STATE OF
AR AUTOMATION
2023

What do you see as being your biggest focus in accounts receivable over the next 18 months?

Developing a stronger focus on customer relationship management to improve payment timelines and reduce outstanding balances.

41%

Implementing a new accounts receivable software to streamline processes and improve efficiency.

24%

Strengthening internal controls to minimize the risk of fraud or errors in accounts receivable management.
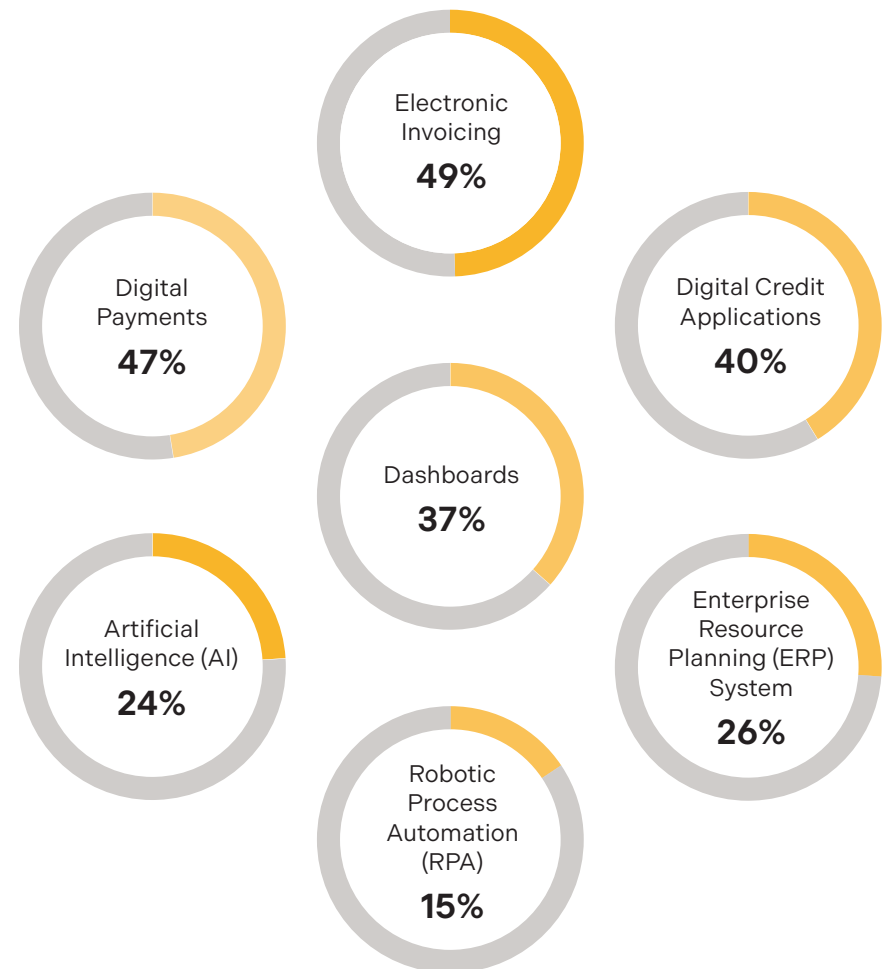
20%

Expanding into new markets or product lines to increase revenue and cash flow.
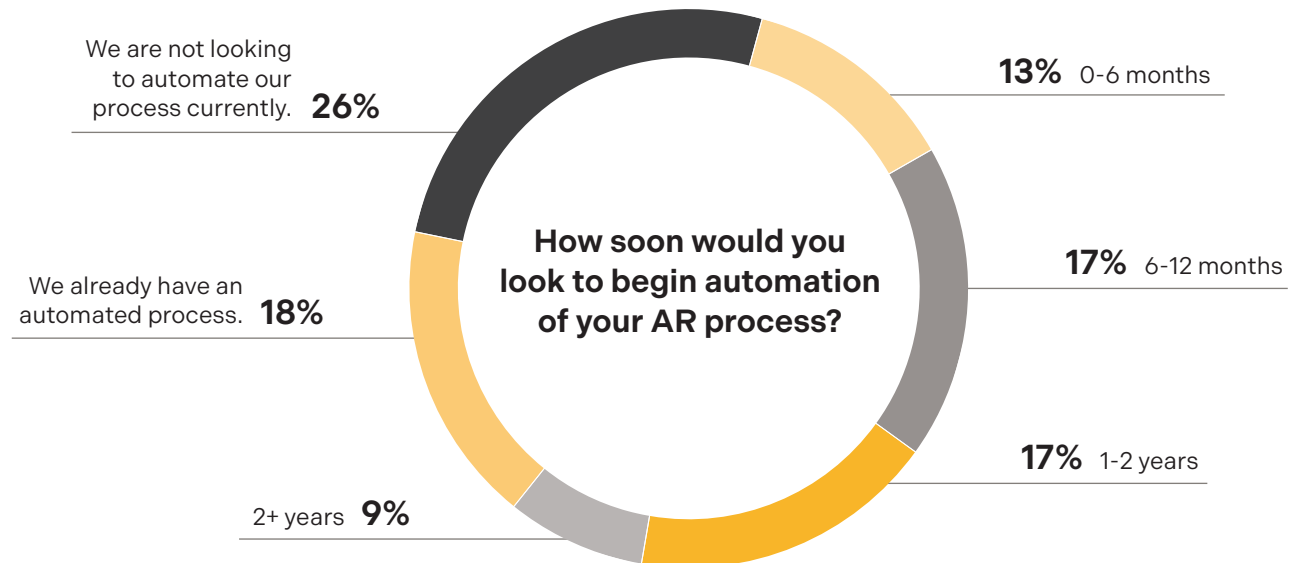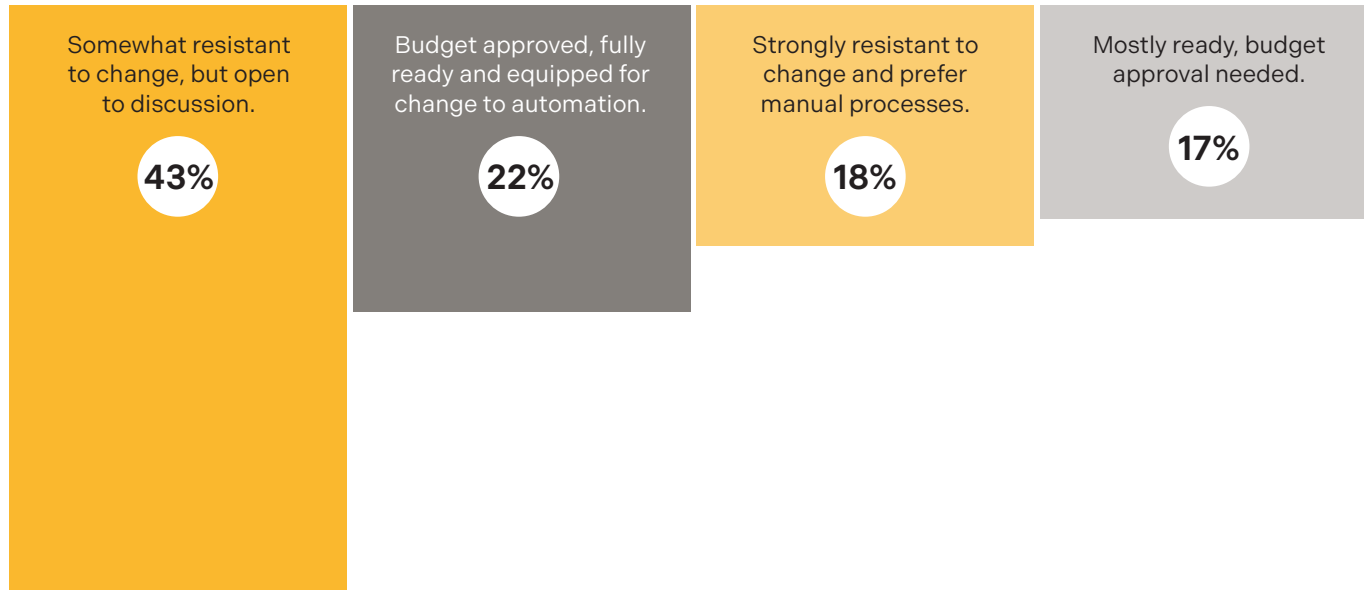
8%

Implementing new payment methods or financing options to give customers more flexibility and convenience.

7%
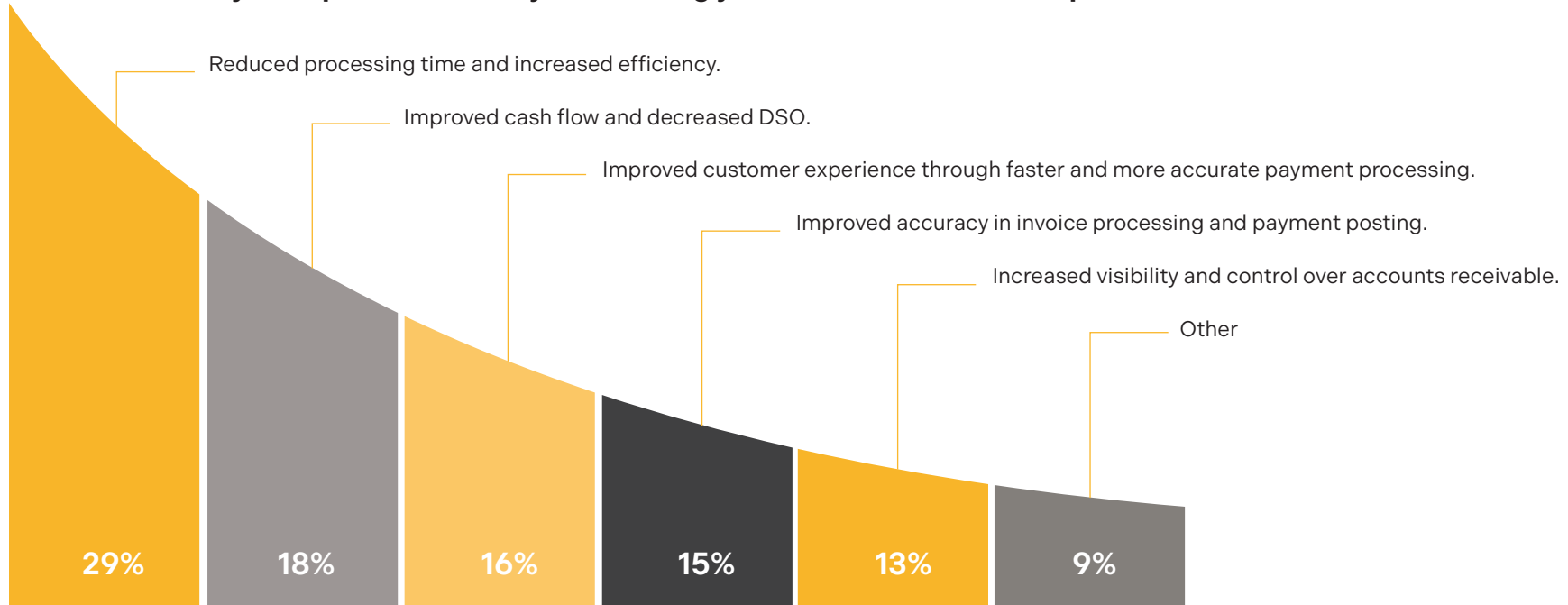
Do you plan, or are you planning to use any of the following technologies as part of your future changes/projects?

Electronic Invoicing
49%

Digital Payments
47%

Digital Credit Applications
40%

Dashboards
37%

Artificial Intelligence (AI)
24%

Enterprise Resource Planning (ERP) System
26%

Robotic Process Automation (RPA)
15%

What is your business's capacity to change to an automated accounts receivable process?

Somewhat resistant to change, but open to discussion.

43%

Budget approved, fully ready and equipped for change to automation.

22%

Strongly resistant to change and prefer manual processes.

18%

Mostly ready, budget approval needed.

17%

We are not looking to automate our process currently. **26%**

We already have an automated process. **18%**

2+ years **9%**

How soon would you look to begin automation of your AR process?

13% 0-6 months

17% 6-12 months

17% 1-2 years

What do you hope to achieve by automating your accounts receivable process?

Reduced processing time and increased efficiency.

Improved cash flow and decreased DSO.

Improved customer experience through faster and more accurate payment processing.

Improved accuracy in invoice processing and payment posting.

Increased visibility and control over accounts receivable.

Other
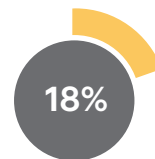
29% **18%** **16%** **15%** **13%** **9%**

If you are ready, or mostly ready to change to an automated AR process, what has stopped you so far?
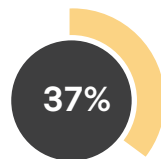
37%
Difficulty integrating automated AR software with existing systems.

22%
Resistance to change from employees or stakeholders within the organization.
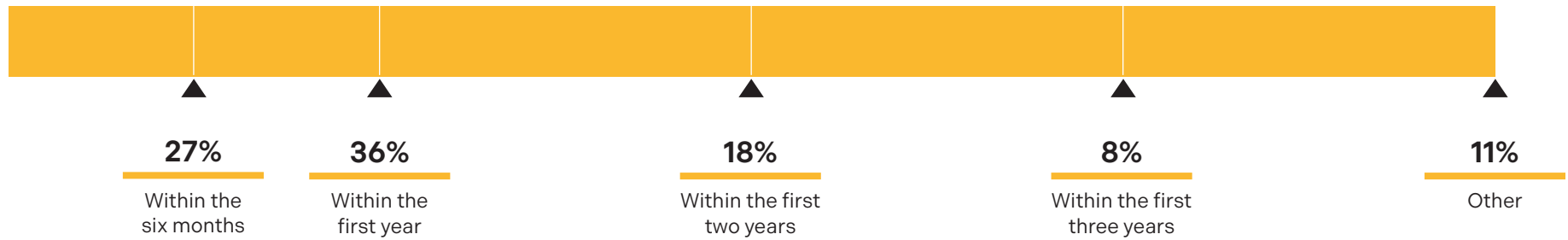
18%
Lack of budget or funding to implement automation.

16%
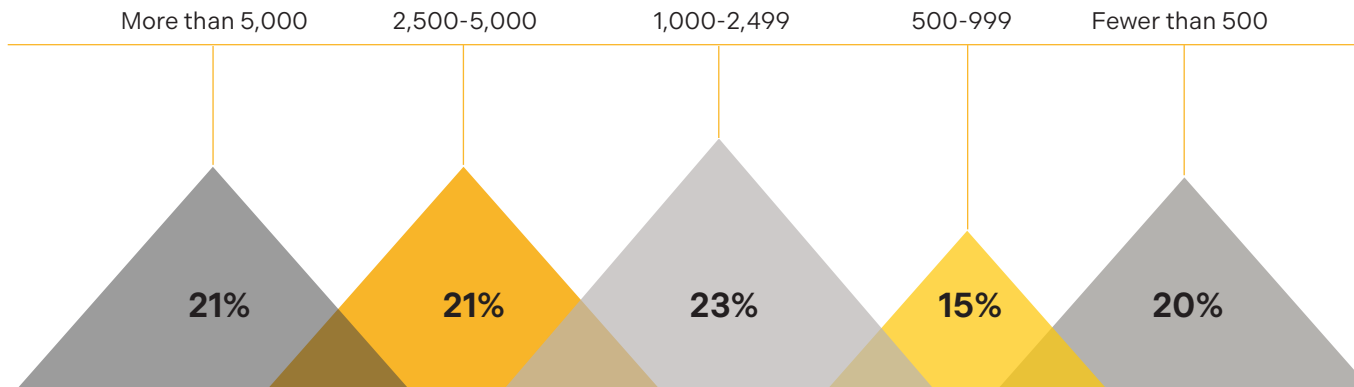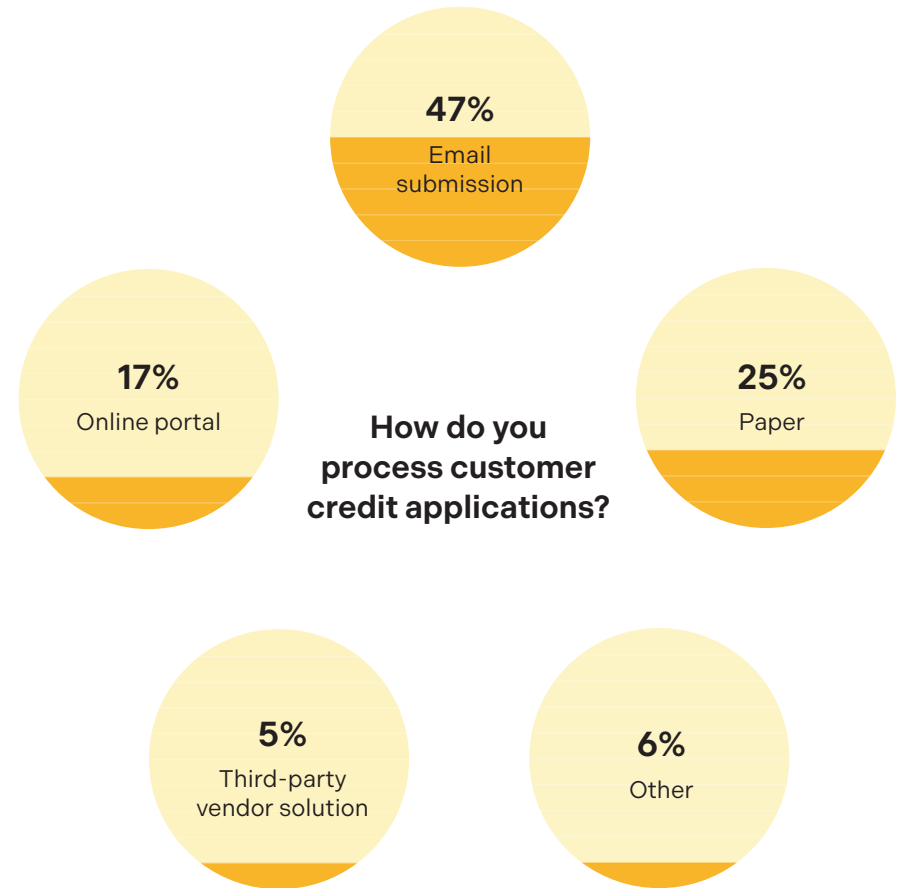Insufficient knowledge about available automation options.

7%
Concerns about data security and privacy.

What time frame, post go live, would you expect to see a return on investment from an automated AR process change?

27%	36%	18%	8%	11%
Within the six months	Within the first year	Within the first two years	Within the first three years	Other

How many active customers do you currently have in your accounts receivable portfolio?

More than 5,000	2,500-5,000	1,000-2,499	500-999	Fewer than 500
21%	21%	23%	15%	20%

How many new accounts are onboarded each month on average?

- 86% — Fewer than 250
- 8% — 250-500
- 2% — 501-999
- 1% — 1000-1999
- 3% — More than 2000

How do you process customer credit applications?

- 47% Email submission
- 17% Online portal
- 25% Paper
- 5% Third-party vendor solution
- 6% Other

What percentage of your accounts receivable portfolio is past due?

35% Between 5% and 10%

30% Less than 5%

22% Between 10% and 20%

11% Between 20% and 30%

2% More than 30%

How many customer payments do you process on an average month?

Fewer than 500	501-1,000	1,001-5,000	5,001-10,000	More than 10,000
25%	20%	32%	12%	11%

BLACKLINE

NCIP NACM CREDIT INDUSTRY PARTNER
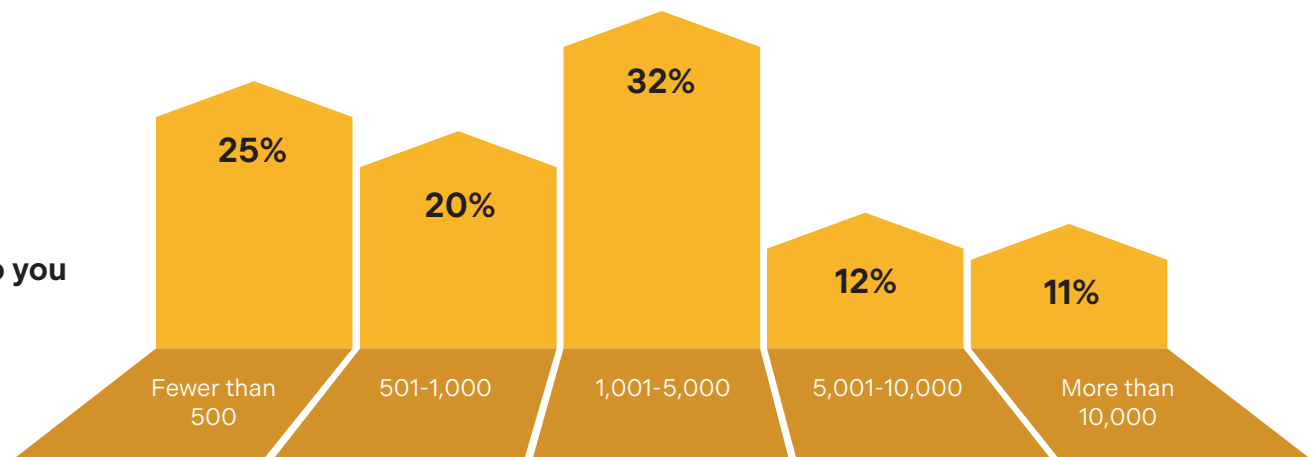
How many team members are involved in managing your collections process?

20%
5-9

61%
1-4

9%
20+

2%
15-19

8%
10-14

4%
20+

2%
10-14

2%
15-19
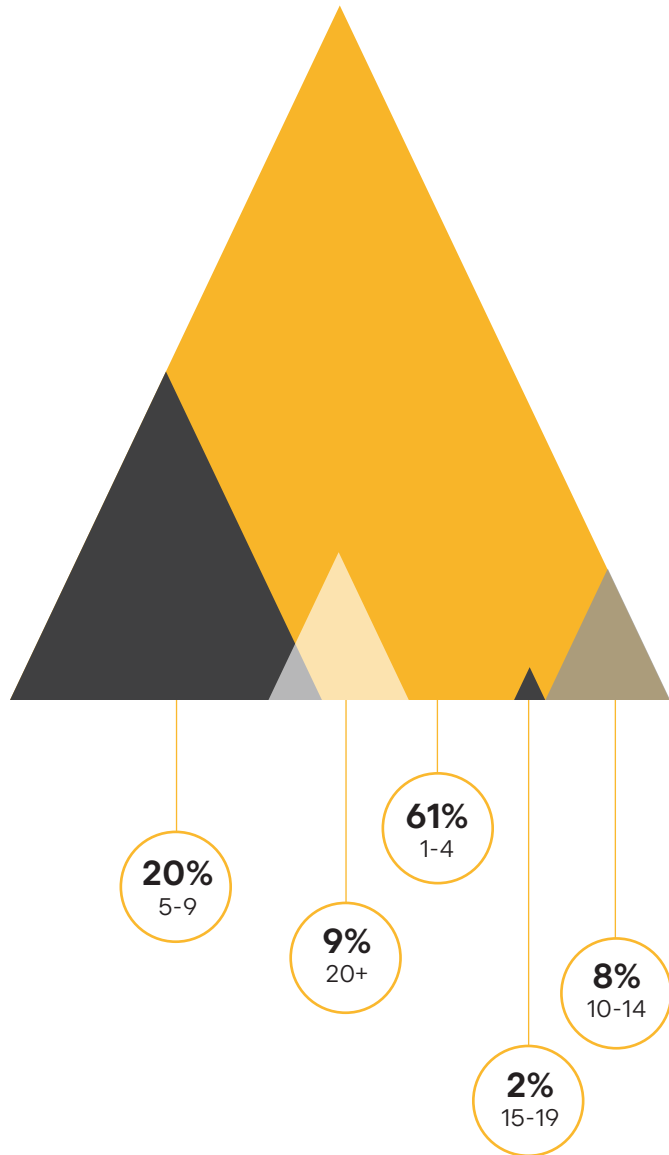
How many team members are involved in managing your cash application process?

10%
5-9

82%
1-4

![BLACKLINE logo] ![NACM CREDIT INDUSTRY PARTNER logo]
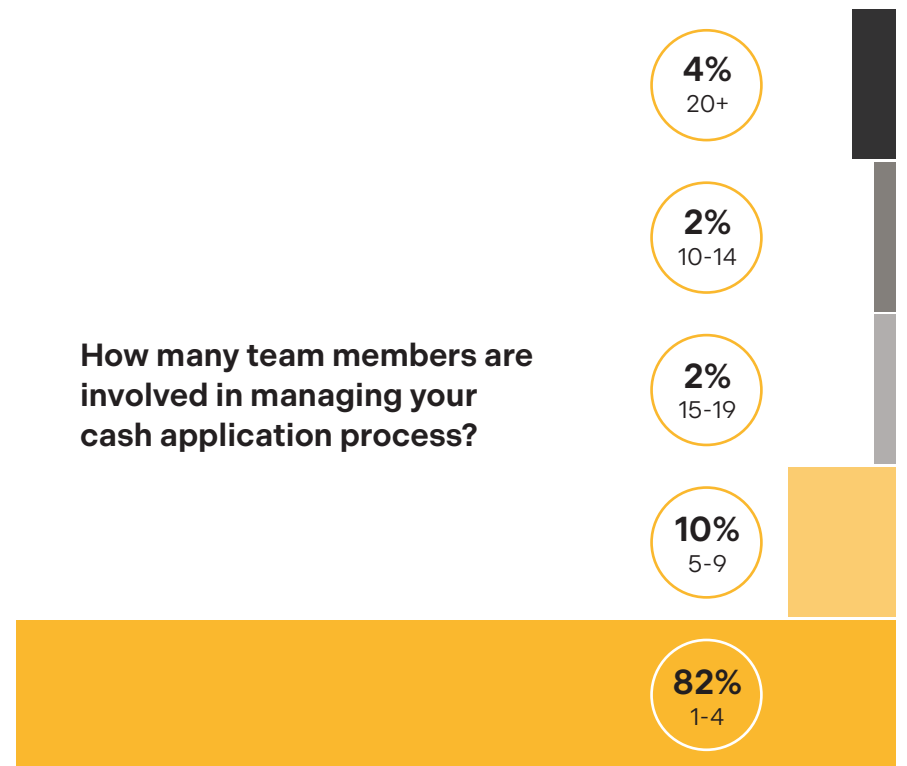
Do your collections teams help apply payments during busy periods?

46%
Yes

54%
No

How many invoices do you send out on an average month?

16%
Fewer than 500

16%
501-1,000

20%
More than 10,000

18%
5,001-10,000

30%
1,001-5,000
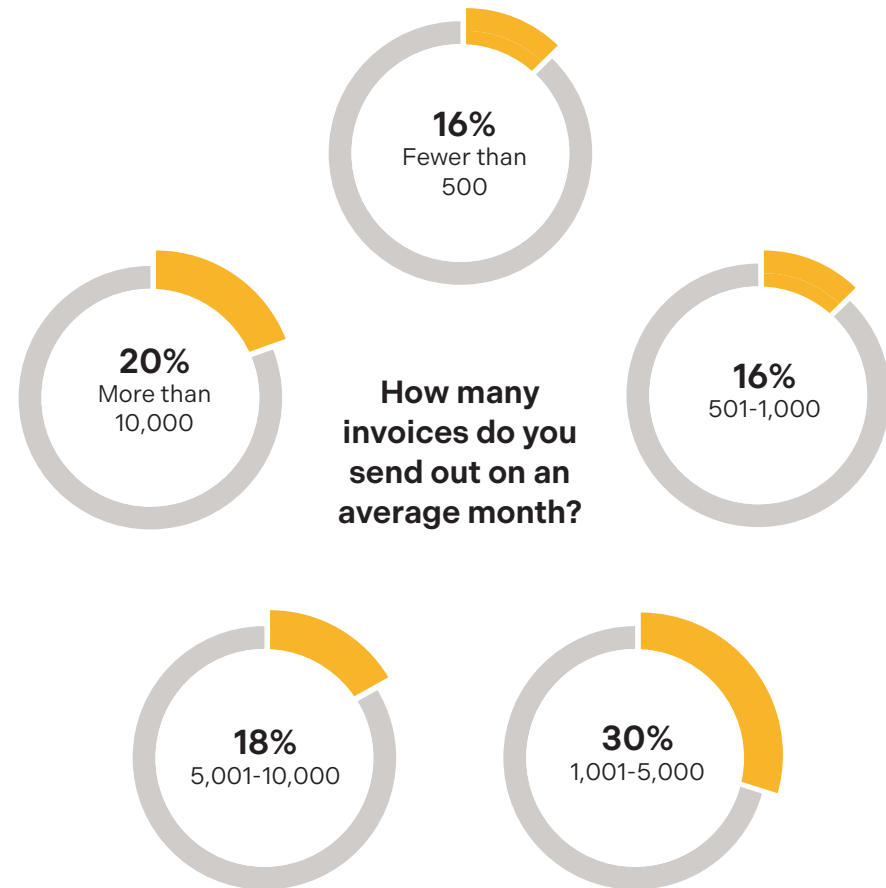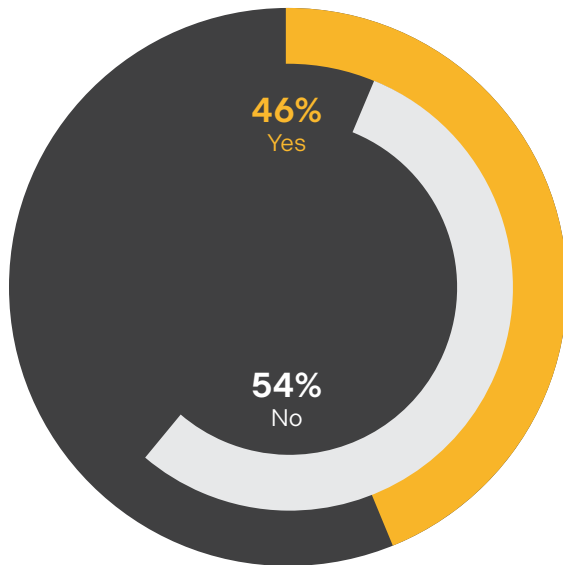
How do your customers receive/access their invoices?

8% Our customers receive their invoices via traditional mail.

10% We offer electronic invoicing options such as EDI or XML.

12% We provide customers with an online portal where they can access and download their invoices at any time.

70% Our customers receive their invoices via email. We send them as a PDF attachment.
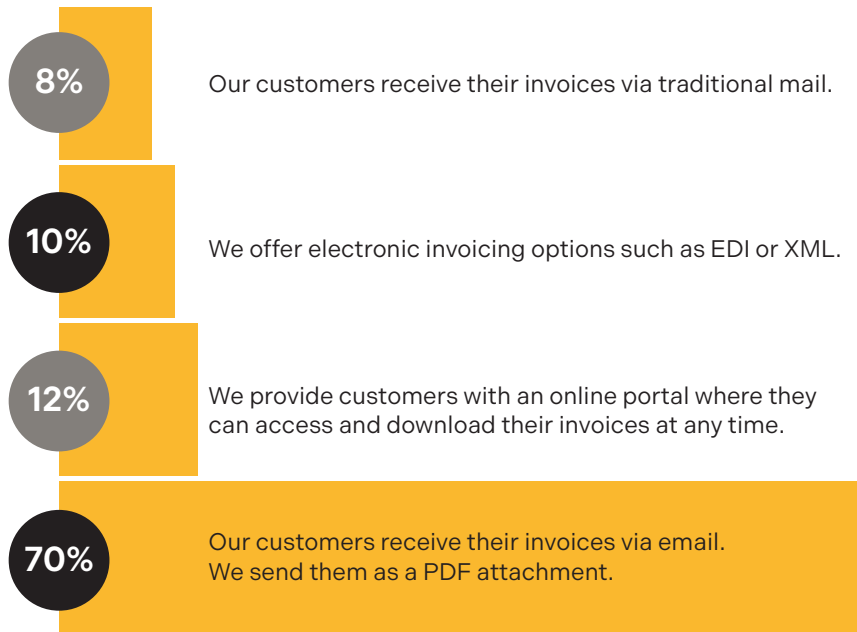
What are some of the biggest challenges you face with your current accounts receivable process?

Lack of quality data from the process and in too slow a time

Too much time spent working out 'what to do first' or reworking errors

19%

29%

24%

28%

Lack of visibility on the process making it hard to manage

Processing volume of payments
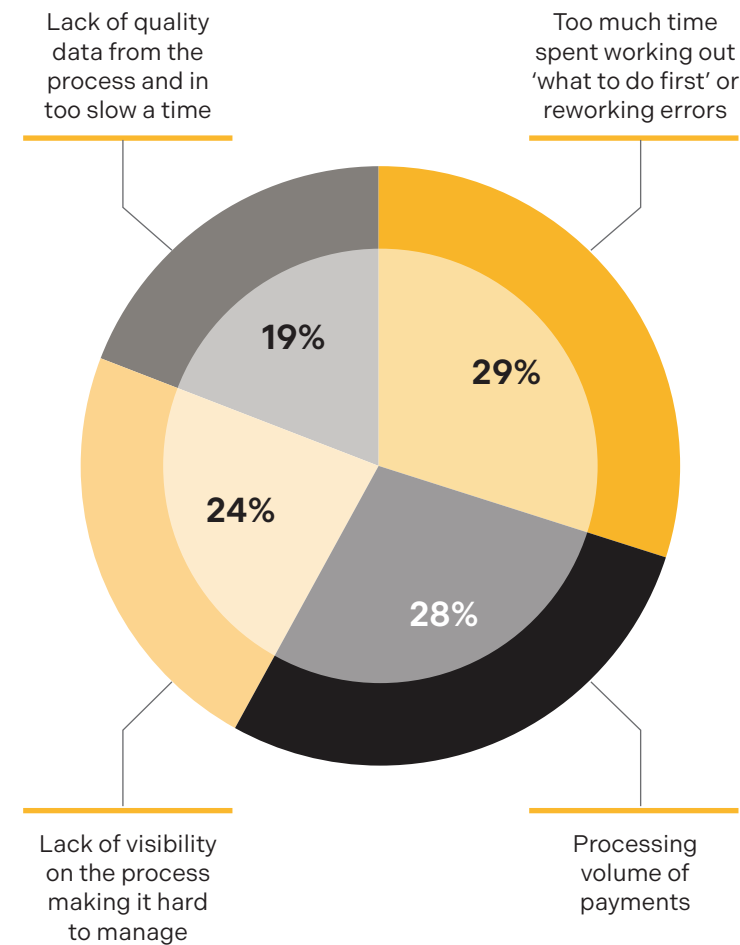
What is your current process for managing cash application?

3% We outsource cash application to a third-party provider/BPO.

We use our ERP with no automation to manage cash application. **43%**

42% We use our ERP with some automation to manage cash application.

We use third-party automation software to management cash application. **12%**

What is your current process for managing collections?

41% We don't have a formal process for managing collections, and instead rely on ad hoc methods such as contacting customers individually when debts are overdue.

28% We use a spreadsheet-based system to track collections, which involves keeping paper records and updating spreadsheets as payments are received.

27% We have an automated system in place that sends out collection notices and payment reminders to customers and updates our accounting software as payments are received.

4% We outsource our collections management to a third-party company that specializes in debt collection.

Have you ever experienced any significant losses due to non-payment or fraud?

41%
Yes

59%
No

What type of reporting and analytics do you use to manage your accounts receivable process?

35% We use basic reporting features within our accounting software.

32% We use manual reports and spreadsheets to manage our accounts receivable process.

18% We use advanced reporting and analytics features within our accounting software.

13% We use a standalone reporting and analytics tool to manage our accounts receivable process (e.g. PowerBi/Tableau).

2% We do not currently use any reporting or analytics to manage our accounts receivable process.

How soon after KPI data is captured do you have access to it?

41%
Immediately

17%
Within a few hours

13%
Within a week

24%
Within a day

5%
More than a week