

# 2024 AR and AP innovations:

The AR function is changing  
in 2024. Are you ready?





# Changes loom in the new year

When it comes to finance, the only constant is change. In today's landscape, operational functions have become a critical part of business strategy, with CFOs and their teams tackling organizational issues head on to control costs, accelerate cash flow, and improve customer satisfaction.

As we look to 2024, CFOs can expect to feel mounting pressures from all areas of the business. Finance departments increasingly will be tasked with expanded responsibilities, leading to a shift in the way they do business. Finance leaders will need to apply innovative thinking to process improvements to ensure they can enhance the company's bottom line, all the while exceeding customer expectations. In short, financial business operations will never be the same.

To ensure you are armed with the information you need to be successful, read on for solutions to address these changes.

"As we navigate an ever-changing business climate, the role of CFOs is becoming increasingly multifaceted and crucial. By leveraging technology and automation, CFOs can unearth novel efficiencies, optimize cash flow management, and sustainably drive business growth."

**Sunil Rajasekar, Billtrust CEO<sup>1</sup>**

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# 90%

of business executives believe current economic uncertainty has “significantly” elevated the CFO importance to the organization.<sup>17</sup>

Source: Billtrust Global Order-to-Cash Study

## 1. The economic environment will continue to put pressure on business practices.

Increasing costs and inflation remain an issue. Yet, no matter how this plays out, the mere threat of such developments has already sent companies into tailspins. Travel restrictions, training lockdowns, hiring freezes, threats of lay-offs, and much more contribute to a tightening of corporate purse strings.

And that’s where accounts payable and receivable (AP/AR) enter the picture. In fact, a recent study from IDC found that nearly half (48%) of business leaders rank inflation pressure as the most important fact influencing the order-to-cash (O2C) function for their organizations.<sup>7</sup>

This emphasis on the O2C cycle elevates the role of the finance function to a strategic level, making cash management more of a strategic priority for businesses of all sizes, and that trend will continue throughout 2024 as the market finds its footing.

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# 51%

of businesses are putting a greater emphasis on implementing technology/ analytics to improve efficiency, accuracy, and compliance of processes.<sup>8</sup>

Source: Association for Financial Professionals

## 2. Artificial intelligence (AI) capabilities will expand efficiency and strengthen the business' bottom line.

Let's face it: Manual processes create friction in a business. Between mis-keyed information, improper reconciliation, exception review, and more, errors happen when processes rely on too many individual inputs.

And those mistakes translate to revenue losses: 94% of business leaders say that manual OTC processes have negative impacts on the bottom line of their businesses.<sup>2</sup>

Fortunately, automation can bring efficiency, and more than ever, technology, like AI, enables finance teams to achieve desired results.

Consider collections. If AI can help optimize operations, AR teams can quickly identify clients who have a pattern of not paying on time and send automated reminders to prompt them to pay. There's no need to run days sales outstanding (DSO) reports or review individual client portfolios. An automated algorithm prompts additional client interaction without human intervention. This type of solution can streamline operations and support cash flow in the process.

In addition, data is king, but it's only as good as the tools that can assess it. Having AI functionality for data analytics will help businesses better understand where they fit in an overall landscape.

Imagine having insights into where your business falls for DSO compared with others in your vertical market. Knowing what's the norm and what's an outlier will help finance teams address issues accordingly.

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# Jan. 1, 2028

The date e-invoicing will become mandatory for all intra-community transactions in the EU.<sup>9</sup>

## 3. Global mandates will shift business practices.

More than 100 countries are mandating electronic invoicing (e-invoicing), with others jumping on the bandwagon.<sup>3</sup> With business transactions increasingly global in nature, finance teams need to ensure they have a partner that can support them in required e-invoicing scenarios.

Take Italy, for example. Research shows that 95 invoices are sent every single second in that country, resulting in an annual volume of 3 billion. Yet, it was the first country in the European Union (EU) to mandate e-invoicing for B2B transactions –despite its volume and scale.<sup>4</sup>

And while the U.S. is often a late adopter of such payments solutions, the Federal Reserve has been researching this topic since 2016, as demonstrated in the report, “U.S. Adoption of Electronic Invoicing: Challenges and Opportunities.” It concluded that “electronic invoicing (e-invoicing) is the necessary first step to achieving straight-through processing from ‘order-to-cash’ and ‘procure-to-pay’ for business-to-business payment transactions.”<sup>5</sup>

Then, in May 2023, Federal Reserve Financial Services reconfirmed its role, “to improve the efficiency of how supporting information for business-to-business (B2B) payments is delivered and processed.” It described the launch of the [Digital Business Networks Alliance \(DBNAlliance\)](#) as the legal entity to oversee a new electronic exchange network.<sup>6</sup>

Clearly, global e-invoicing mandates are a pivotal part of consideration in 2024 and beyond.

“There is no e-invoice compliance without order-to-cash automation. You need to achieve high levels of process maturity, automation and, consequently, data quality.”

**Loek Smits, Billtrust’s Director of Product**

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# 77%

of business executives agree that digital transformation across the order-to-cash process is critical to the survival of their organization.<sup>14</sup>

Source: Billtrust  
Global Order-to-Cash Study

## 4. E-invoicing and payments will become table stakes.

E-invoicing and payments are becoming must-haves in any AR operation, making things simpler and more efficient for businesses and their customers.

Converting to e-invoicing with a provider that can support a wide range of AP portals will help you serve up invoices in the way your customer wants to receive them. If they can simply click a button and pay via an email or their portal, it will support faster payments and create a strong user experience in the process.

And customer experience matters: 80% of business executives rate the importance of modernizing their payment processes as essential for customer service.<sup>10</sup> So, as e-invoicing and electronic payments become more common, not having them will make a business stand out, not in a positive way.



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# 6x the ROI

Organizations, on average, achieved \$6 in return for every \$1 invested in the data-centric transformation of their OTC process.<sup>15</sup>

Source: McKinsey & Co.

## 5. Data and analytics will reign supreme.

Eighty-nine percent of finance professionals believe the future of finance will be driven by data. That's because data, when leveraged and analyzed efficiently, has the potential to increase business revenue and decrease operational exertion.

With these benefits in mind, AR teams will be encouraged to mine data to identify operational pitfalls and solutions to mitigate those risks.

Fortunately, data shows that these efforts will pay off. For instance, McKinsey reports that for one company, OTC optimization may enable millions in new business:

"When one B2B industrial manufacturer applied advanced process-mining data analysis to its O2C processes, it discovered that broken processes caused leakages at multiple steps, collectively amounting to 3 to 5 percent of [earnings before interest, taxes, depreciation, and amortization] EBITDA—which, if recovered, would be the equivalent of millions of dollars in new business."<sup>11</sup>

As analytic tools become more accessible, they will empower businesses to gain a comprehensive understanding of the full OTC cycle, and an analytic skillset will become more of a hiring requirement for finance professionals.



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# 30%

of business executives say AP/AR team turnover is high or extremely high.<sup>16</sup>

Source: Billtrust  
Global Order-to-Cash Study

## 6. Employee recruitment and retention will require updated infrastructure.

In this hiring environment, enhancing the employee experience is vital to attracting and retaining the best talent. In fact, 54% of finance leaders say the lack of O2C modernization has had a negative impact on their ability to attract and retain financial employees.<sup>12</sup>

Thankfully, when it comes to the O2C process, advanced solutions can help fill that gap.

New technology can make an impact on hiring and retention, and it will be an area of emphasis in 2024. For instance, replacing manual processing with more automated solutions will help retain employees by taking their focus from tedious tasks to high-value work. In addition, with more employees wanting remote work options, technology can help in recruitment, as it can negate the need to be in the office for standard operational tasks.

## 7. The right partner will offer solutions that can scale with the market.

One thing is for certain: The landscape will continue to evolve, and as it does, businesses need to partner with providers that will continue to grow with them.

But how does a business decide on a partner who can shift to meet their needs as time marches on? As 2024 changes loom, consider a provider that offers:

- Cloud technology. This technology provides flexibility and allows organizations to align strategies with business dynamics.
- Data security. An imperative in today's environment, security ensures that as a business enhances its digital offerings, its customer information is safe.
- Scalability and flexibility. When the only constant is change, a provider partner needs to be as nimble as the market.
- Innovation. Increasingly, creative ideas will be essential to AP/AR business success and in meeting business requirements.<sup>13</sup>

As 2024 looms near, businesses need to be looking at their end game. It's about your journey as an organization and identifying a provider who feels like an extension of the team and a true partner. One that offers workshops to keep you up to speed on the latest developments. One that issues white papers and educational pieces to keep you knowledgeable. One that can provide insights into how to advance strategically.

Above all, you want a partner that can exceed your expectations, because at the end of the day, isn't that what you strive to do for your customers?

# Five questions every finance leader needs to be asking as they prepare for 2024



## 1. Where do I need to create efficiencies in my processes, and how can technology enable them?

Solutions like AI can bring new levels of automation to business practices, and incorporating them into processes can reduce the amount of time AR teams spend on receivables.



## 2. How will global e-invoicing mandates affect our business?

Any business that's receiving payments from non-U.S. clients must keep an eye on the required approaches being implemented around the globe. Addressing these developments will be critical to keeping efficient operations and streamlining reconciliation while remaining in compliance.



## 3. How can technology help me balance business requirements with customer experience?

Keeping business efficiency in check is a top priority for finance leaders, but offering a stellar customer experience can complicate operations. To support both, business leaders should choose a partner that can support a wide range of AP portals and customer needs.



## 4. How can I incorporate data analytics to optimize operations?

With the potential to both increase revenue and efficiencies, data analytics will be a pivotal part of AR transformation in the future. Finance leaders should explore opportunities to partner with organizations who can help you implement these solutions today.



## 5. What will my employees expect from business operations?

In this competitive job market, it's more important than ever to have digital solutions to alleviate repetitive, manual tasks. Finance leaders must seek opportunities to streamline operations and help employees add value in powerful ways.

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## Learn more

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### ABOUT BILLTRUST

Billtrust is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections.



### CORPORATE HEADQUARTERS

1009 Lenox Drive, Suite 101  
Lawrenceville, New Jersey 08648  
United States

### HAMILTON

11 South Gold Drive, Suite D  
Hamilton, New Jersey 08619  
United States

### SACRAMENTO

2400 Port Street  
West Sacramento, California 95691  
United States

### GHENT

Moutstraat 64/501  
9000 Ghent  
Belgium

### AMSTERDAM

H.J.E. Wenckebachweg 200-III  
Amsterdam AS 1096  
Netherlands

### KRAKÓW

ul. prof Michała Życzkowskiego 19  
3 piętro  
Kraków 31-864  
Poland