CASH APPLICATION

The Best of Both Worlds

Presented by: Alex Ross – Director of Product Strategy, Cash Application at Billtrust
TODAY’S SPEAKER

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TODAY’S TO-DOS

• What is Cash Application?
• Technology Buzz
• Hybrid Approach
• Breakthrough Technology
WHAT IS CASH APPLICATION?

Cash application in accounting terms usually means the process of receiving cash payments, applying those payments to customer account balances and possibly recording and depositing the cash to a bank account.
CASH APPLICATION – MANUAL

- Lockbox fees
- Bank keying fees
- In-house processing
- Manual electronic processing
CASH APPLICATION BUSINESS CHALLENGES

- Processing payments is more complex and labor intensive
- Payment types are becoming more and more diverse
- B2B paper checks are not going away
- Unauthorized deductions are growing
- Decoupled remittances are growing with electronic payments
- Multiple divisions and ERP’s make posting difficult
WE FEEL YOUR PAIN

**Pain:** Manual processes that cause operational inefficiencies

**Solution:** Cash App’s hybrid model combines accuracy with supervised machine-learning, giving you a more configurable, secure and automated approach to applying payments

**Pain:** Expensive bank lockbox fees and costly errors in data entry

**Solution:** Cash App is a smart solution, and it learns how to intelligently read each customer’s remittance statements and then applies payments automatically
AUTOMATION TECHNOLOGY TODAY

The world has been taken over by robots…
AUTOMATION BUZZ WORDS


- **Unsupervised artificial intelligence (AI)** or **robotic process automation (RPA)** continues to evolve, but still lacks the critical ability to recognize data in a way that will result in high auto match rates, as well as guaranteed accuracy and efficiency.

- AI and RPA make a guess based & has issues:
  - Black and white decisions
  - Misses nuances of customer behavior
  - Does not learn from your history
  - Based on custom rules

Do you want your company’s finances in the hands of robots?
What’s the answer?
SUPERVISED MACHINE-LEARNING

• Supervised Machine-Learning is the undisputed standard in accurate, efficient, intelligent and sustainable cash application
• Automation is deployed in conjunction with guided modeling to guarantee that the results are predictable and replicable
• Zero tolerance for misapplies
• Sustainability in our configured solution and it’s ability to accommodate updates to software or ERP updates seamlessly, without added cost
• Ongoing set up costs and lag time associated with a fully automated approach to key accounts are eliminated
• Supervised machine-learning and guided modeling manages the majority of client requirements, resulting in higher auto match rates and accuracy
CASH APPLICATION – HYBRID MODEL

The Best of Both Worlds

• Combine **automated intelligent matching** with **supervised machine-learning** to take remittances in multiple formats, match them to the correct invoices and give you close to 100% matching.

• This hybrid solution removes any guess work and costly errors from your cash application process. The system learns and adapts to the variety of ways your customers pay.

It’s like a driverless car … you will always need guidance from the person in the driver’s seat … even though it might say it’s fully automated
CASH APPLICATION HYBRID MODEL

Accuracy, Speed and Automation

Use a hybrid approach of supervised machine-learning to:

• Reduce bank lockbox fees & in-house staffing costs
• Improve posting time and receivables data quality
• Maximize hit/match rates
• Reduce errors and exception items
• Process deductions automatically
• Integrate easily with your bank & ERP Systems
FOCUS ON THE EXCEPTIONS
Accuracy, Speed and Automation

Remove the noise
• If it’s repeatable, let technology do it
• Automate 90% of your work
• Address the special customers
• Get time back for other projects
• Improve team morale
What’s Next for Automation?

- Deduction Mapping
- Mobile Check Capture
- Smart Capture
CUSTOMERS DEDUCTIONS

- Import deductions from EDI payment files
- If there is an Amount Difference that doesn’t fit Automated Deduction patterns, have a person review it
- Choose from a list of your codes, indicate over/under amount, and add multiple codes
CUSTOMERS DEDUCTIONS – NOT OURS

- You receive Deduction codes from your customers that don’t match codes in your ERP. Results in more manual work.
- You can have your customers’ Deductions automatically map to your codes.
- Very important to companies that work with retail and big box customers.
COLLECTING PAYMENTS NOW: 5-7 DAYS

Delivery Driver / Contractor collects check

Brings check to office

Office sends check to Bank

Bank sends Lockbox file to Cash App

Cash realized
COLLECTING PAYMENTS MOBILE: 1 DAY

Delivery Driver / Contractor collects check

Brings check to office

Office sends check to Bank

Bank sends Lockbox file to Cash App

Cash realized

2 Days

1 Day

2 Days

Same Day

Bypass
MOBILE CHECK CAPTURE

• Reduce DSO by collecting payments via Check Mobile Deposit

• More efficient than banks mobile check deposit as users can enter 2 searchable fields like customer #, invoice #, or PO # to automate matching

• Users managed in Cash App

• High-demand in transportation, logistics and delivery industries
Rules change, math doesn’t
CUSTOMERS PAY HOW THEY WANT – DECOUPLED

- Customers pay you electronically through the bank
- Customer emails you with info on what they paid
- Your A/R Team has to go to multiple website, systems, and tools to apply cash
MATH TO THE RESCUE

- Import EDI 820 file from the bank
- Import emails containing invoice details
- Provide assisted correlation matches
- Auto correlate
- Technology learns behavior from your decisions
Let technology get the data
EACH CUSTOMER PAYS DIFFERENTLY
CUSTOMERS PAY DIFFERENTLY & MESSY
SMART CAPTURE

- Enhanced technology to identify table data on a remit image
- Identify columns and create confidence score on what the best ones to use for search are
- Runs through Open A/R looking for a match
- If there is a question, it goes to Match Review for a user to evaluate
TECHNOLOGY SOLUTIONS

Extracts the data for you with no setup
WE FEEL YOUR PAIN

Industry Pain Points & A Cash App Hybrid Solution

**Pain:** Lack of transparency into customer payment activity

**Solution:** Anyone on your team can log in 24/7 from anywhere in the world and guide the system on how to handle exceptions and learn nuances of your customers’ payment habits

**Pain:** How to make sure our customer’s data is secure and won’t be compromised

**Solution:** Your cash app process is always configurable, never outsourced, so your data is secure, organized, searchable, and you remain in control, every step of the way

**Pain:** In-house staffing costs, but ramp up time with a third party

**Solution:** We give you the power to onboard in real-time so you can begin applying cash immediately. No third parties are required to get you started
Correlation
This engine correlates incoming decoupled electronic payments and remittances for processing.

Extraction
This engine takes advantage of simple template creation which allows the user to create a fast "set it and forget it" template that is recalled for future payments. This is a teach versus learn technology.

Matching
This engine is essential for Dynamic Receivable’s industry-defining high match rates. The proprietary matching algorithms deliver faster and more accurate cash application.

Deductions
This engine allows users to identify predictable deductions and unpredictable short-pays so the cash application department can have a clear picture of all deductions and make decisions accordingly.
WHAT’S NEXT?

CONTACT US FOR MORE INFORMATION ON CASH APP OR FOR A SNEAK PEEK OF WHAT’S NEXT FOR AUTOMATION

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