



# HOW AUTOMATION CAN DELIVER EFFECTIVE CASH FLOW



# THE NUMBER 1 REASON FOR BUSINESS FAILURE IS POOR CASH FLOW

Did you know that in the UK around two thirds of all companies will fail within their first year? This disastrous statistic becomes even worse in certain areas. In Yorkshire, for example, failure rates can reach up to 80%. It's easy to get caught up in day-to-day tasks but take your eye off the ball and your financials may never recover...

It is difficult to run a business at the best of times. Many accountants have recently warned that the 18 months immediately following a return to economic growth is a particularly dangerous period. Companies find themselves spread thinly, and are poorly equipped to negotiate the new financial landscape that a recovery presents.

## Key risks for MSPs

### » A lack of focus

Presuming that managing a large number of customers will increase their potential turnover, some MSPs over-commit resources in too many places and on too many projects. As a consequence the workload becomes crippling, staff and resources are stretched and customers are dissatisfied.

There is nothing wrong with expanding. However, you should never enter into a new partnership without the necessary bandwidth and resources. You should also think carefully before you commit to new partnerships at the expense of your existing customer base.

### » Reliance on a small number of customers

Some MSPs fail because they are over-reliant on a very small number of clients. It takes just one unexpected closure to result in significant financial hardship. Short-term future earnings can be massively reduced, and invoices for completed work can go unpaid.

While maintaining caution about spreading yourself too thinly you should also try not to rely on a very small client base. If you deal with very few clients, or if a small number make up the bulk of your turnover, you should begin scouting for new work.

### » Cash flow management

Poor cash flow management is the primary reason for a vast proportion of business failures. Many profitable companies find that they are insolvent simply because of uneven cash flow. Your year-end profit and loss sheets are irrelevant if you don't have enough cash to meet your monthly bills.

## Nine ways to save your company from a cash flow crash.

1. **Spread your expenditure:** Don't pay your bills until you have to, and don't pay them all in one go.
2. **Decide on payment terms:** Uphold them strictly.
3. **Run credit checks before accepting clients:** Ensure you aren't taking on a high risk.
4. **Carefully plan growth investment:** You may not be able to afford to grow as fast as you'd like.
5. **Understand tomorrow's numbers:** Financial projections can establish revenue goals and help build cash flow analysis.
6. **Cut back:** If you need hardware for example, buy second-hand. You'll be glad you did when times are hard.
7. **Delay payments:** Most vendors will be more than happy to work with you as long as you can provide steady monthly payments.
8. **Rush cash collection:** If you're owed money, try to collect it as soon as possible.
9. **Automate...**





## Financial freedom is achievable

Financial freedom. It's an idyll that many companies and individuals aspire towards. Leveraging technology tools available to you, such as automation software, can help you achieve this and cash flow challenges could be a thing of the past.

### » Automation can manage all your business functions

Automation software can manage business processes across all functions. This is technology at its best – doing the job for you.

### » Approve and invoice all your services

Accurately capture and invoice your billable time more accurately than ever before, and ward off cash flow threats at the touch of a button. Automation software automates the tracking of all project and service related costs, and provides simple methods for approval and invoicing. Powerful and flexible formats allow you to bill any combination of fixed price, block hour, recurring services (MSP) contracts, time & materials, retainers and even subscriptions.

Automation also offers the ability to check timesheets before generating an invoice, and can bill projects, tickets, and expenses with complete details, all at the same time.

Compared to non-integrated systems, this feature alone can reduce 50% of the costs related to the billing cycle, and improves cash flow through more timely invoicing.

Automation can automatically find anything that's billable, and present it to you in a single place, already applied to the correct client and correct contract, with all the rates automatically calculated based on the role and resource that did the work, or other contract terms.

And you can quickly and easily send out your invoices in batches, dramatically speeding up the billing process.

## Breathe new life into your business processes

Cash flow management is the lifeline of your company, so breathe new life into your business processes. Consider automation. It's time to let technology do the hard work.

Business failure can be quick and unexpected. However, the bulk of failures result from poor management or a lack of forethought. So be prepared for any challenge that comes your way. Use technology to strengthen your cash flow – for your peace of mind. Prudent cash flow and clever management will ensure you'll be able to weather any storm.

Finally, technology assists us in so many areas of our lives, so why should a business function as critical as cash flow be any different? Consider automation from Autotask – to make your life easier and your company more profitable.

## Case study: Autotask Improves Business Processes, Customer Satisfaction and Profit Margins

Red Square Systems implemented Autotask software to streamline its cash flow and project management processes.

Red Square Systems saw its growth slow as the firm struggled to manage their internal business processes - particularly in the area of accurately and efficiently tracking, capturing and billing the time their teams invested on their clients' projects.

Not only did the situation strain Red Square's cash flow, but the lack of timely, project-based management information threatened to affect customer satisfaction and team morale as well.

Red Square executives decided that the firm needed a single, integrated, reliable, enterprise-wide system for logging and setting up engagements, tracking progress against milestones, monitoring resources, and capturing billable time. After extensive research and evaluation, Red Square chose Autotask.

According to Red Square president Ian James, Autotask 'integrates seamlessly' with his firm's existing and well-established workflow policies. "Moreover, the implementation of Autotask resulted in an enormous reduction in the amount of 'billable time' that went uninvoiced - or was invoiced late - and as a result added \$550,000 in increased profits in the first year.





*Automation can reduce a massive 50% of costs related to billing, and improves cash flow through more timely invoicing.*

## Case study: Veteran IT Service Provider Transforms Business With Autotask

eTrepid, Inc., a leading Managed Services Provider, is managing all of its core business functions on Autotask's hosted IT business management software.

eTrepid has successfully configured Autotask to streamline and automate its entire IT service delivery cycle – from incident creation to final billing – including customer satisfaction surveys that are automatically delivered after every service call. The company also uses the project history in Autotask to accurately quote projects, and the executive dashboards to keep tabs on all key business metrics. The company cites a dramatic improvement in its cash flow as a direct result of Autotask's built-in time tracking and billing functionality.

"I was working 6 or 7 days a week, 12-hours a day managing this business," said eTrepid CEO Tom Blandford. "My staff were working equally hard, but we never seemed to be able to get ahead of the curve of work. It was a real grind. I continue to be amazed at how much this software does, considering how affordable it is," explains Blandford. "We literally live in this software. Everything our company does is captured in one place, finally giving me visibility into everything I need to know, when I need to know it."



## About Autotask

Autotask Corporation provides the world's leading hosted IT business management software to streamline and optimise business processes for technology solution providers. The software integrates a broad range of critical business systems, including customer relationship management (CRM), service desk, tech scheduling, project management, billing and reporting, and provides real-time service delivery intelligence to help users understand the factors that drive their business and their profitability.

Autotask is accessible from virtually any computing or mobile device connected to the internet and features a world-class API that seamlessly integrates with the other systems and tools that providers rely on to run their businesses.



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