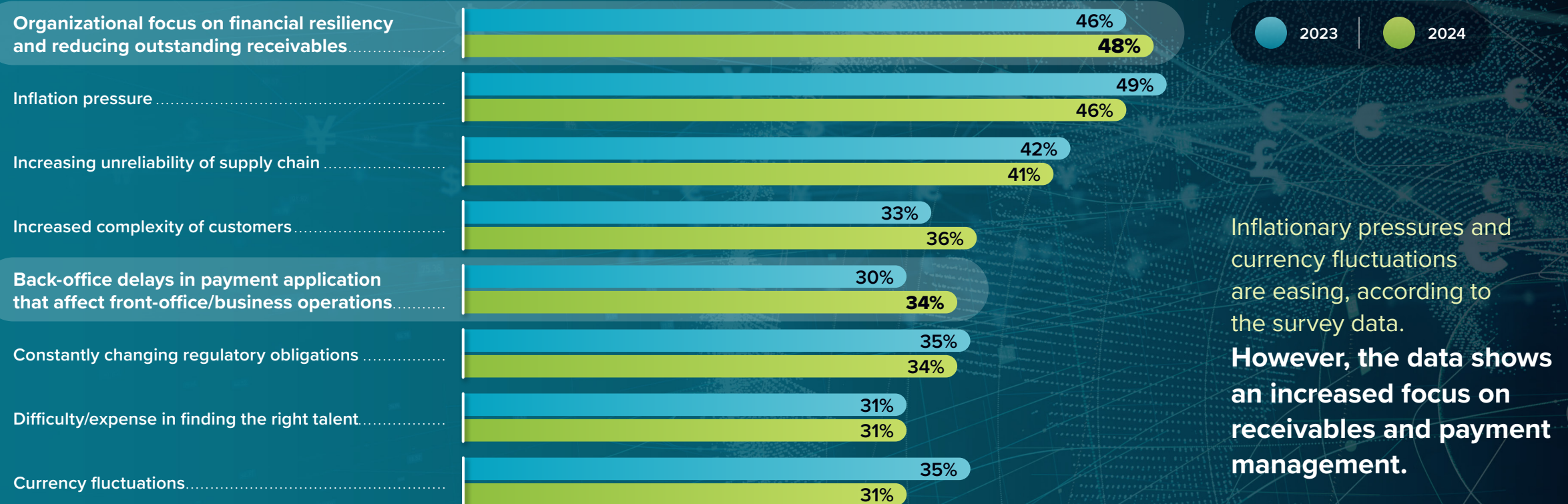Financial Services

Software

Transportation

*See Appendix 1 for survey demographics and OTC profile of the average respondent.

Year-Over-Year Outlook on Global Economics

2023 | **2024**

Category	2023	2024
Organizational focus on financial resiliency and reducing outstanding receivables	46%	**48%**
Inflation pressure	49%	46%
Increasing unreliability of supply chain	42%	41%
Increased complexity of customers	33%	36%
Back-office delays in payment application that affect front-office/business operations	30%	**34%**
Constantly changing regulatory obligations	35%	34%
Difficulty/expense in finding the right talent	31%	31%
Currency fluctuations	35%	31%

Inflationary pressures and currency fluctuations are easing, according to the survey data.

However, the data shows an increased focus on receivables and payment management.

Source: IDC's *Billtrust Global Order to Cash Study Survey,* April 2023 and May 2024; For an accessible version of the data in the above figure, see the Supplemental Data in Appendix 2.

Executive Summary

Digital transformation is happening fast within OTC. Key automation tools such as AI, ML, and APIs are leading the technology charge.

The role of the CFO is changing, and OTC will represent a critical tool to support this evolution.

There is still a tremendous gulf between the current state of the **employee experience** and the optimum state. Automation and generative AI promise to elevate the employee experience.

Vendor expectations are shifting in the OTC space, and users expect vendors to integrate the latest advanced technology and to help them find ways to maximize its impact.

The focus on **payment management and outstanding receivables** was immediately apparent from the delta between the data collected in 2023 and the data collected in 2024.

Current State of the Market for OTC Applications

It is undeniable that the current uncertainty within the global economy will have an impact on how OTC is viewed by financial leaders. The results of the survey suggest that the profile of OTC is on the rise among them.

ELEVATION OF CFO'S IMPORTANCE

Please rate your level of agreement with the following statement:
"The impending economic downturn and the current economic uncertainty has 'significantly' elevated the CFO's importance to the organization."

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
42%	**45%**	10%	3%	1%
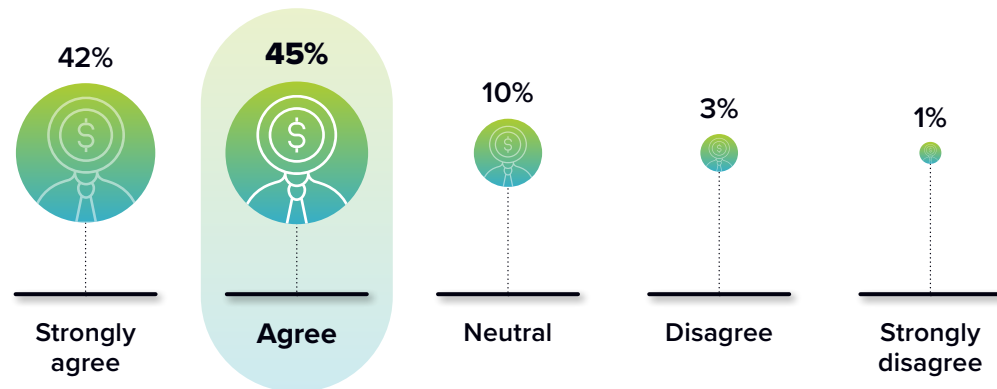
DIGITAL TRANSFORMATION STRATEGY

In light of recent global economic shifts, how has your strategy toward digital transformation within finance operations evolved?

Collaborate with the financial software vendor	**63%**
Strengthen spend management tools	53%
Improve working capital	48%
Have people with the right skills to digitize	41%
Bolster cash management/collection technology	37%
Add data analysis and data insight tools	32%

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

Understanding the Challenges for OTC

The order-to-cash process has become tremendously complicated due to ever-evolving regulatory issues, economic conditions, and payment management issues.

PAYMENT ACCEPTANCE COSTS
Are costs around payment acceptance a top concern for your organization?

32%
**No, costs are not a concern.**

68%
Yes, costs are a concern.

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024
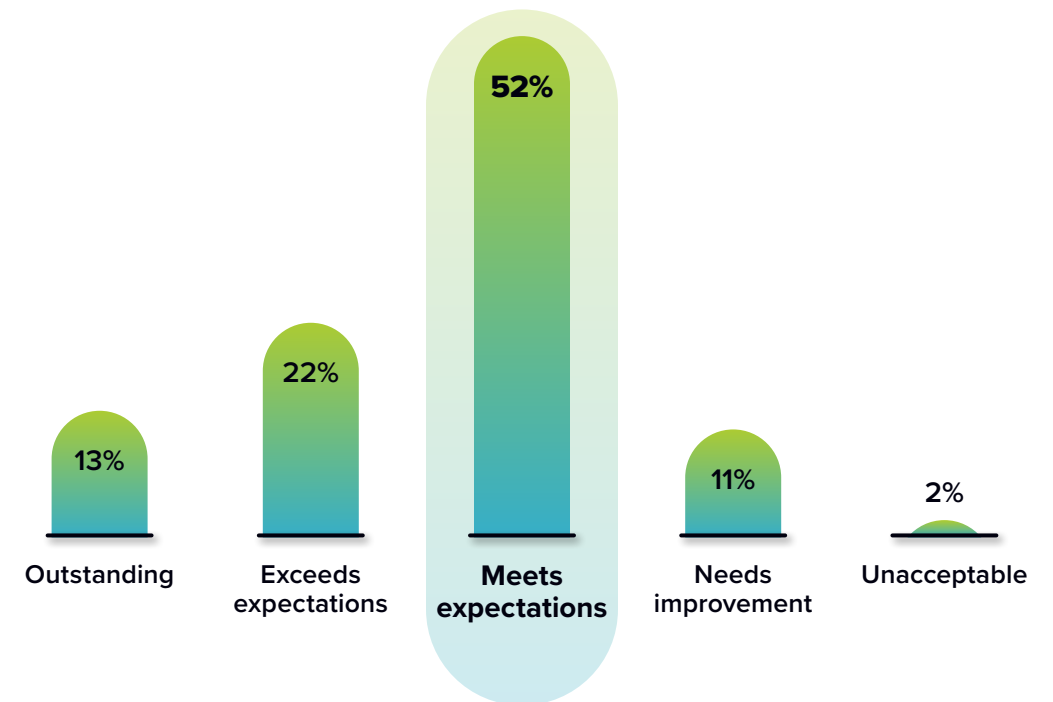
Employee Perceptions Are Varied in OTC

ATTRACTING AND RETAINING FINANCIAL EMPLOYEES
Please rate your level of agreement with the following statement: "The lack of order-to-cash modernization has had a negative impact on our ability to attract and retain financial employees."

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
23%	34%	27%	12%	4%
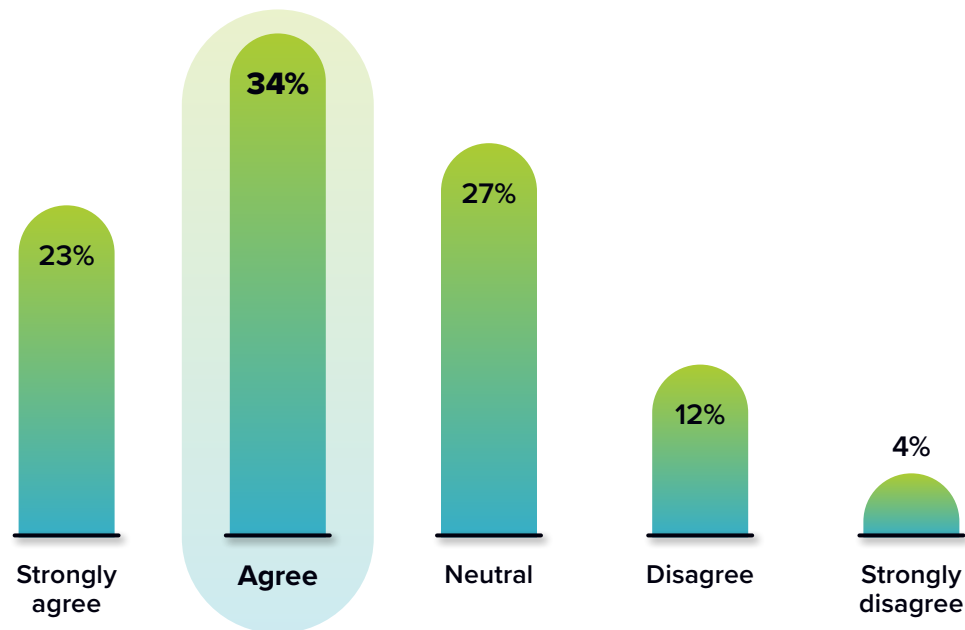
KEEPING IN FRONT OF COMPLIANCE
How would you characterize your company's ability to stay ahead of compliance requirements in an increasingly regulated digital landscape?

Outstanding	Exceeds expectations	Meets expectations	Needs improvement	Unacceptable
13%	22%	52%	11%	2%

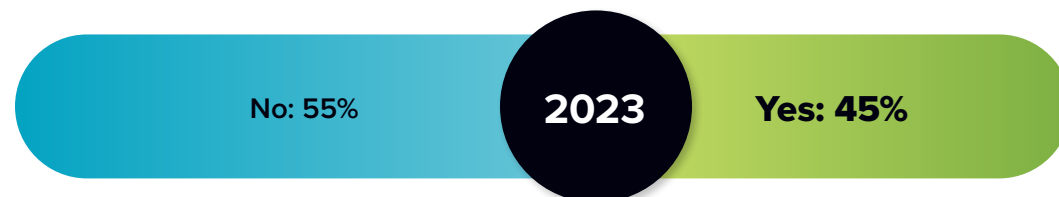Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

Major Changes Are on Tap for OTC Users

ORDER-TO-CASH PROCESS CHANGES

Has your organization changed major aspects of your order-to-cash process over the past 24 months?

2024
No: 48% | Yes: 52%

In the 2023 survey, only 45% of respondents said "Yes."
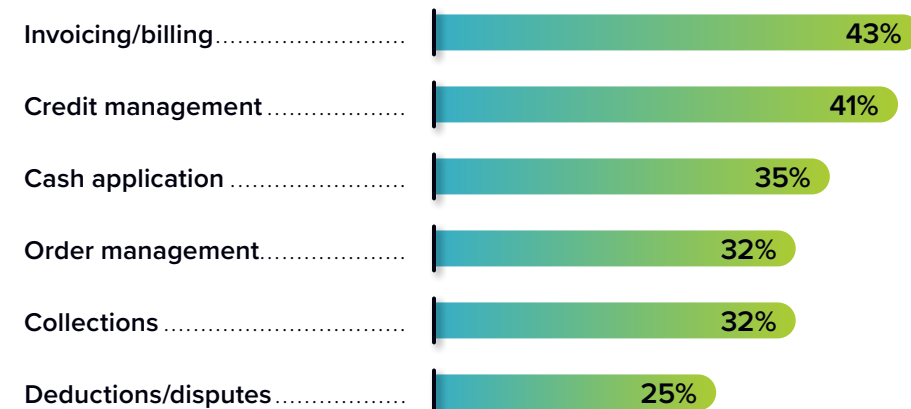This aligns with the growth in focus on OTC.

2023
No: 55% | Yes: 45%

THE MOST CHANGE IN TWO YEARS

What aspects of your order-to-cash process saw the most change over the past 24 months?

Payment management
2024 survey 57%
2023 survey 52%

There's a tremendous **focus on payment management.**

Invoicing/billing	43%
Credit management	41%
Cash application	35%
Order management	32%
Collections	32%
Deductions/disputes	25%

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024
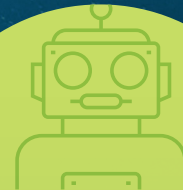
Technologies Shaping the Future of OTC
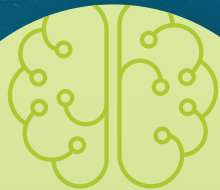
Rise of AI:

Use ML and GenAI to sharpen OCR for billing and cash applications.

Automated workflows:

Automate reconciling discrepancies, credit requests, and dunning.

Virtual assistants:

Augment and even automate many of these lower-level tasks.

Focus on analytics:

Increase forecast accuracy and data analysis.

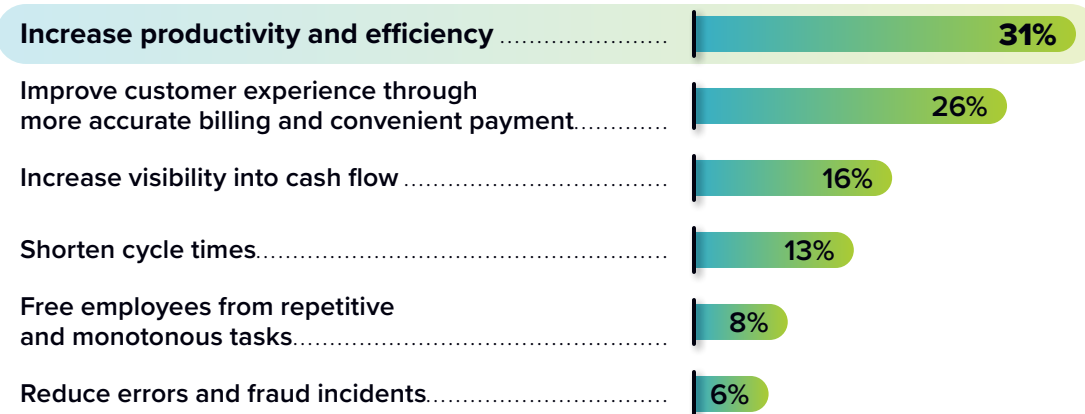### Application programming interfaces:

Allow developers and managers to connect disparate systems.

What Is Driving This Change in OTC?

Digital transformation is happening fast within OTC, and there are several very important drivers providing momentum to this transformation.

DRIVING FORCES
What was the major driving force for changing major aspects of your order-to-cash process?

- Increase productivity and efficiency **31%**
- Improve customer experience through more accurate billing and convenient payment **26%**
- Increase visibility into cash flow **16%**
- Shorten cycle times **13%**
- Free employees from repetitive and monotonous tasks **8%**
- Reduce errors and fraud incidents **6%**

CRITICAL TO SURVIVAL
Please rate your level of agreement with the following statement: "Digital transformation across our order-to-cash process is critical to the survival of our organization."

2024 — **83%**

2023 — **77%**

The criticality of OTC has significantly increased year over year, with 77% agreeing in 2023 versus 83% in 2024.
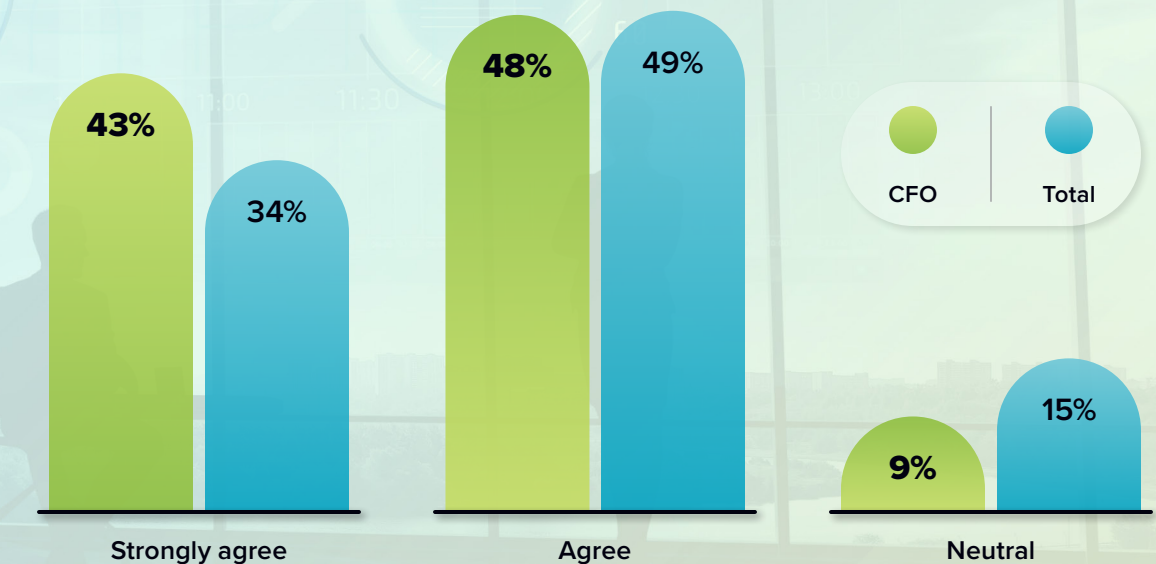
Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

The CFO's View on Digital Transformation

CFOs see the digital transformation as a much more critical issue compared with the overall survey respondent pool. CFOs are more likely to see technology as a bridge to the future.
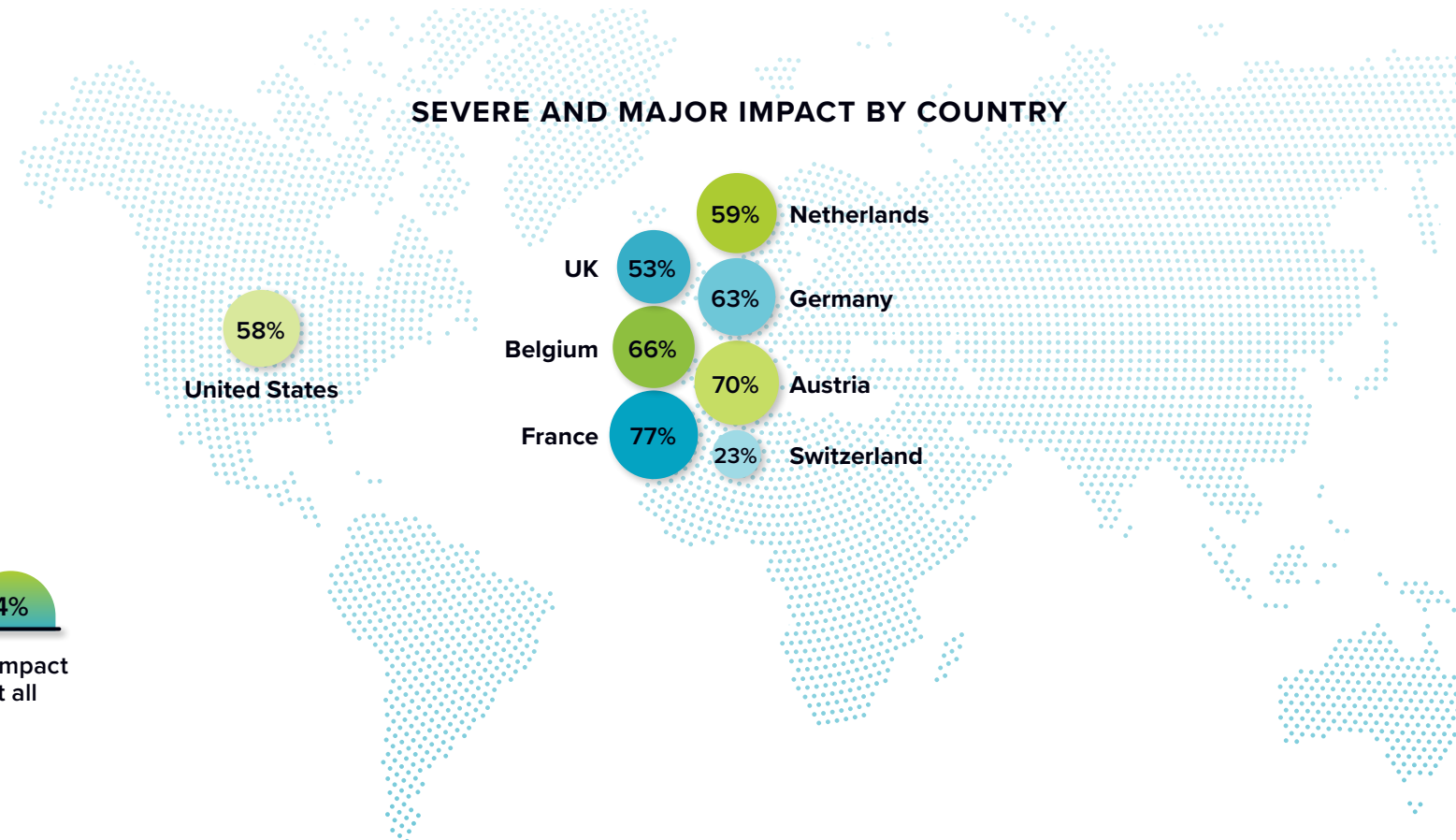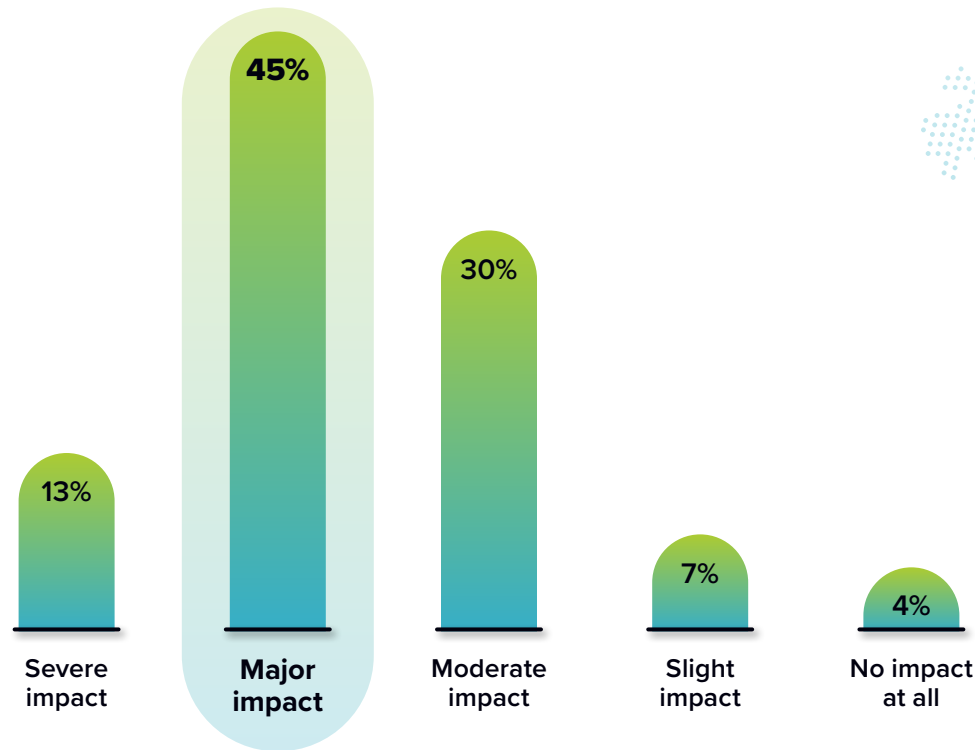
TRANSFORMATION MORE CRITICAL TO CFOs
Please rate your level of agreement with the following statement: "Digital transformation across our order-to-cash process is critical to the survival of our organization."

43%   34%   48%   49%   9%   15%

CFO   Total

Strongly agree   Agree   Neutral

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024 ; For an accessible version of the data in the above figure, see the Supplemental Data in Appendix 2.

How Much Impact Do You Think Artificial Intelligence Has on Your Day-to-Day Financial Activities?

45%

30%

13%

7%

4%

Severe impact

Major impact

Moderate impact

Slight impact

No impact at all

SEVERE AND MAJOR IMPACT BY COUNTRY

59% Netherlands

UK 53%

63% Germany

Belgium 66%

70% Austria

58%

United States

France 77%

23% Switzerland

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

Generative AI Opens New Frontier in OTC

**Over 80% of survey respondents agree that GenAI will help them do their job faster.
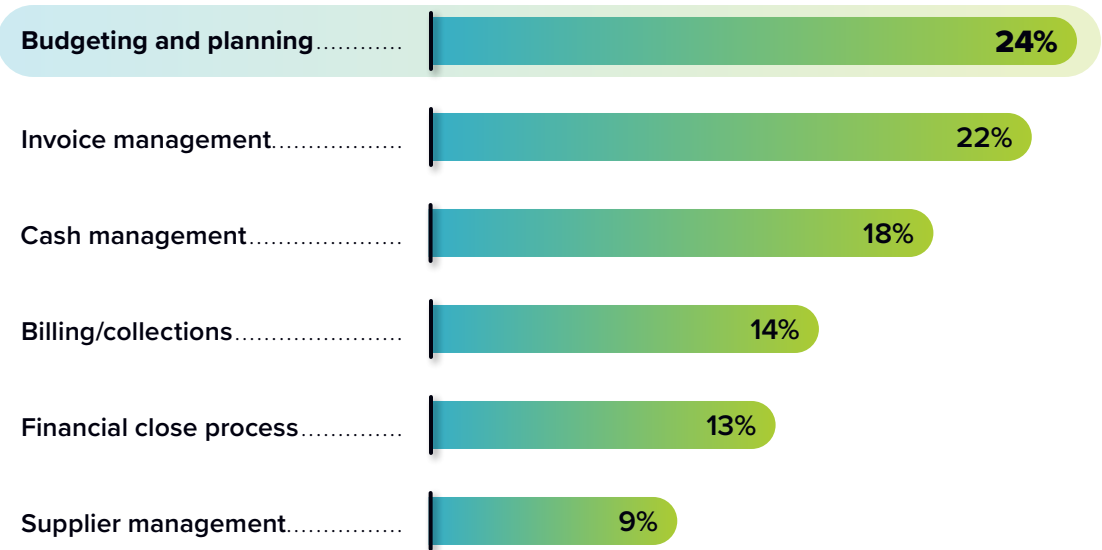But where will the biggest impact from GenAI be in the near term?**

WORKING FASTER
How much do you agree with the following statement?
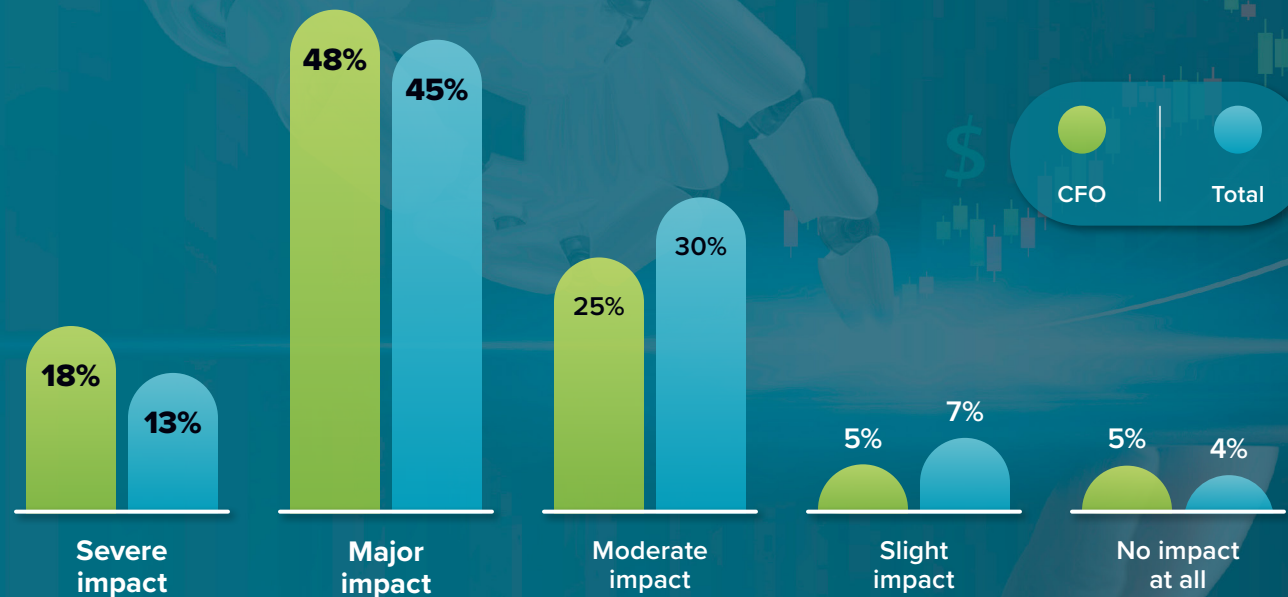"Generative AI (ChatGPT, digital assistants, etc.) will help me do my job faster."

- **49%** Agree
- **35%** Strongly agree
- **13%** Neutral
- **2%** Disagree
- **1%** Strongly disagree
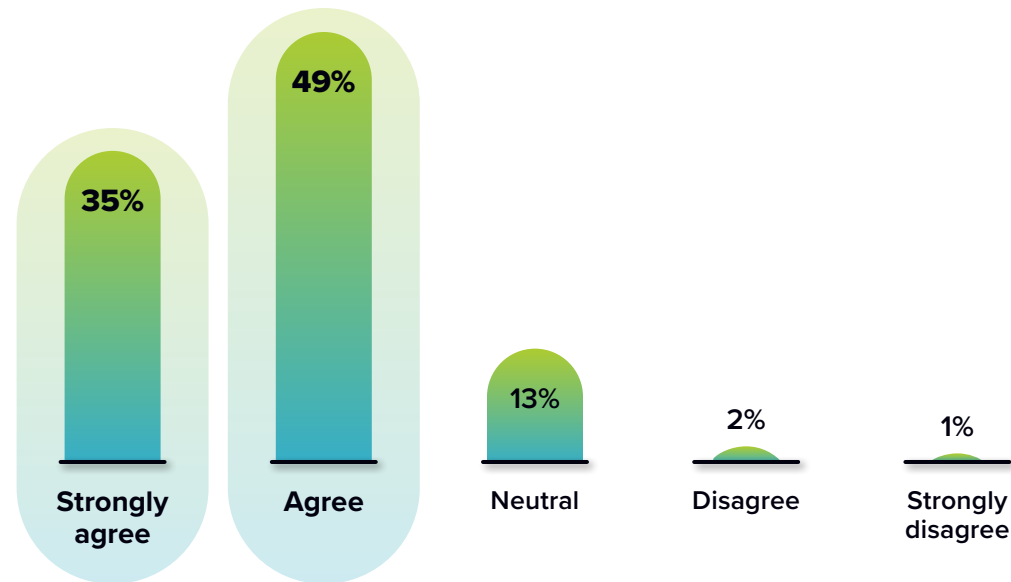
GREATEST NEAR-TERM IMPACT
Where do you see the biggest near-term impact for generative AI in the finance department?

- **Budgeting and planning**............ **24%**
- Invoice management................. **22%**
- Cash management.................... **18%**
- Billing/collections...................... **14%**
- Financial close process.............. **13%**
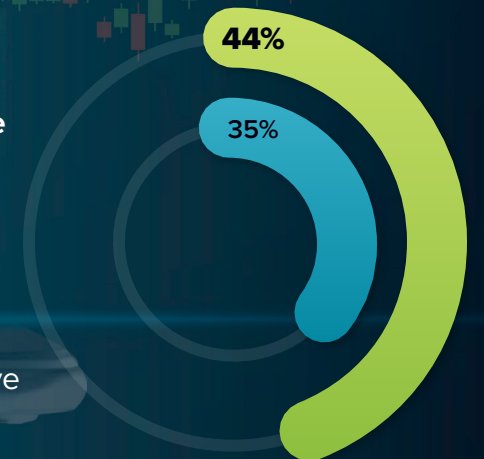- Supplier management............... **9%**

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

The CFO's View on GenAI

CFOs are more optimistic about AI than others, with 66% of CFOs believing that it will have a major impact on day-to-day financial activities versus 59% of total respondents.

	Severe impact	Major impact	Moderate impact	Slight impact	No impact at all
CFO	18%	48%	25%	5%	5%
Total	13%	45%	30%	7%	4%

CFOs demonstrate more optimism on GenAI's potential than the average respondent, with 44% of CFOs strongly agreeing with the statement "Generative AI (ChatGPT, digital assistants, etc.) will help me do my job faster." versus 35% on average.
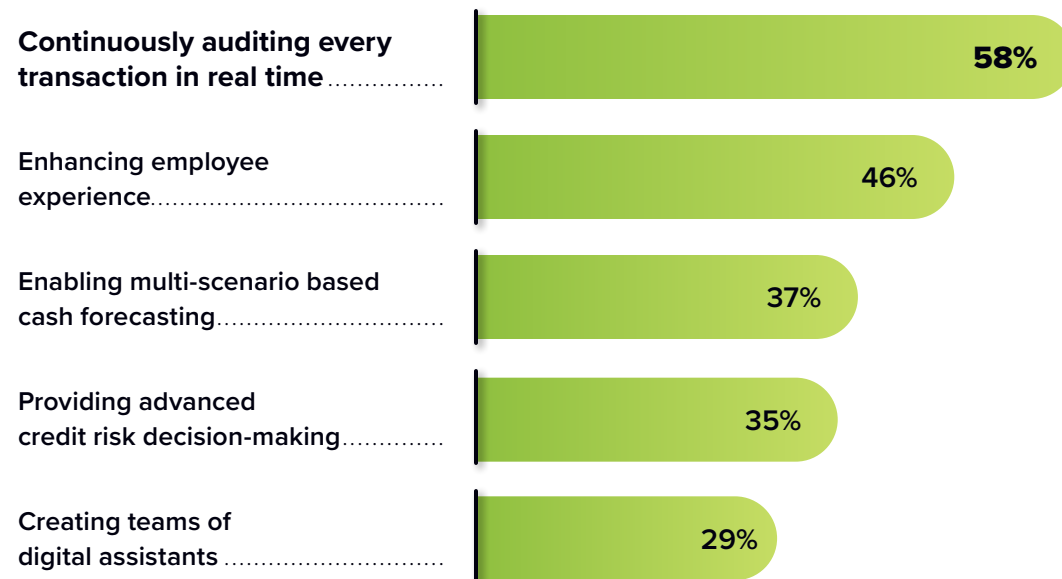
- CFO: 44%
- Total: 35%
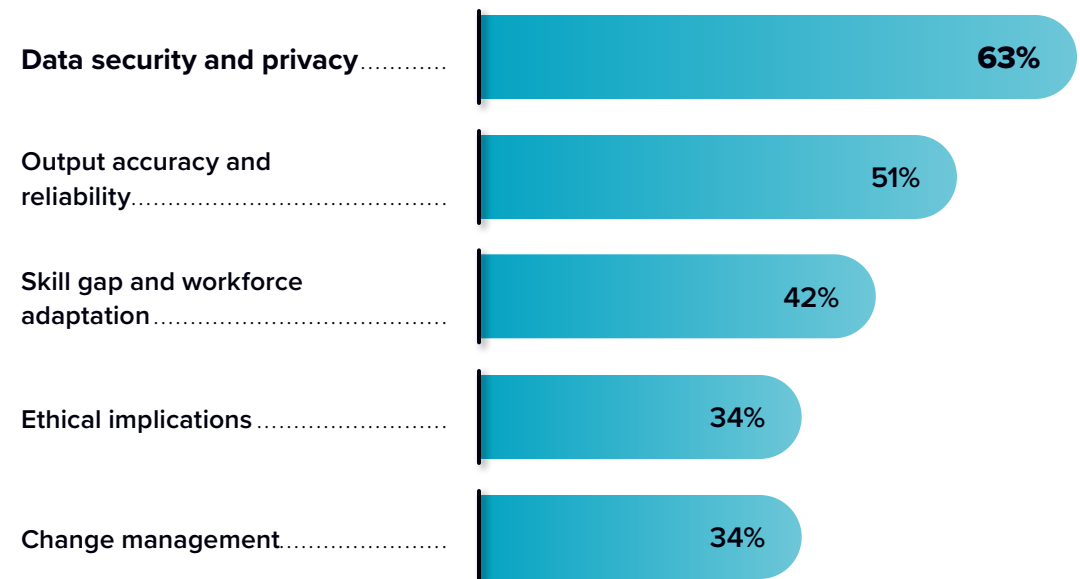
Understanding the Opportunities and Challenges of GenAI

OPPORTUNITIES

What unique opportunities does generative AI present in automating and optimizing your organization's order-to-cash processes?

Continuously auditing every transaction in real time	58%
Enhancing employee experience	46%
Enabling multi-scenario based cash forecasting	37%
Providing advanced credit risk decision-making	35%
Creating teams of digital assistants	29%

CHALLENGES

What unique challenges does generative AI present in automating and optimizing your organization's order-to-cash processes?

Data security and privacy	63%
Output accuracy and reliability	51%
Skill gap and workforce adaptation	42%
Ethical implications	34%
Change management	34%

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

What to Look for in an OTC Provider

The market is evolving, and choosing the right solution is more complex than ever before. Here are a few tips to use in your vendor evaluations.

Cloud first:
The unprecedented uncertainty has revealed the importance of cloud technology. The anytime, anywhere access allows businesses to be flexible and agile to cope with rapidly changing business dynamics.

Scalability and flexibility:
Software vendors in this market must demonstrate that they are building a solution that is ready for today's business hurdles and for tomorrow's technology challenges.

Data security:
Security has become a multifaceted issue because of the amount of sensitive data that is stored and shared with payees and government agencies through various delivery channels.
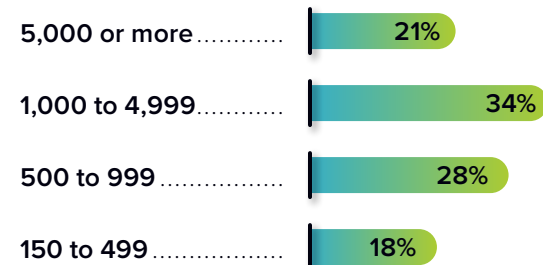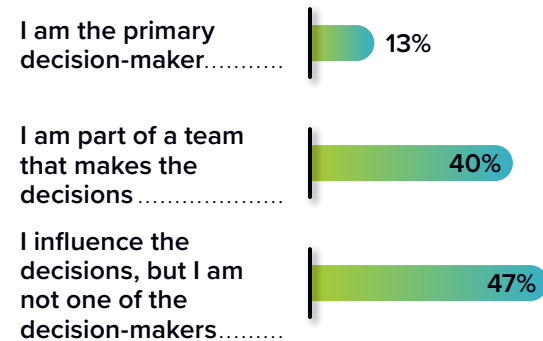
Innovation:
Users must strongly consider a vendor with investments in technology advances such as machine learning and artificial intelligence to support critical functions, including the collection and analysis of relevant data to expose possible areas of risk/exposure.
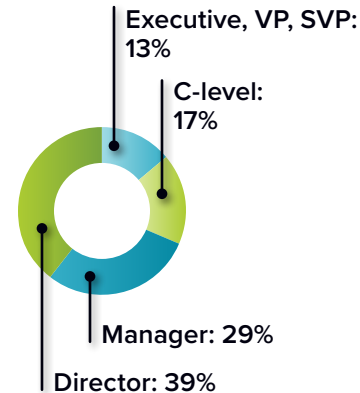
Appendix 1:
Survey Demographics

Employees:

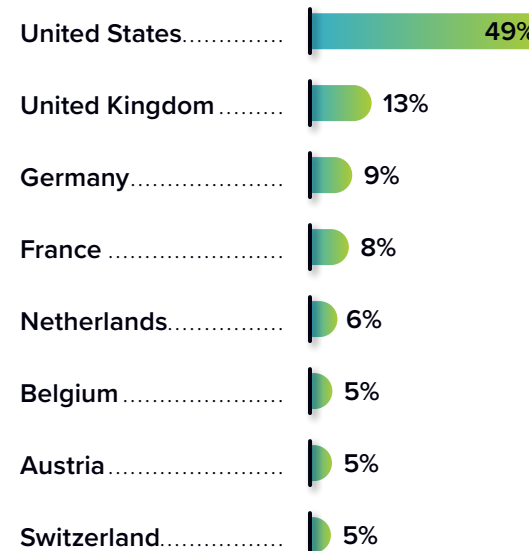|	
5,000 or more	21%
1,000 to 4,999	34%
500 to 999	28%
150 to 499	18%

Business Unit:

IT: 25%

LOB: 75%

Influence:

I am the primary decision-maker	13%
I am part of a team that makes the decisions	40%
I influence the decisions, but I am not one of the decision-makers	47%

Title or Role:

Executive, VP, SVP: 13%

C-level: 17%

Director: 39%

Manager: 29%

Headquarters:

United States	49%
United Kingdom	13%
Germany	9%
France	8%
Netherlands	6%
Belgium	5%
Austria	5%
Switzerland	5%

Industry Classification:

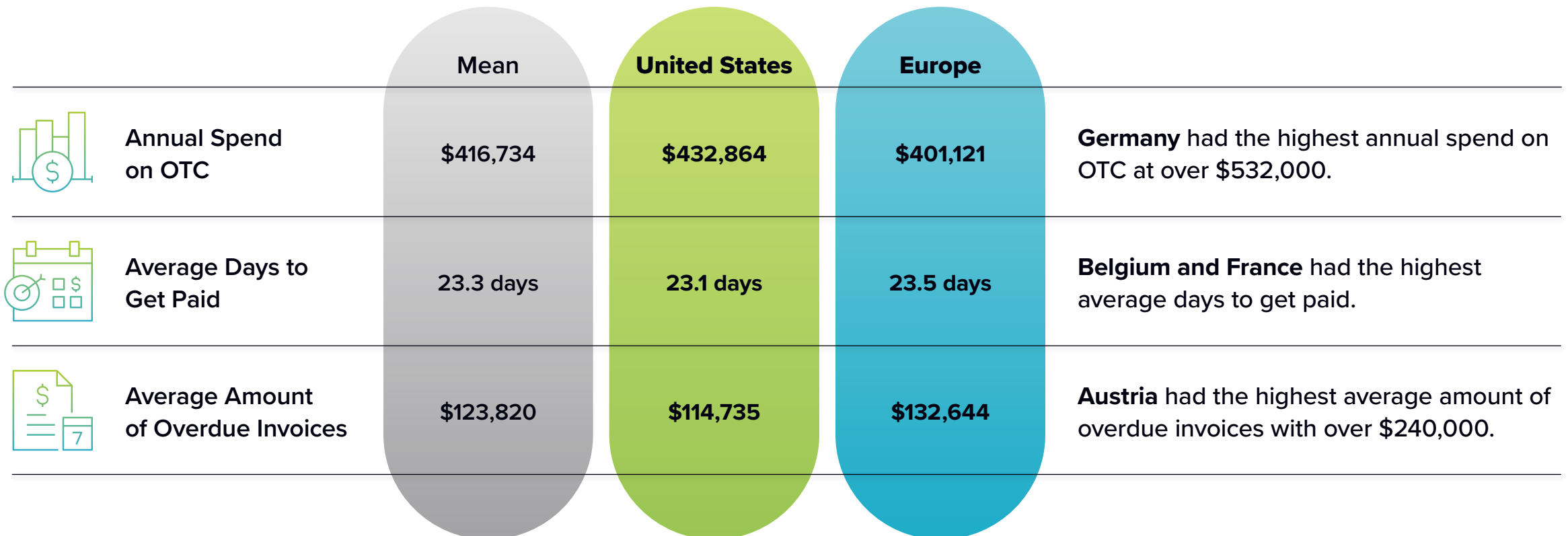|	
Software and IT services	15%
Manufacturing	14%
Financial services	13%
Construction	12%
Other	11%
Retail trade	10%
Transportation	8%
Healthcare	8%
Public sector	7%
Oil, gas, and resources	4%
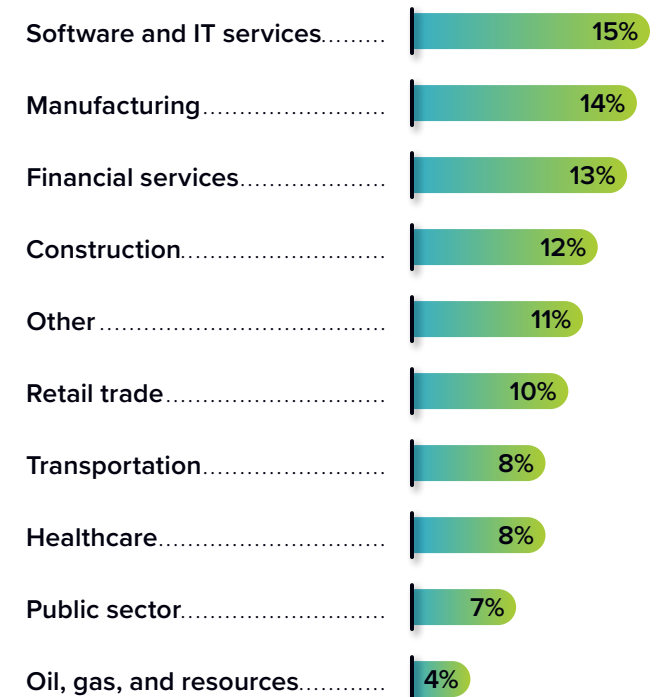
Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

Appendix 1: OTC Profile of Average Respondent

	Mean	United States	Europe	
Annual Spend on OTC	$416,734	$432,864	$401,121	**Germany** had the highest annual spend on OTC at over $532,000.
Average Days to Get Paid	23.3 days	23.1 days	23.5 days	**Belgium and France** had the highest average days to get paid.
Average Amount of Overdue Invoices	$123,820	$114,735	$132,644	**Austria** had the highest average amount of overdue invoices with over $240,000.

Source: IDC's *Billtrust Global Order to Cash Study Survey,* May 2024

Appendix 2: Supplemental Data

The tables in this appendix provide an accessible version of the data for the complex figures in this document.
Click "Return to original figure" below each table to get back to the original data figure.

SUPPLEMENTAL DATA FROM PAGE 4

Year-Over-Year Outlook on Global Economics

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Source: IDC's *Billtrust Global Order to Cash Study,* April 2023 and May 2024

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SUPPLEMENTAL DATA FROM PAGE 12

Transformation More Critical to CFOs

	CFO	Total
Strongly agree	43%	34%
Agree	48%	49%
Neutral	9%	15%

Source: IDC's *Billtrust Global Order to Cash Study,* April 2023 and May 2024

Return to original figure

SUPPLEMENTAL DATA FROM PAGE 15

Transformation More Critical to CFOs

	CFO	TOTAL
Severe impact	18%	13%
Major impact	48%	45%
Moderate impact	25%	30%
Slight impact	5%	7%
No impact at all	5%	4%

Source: IDC's *Billtrust Global Order to Cash Study,* April 2023 and May 2024

Return to original figure

About the IDC Analyst

Kevin Permenter
Research Manager,
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As a research manager with IDC's Enterprise Applications team, Kevin Permenter provides insights and intelligence across multiple areas, including enterprise resource planning (ERP), order management, financial applications, and project and portfolio management. He assesses the interplay, challenges, and trends regarding various enterprise application deployment models, such as mobile enterprise applications and cloud models. He also develops and delivers his views, opinions, and analysis on the dynamics and evolution of this complex technology ecosystem.

More about Kevin Permenter

Message from the Sponsor

billtrust

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As a B2B order-to-cash software and digital payments market leader, we help the world's leading brands move finance forward with AI-powered solutions to transition from expensive paper invoicing and check acceptance to efficient electronic billing and payments. With more than $1 trillion of invoices processed, Billtrust delivers business value through deep industry expertise and a culture relentlessly focused on delivering meaningful customer outcomes.

Learn more about how Billtrust can help you solve your AR challenges.

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