

**Order to Cash (OTC) Best Practices for Improving Working Capital**

The findings below are from over 240 enterprises who have implemented Cforia Software. \$250 billion in annual A/R turnover is being managed with Cforia today. For more information visit [www.cforia.com](http://www.cforia.com)

“Best Practices” are a result of good process combined with superior technology, integrated with real-time data across complex and disparate ERP systems. Ask Cforia about Holistic Credit Management (Full Credit Onboarding, Order Hold-Release Decisioning, Risk Analytics) & **NACM National Trade Credit Report Interface**, Collections Snapshot<sup>(SM)</sup>, Clean vs Dirty Receivables Segmentation<sup>(SM)</sup>, FTE Event Optimization, Zero-Touch OTC Lifecycles<sup>(SM)</sup>, DMAIC Six Sigma for OTC, Multi-Language / Multi-Currency, Global Parent/Child Risk Roll-Up, all are available Hosted, On-Premise or SaaS delivery models.

#	Project Focus	Observations	Best Practices
1	<p><b>Accounts Receivable</b></p> <p><b>Strategic Collections Management (SCM)</b></p> <p><b>Customer Self-Service Portals</b></p> <p><b>Global Parent/Child Visibility</b></p>	<ul style="list-style-type: none"> <li>• 50-60% AR portfolio coverage every 30 day cycle in order-to-cash (OTC)</li> <li>• Call-Focused collections processes</li> <li>• "Rainbow" of sticky note reminders</li> <li>• Printed aged trial balance sheets</li> <li>• Manual or Excel based prioritization</li> <li>• No hierarchical account segmentation capability</li> <li>• Off-System/Manual Credit or Collections workflow &amp; processes</li> <li>• Promise-to-Pay (PTP)reminders are in calendars, spreadsheet or manual</li> <li>• No ability to separate sub-ledgers to segregate activity by lass/code</li> <li>• Not managing collections process via exceptions</li> </ul>	<ul style="list-style-type: none"> <li>• 100% portfolio coverage every 30 days</li> <li>• Segregation of "Clean" versus "Dirty" receivables to optimize resource effectivity, minimize call prep time, improve reporting and streamlines OTC sub-process</li> <li>• Zero-Touch OTC Lifecycles with "Free" customer touches via email/fax &amp; Portal</li> <li>• Automatic generation of work queues by Segment, Treatment, Risk Class and Specialization</li> <li>• Single solution for managing all aspects of AR Collections (No "Alt+Tab")</li> <li>• Full visibility of Parent/Child hierarchy for exposure, priority and work queues</li> <li>• Prioritization PTP's with auto closure</li> </ul>
2	<p><b>Invoice Management</b></p> <p><b>Dispute/Deductions Adjudication Workflows</b></p> <p><b>Resolution &amp; Collaboration Portals: Assignment, SLA's, Escalation</b></p>	<ul style="list-style-type: none"> <li>• Deductions not identified "In-Term" - typically 7-10 days post term</li> <li>• Little to no ERP tracking of Disputes - Most coded as "Unknown"</li> <li>• Disputes recorded in spreadsheets</li> <li>• Little tracking or progress reporting</li> <li>• Few collaborative resolution tools</li> <li>• Little prioritization or segregation</li> <li>• Manual delays navigating vendor AP portals for status updates</li> <li>• Root cause analysis difficult or impossible</li> </ul>	<ul style="list-style-type: none"> <li>• Dispute Resolution-Cycle Compression Processes &amp; Systems (DRC)</li> <li>• "Pre-Term Touches" improving DDO</li> <li>• AR automation tool tightly integrated with ERP and supporting evidence (e.g. POD's, imaging and digital docs)</li> <li>• Tracking case created and routed to resolution support teams</li> <li>• Cases prioritized by type, value and risk</li> <li>• Root-Cause analysis by code and resolution process &gt;prevention focus</li> <li>• AP vendor portal automation to help streamline processes</li> </ul>
3	<p><b>Order Hold/Release Decisioning and Processing</b></p>	<ul style="list-style-type: none"> <li>• Multiple FTE's reviewing and releasing customer held orders</li> <li>• "Nuisance-Holds" generated by lack of Treatment, Segmentation, Seasonality, Back-Log Calculators</li> <li>• Limited hierarchical credit management</li> <li>• Limited risk mitigation integration in decisioning process</li> </ul>	<ul style="list-style-type: none"> <li>• Order release integration with collections process and online payments</li> <li>• Calculation of current/accurate credit exposure to minimize nuisance holds</li> <li>• Use credit risk to feed back into ERP credit check for overages during seasonal buy cycles</li> <li>• Bureau data and empirical rankings</li> <li>• Hierarchical credit decisioning solution</li> </ul>
4	<p><b>Cash Application</b></p>	<ul style="list-style-type: none"> <li>• Auto-Apply rates below 90%</li> <li>• Dual Cash App systems and screens</li> <li>• Manual electronic data interchange automation</li> <li>• SWIFT MT940/942/95's managed by people and not automation systems ("electrons")</li> </ul>	<ul style="list-style-type: none"> <li>• 90+% Match based on algorithmic cash application methodology</li> <li>• Hierarchical Cash App approaches with flexible matching rules for max hit rates</li> <li>• System based EDI automation</li> <li>• MT940/942/95 automation</li> <li>• Resource efficiency (up 50%+)</li> <li>• Automated Exception ID and handling</li> </ul>

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5	<p><b>Credit Provisioning</b></p> <p><b>Credit Decisioning</b></p> <p><b>Credit Risk Analytics</b></p>	<ul style="list-style-type: none"> <li>• Manual provisioning of new credit lines, limits and terms</li> <li>• Manual credit scorecards</li> <li>• Manual integration of bureau data</li> <li>• Infrequent review of credit lines</li> <li>• Lack of payment behavior visibility</li> <li>• Credit risk not tied into collections process</li> </ul>	<ul style="list-style-type: none"> <li>• Automated integration of bureau and <b>NACM National Trade Credit Data</b></li> <li>• Auto and auto-assist in establishing new accounts</li> <li>• Automated &amp; multiple scoring methods</li> <li>• Frequent review of credit lines/exposure</li> <li>• Weighted/blended payment information</li> <li>• Hierarchical credit management for strategic accounts.</li> </ul>
6	<b>Lockbox Handling</b>	<ul style="list-style-type: none"> <li>• High merchant bank lockbox fees</li> <li>• High manual lockbox related activity</li> <li>• 1-3 day delays in payment processing and application</li> <li>• Keying errors, data transfer issues causing reduced hit rates</li> </ul>	<ul style="list-style-type: none"> <li>• Low or \$0 Lockbox related fees</li> <li>• OCR solutions w/auto-cash automation</li> <li>• Minimum payment latency</li> <li>• OTC resource use optimization</li> </ul>
7	<p><b>Generating Reports and Departmental Performance Analytics</b></p>	<ul style="list-style-type: none"> <li>• Spreadsheets, Pivot Tables and PowerPoint graphics – manual &amp; time consuming reporting</li> <li>• Most AR activities are offline and require manual aggregation</li> <li>• Limited historical reporting</li> <li>• Blended&amp; fragmented AR data makes precise metrics difficult</li> <li>• DSO is primary AR measurement</li> <li>• IT needed for any report changes or data mining / analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Segmented days-beyond-term (DBT) measurements and granular controls</li> <li>• Full client transaction life-cycle visibility</li> <li>• Alerts on business best practices</li> <li>• Executive dashboarding, team goals and flexible user-managed analytics</li> <li>• Ability to auto-generate reports&amp; distribute metrics and analytics</li> <li>• Streamlined KPI's and historical performance data reporting</li> <li>• Finance analytic independence from IT</li> </ul>
8	<p><b>Billing Process Methods</b></p>	<ul style="list-style-type: none"> <li>• 40%+ physical mailing of invoices</li> <li>• Mailing service for invoice delivery</li> <li>• Centralized mail service vs. distributed</li> <li>• Not leveraging best practices in bulk postal rates</li> </ul>	<ul style="list-style-type: none"> <li>• Automated electronic delivery - fast, inexpensive delivery, flexible options</li> <li>• Print/mail outsourced to specialists who can lower per piece costs significantly</li> </ul>
9	<p><b>Multi-ERP Consolidation &amp; Global Customer Management</b></p>	<ul style="list-style-type: none"> <li>• Separate/distinct systems of record</li> <li>• Limited visibility of customer exposure across OTC systems</li> <li>• Disconnected Parent/Child relationships in systems</li> <li>• Collectors aligned by ERP screen and not by portfolio</li> <li>• Cross border consolidation not possible</li> </ul>	<ul style="list-style-type: none"> <li>• Data consolidation of multiple systems</li> <li>• Global visibility and Client exposure</li> <li>• User definable customer hierarchies to minimize FTE touch points, maximize visibility</li> <li>• Use of client payment metrics across all bill/ship-to from all systems</li> <li>• Align FTE's by portfolio regardless of ERP system</li> </ul>
10	<p><b>OTC Organizational Effectivity</b></p> <p><b>FTE Event Optimization</b></p>	<ul style="list-style-type: none"> <li>• Limited segmentation of OTC issues</li> <li>• Manual Treatments, Few CEI/KPI's</li> <li>• Limited specialization of OTC teams</li> <li>• High replication of complex/time consuming issue resolution activity</li> <li>• Lower volume throughput across OTC operational teams</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized OTC process experts</li> <li>• Matrixed portfolio ownership (e.g. contracts, orders, collections, credit, disputes)</li> <li>• Automated high yield issue segmentation and resolution treatments</li> <li>• Higher FTE Event Yield's</li> <li>• Lower training costs, faster time to value</li> <li>• Increasing customer satisfaction</li> </ul>