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Software Evaluation Toolkit

Your Guide to Choosing the Right AR Platform

How to Choose the Right Accounts Receivable Platform

Automating accounting, especially the AR (accounts receivable) process, is effective in eliminating mistakes, accelerating collections, and fueling cash flow. Your employees will have more time while your customers will be satisfied with a simple payment process that eases some of their administrative burden.

Finding the right solution is crucial. One size doesn't fit all. What works for one B2B company may not work for you.

Consider this guide a helpful tool for choosing the accounting automation platform that suits you best.



Before learning how to evaluate and determine the best AR automation software for you, you might be asking yourself...

Why do I need accounting automation?

Companies with manual processes take 67% longer to follow up on overdue invoices.

Only 6% of companies using manual invoices are paid within 30 days.

1 out of every 5 businesses wait more than 90 days for invoice payments.

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STEP 1

Evaluate Your Current Process

You can't fix something until you know what's broken. Before shopping around for accounting automation, know precisely what you don't like or aren't getting from your current AR process – whether it's manual or already automated.

Start by calculating your DSO (Days Sales Outstanding), which measures how long it takes your company to get paid. To do so, divide your AR by total credit sales and multiply by the amount of time you are measuring.

If you wanted to figure out your DSO for 365 days and your AR was 500,000, and total credit sales were $3 million, the equation would be:

500,000 / 3,000,000 = 0.16

.016 x 365 = 60.8

In this scenario, your DSO is approximately 61 days. If your standard credit terms are "net 30" or "net 45", you're waiting too long to get paid.

Why aren't you getting paid on time? Maybe it's because you're overly reliant on accepting checks that take weeks to arrive and clear. Or maybe a messy payment process is confusing your customers. Or maybe payments are rolling in on time, but your reconciliation process is marking them late and falsely inflating your DSO.

Take a deep dive into your workflow, from invoice creation to reconciliation. Pinpoint the problem before landing on which platform can improve it.

How to Calculate Your DSO

$$\left(\frac{\text{Accounts Receivable}}{\text{Total Credit Sales}}\right) \times \text{Number of Days} = \text{DSO}$$

- Accounts Receivable: The amount owed to your company in the time period you would like to measure (usually 365 days)
- Total Credit Sales: Revenue collected in the same time period
- Number of Days: The number of days in the period being measured

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STEP 2

Define Success

Now that you've evaluated your current process, define your new goals. What will you improve? What does success look like? Some objectives to consider:



Reduced DSO

Getting paid faster drives growth, creates a low-stress environment, and ensures you maintain a strong relationship with customers. PYMNTS® found that companies relying on a manual AR process average a 30% longer DSO than companies using medium or high levels of automation.



Fewer mistakes

Amalto® reports 61% of late payments result from invoicing errors. AR automation eliminates manual mistakes by eliminating manual labor, ensuring your customers have the correct information they need to pay you on time, and that payments are reconciled accurately when they arrive.



Better cash flow management

Strengthening cash flow doesn't do much if you don't know how to properly manage it. A recent U.S. Bank® study reports 82% of small businesses fail because of poor cash flow management. The right AR platform makes it easy to track invoices and provides real-time updates of crucial metrics like DSO and AR aging, providing the accurate data you need to make sound decisions. And if you're working with a platform that is also a certified payfac (payment facilitator), you no longer need to worry about banks withholding large deposits. Rather, you'll get paid the full amount you're owed with less delays.



More time

A manual AR process is very time-consuming and repetitive. It's even harder to manage if payments continually roll in late – PYMNTS® and American Express® found that a manual process takes 67% more time to follow up on overdue payments. Automating AR tackles mundane accounting tasks and sends batch invoices to customers, enabling your employees to focus on more important projects. Make sure you choose AR automation backed by a live, U.S.-based, in-house support team. That way, you won't waste time dealing with chatbots and outsourced answering services whenever you have a question.

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Cut costs

Though it varies, Adobe® reports companies spend between $15 and $40 per invoice. Running a manual AR process requires you to purchase paper, stamps, and envelopes. Then there are printers to maintain and printer cartridges to replenish. AR automation eliminates the need for paper products and the costs that come with them. Some platforms process payments for ACH and credit cards, saving you thousands of dollars in swipe fees. And because AR automation scales along with your business, you won't need to hire temporary help during peak seasons.



Better payment experience for customers

Forrester® reports more than 70% of B2B buyers were born after 1980 and prefer quick, convenient transactions. AR automation enables your customers to set up, manage, and store payment information in digital wallets and pay bills by literally clicking a button. They can also pay multiple invoices rather than having to do one at a time, easing their administrative burden while you get paid faster. And features like AutoPay and invoice emails embedded with "Pay Now" links make paying balances simple while eliminating the risk of check fraud.



PAIN POINT CHECKLIST

When thinking about an ideal AR platform, consider your biggest pain points. What challenges are you and your customers currently facing?

When defining success, you should identify solutions that solve your specific issues. Do any of these issues resonate with you? Check the boxes below to track the pain points you need to solve.

- ◯ Delayed deposits
- ◯ Slow manual AR process
- ◯ Late paying customers
- ◯ Maintaining sustainability
- ◯ Lack of account visibility for your customers
- ◯ No live support with my current AR software
- ◯ Can't easily calculate DSO
- ◯ No AutoPay functionality
- ◯ Too much friction in process
- ◯ Weak cash flow
- ◯ High credit card swipe fees
- ◯ Too reliant on checks
- ◯ Unable to send batch invoices in QuickBooks®
- ◯ Customers unable to make batch payments in QuickBooks®
- ◯ No digital wallet for customers
- ◯ No visibility into payment trends

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STEP 3

Demo & Evaluate AR Platforms

This is the most important step – choosing the platform that best serves your business and industry.

When shopping for the right solution, it is important to find one equipped with the following features and functionality:

100% dedication to B2B: Find a platform that is equipped to handle large amounts and other complexities associated with B2B transactions rather than a platform partially devoted to B2C.

100% dedication to AR: Your main concern is improving your AR process. Why integrate a platform dedicated partly to improving AP (accounts payable)? Make sure you use a solution built solely for AR.

Real-time business insights: Stop wondering if your AR process is working. You need real-time insights into outstanding balances, late payments, and cash flow trends in one powerful platform so you can make smarter financial decisions.

Easy use: You shouldn't have to be a tech expert to use AR automation. Choose a platform that requires little training and syncs seamlessly with your existing accounting software. That way, you don't have to start from scratch or quit working with what's comfortable.

Live support: Your time is too valuable to waste on chatbots and outsourced answering services. You want to talk with a knowledgeable person who can resolve your issues with ease.

Embedded B2B payment platform: A secure, all-in-one platform that processes B2B digital payments will save you thousands on swipe fees that you can put back into the growth of your business.

Customer portals: The right AR platform makes life easier for your customers too, enabling them to use self-service portals to view their buying history, check on the status of an invoice, and make secure payments through digital wallets.

No development needed: Pick an AR automation platform that plays well with others – that is, your existing accounting software. You shouldn't have to waste days or even hours starting from scratch. AR automation should quickly sync with your accounting system.

AR Evaluation Worksheet

Ready to navigate the world of AR software? Use the interactive worksheet below to help you choose the best accounts receivable automation platform for your business based on payment features, cash flow tools, support, and more.

EVALUATION CRITERIA	Bill360	Vendor B	Vendor C	Vendor D
Platform basics				
Is the platform dedicated solely to AR?	✓			
Is the platform dedicated solely to B2B?	✓			
Does the platform offer live US-based phone support?	✓			
Does the platform limit its users?	✓			
Does the platform sync with QuickBooks® and Xero®?	✓			
Does the platform address my pain points? (see page 5)	✓			
Payments				
Does the platform process level 2 and level 3 B2B payments?	✓			
Does the platform enable multiple digital payment options for customers – i.e. ACH and credit cards?	✓			
Can customers schedule payments or use AutoPay?	✓			
Automation				
Does the platform offer auto reconciliation?	✓			
Can I set up workflows that automatically send payment reminders to customers?	✓			
Can I automatically attach PDF invoices to email reminders?	✓			
Invoicing				
Can invoices automatically get sent to customers and include payment links?	✓			
Can I send batch invoices?	✓			
Can my customers pay batch invoices?	✓			
Reporting				
Does the platform feature a dashboard that updates DSO, AR aging, and other metrics in real time?	✓			
Can I see if customers open their invoice emails?	✓			
Customer experience				
Do my customers have access to a self-service portal and their own digital wallet?	✓			
Can my customers communicate with me in real time from within the platform?	✓			

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Put Employees at Ease

Your employees may be skeptical of accounting automation, especially those who have grown accustomed to doing things the traditional way.

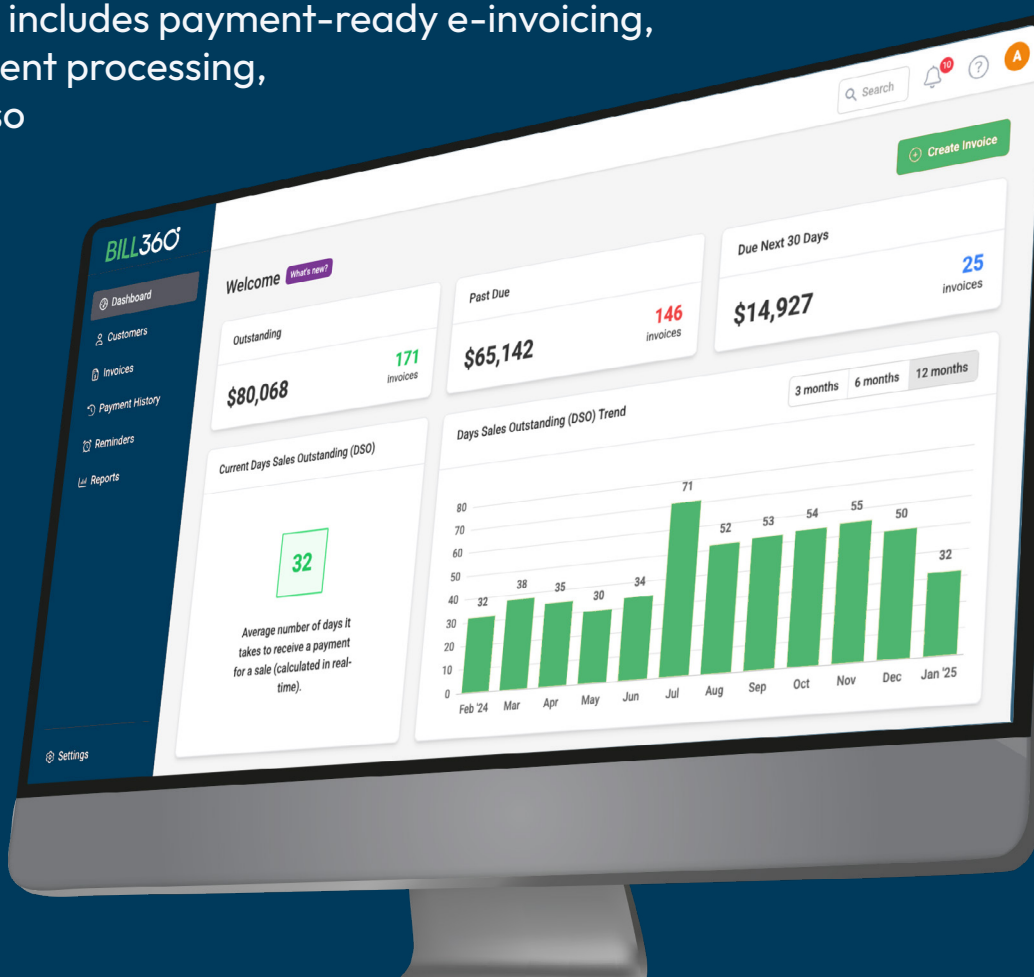
The right AR automation platform can save employees up to 15 hours per week, freeing them from repetitive chores that lead to burnout and dissatisfaction. Rather than digging through invoices or making uncomfortable phone calls to late-paying customers, employees can focus on fulfilling projects that help your company grow.

Remind your team that AR automation helps your company as a whole. Payments roll in quicker, accelerating cash flow and providing the capital required to upgrade equipment, better serve customers, and pay employees higher salaries with better benefits.

Bill360: AR Automation Software

Bill360 automates AR for B2B companies, helping them get paid an average of 36% faster than their current AR processes. We know what you need because we spoke with over 2,000 B2B companies to build a solution that truly works. Our platform includes payment-ready e-invoicing, auto reconciliation, payment processing, self-service portals, and so much more. **Bill360 will reduce your DSO, save you time, and improve your cash flow**.

Ready to get paid faster, save time, and reduce costs? Schedule a free demo.



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