

ACCOUNTS RECEIVABLE—GREATER THAN THE SUM OF THE PARTS

EUROPE'S TOP 1,000 PUBLICLY-QUOTED COMPANIES HAVE MORE THAN EUR 317BN OF OVERDUE DEBT OUTSTANDING DUE TO DISJOINTED CUSTOMER SERVICE AND POOR COLLECTION PRACTICES.

WORKFLOW SYSTEMS LET YOUR BUSINESS MAKE THE MOST OF ITS PERSONNEL AND ASSETS

Customer disputes due to poor service (involving problems related to products, pricing, invoicing, delivery or documentation) result in EUR 176Bn in unpaid invoices. EUR 141Bn of accounts receivable goes uncollected because of customer queries and service issues that have not yet been identified by suppliers because of poor account administration. These factors combined impact the Euro 1,000's profits by more than EUR 67.2Bn per year and create a serious risk to shareholder/stakeholder value.

NO JOINED UP STRATEGY

So why is this happening? The constituent stakeholders of customer value are spread across the organisation in various business units or functions – in particular, sales and marketing, customer service and finance. Each stakeholder manages an element of the customer relationship, but normally only from the perspective of the functional silo they are in (accounts receivable manages cash collection, sales closes transactions, etc).

Each function uses different customer descriptions, policies, processes, metrics, etc, to manage their slice of the customer relationship. And because of this incongruity, no single stakeholder group (including the board-level management team) can gain a complete joined-up picture of all customer activities. For example, how can one part of the organisation ask for payment of invoices if another part is resolving an administrative error that prevents payment?

The bottom line is that businesses cannot maximise asset productivity over the customer life-cycle. At worst, they risk damaging relationships, resulting in unfulfilled revenue opportunities and higher churn. Companies have ended up putting the cart before the horse – business-driven customer relationships rather than customer-driven business.

CUSTOMERS FIRST

The imperative, therefore, is to create a virtuous cycle where the company invests in its customers and its customers invest in it. By doing so, a company will be able to maximise the value of its 'customer assets' and customers benefit from a positive, responsive organisation that is focused around them and their needs.



Create Symbiotic Customer Relationships

Many organisations have attempted to build in-house solutions or re-purpose legacy systems to tackle elements of 'customer value management', but with only partial success. The heterogeneous nature of systems used in most large organisations simply means that it is impossible to link processes, share common data sets, integrate workflows and processes.

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AUTOMATION AND COLLABORATION ARE KEY TO COLLECTION MANAGEMENT

CRM systems were never designed for 'global' asset management, and Phil from finance's spreadsheet is hardly the most flexible or robust tool. Even with ERP implementations, companies often end up running several different versions, making it an almost Herculean task to build a robust solution in-house.

The demand for purpose-built solutions has driven the emergence of a new class of business process software over the last couple of years, and early implementation of these by blue-chip multinationals has already generated hundreds of millions of pounds in bottom-line value.



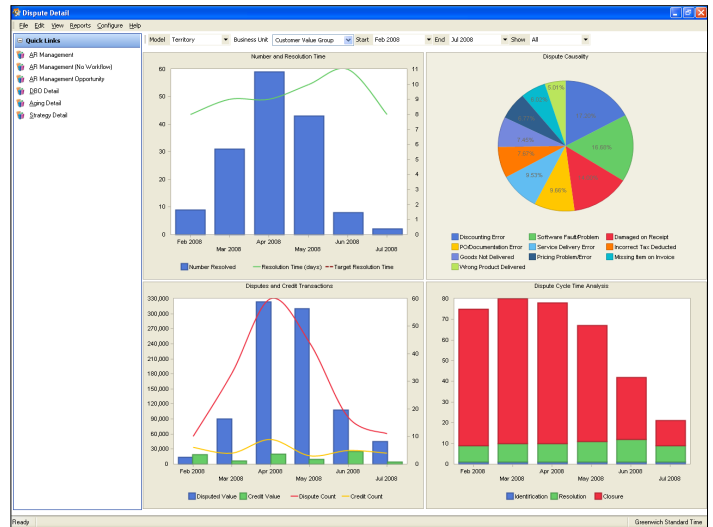
AR Needs to be Seamlessly Connected to all Areas of your Business

These solutions introduce a collaborative platform – including shared language, policies, processes, metrics and software tools – for the management and cultivation of sustainable customer relationships that grow in value over time.

Businesses can generate significant reductions in overdue and outstanding debt through more effective cash collection; cost savings through greater administration and process efficiency; and improved service levels and customer retention through enhanced communication and faster resolution of customer issues and transactions.

CONCLUSIONS

Sector leaders such as Mittal Arcelor, KPN and Xerox are using these solutions to manage customer relationships worth more than EUR 12Bn (and counting).



Manage Disputes, Manage Collections

Customer value management solutions take a federated approach – layering over and connecting to existing systems, processing data repositories, and so on. This means stakeholder groups can continue to operate at a 'local' level as normal to fulfil their specific business function requirements, whilst at the same time contributing to the 'global' management of customer value.

So what was a risky management intangible is now an asset that can be measured, managed and maximised. For the first time, businesses can understand the symbiotic relationship they have with their customers and put them exactly where they belong: First.

ABOUT CVG VALUE+

CVG Value+ is industry-leading Accounts Receivable and Dispute Resolution automation software. CVG Value+ users enjoy the way they can:

- Reduce their DSO through AR automation
- Improve customer service through dispute resolution automation
- Automatically process deductions
- Streamline and gain efficiency in AR and customer service