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May Dates To Remember:

- 5th:** Cinco de Mayo
- 12th:** Mother's Day
- 18th:** Armed Forces Day
- 27th:** Memorial Day

Revolutionizing Cash Flow Management in B2B Payments with Artificial Intelligence (AI) & Machine Learning (ML)

By: Chad Buffy, Billtrust

For years now, revolutionary advancements in technology have been transforming the way businesses operate, and the finance industry is no exception. Among these groundbreaking innovations, artificial intelligence (AI) and machine learning (ML) are redefining cash flow management in B2B transactions.

Indeed, AI and ML are having a transformative impact on the B2B payment ecosystem. From automating processes and optimizing working capital to predicting payment patterns and detecting anomalies to ensure swift actions on default buyers, the integration of AI and ML is unlocking unprecedented opportunities for businesses to enhance their financial resilience and thrive in an increasingly competitive market.

Still, B2B organizations must practice caution when integrating AI and ML technologies into their cash flow management processes. The main risks in the realm of payments are fraud and data privacy concerns. Payments, especially in B2B finance, are atomic transactions that require 100% completion. As such, ML/AI techniques should be applied in ways that guarantee data privacy and ensure the consistency of the transaction. Let's dissect the need to take a balanced approach to AI and ML deployment in cash flow management, while also acknowledging its power and ability to propel businesses towards greater success and financial stability.

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First, though, we need to outline the opportunity that exists for cash flow optimization.

Navigating the Labyrinth: Current Challenges in Cash Flow Management

Efficient cash flow management has always been at the heart of every B2B business. But against the current backdrop of economic uncertainty, it's fair to say that organizations are more vulnerable than ever to outdated and ineffective processes.

Unfortunately, antiquated cash flow systems have long been a reality for many B2B payments professionals. These outdated systems often rely heavily on manual processes, leading to inefficiencies, errors, and delays in cash flow monitoring and forecasting. As a result, businesses have faced challenges in maintaining timely payments and accurate cash flow projections, hindering their ability to make informed financial decisions and adapt swiftly to market fluctuations.

In fact, [81% of organizations](#) have reported an increase in delayed payments over the last few months, with a striking 45% indicating the surge has been "significant." While this is undoubtedly an alarming sign of the times, the truth is that delayed payments are a persistent problem in the B2B space and have long exacerbated the already complex nature of cash flow management.

Predicting cash flow can often feel akin to gazing into a murky crystal ball, primarily due to the continued reliance on manual methods and outdated models. These complications stretch beyond the realm of mere administrative headaches, leading to strained supplier relationships, impeded business scalability, and a pervasive sense of financial uncertainty.

The Dawn of a New Era: ML and AI in Cash Flow Management

The tenacious reliance on legacy systems has underscored the urgent need for a transformative solution that leverages AI and ML to revolutionize cash flow management in the B2B payments landscape. These cutting-edge technologies offer a range of capabilities that revolutionize how businesses optimize cash flow, mitigate financial risks, and foster improved decision-making processes.

Let's consider the benefits of implementing ML in cash flow management. ML, in essence, uses algorithms to find patterns in vast amounts of data and learns from them, making informed predictions about future scenarios. This means businesses can use it to analyze historical financial data, payment patterns, and market trends to forecast future cash flows with remarkable accuracy. These predictive models also enable businesses to anticipate cash shortages or surpluses, allowing them to proactively adjust their financial strategies and allocate resources accordingly.

This essentially mitigates the threat of human error, which we know is a significant burden for organizations stuck using manual processes. Furthermore, manual tasks like invoicing, payment processing and data analysis tend to consume considerable human resources. When these tasks are automated, it enables employees to spend time on more strategic business activities.

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However, the real game-changer lies in the enhanced forecasting capabilities of ML. Traditional methods can hardly keep pace with the dynamic nature of today's B2B payments landscape. ML models can analyze high volumes of transactional data, detecting subtle patterns that might be overlooked by human analysts. This leads to accurate cash flow projections, enabling businesses to strategize effectively, manage risks, and inject a much-needed dose of predictability into their cash flow management.

A Balanced Approach: Addressing Concerns and Risks

With the immense potential of ML and AI, it's easy to view them as silver bullets for our challenges. However, it's crucial to remember that adopting these technologies also brings its share of concerns and potential risks.

Foremost among these is data privacy. In an era where data is the new oil, safeguarding it is of utmost importance. Payments and B2B finance generally are "atomic" transactions that need 100% completion. As such, ML/AI techniques should be applied in ways that guarantee data security and ensure the consistency of the transaction. We need robust frameworks to ensure this security and protect client confidentiality as we integrate ML and AI into our systems.

Another challenge is the issue of algorithm transparency – or the 'black box' problem. Many ML models, particularly deep learning algorithms, are complex and lack transparency, making them difficult for users to understand. To gain trust and wider adoption, we need to make these models more interpretable.

Lastly, the complexities of system integration present a significant hurdle. Many businesses rely on legacy systems for their financial operations. Introducing AI and ML into these existing systems can be a daunting task, requiring extensive customization and resource-intensive efforts to ensure seamless compatibility. Moreover, the process may involve overcoming data silos, data quality issues, and security concerns, further complicating the integration journey.

Charting a New Course: The Intersection of AI, ML, and Financial Resilience

Despite the above challenges, businesses recognize that the potential benefits of AI and ML in optimizing cash flow management far outweigh the obstacles, motivating them to embark on this transformational path.

In the rapidly evolving landscape of B2B payments, the integration of AI and machine learning is heralding a new era in cash flow management. As businesses face the challenges of managing finances in an increasingly complex and dynamic environment, these revolutionary technologies offer indispensable solutions that drive efficiency, accuracy, and strategic decision-making.

However, as we journey down this path, we must do so with caution, being cognizant of data privacy, algorithm transparency, and integration complexities. A balanced approach that pairs technological innovation with a thorough understanding of its implications will pave the way for a revolution in B2B payments.

About the author:

Chad Bruffey is Senior Director, Enterprise Sales at Billtrust. His focus is helping organizations drive value through automation, optimization and standardization. Before Billtrust, he had senior-level positions with C2FO, Tungsten Network (formerly OB10), Verian and Kofax.

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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.

May 7, 2024: Customer Acquisition Process-Steps & Best Practices for Implementing a Digital Credit Application

May 14, 2024: Smart Credit Policies that Improve Collections

May 29, 2024: Leadership Skills for Credit Professionals

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 ross@nacskc.com or (913) 383-9300.

Educational Update: Credit Research Foundation Webinars

May 2024

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

August 5-7, 2024 August Forum & Expo—Nashville, TN

October 21-23, 2024 October Forum—National Harbor, MD

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**

May 7, 2024

Webinar: UCC Remedies Upon Debtor's Default

May 21, 2024

Webinar: Understanding Lien Waivers

June 18, 2024

Webinar: The Importance of Gathering Job Information