



## Revamp Cash Application Processes To Speed Payment Cycles And Improve Service

*Despite the many repetitious tasks performed within your AR department, one of the most important is to create a stable, controlled foundation for your organization's cash flow.*

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**Y**our organization's accounts receivable (AR) department has many varied responsibilities, from matching customer payments to invoices, to posting payment data into your accounting system, to submitting bank deposits. Despite the fact that many of the daily tasks performed within your AR department are typically repetitious, one of the department's most important roles is to create a stable, controlled foundation for your organization's cash flow.

The combined usage of Optical Character Recognition (OCR) and a supporting exceptions management workflow enables AR departments to streamline functions and dramatically increase efficiencies. The same document management automation tools frequently used in accounts payable departments can provide similar types of benefits for accounts receivable processes. In an environment where large volumes of remittance mail are handled each week, it's easy for critical transactions to get lost or delayed. Manual processes can slow down work and raise the potential for errors, which in turn can cause high Days Sales Outstanding (DSO) and slower payment reconciliation. That's when automation in the accounts receivable department can help.

Simply stated, the use of OCR in conjunction with an electronic document management system can help automate your payment application processes, eliminating the need for most of the manual effort typically involved in processing payments. It works side-by-side with your existing accounting and financial programs to automatically post data that was previously entered by hand, resulting in a significant amount of time saved. This time savings, along with decreased payment cycles and improved accuracy, provides the justification for a document management solution.

### KEEP YOUR AR PROCESSES RUNNING SMOOTHLY

An electronic document management solution provides easy access to the information you need to ensure your processes run smoothly and cash keeps flowing. It stores all of your essential documents in a safe electronic repository that you and your staff can access anytime. Customer disputes are handled in a controlled and time-efficient manner. All supporting payment documentation for a given customer is available instantly from within your existing accounting system.

Efficient handling of customer remittance mail begins when payments arrive. An effective solution can open, scan, and process incoming remittance mail, no matter whether it arrives electronically or by postal mail. It can even handle unstructured information in the form of notes, emails and more.

Your information can easily be retrieved and blended with the rest of your automated solution even if you use a lock-box service. Utilizing OCR, you can automatically extract, balance, and reconcile all of the remittance advice and corresponding payment within each transaction. Supporting documentation such as customer correspondence is always kept with the transaction for historical integrity.

With an electronic document management solution, there's no need for manual data entry. The solution can be configured to extract and image specific data while conforming to certain business rules. It can automatically determine amounts, account for discounted payment terms, balance transactions and provide exception handling. Even high-volume accounts or complicated transactions are easily handled through automation. When incoming mail is received, the

system can automatically recognize whether a customer payment check applies to single or multiple invoices.

When it's time for deposit, an accounts receivable document management solution can even handle your bank deposit - automatically and effortlessly - through the use of Check21 Image Cash Letter (ICL) deposits.

### IMPROVE CUSTOMER CREDIT ACCESS

Because a document management solution tracks payment application status, you'll always have real-time access to the status of your pending payments. You'll also have accurate historical information to help you make decisions about extending credit on a case-by-case basis or focus on global efforts such as identifying customers who take advantage of unearned discounts or continually submit late payments.

Automating accounts receivable processes helps to improve customer service and your bottom line at the same time, too. With increased operational efficiencies, you'll be able to reduce DSO, therefore applying cash more quickly to customer accounts and giving them access to credit faster. When customers have lines of credit open with multiple vendors, rapid application of their payments makes sure they are always in a position to continue to do business with you more easily than your competitors.

The main ways automation can help in your accounts receivable department are shortening DSO, improving customer service and access to credit and optimizing your cash management. No matter the size of your business or department, you'll have happier customers, increased compliance, reduced costs and a better-run business.

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