

Insights Into Corporate Receivables: Sponsored by WAUSAU Financial Systems



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IMPACT POINTS

- WAUSAU Financial Systems commissioned Aite Group to conduct a survey of 80 senior receivables and treasury managers from U.S.-based corporations with annual revenues of US\$1 billion or more to determine the major issues negatively impacting corporations' costs and speed of processing receivables.
- With a median staff size of 62 full-time equivalents (FTEs), large corporations maintain a large number of receivables and cash application processing staff.
- The overall average days sales outstanding (DSO) for large corporations is 44.5 days.
- Approximately half of large corporations' receivables are straight-through processing (STP), leaving the other half requiring manual intervention.
- More than one-third of corporations experience unauthorized trade discounts or concessions taken by payers totaling US\$500,000 or more per year.
- The most common organization structure for receivables and payments application is by subsidiary (42%), with 30% of companies' processes centralized for the entire company, and the remaining 28% centralized by geographic region.
- Almost 70% of companies with annual revenues of US\$1 billion or more process receivables in-house today.
- Nearly 60% of senior receivables and treasury managers are less than fully satisfied with receivables and payments application processes at their companies.
- A number of factors are cited as negatively impacting large corporations' businesses:
 - A "large or growing number of exceptions and returns" have a negative impact on 74% of large corporations;
 - About the same percentage (73%) is negatively impacted by "incomplete or inaccurate data about receivables;"

- Fifty percent or more of companies experience negative impact from “inefficient credit evaluation and management process;” the “large number of channels from which payments are received;” “inconsistent payments handling due to multiple payments types;” and “lack of real-time remittance reporting.”
- Despite the continuing push of companies to eliminate paper processes to reduce costs and (more recently) support green initiatives, the highest proportion of payments received by large corporations is through the mail.
- Large corporations receive the greatest percentage of consumer payments via paper checks (40%), while automated clearing house (ACH) payments (27%) and credit cards (15%) round out the top three consumer payments types.
- The middle number of business-to-business (B2B) annual invoices is 550,000, or nearly 46,000 invoices per month.
 - This finding indicates that business payers combine invoices when making payments — about 46 invoices based on the monthly middle number of invoices issued (approximately 46,000) and the monthly middle of invoices paid (1,000).
- Business payments are presented to corporations via paper check and ACH in the same proportion as consumer payments: 42% by check and 28% as ACH. Wire transfers round out the top three payments types received for B2B transactions, at 17%.
- More than 70% of large companies seldom receive remittance details via EDI.
- If remittance details are not provided by the payer to apply the payment, receiving companies rarely request that data from the payer.

INTRODUCTION

WAUSAU Financial Systems commissioned Aite Group to conduct a survey of senior receivables and treasury managers from U.S.-based corporations with annual revenues of US\$1 billion or more to determine the major issues negatively impacting corporations' costs and speed of processing receivables. This survey asked questions concerning the information needed by corporate receivers to apply incoming cash to update receivables and credit accounts. To collect this data, Aite Group conducted an online survey of 80 U.S. senior receivables and treasury managers, representing a pool of about 4% of the total companies of this size in the United States.

SURVEY METHODOLOGY

A total of 80 surveys were completed online between March 26 and April 12, 2010. Individuals who qualified for participation in the study are employed by an organization with annual revenues of US\$1 billion or more and have primary responsibility or considerable involvement in decisions about receivables management. The 80 surveys took an average of 11 minutes for respondents to complete.

In addition, 10 in-depth interviews were conducted via telephone by Aite Group analysts who have extensive experience with receivables and treasury management processes. These 15-minute interviews were conducted with individuals meeting the same qualifications as above with regard to the size of their organization and their own level of responsibility.

Given the size of subgroups within the total respondent base, Aite Group identified two cuts of the data — size of annual revenues and concentration of client base — which result in statistically different results for some questions. Answers were evaluated by segmenting respondents as follows:

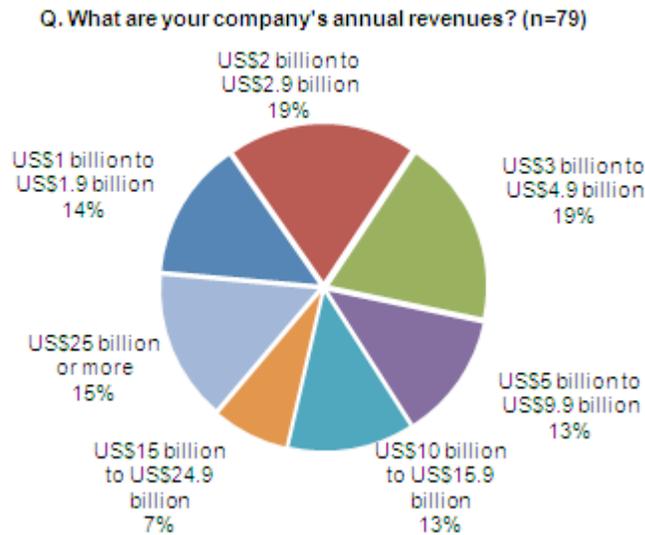
- **Size of annual revenues:** US\$1 billion to US\$4.9 billion (41 respondents), and US\$5 billion or more (38 respondents), and
- **Concentration of client base:** 60% or more of payments from consumers (38 respondents), 60% or more of payments from businesses (20 respondents), and a mix of consumer and business payments (22 respondents).

Analyses of differences between each of these segments of the total respondent base, where appropriate, were conducted at the 80% level of confidence and are stated in this report.

RESPONDENT STATISTICS

Nearly a quarter of respondents work for companies with US\$15 billion or more in annual revenues. One respondent chose not to provide exact annual revenues for the company, but indicated that the company had at least US\$1 billion in annual revenues. Of the remaining 79 respondents, 52% have annual revenues between US\$1 billion and US\$4.9 billion, and 48% have annual revenues of US\$5 billion or more (see Figure 1 for the percentage breakdown by ranges of annual revenue).

FIGURE 1: RESPONDENT REPRESENTATION ACROSS THE RANGE OF COMPANIES' ANNUAL REVENUES OF US\$1 BILLION OR MORE



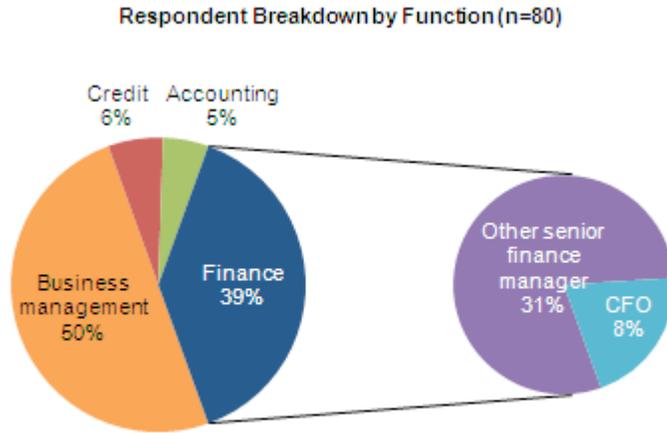
Source: Aite Group survey of U.S.-based companies with annual revenues of US\$1 billion or more, March/April 2010

RESPONDENTS' FUNCTIONS AND INDUSTRIES REPRESENTED

Survey respondents were asked their job titles and their company's industries. Based on the job titles provided, Aite Group identified four senior-level functions that the titles represent: business management, finance, credit, and accounting. Half of the respondents are senior business managers, while 39% of respondents are in finance, 6% are in credit management, and 5% are in accounting. The 39%

that are from finance include eight percent that report titles of chief financial officer or CFO (see Figure 2).

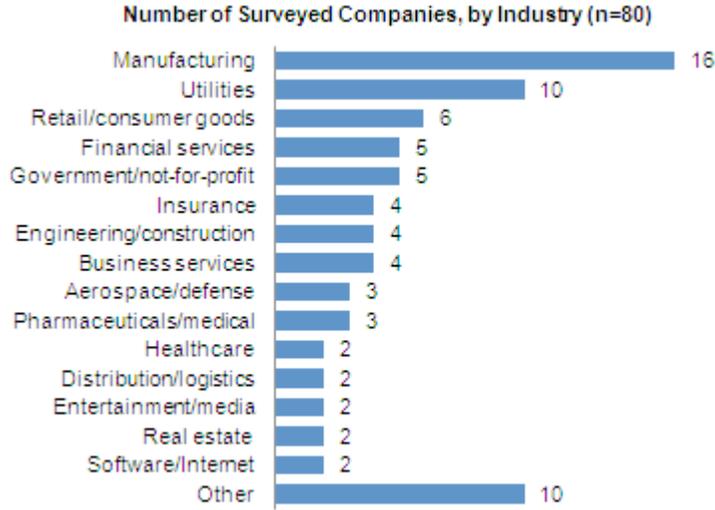
FIGURE 2: SURVEY RESPONDENTS ARE SENIOR-LEVEL MANAGERS OR DIRECTORS



Source: Aite Group survey of senior receivables and treasury managers at U.S.-based companies with annual revenues of US\$1 billion or more, March/April 2010

Companies represented in the survey results are from a broad range of industries. The greatest concentration of companies is in manufacturing with 16 companies, or 20% of respondents. The 10 companies categorized as “other” represent 10 additional, distinct industries (see Figure 3 on page 8).

FIGURE 3: THE BROAD RANGE OF INDUSTRIES REPRESENTED BY RESPONDENT COMPANIES



Source: Aite Group survey of senior receivables and treasury managers at U.S.-based companies with annual revenues of US\$1 billion or more, March/April 2010

REQUEST A COPY OF THE FULL REPORT

Thank you for downloading and reading the highlights of the Aite Study, *Insights Into Corporate Receivables*. The full 57 page study is available upon request.

The full report provides insights on what corporations need to do in order to better process receivables.

Some highlights of the full report include:

- The top three receivables challenges companies are facing
- How receivables are organized and staffed
- The percentage of companies processing receivables in-house, out-sourced to a bank or use a third-party provider
- The true impact of exception items and returns for B2B and B2C companies
- The role of electronic invoicing and bill presentment and payment adoption trends
- Relative challenges for B2B and B2C companies managing their receivables
- And more....

How does your organization's management of receivables compare to peers? Be one of the first in your company to bring new ideas to the table and share with your colleagues ways to improve your receivables processing.

To get the full 57 page report email info@wausaufs.com or call **1-800-937-0017** today!

About WAUSAU Financial Systems

WAUSAU Financial Systems is a premier provider of payment and receivables processing solutions, helping businesses of all types move money faster. With its products, services and consulting, WAUSAU works with customers to speed check processing, electronic presentment, ACH payments, transaction processing, distributed capture and enterprise content management. WAUSAU holds the No. 1 market share position in retail and wholesale remittance processing solutions. WAUSAU processes more than \$1 trillion in payments each year through its work with more than 650 organizations, and maintains more than 30 percent of all U.S. lockbox volume. The company works with 13 of the 25 largest financial institutions, 42 percent of insurance companies with more than 5 million customers and 24 percent of utilities with more than 100,000 customers. More than 200 financial institutions use WAUSAU's remote deposit capture service, and industry consultants Celent and Aite have ranked WAUSAU's remote capture functionality above all competitors. For more information, visit www.wausaufs.com.