Global companies spend between $50 and $60 million every year on processing cash applications manually, according to Genpact estimates. That’s a lot of money, certainly. But this inefficiency also puts data integrity at risk, leads to lost revenue, and degrades the customer experience.

The good news: Enterprises can face down challenges with data, inconsistent policies, and fragmented processes using advanced, zero-touch digital technologies. That leads to real efficiency gains – and 100% accurate payment accounting.
Remove tedium and inefficiencies from manual cash application processes. Make AR more accurate. Boost revenue while delighting customers.

Companies want to realize revenues quickly when customers increase their order volume - but to do so, the cash applications process needs to respond with agility. Suppose, for example, a customer makes multiple orders. If the company handles this manually, the customer’s credit limit might not be up to date and the new orders wouldn’t go through until the finance team recognized a payment. It’s bad enough that such situations lead to unnecessary resolution costs. Worse, they jeopardize the customer experience - and that can mean cancellations.

What’s more, achieving accurate cash applications manually is painstaking and time-consuming. Consider the kind of back-office support the process takes. Staff must deal with exceptions handling, preparing refunds and direct-debit proposals. They must also generate customer statements, respond to collection queries, and apply reconciliations. Dealing with all this can take up as much as half their time, which delays payment posting and drives down accounting efficiency. Yet while automating the cash applications process offers real opportunities for improvement and cost reduction, firms often don’t move forward for the following reasons.

- **Unstructured data from disparate sources** - often delayed and incomplete - that arrives in accounts receivable (AR) in the form of invoices, payment methods, bank statements, remittance advice information, and credit. And because AR teams rely on information from external and internal stakeholders, they can only control data quality to a limited extent.
- **Complex and changing policies** the result of unwieldy, rigid ERP systems, acquisitions or other business activities, that make it hard for AR to rapidly on-board updates to business rules.

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**Figure 1: Enabling zero-touch transactions through the power of digital**

### Stakeholders and data sources
- **Banks**
  - Bank statements

- **Customers**
  - Remittance advice

- **Collections team**
  - Remittance advice

- **ERP**
  - Customer data
  - Invoice data
  - General ledger data
  - Posting data patterns

- **Customers**
  - Queries

- **Collections team**
  - Queries

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Output

- **ERP**
  - Posting data
  - Reversals data
  - Unlocked customer credit
  - Direct debit proposal
  - Customer statement

- **Accounts payable**
  - Refund proposal
  - Direct debit proposal

- **Customer**
  - Account balance statement

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**Automation of payment posting and exception management**

- **Machine learning**

**Automation of non-payment posting transactions**

- **Natural language processing**

- **Robotic process automation**

- **Query responses, payment proposals, end-to-end reporting, write offs**

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Genpact | Overview | 2
- **Fragmented and inflexible legacy procedures that require structured data** such as ERP and systems of record that are complex, time-consuming, and expensive to modify or customize. So AR falls back on stop-gap, manual fixes, or uses spreadsheets to support payment processing.

- **Manual payment processes that swallow up to 50% of cash-applications effort.** Different teams that approach payment processing—each in its own way—must also spend time researching to resolve invoice and payment-processing exceptions. These methods are lengthy, error-prone, lead to delayed or cancelled orders, and result in poor customer experiences.

Still, firms can’t afford not to transform cash applications. By failing to automate, they’re compromising the integrity of their data. They’re also putting customer satisfaction at risk – and that can reduce revenue.

**An intelligent, inexpensive, adaptable service that automates painlessly**

Genpact’s Touchless Cash Application Engine automates payment information – no matter what form it arrives in – as well as payment processing and related AR activities. It does so using advanced digital technologies, such as machine learning, natural language processing (NLP), robotic process automation, and dynamic workflow (see figure 1). This cloud-based solution offers best-in-class usability, can work alongside existing technology, takes little time to deploy, and is not expensive.

Key features include:

- **Payment information assimilation:** Using NLP and intelligent optical character recognition, the system can receive data in any format. It can then analyze patterns to extract actionable data and context. It also reduces the need for standardized input.

- **Payment auto-matching:** Using robotic process automation, incremental logic, and a machine-learning algorithm, the solution automatically applies a customer’s payment to the relevant open invoice – so-called auto-pay. Machine learning also helps identify exceptions.

- **Exceptions management and resolution:** If auto-matching fails, dynamic workflow helps resolve exceptions by automating the creation, classification, and routing of exceptions. Built-in natural-language-processing algorithms that assimilate unstructured data support this process.

- **Other accounts receivable support and management activities:** These include payment and refund proposals, request for balance statements, and other account information.

**An elegant solution backed by the best minds in the field**

Genpact’s Lean Digital approach combines design thinking with advanced digital technologies and analytics to power the Touchless Cash Application Engine. What’s more, we back it with the expertise of more than 4,000 professionals with a deep understanding of accounts receivable and industry challenges who work across industries and countries.

Here’s how the Touchless Cash Application Engine delivers impact against performance goals:

- **It automates cash applications by up to 95%,** driving productivity gains with low incremental investments.

- **It provides up to 100% accuracy of processing and outputs.**

- **It reduces transaction cycle times from days to hours.**

- **It’s more responsive to requests,** improving the experience of customers and internal stakeholders.

- **It’s more agile,** so cash applications teams can respond to changes in policy promptly.

All this means your firm gets accurate and timely payment accounting – while reducing operational costs and lost revenue at the same time. That’s a tough combination to beat.
About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details - all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies’ ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we’ll be there with you - putting data and digital to work to create bold, lasting results - because transformation happens here, at Genpact.com.

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