highradius

SAP Order to Cash

30 Must-Have Capabilities

This e-book is an actionable summary that drills down on identifying gaps left by SAP Receivables Management and how Cloud software could fill those gaps.



CHAPTER 1

Executive Summary

A/R and IT Landscape is Changing Rapidly

Scaling business within SAP ecosystem

For most enterprises, implementing a top-of-the-line ERP like SAP is a mammoth investment. But still it may fall short of delivering certain capabilities in order-to-cash due to the following complexities in ERP and A/R landscape.

Complex Order-to-cash land-scape

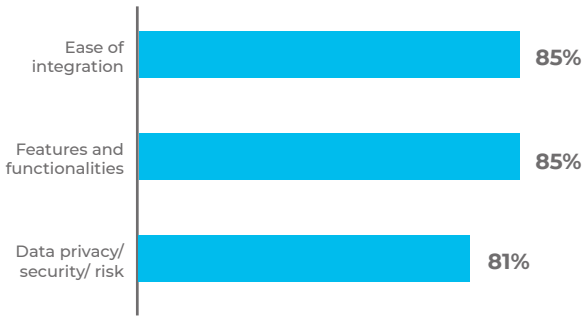
- Multi-format remittances.
- Increased payment volumes.
- Disparate business units with M&A.
- Segregated customer portfolio with nuanced customer preferences.

Complex SAP landscape

- SAP tends to roll out with frequent upgrades (latest one being S/4HANA).
- Upgradation tends to be a multi-year project.
- Difficulty to upgrade with heavily customized existing SAP landscape.
- Failure to upgrade results in inability to leverage Artificial Intelligence to unlock operational gains.

As per a Hackett survey, 85% respondents indicated that top consideration when choosing automation technology is ease of integrating A/R processes with their ERPs.

For addressing the growing challenges, A/R teams have the options of either continuing to invest in SAP enhancements and add-ons or adopting best-of-breed cloud solutions to plug in the gaps.



Major concerns for automation

Build vs. Buy

When evaluating automation technology that integrates tightly with SAP, these are the reasons why buying a technology off the shelf triumphs over building it in-house.

Paying for Results vs Paying for Technology On 'building' a solution in-house, you are actually paying for the nuts and bolts and the man-hours behind the project. In contrast, when you are 'buying' a solution, you have the flexibility of negotiating the pricing with your vendor and make a compelling business impact.

Faster ROI

With getting a solution built in-house, the project tends to have an extended timeline and exceed the budget. 'Buying' a technology on the other hand helps you achieve a positive ROI faster with speedy implementation.

Future proof

When you opt for the 'build' approach, you are stuck with the technology. In contrast, 'buying' a solution positions you to change your decision depending on evolving technology and trends.

This e-book outlines the must-have feature checklist and how A/R specific cloud software could seamlessly integrate to SAP ECC and S/4HANA to help A/R teams unlock productivity without disrupting the existing IT landscape.

CHAPTER 2

30 Gaps in SAP to Plug Using Cloud Solutions

Credit Management

Are you able to onboard customers, check for credit worthiness, assign credit limit and perform periodic reviews?

Today, native SAP FSCM/RM is able to:

- Configure pre-defined rules and strategies for performing credit checks in real time.
- Setup scoring models for customer risk profiling through IT effort.
- Create credit limit calculation models for assigning credit limit through IT effort.

Additional functionalities in Cloud solution are:

- Online Credit Application that captures onboarding customer details, bank and trade references, digital signature and is customizable as per geographies.
- Automated Credit Scoring and Assigning of Credit Limits based on customer risk class, payment trends, purchase history.
- Public Financials Integration for pulling customer financial data from external credit agencies such as D&B, Experian, Equifax.
- Configurable Workflows for automatically notifying analysts and managers about activities such as credit reviews and credit limit approvals.
- Automated Correspondence for missing documents.
- Artificial Intelligence-enabled Blocked Order Resolution that predicts chances of blocked orders and proactively prevents them from happening.

SAP augmented with Cloud solution onboards customers faster, automates credit scoring and streamlines credit approval process.

Payments/Billing

Are you able to generate invoices and accept payments in a secure environment?

Today, native SAP FSCM/RM is able to:

- Present open invoices to customers through self-service portal.
- Display Bills, payments and credits.
- Initiate payments, receive invoice and payment status information.
- Support disputes while making payments.

Additional functionalities in Cloud solution are:

- Tokenization that eliminates the need to store credit card numbers in merchant SAP.
- Processing of ACH, credit card and debit card payments across SAP solutions.
- Level III Data for controlling high interchange fees associated with Credit Card payments.

SAP augmented with Cloud solution achieves up to 80 basis point reduction in Interchange rate by processing Level III data.

Cash Application

Are you able to automate end-to-end cash application?

Today, native SAP FSCM/RM is able to:

- Perform basic Cash Application capabilities such as closing open invoices.
- Post bank lockbox file with IT configuration.

Additional functionalities in Cloud solution are:

- Remittance aggregation across emails, portals, EDI, paper.
- AI-enabled remittance capture with self-learning template agnostic technology.
- Straight-through posting of lockbox file without lockbox key-in service.
- Customer identification using email domain and MICR.
- Invoice Matching to automatically match payments to invoices in complex scenarios such as parent-child relationships, pre-payments, installments, and matching by non-invoice reference numbers.
- Line-item level posting with 95%+ accuracy and same day cash application.

SAP augmented with Cloud solution achieves 95% zero-touch cash posting for checks, ACH, Cards and eliminates lockbox key-in fees.

Disputes Management

Are you able to aggregate claims and POD, and auto-resolve disputes?

Today, native SAP FSCM/RM is able to:

- Automatically code dispute cases.
- Log claims/chargebacks into the system with manual effort.
- Integrate with TPM and non-SAP ERP(s) through IT effort.

Additional functionalities in Cloud solution are:

- Automated Claims and POD Aggregation from customer/vendor portals, emails, and popular A/P networks such as Walmart, Amazon, Kroger
- Z-code Deduction Coding for mapping customer provided reason codes to SAP-specific reason code
- Pre-deduction Support for capturing deductions from claims before payment is made.

Additional functionalities in Cloud solution are:

- Skip Invoice Tracing by automatically downloading customer details from portals, emails and upload documents to create promises to pay, dispute cases.
- Direct Routing of Deductions to specific deduction teams.
- Single Source of Truth for easy access of backup docs among vendors/ brokers.
- Automatic Trade Promotion Settlement through seamless integration with SAP TPM.
- Automatic Posting of Denial Package for invalid 23 disputes through email and web push.
- Artificial Intelligence-enabled Dispute Validity Predictor for predicting validity of disputes and freeing up analysts' bandwidth.

SAP augmented with Cloud solution reduces DDO, automates claims and POD aggregation, and recovers bad-debt.

Collections Management

? Are you able to generate prioritize worklists and automate dunning?

Today, native SAP FSCM/RM is able to:

- Generate prioritized worklist for collection analysts daily.
- Capture notes and promise-to-pays for customers.
- Configure collection rules and strategies based on aging and payment behavior.
- Track customer contacts and correspondence history.

Additional functionalities in Cloud solution are:

- Automated Mass Correspondence for sending correspondence e-mails such as payment reminders to segmented audience.

Additional functionalities in Cloud solution are:

- In-built Editable Templates with auto-population of customer and invoice details and backup documents attached.
- Artificial Intelligence-enabled Payment Date Prediction for taking proactive approach in collecting invoices from customers.

SAP augmented with Cloud solution takes proactive approach in collections by taking action before an invoice turns past-due.

Reporting

Are you able to make reports on the fly?

Today, native SAP FSCM/RM is able to:

- Support standard reporting but comprehensive dashboard reporting comes at additional costs.

Additional functionalities in Cloud solution are:

- Out-of-the-box Reporting tracking performance metrics such as DSO, hit-rates, write-offs, high-risk customers across order-to-cash processes.
- Managerial View for monitoring analyst KPIs and gaining real-time process visibility.
- Drill-down Capabilities with custom reports for taking immediate corrective action.

SAP augmented with Cloud solution supports out of the box reports across order-to-cash operations to stay on top of KPIS including DSO, bad-debt, past-due A/R.

CHAPTER 3

Checklist to Evaluate SAP Integration for Cloud Solutions

When evaluating cloud solutions that integrate tightly with your SAP ecosystem, these are the parameters you should consider in your checklist before zeroing on a platform.

Ease of Implementation

Extracting files from SAP

Your cloud solution needs to seamlessly pull files such as open A/R, customer extract, bank details at frequent intervals in backend through SAP certified extraction tool.

Frequency of posting

Your cloud solution should daily post enriched files such that analysts are able to access updated worklists right when they come to work. The frequency of posting needs to be customizable as per business needs.

Posting files into SAP

Your cloud solution should post BAI2/EDI type .csv tab separated files such as closed A/R extract, disputes resolution extract and auto-update the SAP General Ledger.

Effort required to setup

Your cloud solution should provide:

- Plug and play support
- Setup of extraction tool within 3-4 days
- Minimal IT intervention
- Continuous support during implementation

Security

SFTP

Your cloud solution and SAP should remotely exchange files in a high security framework enabled by SFTP or Secure File Transfer Protocol to maintain data integrity and robustness.

PGP encryption

Your cloud solution should have the capability to encrypt files with an industry standard encryption program such as PGP or 'Pretty Good Privacy' to prevent leak/corruption of confidential data.



Unique Business Needs

Parent-child hierarchy

In case of a parent company having multiple BUs, a cloud solution should have capabilities such as:

- supporting multiple aliases
- flexibility of posting cash and resolving disputes
- at parent or child level
- proper routing of bill-tos and ship-tos
- assigning credit by factoring child-level nuances

Disparate ERPs

In cases of M&A or BUs having disparate SAP instances or non-SAP ecosystem, a cloud solution should be able to provide overall operations standardization, transparency without disrupting existing A/R processes.

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