SAP Solution Brief
SAP ERP

SAP ERP Financials

OPTIMIZING RECEIVABLES MANAGEMENT

SUPPORTING END-TO-END OPERATIONS WITH SAP® SOFTWARE

Now you can optimize your financial operations by leveraging customer- and supplier-facing functionality in accounts receivable, collections, and cash management processes. With SAP® software, you can simplify processes, lower days sales outstanding, and more efficiently manage customer credit risk.

Cash flow is the lifeblood of every company. Regardless of how profitable your firm may be according to accrual-based financial-reporting standards, it can still experience cash flow problems. By applying more rigorous control over customer credit evaluations and customer billing, proactively managing late payments, and streamlining invoice dispute processing, you can lower your company's working capital. And you can reduce days sales outstanding (DSO), lower operating costs, and minimize bad debt write-offs.

SAP® applications that support receivables management can help your company more effectively manage the credit-to-cash cycle and ensure a healthy cash flow. The applications are part of the SAP ERP Financials solution and are fully integrated with its general ledger and accounts receivable software, so that everyone involved in receivables and collections has the most up-to-date account information. In addition, the applications provide robust support for electronic invoicing that enables you to streamline billing and interact directly with your customers.

The SAP Credit Management, SAP Biller Direct, and SAP Collections and Dispute Management applications are natively integrated with SAP ERP Financials and offer you the following functionality:

- SAP Credit Management lets you comprehensively assess a customer's ability to pay and ongoing credit line management.
- SAP Biller Direct enables you to conduct Web-based invoice presentment, account display, and payment processing.
- SAP Collections and Dispute Management helps you proactively manage and collect overdue receivables and streamline the management and resolution of customer invoice problems.

Transforming Your Financial Value Chain

With receivables management software from SAP, you can optimize your entire financial value chain by linking critical customer- and supplier-facing processes with accounts receivable, collections, and cash management processes. You can efficiently manage customer credit, provide billing and account information to customers electronically, resolve billing disputes more quickly, and streamline collections while increasing success rates.

Manage Customer Credit

For companies selling goods and services on account, evaluating a customer's ability to pay and financial status is a critical step in the customer lifecycle. But this can be a complicated and time-consuming process because it requires evaluating a variety of complex data. Taking too much time to make credit decisions can result in lost sales and customer defections to competitors. However, bad credit decisions can result in bad debt write-offs and impact profitability.

SAP Credit Management enables you to quickly evaluate a customer's risk of default and manage that company's credit lines throughout the customer lifecycle. The software lets you automate credit policy implementation and manage default risk by evaluating data

from multiple sources – including external credit reporting agencies – to quickly render a decision. With its sophisticated credit rules engine, the software segments customers by their creditworthiness and payment history. It also helps you mitigate your risk by more effectively managing customer credit lines, which are key factors in customer relationship management.

With SAP software for receivables management, you can optimize your entire financial value chain by linking critical customer- and supplier-facing processes with accounts receivable, collections, and cash management processes.

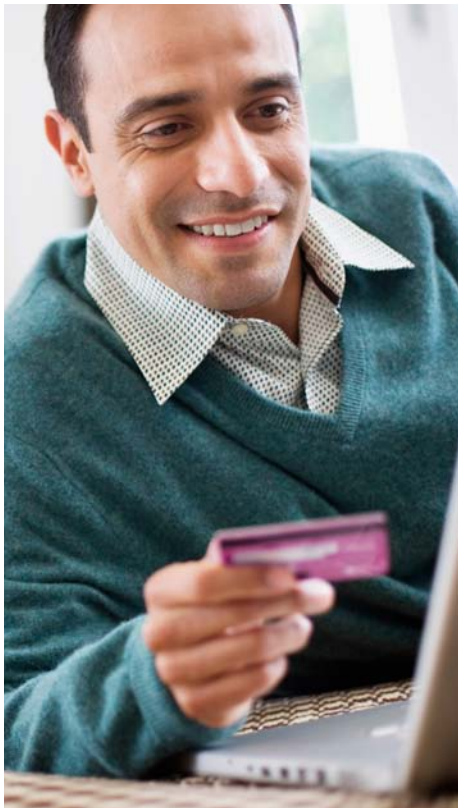
SAP Credit Management also provides preconfigured reports and dashboards that enable you to identify high-risk customers and prioritize them for collections. In conjunction with SAP Collections and Dispute Management, the software allows you to create action plans for collections specialists. Also, its powerful analytical functions let you proactively manage your company's global credit risk and make informed decisions about managing its overall risk exposure.

Deliver Customer Invoices Electronically

Your company is likely using a mix of customer relationship management solutions to manage customers more effectively and protect future revenue streams. With SAP Biller Direct, you can utilize electronic invoicing and payments technology to extend billing and receivables management processes – traditionally the sole province of finance organizations – to your customers via the Web. The software helps you streamline payment processes and provides your customers with the ability to view their account status, receive invoices, and make payments online. Information is provided to your customers either directly through the software's Web interface or through integration with your existing customer service portal. You can also leverage the tight integration between SAP Biller Direct and SAP Collections and Dispute Management so customers can log billing disputes electronically and monitor the status of existing disputes online. Companies utilizing SAP Biller Direct can lower billing costs, streamline receivables and payment management, and increase customer loyalty.

Resolve Billing Disputes Quickly and Cost-Effectively

One of the most time-consuming aspects of the credit-to-cash process involves managing invoice disputes. These can arise for numerous reasons and often appear as payment reductions or nonpayments that must be resolved quickly before they drive up DSO and erode customer loyalty. Resolving a dispute usually requires



Apply more rigorous control over customer credit evaluations, proactively manage late payments, and streamline collections to lower your company's operating costs and bad debt risk.

cooperation between several departments including operations, sales, accounts receivable, and customer service.

With the dispute management functionality of SAP Collections and Dispute Management, you can completely automate billing disputes by facilitating more-effective communications and collaboration across departmental boundaries through advanced workflow and automatic escalations. Because the software is completely integrated with SAP ERP Financials, it automatically

updates dispute status as customer payments are posted. In addition, you can process each dispute according to specific reason codes, such as price discrepancies, quantity, and damaged goods, and route them to appropriate employees via alerts and workflow. All information relative to each case is contained in a centralized file called a dispute case. A dispute case is an electronic folder that enables all employees involved in resolving the dispute to view critical information such as the reason code, disputed amount, partial payments, communications history, and current status. With SAP Collections and Dispute Management, you benefit from faster dispute resolutions, significantly reduced resource costs, and faster cash collections.

Streamline Collections and Increase Success Rates

Regardless of how rigorously your company may evaluate and manage customer credit risk, you will likely face situations where accounts become overdue. When dunning notices fail to produce results, you need to take action to prevent overdue accounts from driving up DSO or becoming bad debt write-offs.

With the collections management functionality of SAP Collections and Dispute Management, you can proactively manage overdue receivables and prioritize collections efforts for maximum success. The software uses a collections work list with an overview of each past-due account, including open invoices, dispute cases, and contact history, helping ensure that collections agents have all the information they need when contacting a customer. In addition, agents can readily document the results of each customer contact and create promises to pay. Working with SAP Collections and Dispute Management, you can achieve higher collection success rates, thus accelerating cash flows, lowering DSO, and minimizing the risk of bad debt write-offs.

The Benefits of End-to-End Receivables Management

Applications for receivables management from SAP can dramatically optimize the credit-to-cash process and accelerate cash flows within your organization. Using these robust, integrated applications, you can better handle the multifaceted challenges in managing customer credit risk and billing exceptions.

Because the applications are fully integrated with SAP ERP Financials, you gain more accurate reporting and help ensure that your collections specialists are working with the most up-to-date information available. And by integrating these applications with other SAP Business Suite applications, you can extend financial management into your customer-, supplier-, and employee-facing activities for complete management of your company's financial value chain. In so doing, you can optimize the financial operations of your company while ultimately providing better service to your customers, suppliers, and employees.

Leverage the tight integration between SAP Biller Direct and SAP Collections and Dispute Management so customers can log billing disputes electronically and monitor the status of existing disputes online.

For More Information

To learn more about SAP applications that can help your company with receivables management, call your SAP representative or visit us on the Web at www.sap.com/financials or www.sdn.sap.com/irj/bpx/financial-excellence.

QUICK FACTS

www.sap.com/contactsap

Summary

With applications for receivables management from SAP, you can optimize how you process and manage collections and receivables by linking customer- and supplier-facing processes with accounts receivable, billing, and cash management processes. You can automate credit decisions for faster sales, accelerate cash flows, and minimize bad debt write-offs.

Business Challenges

- Make informed credit decisions quickly and avoid delaying sales
- Avoid bad debt write-offs that result from poor credit decisions
- Provide customers with self-service access to invoices and account information
- Reduce time spent dealing with invoice disputes to avoid high days sales outstanding (DSO) and increase customer loyalty
- Eliminate ineffective dunning processes that yield low success rates

Key Features

- **Customer credit management** – Assess a customer's ability to pay and efficiently manage customer credit lines quickly and comprehensively
- **Electronic billing and customer account data** – Extend billing and receivable management processes to customers via the Web so they can view their account status, receive invoices, and make payments online
- **Billing dispute resolution** – Completely automate billing dispute management by facilitating more effective communications and collaboration across departmental boundaries through workflow and automatic escalations
- **Collections management** – Proactively manage and collect overdue receivables to minimize bad debt write-offs

Business Benefits

- **Increase sales and customer satisfaction** by automating processes and decision support functions to enable fast, informed credit decisions and faster issue resolutions
- **Lower DSO and accelerate cash flow** by automating management of billing disputes efficiently across departments to speed their resolution
- **Minimize bad debt write-offs** by equipping collections agents with the information and support they need to collect payments more quickly and effectively

For More Information

Call your SAP representative, or visit us on the Web at www.sap.com/financials or www.sdn.sap.com/irj/bpx/financial-excellence.

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