

CASH CULTURE PULSE #1 2022

What cash culture tells us about **finance teams' efficiency**

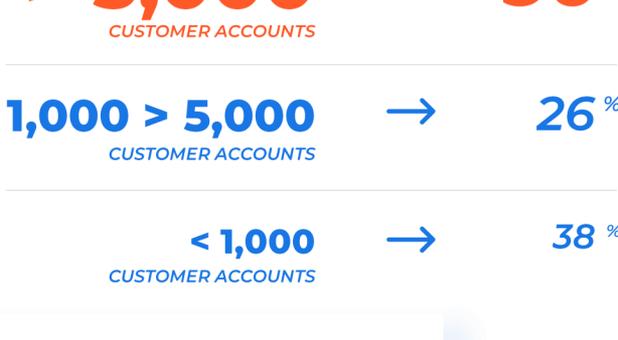
REDUCING DSO: STATE OF THE ART

Scope of respondents' responsibilities



The respondents represent a range of positions across the Order-to-Cash cycle, providing a broad vision of the business situation.

1/3 of the businesses manage over 5,000 customer accounts



When a company has a very high number of customers, they need process automation and dedicated software to be efficient at every stage of the customer journey.

CASH & CREDIT to be centralized



Beyond cutting costs or headcount, centralization boosts performance and helps deal with the difficulty of recruiting.

Prevalence of customer credit policy



Strong need for accounts receivable software



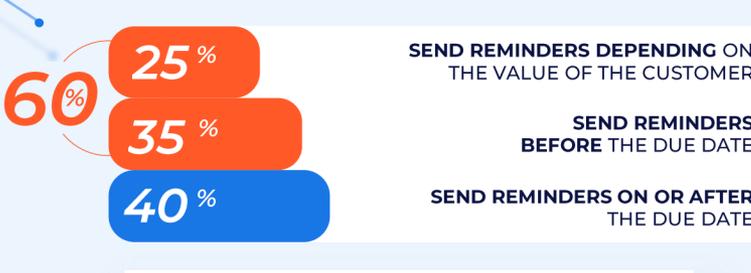
Even among the 47% who feel they have the right software to manage DSO, over-reliance on Excel most probably will not allow them to meet the challenges of rapid digital transformation and remote collaboration.

Dedicated business software drastically reduces DSO



Businesses with dedicated Order-to-Cash software are half as likely to have a high ratio of overdue invoices.

60% of collection reminders are preventive or depend on customer value



The most efficient businesses anticipate overdues and adapt collection according to the value of the customer. By using dedicated business software, they eliminate 34% of reminders that would be sent on or after the due date.

Email is the main channel for collection



The switch to paperless is everywhere you look in business. With the rise of email and snail mail, there is now an opportunity to take advantage of intelligent applications for reminder messages. These enable teams to generate timely custom messages that get results quickly and efficiently.

BREAKDOWN OF THE RESPONDENTS

Profile of the 149 businesses surveyed

DEPARTMENT	INDUSTRY	ROLE
Finance 87%	Utilities & Environment 4%	CxO 16%
IT 15%	Retail 8%	Director 34%
Sales & Marketing 4%	Financial Services 9%	Manager 50%
	Transport & Logistics 6%	
	Manufacturing 20%	
	ICT (Information, Communication & Technology) 14%	
	Life Sciences 2%	
	Services 24%	
	Construction & Mining 4%	
	CPG (Consumer Packaged Goods) 9%	

TERRITORY	REVENUE - M€
North America 10%	< 100 36%
Europe 45%	100 to 500 14%
UK & IE 40%	500 to 1000 10%
Middle East 2%	> 1000 40%
Asia 3%	

Cash Culture Pulse 2022 is a three-part study (#1 #2 #3), conducted by Sidetrade in the last quarter of 2021. It gives a realistic and uncompromising view of the characteristics and trends of cash culture. The quantitative data provided, along with information from businesses, offer invaluable insights for finance departments seeking to secure and accelerate cash flow.

CASH CULTURE PULSE #2 2022

Cash Culture

The key to success

CASH CULTURE: FROM AGILITY TO STRATEGIC ALIGNMENT

To succeed in a VUCA world, **cash culture has become an axis of governance for companies looking to secure and accelerate cash flow generation.** Instilling a cash culture involves aligning stakeholders and removing obstacles that prevent companies from getting paid quickly.

→ This change in mentality requires

close and strong collaboration between Finance, Sales and Support functions.

61% of businesses lack Order-to-Cash *software*

NOT WELL EQUIPPED

BUSINESSES WITH LESS THAN 1,000 ACCOUNTS

WELL EQUIPPED

+60%

BUSINESSES WITH MORE THAN 1,000 ACCOUNTS

O2C software offers automation features that allow organizations to be more efficient in their operations.

The most advanced O2C solutions use Artificial Intelligence to analyze customers' financial and commercial data, predict payment behavior, recommend dynamic collection strategies and eliminate unfruitful actions.

68% of businesses have fully **documented and standardized** their Order-to-Cash processes

47% are enlisting their sales teams to fight **alongside finance** in the battle for cash

Nearly half of the businesses have laid a cornerstone of cash culture: **actively involving sales teams in cutting DSO.** Intelligent automation platforms make it easier to collect. It's a gamechanger for everyone in the Order-to-Cash cycle.

DSO considered **vector of cash culture** in half of the businesses surveyed

77%

AGED BALANCE

62%

% OUTSTANDING BALANCES COLLECTED

48%

DSO

28%

AMOUNT COLLECTED

While aged balance remains the major criterion, **DSO is increasingly relevant for cash culture.**

It is a KPI shared daily, weekly, monthly or quarterly, depending on the cash issues at hand.

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CASH CULTURE PULSE #3 2022

Four reasons to stop using EXCEL

CASH CULTURE THROUGH TECHNOLOGY

87% of businesses still rely on EXCEL



CASH & CREDIT MANAGEMENT

63%

PARTIAL DEPENDENCE ON Excel

24%

TOTAL DEPENDENCE ON Excel

13%

DON'T USE Excel

Businesses tend to rely on EXCEL, whereas in fact, conventional spreadsheets are ill-suited for the new demands of digital transformation, remote work and cash culture.

EXCEL: inadequate for the challenges of the 2022

28%

are satisfied

Among firms using only EXCEL to manage DSO

VS

80%

are satisfied

Among firms using a dedicated solution to manage DSO

Order-to-Cash is critical. Can it be optimized with EXCEL alone?

Have you standardized YOUR ORDER-TO-CASH PROCESSES?

NO

48%

USE ONLY EXCEL

YES

17%

USE ONLY EXCEL

AI and automation are seen as The future of Order-to-Cash



79%

of respondents say Artificial Intelligence and automation will be strategic in the future, and help them generate cash faster

Automation and AI are already enabling leading businesses to outperform in terms of cash generation. Companies using the latest technology have lower unpaid rates, shorter DSO, and significantly less accounts receivable risk, with equivalent resources.

AI is a productivity technology that analyzes and learns to predict customer payment behavior. Based on real, data-driven business experiences, it can generate custom recommendations to influence this behavior.

Read more:

→ sidetrade.com/case-studies

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