5 emerging trends impacting credit management teams

By Dion Appel MICM*

Finding new ways to unlock organic growth and optimise costs is falling onto finance teams amid persistent economic headwinds.

As Australian businesses battle against ongoing pressures such as inflation, global economic instability leading to cashflow issues, labour shortages, and inflation, credit teams are being looked upon to unlock efficiencies in how business processes are managed.

A report by PwC reveals that nearly half (45 per cent) of CEOs think their organisation won't be economically viable in a decade if it continues on its current course, prompting businesses to turn to B2B as a channel to unlock growth opportunities as a strategic priority.

A new era of credit management is upon us. Enabled by technology, businesses are looking to their Accounts Receivable processes to better manage business cashflow, monitor business risks more closely and retain and grow customer value.

In the ever-changing credit management environment, here are 5 emerging trends to look out for:

1 Industry specific cloud-based platforms

One-size-fits-most cloud platforms are being ditched in favour of industry-specific cloud platforms that meet unique business requirements.

A surge in data volumes requires a radical rethink to

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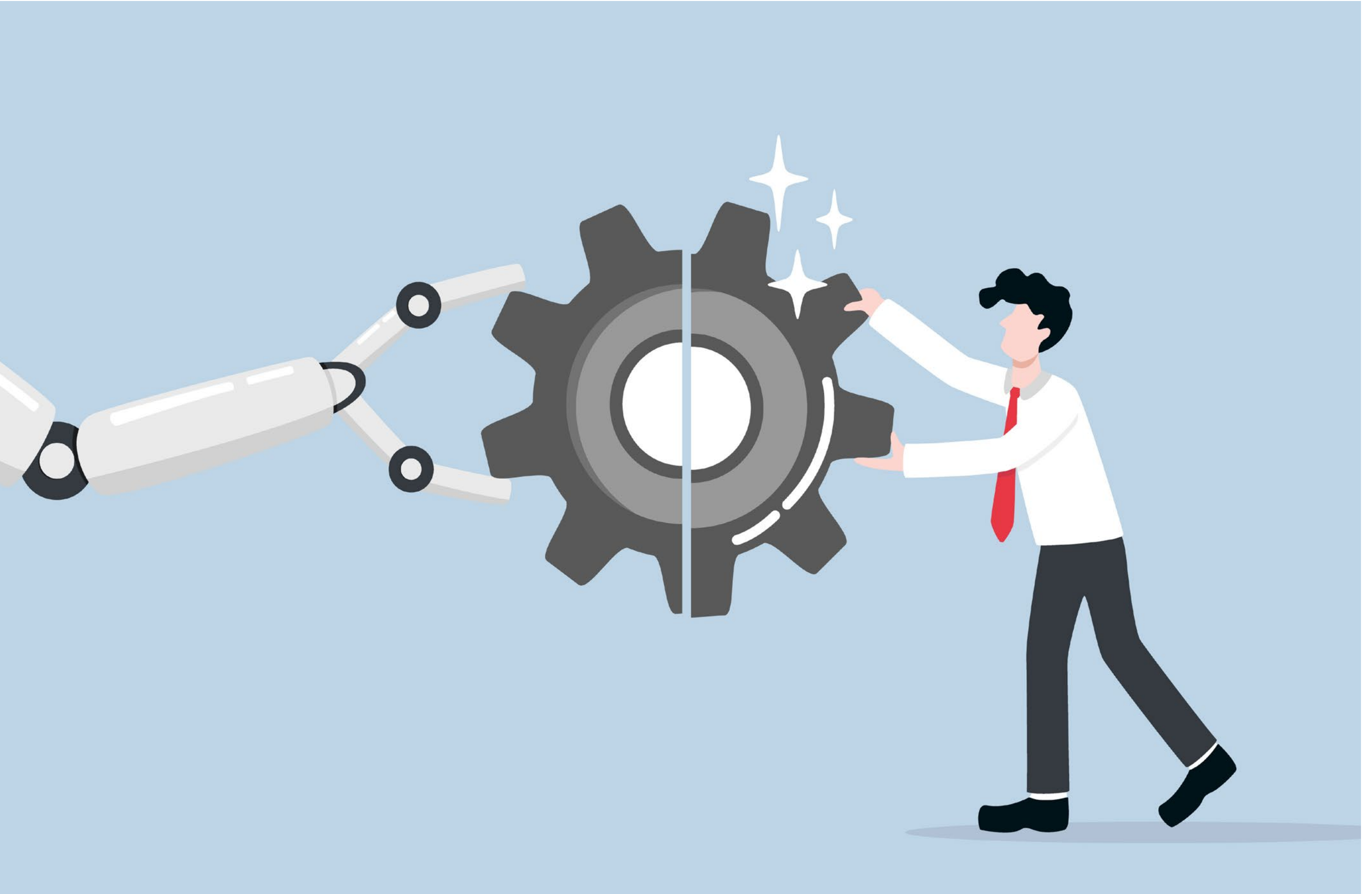

enable centralised data access with real time visibility. Cloud solutions tailored to specific industry needs deliver ready-to-go solutions without the time and cost that comes with customisation.

The right technology gives finance teams intelligent automation procedures, which enhances business processes in a single cohesive tech suite. This means that real-time advanced data access and analytics are within arm's reach at all times, improving communications and credit risk profiling, supporting compliance with the increasingly complex financial regulations.

By migrating data and workloads into the cloud, businesses are hitting the

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ground running, reducing downtime and providing greater efficiencies and experiences.

2 Intelligent automation

Credit managers want a solution that automates repetitive manual tasks, and are wondering how advanced machine learning and artificial intelligence could help them achieve this.

Automation enables a business to implement a unique set of business rules through a process that a human otherwise completed. It is consistently applied in every type of scenario, and every step of the full credit management process. Instead of investing in multiple systems such as onboarding, account management, invoicing and reconciliation businesses are realising the benefits of streamlining through automating all of those areas within one cloud-based solution.

Automation tools can generate and send invoices to customers based on pre-defined schedules or triggers, with payment reminders and scheduled follow ups. They can also allow a business to route documents through a claim process without employees needing to oversee each step.

Intelligent automation can improve business processes by automating tasks usually completed by humans, such as data processing, data entry and customer support . This means that companies can ensure resources are focused on improving the customer experience. It allows teams to speed up processes and save on costs, ensuring the elimination of errors when employees are undertaking repetitive tasks.

Automation tools have been helping businesses stay on top of complexities as they realise that stamping out overdue payments and enhancing existing customer interactions can enable businesses to improve the bottom line.

Businesses leading the way are freeing up resources and improving operational efficiencies, providing a natural head start on the task of streamlining business processes. Connecting the functional processes within a business can also provide you with centralised visibility to critical data points.

3 Gen AI

The next frontier of automation is generative artificial intelligence (Gen AI), which is emerging as a powerful secret weapon for businesses bold enough to navigate this new frontier.

Gen AI is artificial intelligence capable of generating text, images, videos or other data using generative models, often in response to prompts. It can transform mundane functions such as onboarding, communications and account reconciliation, the technology with human-like intelligence can perform tasks with speed and with high level accuracy.

Gen AI can also analyse and interpret patterns such as customer behaviours, giving businesses greater visibility over the performance of their entire customer base. This means businesses can take action before a risk occurs and potentially capitalise on growth opportunities simply by being better prepared.

Businesses are mitigating the inherent risks that exist in Gen AI by creating a specific strategy bespoke to the way your business operates, being mindful of Gen AI bias, and data and security restrictions.

If you're not in this space yet, it's time to embrace Gen AI to stay ahead of the pack. This

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isn’t about replacing people with AI, but augmenting their capabilities and evolving your teams alongside the technology for greater efficiencies.

4 Business integration

Siloed teams are looking for ways to be seamlessly connected as businesses realise that a good idea can come from anyone, anytime. Or, a good idea can be served from your business technology in the form of data.

Integrating functions allows teams to share and access the same information in real time, removing any manual work previously required to obtain a single view of a customer and their status.

A platform that streamlines all operating functions is helping businesses enforce best practices in credit control including the ability to conduct near-time creditworthiness checks and automate credit management functions that integrate with ERP systems. It is a much more robust and scalable way to run a business, removing duplication and optimising workflows.

Some businesses also realise the power of self-service customer portals that offer convenience of 24/7 access to manage all aspects of their account. This transparent approach keeps communication channels open at all times, enabling fast and frictionless interactions, empowering the customer experience.

By allowing companies to connect their digital ecosystems and fostering greater communication with their external partners, the speed at which a company can process and handle transactions is resulting in a far more optimised experience for both parties.

5 Customer tiered segmentation

Pulling the necessary customer data to build customer segments is critical in today’s business world. But for those still trying to piece it together even using Excel spreadsheets populated by humans, it’s an impossible task.

The right cloud-based credit management system can help segment customers to better understand their needs, preferences, behaviours and buying patterns. This enables a stronger focus on customer experience, leading to better resource allocation.

Each customer is different from the next, not only in how they spend, but how often they do business with you, their pain points and what trading terms established with them. By tailoring your communication efforts to each customer to better meet the needs of each segment, you can increase customer loyalty and grow overall profitability.

Machine learning and AI can make the task much easier, helping your business segment contact lists and even set up communication workflows, freeing up your team to focus on customer-facing tasks.

*__Dion Appel MICM__ is the CEO of Opypro, a fully digitised end-to-end platform which streamlines and automates the B2B accounts receivable process.