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February Dates To Remember:

- 12th: Lincoln's Birthday
- 14th: Valentine's Day
- 20th: President's Day
- 21st: Mardi Gras Carnival



Why Someday Every Business Will Have a Digital Lockbox

By: Mitchell Rose, Senior Vice President & General Manager, Corporate Segment, Billtrust

How AR and AP professionals prefer to make and receive payments is shifting alongside the colossal growth of the B2B payments market. When the market was worth a fraction of what it is now, check was by far the preferred payment method. Now that roughly \$120T in B2B payments are processed annually, demand for quick, easy and efficient digital payments experiences are becoming a necessity to ensure efficient financial operations. A natural evolution of this has been the introduction of digital lockboxes, an electronic address businesses use to receive payments via ACH, credit card or wire transfer.

I believe, someday soon, every business will have one because, just as physical lockboxes automate check processing, digital lockboxes automate electronic payments where remittances are typically received by email or via a portal. Given the volume of payments changing hands in the B2B space today – as well as the challenges threatening to slow down the movement of cash – it is imperative that AR and AP professionals are able to quickly and easily send and receive payments.

With that in mind, here's why digital lockboxes will soon become commonplace across the B2B landscape.

Continued...

The Need to Address Mail Delays

Before B2B's massive digital transformation took place – and indeed before COVID-19 and its ensuing economic turmoil upended businesses, organizations sent and received payments primarily via mail. They had relented to the reality that one check cost roughly 50 cents (often even more) to mail, and once they sent it, there was a three-to-five-day lag before it reached its destination.

It was perhaps only when the USPS struggles started to make headlines during the early stages of the pandemic that finance professionals realized the urgency in shifting away from inefficient processes which were contributing to slower settlements. With AR teams already under pressure to maintain their organizations' financial health, they found themselves in a challenging situation where the receipt of paper checks threatened to reverse their receivables as mail delays significantly increased float cost.

Meanwhile, AP and AR professionals who attempted to switch to automated clearing house (ACH) also realized it created more manual work with the person sending the payment needing to call up their receivables counterpart to ask for bank account and routing data. While this is not much of an issue when you are only dealing with a few payments per month, it is a massive problem for organizations sending and receiving thousands of payments. Like mailing checks, it just adds to organizations' outstanding balances and threatens their financial security.

For these reasons, digital lockboxes are emerging as a popular solution to B2B's mail float and cash flow problems.

The Rise of Accounts Payable Portals

It is ironic that digital payments can create manual work for AR teams. But as buyers shift to AP platforms such as Ariba, Coupa, Taulia, etc., the AR department must learn how to deliver invoices to these systems, collect payments in new formats and manage the disputes that are communicated from them.

Simply put, an AR team's ability to accept digital payments requires modern processes. In fact, recent research shows that 40% of AR teams do not have the self-service capabilities their customers want, and over 50% lack real-time integrations with their ERP systems or automated integration with their customers' AP portals. All of this slows productivity and cash flow and creates a poor customer experience. To truly succeed digitally while maximizing cash flow requires a commitment to automation. This is just another reason why digital lockboxes are so valuable. They ensure that buyers' payments preferences are honored and that AR teams' expectations for speed and ease are met.

Continued...

Finding Easier Ways to Pay and Get Paid

The rise of digital lockboxes is in direct response to the challenges outlined above, but it is also yet another example of how the consumerization of B2B payments has pushed payments professionals to seek the same ease they enjoy in their personal lives in their business lives.

Similar to how Venmo enables consumers to send money instantly to peers, digital lockboxes offer B2B organizations a faster, cheaper and more secure method of processing payments and invoices. They do this by capturing the payment instruction when an invoice is approved to pay and moves the money to the supplier based on its payment preferences. It obtains the remittance, posts it, and presents it in a format compatible with the company's AR process. For the B2B space, this is truly game changing, holding the potential to rid the industry of the frustrating inefficiencies that have interfered with organizations' access to capital for decades.

What digital lockboxes growth showcases is how the challenges of the past two years have inspired AR teams to accelerate the adoption of new platforms that make their lives easier. As a result, the time has come for all digital payments to be streamlined, with suppliers getting paid faster, with fewer exceptions and less labor. Digital lockboxes are key to this transformation, unlocking a more modern, cost-effective and simplified way of doing business.

About the Author

Mitchell Rose is Senior Vice President and General Manager, Corporate Segment at Billtrust. He has worked with hundreds of businesses to help them automate their order-to-cash process. Before Billtrust, he held senior-level marketing positions with Coca-Cola, Mattel and Warner Lambert. Mitch holds an MBA from Columbia University in Marketing and a BS in Applied Economics from Cornell University.

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FEBRUARY


WEBINARS

Credit Professionals Alliance has been working hard to provide our clients with the most up-to-date webinars concerning today's challenges in the credit field. Watch your email for upcoming registration information on all of the following webinars.

- February 9th: **Vendor Agreements & Compliance**
- February 15th: **25 Credit & Collection Management Tools, Tips & Techniques**
- February 21st: **Understanding Unclaimed Property 2023—Are you prepared?**

Be sure to check out our website www.nacskc.com/education.html for additional educational opportunities as these are constantly being updated.

Are you looking for Certification and Certificate opportunities? Credit Professionals Alliance can lead you in the right direction, contact Rhonda Ross for additional information at



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**Educational Update:
Credit Research Foundation Webinars**

February 2023

CRF offers a variety of educational programs: Proctored Courses, On-Demand Courses as well as webinars.

March 13-15, 2023 March Forum—New Orleans, LA

August 7-9, 2023 August Forum & Expo—Kansas City, MO

November 6-8, 2023 November Forum—Mission Hills, CA

It is very simple to participate: Go to <http://www.crfonline.org> and click on the Education.

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For additional information go to <http://www.crfonline.org/events/current.asp>

**The following webinars are being offered by NCS Credit
to register for these go to: www.ncscredit.com/education-center/webinars**

February 28, 2023

Webinar: An Advanced Look at the UCC Process

March 28, 2023

Webinar: An Advanced Look at the Lien and Bond Claim Process