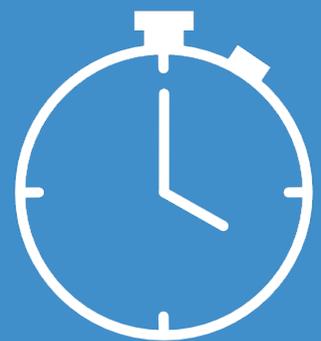


A business case for credit management software





Why?

What does it cost?

What is the ROI?

Do you know why your company can't do without credit management software? Or why you should consider replacing your current software? And if you are convinced, how do you convince the rest of the organization?

In this article we want to help you create a business case for credit management software. What can it do? What does it cost? What should you take into account while choosing a supplier? What will it deliver? And what else should you pay attention to?



"The new software and way of working took some getting used to for everyone, but the result is that we are now in control on all fronts." - Olaf Brakel, Amsterdam UMC

The why of credit management software

We think of credit management as the entire process from customer acceptance to the final payment of the invoice. Also called Order-to-Cash. It's about identifying the customer, determining creditworthiness, monitoring the accuracy of invoices, complaint management and getting invoices paid. As a whole this is a fairly complex set of items in which you will touch multiple departments of the business and must work together with a large group of stakeholders, both internal and external. This is a lot and to manage that you need appropriate software.

Financial systems

Financial systems and ERP applications like Unit4, SAP and Exact all have specific areas in which they excel and credit management is usually not one of them. And when you're serious about credit management you can't do the job with just Outlook and Excel, because it's too comprehensive for that. It requires specific software that excels in areas like workflows, communication and calculating scores.

We will address a number of functional areas to identify how the right software can turn credit management into an integrated process. A situation which enables people to focus on the issues that a computer can't resolve.



Accounts receivable

Managing accounts receivable isn't the first step in the process, but it's one of the most obvious when talking about credit management. It's also the process where you can make a big leap forward with relatively small changes. Here are six reasons why specialized software is better than Excel and Outlook or better said: indispensable. And this is just a small part of all the benefits.

Send reminders with a single click

You might recognize running a batch of reminders from the financial system and checking them one by one to see if they can actually be sent. With credit management software, that entire process is just a few clicks, or it runs each day automatically in the background. The software takes care of the reminders for invoices and customers, so that people can focus on the exceptions.

Customer profiles

In a world where not each customer is the same, you shouldn't apply the same process to all customers. Credit management software allows you to create customer profiles such as key accounts, high risk, new and more. It facilitates a separate dunning profile with a matching tone of voice.

To do lists

Never again do you have to think about what the to do's are. The software knows what needs to be done for each customer and invoice. It takes action itself or adds tasks to a to do list so that people know what to do.

Payment plans

Credit management software allows you to record and track payment arrangements. The system sends a confirmation of the payment arrangement to the customer and monitors whether the agreed installments are paid on time. That way you only have to pay attention to the exceptions. Or sometimes even better, the software deals with that too.

"New" ways of communication

Modern technologies play a major role in the communication with customers and getting invoices paid faster. But most financial systems and ERP applications aren't early adopters when it comes to the integration of these technologies. A suited credit management application ensures that you integrate technologies like SMS and AcceptEasy flawlessly, so that you reduce the threshold for payment as low as possible.



Complaint management

Complaints are often a reason for not paying an invoice. Credit management software allows you to record complaints and causes, link them to customers and invoices and label them with categories.

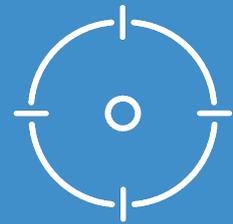
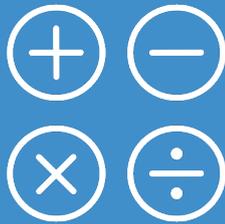
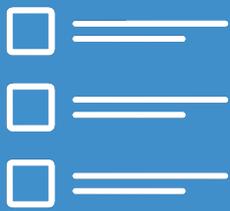
More advanced credit management software sends a confirmation of the complaint to the customer, takes care of the workflow for resolving the complaint, monitors the lead time and sets out new actions where necessary. It ensures that the last part of the commercial contact with a customer is handled properly. Because that's what a complaint is, it's the last chance to ensure that someone remains a customer and that process must be as smooth as possible.

Better risk management

Risks are part of life, but if you aren't aware of the risks, then you are driving blindfolded and that can have nasty consequences. Risk management is therefore the last functional component that we want to mention about why you can't do without proper credit management software. It provides insight into risks, calculates and monitors credit limits, links with suppliers of credit information and supports you with the execution of credit insurance policies.

An additional effect of decent risk management is that you also gain insight into potentially interesting customers. Customers where you might want to sell more from a risk perspective: credit management reveals commercial opportunities.

Credit risk management often suffers from lack of attention, but we believe that it can do so much for companies that this area alone may be a good enough reason for implementing credit management software. You can read more about this in our post about credit risk management .



Investment

Implementing credit management software comes with an one-time investment for implementation and a recurring component for operating of the software. The latter mainly consists of hosting and licenses. Licenses will cost € 100 to € 200 per month per user, depending the supplier and requirements.

The implementation costs varies greatly and depends on your requirements. A worldwide implementation for two hundred users with many specific processes will cost a multiple of an implementation at a two-user organization that primarily wants to automate standard tasks. In the latter case you can be up and running for just a few thousand Euros.

Benefits

Companies benefit greatly from credit management software and most of our customers have a return on investment between 6 and 18 months.

1. You can do more with fewer people.
2. Invoices are paid faster.
3. Better complaint handling and management.
4. More insight into the payment behaviour of customers, reasons for non-payment and the performance of various business units.
5. Fewer write-offs.
6. Professional communication, both internally and with the customer: the right tone at the right time.



Choosing the right software

Choosing the right software is tough and it's too complex to cover it completely in this post, but there are three things that we want to share:

1. Make sure you have a minimum set of requirements before you start looking for a supplier. Not only for today, but also try to do this for the future or for changing circumstances. You want the software to grow with your organization.
2. Don't look at what the software of a supplier can do, but tell them what it must be capable of. You can always adjust your requirements, but don't start with that.
3. Ask for a Proof of Concept. If a supplier says that they can do it, then it shouldn't be a problem for them to show it.

If you apply these three principles, you will ensure that you as a customer has the lead. The supplier must convince you of what it can do for your organization.

About CE-it

We develop software that is flexible. Why? Because our customers want it. Find out more at ce-it.com.