Automation in The Credit Profession
How Can I Be Ready?

Your Speaker
Nancy Watson - Pistole CCE ICCE
Customer Value Manager

Agenda

- Human vs Machine or Human + Machine
- Evolution of Technology
- Evolution of Credit Role
- AI and RPA Adoption in Credit Management
- Steps to Ensure You're Ready
Evolution of Technology

Transformation of A/R from 1st generation manual processing to 5th generation artificial intelligence

Question

Where Are Your Top 3 Obstacles To Implementing Technology?
Are you thinking?

Humans VS Machines

Humans and Machines

Or...

Question

What Is One Common Thing In The Following Movies?
Humans and Machines
For Better Quality of Work and Life
Better Coffee

Better Ride to Work

Walking to Self-driving Cars
10 million self-driving cars will hit the road by 2020.

- Forbes


- Forrester Research

Anyone Have an Autonomous Refrigerator?
We use AI in our Everyday Personal Lives

How Can it Help Us Professionally?

Evolution Of Technology
Evolution of Credit Role
Evolution of Credit Role

Transformation of Credit management from 1st generation manual processing to 5th generation artificial intelligence

01
Admin/Task Driven

02
Easier to Access to Information
Better Reporting

03
Still Labor Intensive

04
Move Toward Strategic Tasks
Still Reactive

05
Strategic Proactive

Question

How are most of your credit applications completed/ filled out?
Question

How much time is spent, on average, processing a new credit application?

Understanding RPA and AI
RPA and AI

**Robotic Process Automation**
- ‘Robots’ mimicking human actions to perform a well-defined business process
- Rules based and repetitive
- High Volume tasks preferred
- Needs to be trained for every new task
- Processes only predefined input formats

**Artificial Intelligence**
- Computers systems to learn, reason, think and perform tasks requiring complex decision making
- Perform complicated tasks
- Evolves with experience
- Looks for better ways to perform
- Can handle unstructured inputs

How can AI empower RPA in Credit Management?
Periodic Credit Reviews

Manual Processing

Fix a suitable date for credit review → Credit review for key large accounts → Manually extract data from ERP

Manually download credit reports → Manually extract information from the reports → Manually calculate credit score and limit → Send for approval → Update on ERP

Challenges: Periodic Credit Review

Manual Processing

- Small customers accounts are neglected
- Significant time spent in
  - downloading and aggregating credit reports
  - extracting data from ERP
- Potentially lots of back and forth to get approval on credit limit
What Can RPA do?

Periodic Credit Review

- Fix a suitable date for credit review
- Credit review for key large accounts
- Automatically extract data from ERP
- Automatically download credit reports
- Automatically extract information from the reports
- Automatically calculate credit score and limit
- Structured workflow for faster approval
- Update on ERP

Automate clerical data collection tasks. Focus on actual credit reviews.

Yet....

Even RPA cannot cross all hurdles!

- Fix a suitable date for credit review
- Credit review for key large account
- The A/R team is left blindsided if the credit rating drops for any account (except large customers).

Impact

- Blocked Orders
- Uncollectible Receivables

Small customers accounts are still neglected
What Can AI Do?

Proactive Periodic Credit Review

Internal Factors
- Open A/R Amount
- Aging details
- Existing credit
- Total dispute amount
- Current open orders
- Average Days Delinquent
- Payment History
- Claim history

External Factors
- Bankruptcy
- Dip in stock exchange
- Shift in credit rating
- Mergers & Acquisitions
- Seasonal sales spikes

Automatically trigger credit review for account with troubled financials or credit ratings
Automate credit review for all small customers
Approval ready credit review for large customers

Blocked Order Management

Manual Process
Manual Processing
Blocked Order Management Process

1. Receives 'order block' notification from Order Management System
2. Checks customer outstanding amount in ERP system and does due diligence
3. Notifies collections team to check on customer payment status
4. Collections analyst calls up the customer to get a commitment
5. Records 'promise to pay' based on verbal commitment
6. Assures credit team about future payment
7. Analyst releases blocked order based on verbally confirmed commitment
8. Schedules reminder to follow-up on payment status
9. Checks with Cash Application team to find out payment status
10. Checks incoming payment and remittance information
11. Release blocked order

Blocked Orders Released

10% orders are released after detailed review
90% orders are released based on the judgement of credit analysts and managers
The Impact

Credit Management
1. Receives ‘order block’ notification from Order Management System
2. Checks customer outstanding amount in ERP system
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6. Assures credit team about future payment
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8. Schedules reminder to follow-up on payment status
9. Checks with Cash Allocation team to find out payment status
10. Checks incoming payment and remittance information

Collections
Considerable amount of time and resources involved in process

Cash Application
Sales are delayed. A/R teams lose time in releasing orders.

What Can AI Do?

Credit Management
1. Receives ‘order block’ notification from Order Management System
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Collections
What if AI could predict that a particular order might get blocked before it actually gets blocked?

Cash Allocation

Orders get released on unreliable confirmation

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Proactive Blocked Order Management

- Predicts Credit Limit Approaching
- Triggers Credit Limit Utilization Workflow
- Credit Limit Updated
- Automated Correspondence
- Credit Limit Approaching

Credit Limit Utilization Workflow

- Email with Payment Link
- Customer Clicks on Payment Link
- Online Payment
- Cash Applied Automatically
- Cash Application

Customer

AI For Credit Management

- Improved topline as sales orders are no longer blocked
- Improved customer satisfaction

Proactive Blocked Order Management

- Team can focus on critical customers

Proactive Periodic Review

- Better Credit Risk Management
Watch it Live

Steps to Ensure You’re Ready!

highradius
Integrated Receivables
4 Steps You Could Take to Stay Ready

- **EDUCATE**: Learn about the capabilities of AI and RPA
- **EVALUATE**: Do you have the necessary skills, understanding?
- **EMBRACE**: Accept that the future is upon us and will continue to develop and advance.
- **EMPOWER**: Take necessary steps to be ready for the autonomous age of receivables

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**About HighRadius**
HighRadius at a Glance

Integrated Receivables Cloud Platform

- Credit Cloud
- EIPP Cloud
- Cash App Cloud
- Deductions Cloud
- Collections Cloud

375+ Clients. 150 in last 2 years.
#1 in Fortune1000 market.

$1 Trillion in receivables processed annually.

Growth
75% CAGR

Global Presence
- Americas HQ - Houston
- Europe HQ - London
- Asia HQ - Hyderabad
- 850+ employees

Founded
Bootstrapped for a decade

Philosophy
Profitability & Growth

2006

2017-2019

Strategic Partnerships
$60+ Million Growth Funding

Partial List of Customers
Partial List of Customers

700+
Finance Transformation Projects
6 continents | 45 countries

Credit Cloud
- Online Credit Application
- Credit Bureau Integration
- Credit Scoring
- Credit Workflow

EIPP Cloud
- Merchant Branded Portal
- Invoice Templates
- Dispute Management
- Payment Gateway Integration

Cash App Cloud
- Image Data Capture
- Email, EDI, Web Data Capture
- Invoice Matching
- Deduction Coding

Deductions Cloud
- Claims, POD Backup Automation
- Automated Trade Matching
- Shortage/Price Variance Analysis
- Automated Claim Denial Packages

Collections Cloud
- Collection Strategies
- Notes, Reminders
- Payment Commitments
- Dispute Management
- Automated Correspondence

Integrated Receivables Platform
Questions?

Thank you!

Nancy Watson - Pistole CCEICCE
Customer Value Manager
nancy.watsonpistole@highradius.com