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can your department take a leading role here?

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By Ryan Frere, EVP & GM of B2B, [Flywire](#).

When you consider just how much a global business is up against in our current economic environment, it begins to sound like a trailer for the next summer blockbuster. You know the opening line well: “In a world, where inflation lurks around every corner, interest rates are rising, and geopolitical risk seems to increase everyday...”

When faced with such mounting challenges, Hollywood tells us, an unlikely hero often emerges. “...Only one department, one function, one process is capable of

unlocking the liquidity needed to fight all of those villains, free cash trapped on the

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percent increase in unit costs this quarter, and adjusted for inflation, average revenues are not expected to grow in 2022, down from real revenue growth of approximately 3 percent on average in last quarter's survey.

Identifying A/R cash traps to free that cash on the balance sheet is now critical. How can your department take a leading role here?

Do you have A/R cash traps? 5 questions to ask:

Cash traps are typically concentrated in two areas – inventory and A/R. We'll save the former for the sequel, and let A/R star here. Here's some of what could be ensnaring your cash.

Can you easily identify problem accounts? Can you tell reliably who has paid, how much, and who hasn't? Some of your customers are not good customers, and it may be time to revisit the relationship, or at least the terms of it. A best practice that [Deloitte](#) recommends is to look at industry-specific metrics for DSO. Then, dig deeper. How many invoices are past due? Who's paying early? How often does the sales team override standard terms? Are there unapproved discounts?

Is your cash application process overly manual? How easy is it for your A/R team to apply payment to customer invoices? Can you apply split or partial payments?

Is FX exposure a constant concern? The cost of hedging currency risk has increased because of higher volatility and interest rates. Is FX overwhelmingly complex? Is your business losing money on short payments and lack visibility into fees from banks and payment processors?

Are you managing multiple bank accounts and payment partners? How many bank accounts are you managing globally, and what is the total expense? How do you manage disputes around invoices? Can you easily manage chargebacks? Can you

support multiple languages and time zones when customers have questions? The

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Automating A/R can help free cash trapped on the balance sheet

Introducing more digitalization and automation into the A/R process can help bust A/R cash traps. And it doesn't have to be a massive project. A/R automation software can be configured and integrated with an existing ERP or CRM system and turned on in a matter of weeks.

First, when cross-border payments are digitized and more of the collection and reconciliation process automated, it's easier to draw conclusions from the data – as well as deliver more accurate cash forecasts. With a real-time view into payments received, initiated, aging, refunds and more by customer, country, and region, you can identify problem customers and see collection strategies working in good ones.

Numbers also help substantiate difficult conversions. Is sales balking at changing terms for a customer – or dropping them altogether? How are you able to justify pushing more resources after a good client? With data, honest conversations about customer strategies are easier to have.

What's more, handling complexities associated with managing FX and collecting cross-border payments holds many international businesses back from expansion plans. We've heard anecdotally that international DSO timelines now stretch well beyond 100 days. Just because the benchmark is inching up doesn't mean it should become standard. Offering a choice in payment method – including bank transfers, credit cards, local digital payment methods and more – and having a system flexible enough to handle different payment types (by which I mean things like partial payments) can help in reducing international DSO.

Finally, one of the biggest value propositions of automating A/R is that it frees up talented finance and accounting professionals to do more strategic work. We've

heard time and time again the sentiment that if we're getting paid the process works

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\$731,321. That's no bust at the box office.

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Ryan Frere is EVP & GM of B2B at [Flywire](#). In a recent webcast he discussed the [ROI of an all-in-one A/R strategy](#).

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