quadient
accounts receivable
by YayPay

Your Order-to-Cash Transformation Guide

Where to begin, who to involve, and how to shape your case.

Why this guide has been created

'Transformation' is a big word.

And the weight of it can lead us to stick to the status quo.

Social media adverts asking if you're 'ready to transform your life?' more often result in inertia than inspiration.

In business, this word can have a similar effect. And perhaps no place more so than the finance function, where many organizations are wedded to traditional processes and legacy technologies.

If you're reading this guide, you may fall into that category. Or, you may have started modernizing areas of your business, but you are apprehensive about undergoing a more significant transformation.

NO MATTER WHAT STAGE YOU'RE AT, THIS GUIDE WILL HELP YOU TO:

- Start the order-to-cash (OTC) transformation conversation
- Recognize the steps in your procurement process
- Identify your stakeholders and understand their needs
- Build your list of shared requirements
- Evaluate your priorities and match requirements
- Navigate the approval process

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DISCLAIMER

This guide is not intended to sell you the benefits of financial automation software. Rather, it's designed to help you qualify your business' needs, define your procurement process, onboard stakeholders, and so on.

If you have undergone this process and are ready to start evaluating solutions, our **Definitive Guide to Buying an Automated Accounts Receivable Solution** can help you on your way!

Who are you?

We don't pose this question philosophically. But it's worth breaking down so that you can identify your motivations for reading this guide.

What's your role?

Odds are that you occupy a mid-senior level in your organization, meaning you have moderate to advanced experience in your field.

And you're likely reading this because your current order-to-cash process isn't quite cutting it, which makes the idea of 'transformation' quite attractive.

Maybe your team wants more autonomy to work remotely? Or perhaps your customers are demanding flexible, cross-border, foreign exchange-enabled payment options? Yes, they exist.

What are your objectives?

They may be the need to better enable remote work or satisfy customer payment requirements.

But they could also be KPI-focused. Perhaps your days sales outstanding (DSO) is standing out in the wrong way and needs fixing fast?

Or maybe you want your collections effectiveness index (CEI) to be more 'hare' than its current 'tortoise' state?

Every person we speak to has a specific objective. Or two. Or three. The number doesn't matter. What matters is keeping them top of mind as you read this guide.

Who do you want to impress?

"That don't impress me much." — Shania Twain

We hope your boss has never said this to you. But whether you sit in the C-Suite, or have recently begun your finance career, your boss is never a bad person to impress.

Chances are you've recognized that transforming your current process will put you in a better position to hit your targets, achieve your bonus, and maybe even get that promotion.

And what you really want to know is how to begin that journey. So, let's get into it.

Where to begin and how to define your future state

It can be daunting to initiate an order-to-cash transformation. After all, we're talking about a process that involves multiple functions within your organization.

And that's a good point to start with.

A common mistake finance professionals make when beginning this process is not involving the right stakeholders outside of their team. Of course, an initial step you should take is to define the status quo of your department and identify the challenges that hinder your processes and performance.

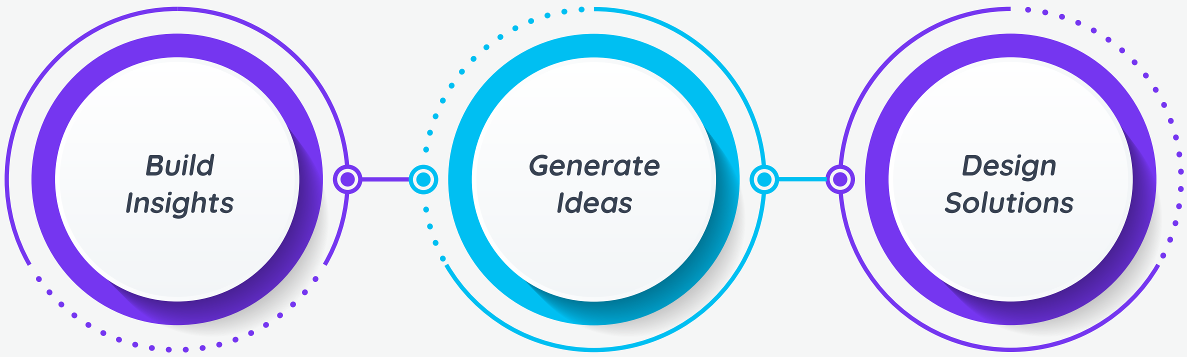
However, the OTC process is about delivering customer experience, which involves receiving orders, distributing products, and getting paid to do so. And this operation stretches far beyond the finance function.

Your first action should be to form an end-to-end view of your company's current situation. To achieve this, you should segment your OTC process into specific steps and discover how each of them is performing. You can do this through workshops with process owners and stakeholders.

WHY IS THIS IMPORTANT?

While you're challenged by DSO and bad debt, your IT department may be concerned by rising security threats, and your sales team probably wants to do less account management and more outreach to prospects.

These can seem like disparate priorities, but there's often more overlap than you think. In this case, each department lacks the resources needed to truly excel. Do you think an automated OTC solution that accelerates collections, enhances data security, and reduces customer queries through self-service options would help?



THE INSIGHT YOU NEED

With answers to those questions, you quickly gain essential information. For example, you know what budget is available, the stakeholders you need to prioritize onboarding, and the timeline you're working with.

What does your procurement process look like?

"Nobody said it was easy." — Chris Martin

Chris is right. This is a difficult question to answer, but it's essential to you making headway on your transformation journey.

When you have completed your internal conversations and identified shared objectives, you'll need to break down your company's procurement process. This step may reveal a smooth path ahead — or a rocky road — but regardless of what you discover, it's important to know where you stand. This will provide insight that determines the viable solutions for your business.

The following questions will help you to manage this step:

01 Who is on the buying team?

02 How long does this type of purchase generally take?

03 What is the appetite in my organization for adopting new technologies?

04 Do we have a budget available? Do we need CapEx?

05 Can we combine different departments' budgets?

06 Are there other projects taking place that are likely to be prioritized?

07 Do we need to prioritize vendors with shorter implementation timeframes?

08 Who signs on the dotted line?

Building your list of requirements

You're making progress. You've identified the shared pain points you're looking to solve in your current setup and have insight into your procurement process and the parameters you need to work within.

That means it's time to start building your list of requirements.

A common mistake people make in this process is assuming that this is the first step. The problem with that is you begin building your list of requirements in a siloed and uninformed way. Your list doesn't reflect the needs of the wider business — so there's no way you'll have support further down the line — and it also doesn't factor in the contingencies of your buying process.

There are multiple models you can use to prioritize your list of requirements. In this instance, we think the MoSCoW method provides a comprehensive framework.

MOSCOW METHOD

The MoSCoW method is a four-step approach to prioritizing product needs. MoSCoW stands for must have, should have, could have, and will not have. In case you're curious, the o's make the acronym easier to pronounce.

M — **Must Have**
Non-negotiable product needs that are mandatory for the team

S — **Should Have**
Important initiatives that are not vital, but add significant value

C — **Could Have**
Nice-to-have initiatives that will have a small impact if left out

W — **Will Not Have**
Initiatives that are not a priority for this specific time frame

Before running a MoSCoW analysis, key stakeholders must get aligned on objectives and prioritization factors. Then, all participants must agree on the needs to prioritize.

Your team should also discuss how they'll settle any disagreements in prioritization. If you can establish how to resolve disputes before they arise, you can prevent those disagreements from hindering progress.

M

Must-have needs

These are non-negotiable needs for the product. For example, when you're considering implementing an order-to-cash solution, a must-have need would be collections capabilities that allow you to create an automated cadence of payment reminders with customized notifications to your customers.

S

Should-have needs

Should-have needs are a secondary priority. They are important to the product, but not vital. If left out, the product still functions as required. However, the needs may add significant value.

These will differ between businesses. When evaluating order-to-cash solutions, you'll find that some offer end-to-end capabilities, spanning credit management through to cash application, while others offer a more select group of features.

You may find that automated cash application is important to you, but not as vital as automated collections management. Therefore, it would be a should-have need.

C

Could-have needs

Another way of describing could-have needs is nice-to-haves. Could-have needs are not necessary to the core function of the product and compared to should-have needs, they have a much smaller impact on the outcome if left out.

For many finance teams, an example of these needs could be multi-currency options. Of course, for some global organizations, these would be considered must-have or should-have needs. However, smaller businesses would likely view this as a nice-to-have capability that won't make or break their order-to-cash success.

W

Will-not-have (this time)

A key benefit of the MoSCoW method is that it places several needs in the will-not-have category. If needs are in this category, the team knows that they are not a priority, and this will help you to refine your requirements at the outset.

WHERE DOES THE BUDGET FIT IN?

What if your team's limiting factor is a tight budget? In this case, you can use MoSCoW to first decide on your must-haves and should-have needs. Then, using your budget as a guide, you can figure out which needs fit within the budget.

Identify potential vendors and schedule demos

You now have a clear view of what your budget is and what your business needs. Now it's time to research potential solutions.

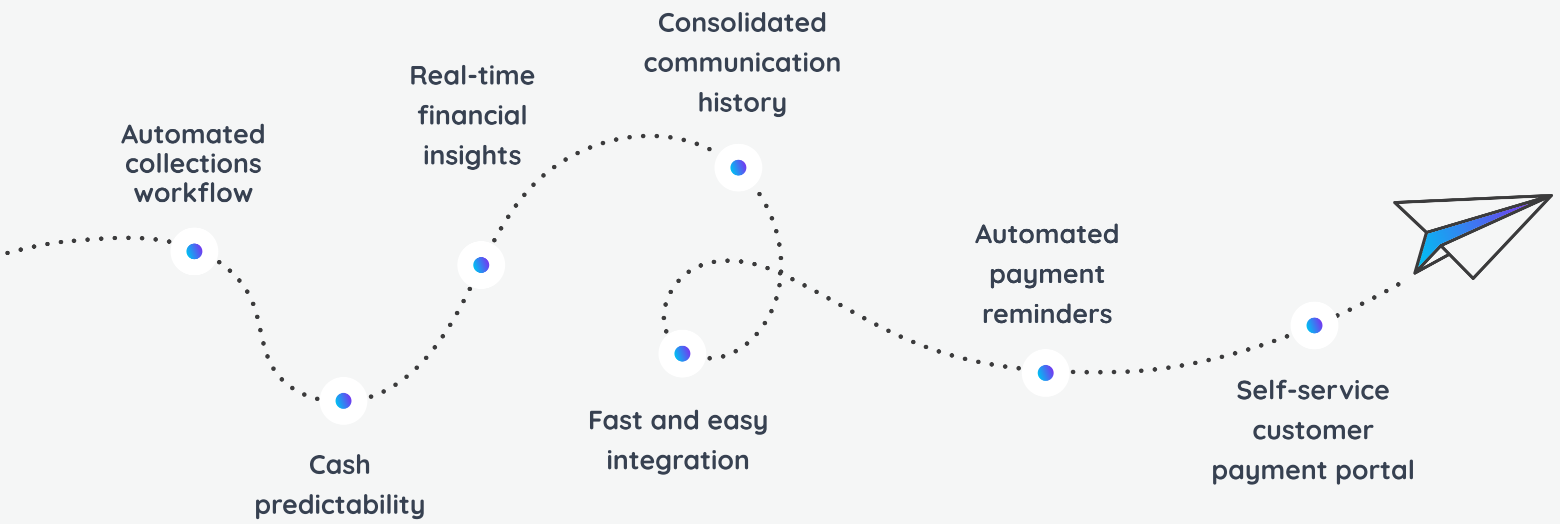
A good place to start is asking peers in your network about the solutions they're currently using to see if any would be a fit in your organization. You can also look at online industry groups and see which systems are talked about most. Remember to keep your MoSCoW results in mind so that you're focusing on the solutions that will meet your business' specific needs.

They say that three is a magic number, and this is the number of vendors we suggest you contact for a demo.

AT THIS STAGE

You'll likely need to share annual revenue, outstanding AR balance, number of invoices per month, number of employees managing AR, and what systems you need to integrate with. Ensure that your team is aware and comfortable with the information you'll share, as this is helpful for estimating your potential ROI.

We said that we weren't going to sell you the benefits of order-to-cash automation, but here's a helpful checklist of features that should be on your list.



The evaluation stage

You've identified the solution of your order-to-cash dreams! But now it's time to pitch to your CFO. In our experience, they'll likely fit into one of the following three categories, and the way you sell it to them can make or break your business case.

Technology-laggard CFO

CFOs are obsessed with calculating risk and return. Despite recognizing the advantages of automated order-to-cash solutions, some may still be hesitant about going big on digital investments.

In this instance, a key gain to call out to your CFO is the direct monetary benefits of order-to-cash solutions. Whether your CFO is interested in forecasting cash flow more accurately or collecting customer payments faster, these solutions will provide a solid return on investment (ROI). Many organizations — including ours — have been independently evaluated by research firms such as Forrester to calculate the ROI we provide to businesses.

Teetering CFO

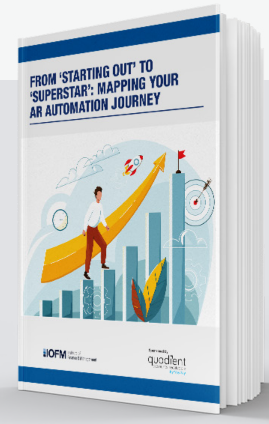
Perhaps your CFO is not quite able to decide on whether an automated order-to-cash solution is justified or not. They understand how the tool will benefit the finance function, but they can't quite see the bigger picture.

In this case, you could approach it from a customer experience perspective. Don't focus on the finance benefits, but rather highlight how it'll improve your customer interactions and support your sales efforts. Your customers will gain the autonomy to self-serve on their accounts, improving their experience and reducing the time your sales team needs to spend on account management. This will then free them up to spend more time selling to prospects and building your business.

Tech-savvy CFO

We must admit that this persona is our favorite. The tech-savvy CFO completely understands why the business needs to automate the order-to-cash process and they recognize the benefits this will bring. But that still doesn't make the investment a simple decision.

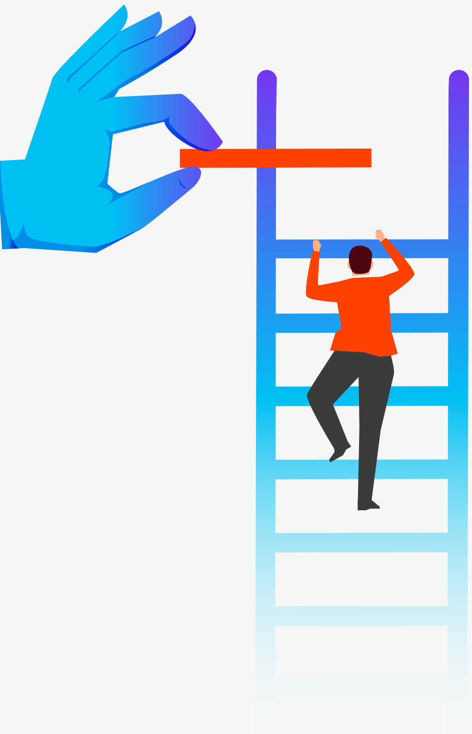
To appeal to them, it's all about reinforcing the necessity to go digital. You'll jump ahead of your competition, achieve your financial goals faster, and innovate outdated processes. This will improve the employee experience, eliminating the mundane aspects of your role and allowing you to focus on activities that drive greater value. In our experience, this future-focused view is sure to pique their interest.



Benchmark your business!

Finance's digital revolution is here. Where do you stand on your AR automation journey?

Our white paper, developed in collaboration with the Institute of Finance and Management IOFM (IOFM), shares the 5 stages of accounts receivable automation.



The final rung of the ladder

Good work! Your CFO is on board. But the job's not quite finished.

Just as you started this process involving stakeholders across your business, they also need to be pulled into the final decision. Not only because it's difficult for your CFO to sign on the dotted line without their endorsement, but also because when the tool is implemented, you'll need their teams to adopt it.

Remember, once you have identified your key stakeholders (who are likely to sit across the departments we've mentioned), they will be your champions to communicate this decision to the wider business and ensure adoption of the tool.

Sales leaders are often critical contacts at this stage who can help push the project over the line.

They stand to gain happier customers, fewer invoice-related calls (meaning they can do less account management and more outreach to prospects), and accelerated commission paychecks when customers pay their bills faster.

These are significant incentives that are hard for them to ignore. So, make sure you get them on side!

Finally, you'll want to check again with your key stakeholders that they agree with the investment and support your chosen vendor. Once you have their backing, you'll need to get your decision authorized and signed off.

Congratulations! You're ready for a future of increased cash flow, happier customers, and fantastic ROI.

A FINAL NOTE: THE IMPLEMENTATION PROCESS

You know full well that a finance professional's job is never done. After this process, you still have the task of ensuring a successful implementation, alongside your IT team.

The good news is that leading solutions should go live in 30 days or fewer. So, you can expect to be up and running in no time, reaping the rewards of your investment.

This should simplify your task of getting your team on board, as the right solution will demonstrate value quickly.

Good luck and godspeed

By reading this guide, you've taken the first step on your order-to-cash transformation journey. And we hope that we've provided a useful roadmap for you to navigate your next move.

Moving to a modern and automated order-to-cash solution will help you to streamline processes, enhance productivity, accelerate payments, and strengthen cash flow. As a result, you and your colleagues will become more effective in your roles, giving you greater opportunity to achieve career progression and surpass your slow-moving competitors.

This end state is not easy to achieve, but it's well worth it. As you move forward, we wish you good luck and look forward to welcoming you into the future of finance!

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Elevate credit-to-cash with Quadient AR by YayPay

Quadient Accounts Receivable Automation by YayPay is a leading accounts receivable automation solution providing intelligent credit-to-cash software, payment processing and industry best practice. Our end-to-end platform ensures process efficiency, team productivity and customer delight while accelerating cash flow. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

For more information, visit quadient.com/ar-automation