

2015

Perceptions Study

Research and analysis of supplier activity in the areas of:
 Invoicing | Payment and Remittance | Credit and Collections

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About Receivable Savvy

Receivable Savvy (www.receivablesavvy.com) is a leading source of focused financial supply chain information for supplier-side Finance and Accounting professionals in the areas of invoicing, payment and remittance, and credit and collections. In addition to providing proprietary research and education opportunities, we offer proven best practice information, blogs and thought leadership from industry experts, while facilitating the exchange of ideas via our online peer-to-peer platform.

Founded in 2015, Receivable Savvy's mission is to cultivate knowledge and understanding among supplier organizations while also delving into what they do, how they do it and, most importantly, why they do it. As industry veterans, we understand the notion that our supply chain is not only critical, but also global and interconnected.

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Methodology

The *Receivable Savvy Perceptions Study: Research and analysis of supplier activity in the areas of invoicing, payment and remittance, and credit and collections*, was conducted online from June to August 2015 with 216 Accounting and Finance professionals. The objective of the survey was to collect information about the invoicing, payment and collections experiences and preferences of US companies to better understand current practices, emerging trends and potential opportunities in these areas.

Our samples were obtained from Dun & Bradstreet and Research Now, and consisted of companies in the US with at least \$1 million in revenues the previous year. The sampling approach is comprised of both a random selection and non-probability component, with data collected from a wide mix of companies that vary by size, geography, and industry. The final

profile of respondents accurately mirrors the varied composition of US businesses and employees so as to ensure the results were representative of current US business demographics. The results of the survey have a margin of error of +/- 6.6% at 95% confidence.

Except for questions where the answer was meaningful, “not sure” responses have been excluded from some of the analysis. Therefore, the results presented in this report represent the percentage of valid responses.

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Executive Summary

During our independent study of US businesses in areas of invoicing, payment and remittance, and credit and collections, Receivable Savvy uncovered a number of key findings....

- Use of paper to submit invoices and get paid (paper check) remains widespread. Although newer solutions and technologies are introduced virtually every year, many supplier organizations remain reluctant to transition to those newer solutions.
- Customer portals compete not only with paper, email and fax invoice submission methods, but are likely making inroads at the expense of third-party electronic invoicing solution providers. The use of customer portals to accept supplier invoices and to make payments may become more widespread in the near future.
- The percentage of suppliers who indicated being open to early payment discounts from customers generally matches the percentage of suppliers actually taking advantage of it. Alternatively, the percentage of suppliers taking advantage of early payment discounts from third-party providers is significantly less than those who indicated being open to it.
- A majority of suppliers prefer electronic payment from customers but are still getting paid with a paper check. Issues such as lack of remittance standards and the resources needed to accept electronic payments slows

the progression of that option as the primary method of getting paid.

- Almost 1/3 of suppliers indicate that their company has no formal credit and collections policy.
- Collections tasks outsourced to third-party providers are typically those invoices not paid after 90 days.
- Suppliers say that calling customers more often is the most practiced – and most effective – activity they practice when dealing with late-paying customers.

While many businesses indicate they are well equipped to manage their cash flow, many encounter challenges managing invoice submission and receiving timely payment from customers. As a result, a large percentage of companies appear to incorporate activities that are perceived to be effective but may not be as efficient or cost-effective as initially believed. This report will examine those areas, offer analysis and identify potential opportunities for supplier organizations.

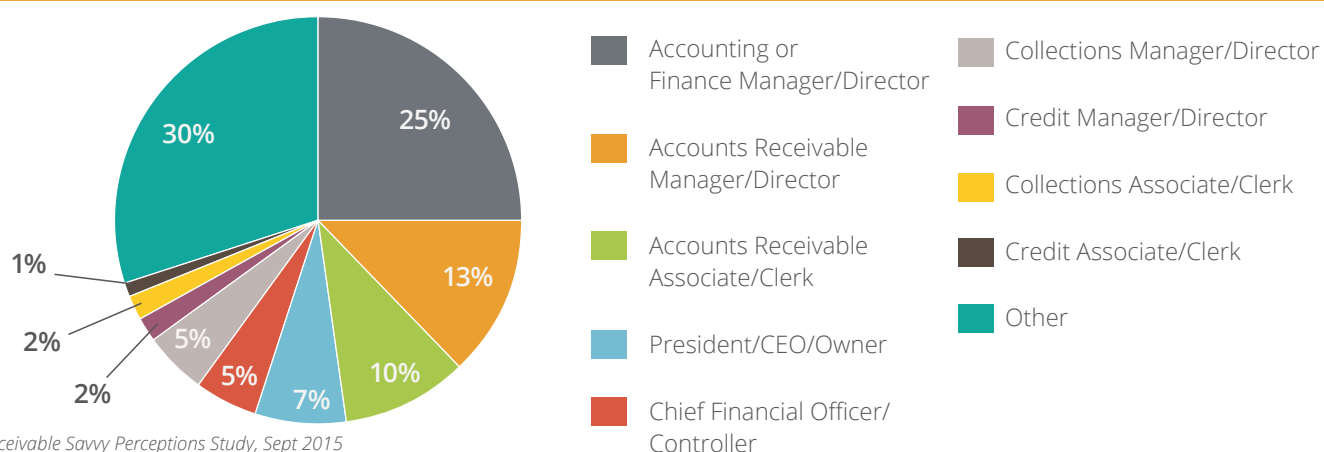


Demographics

Overall, a wide selection of Finance and Accounting professionals responded to the Receivable Savvy Perceptions study. As a result, the demographics of the respondents closely represent that of all US companies¹. More information about the demographics of the sample is provided in Figures 1 through 4.

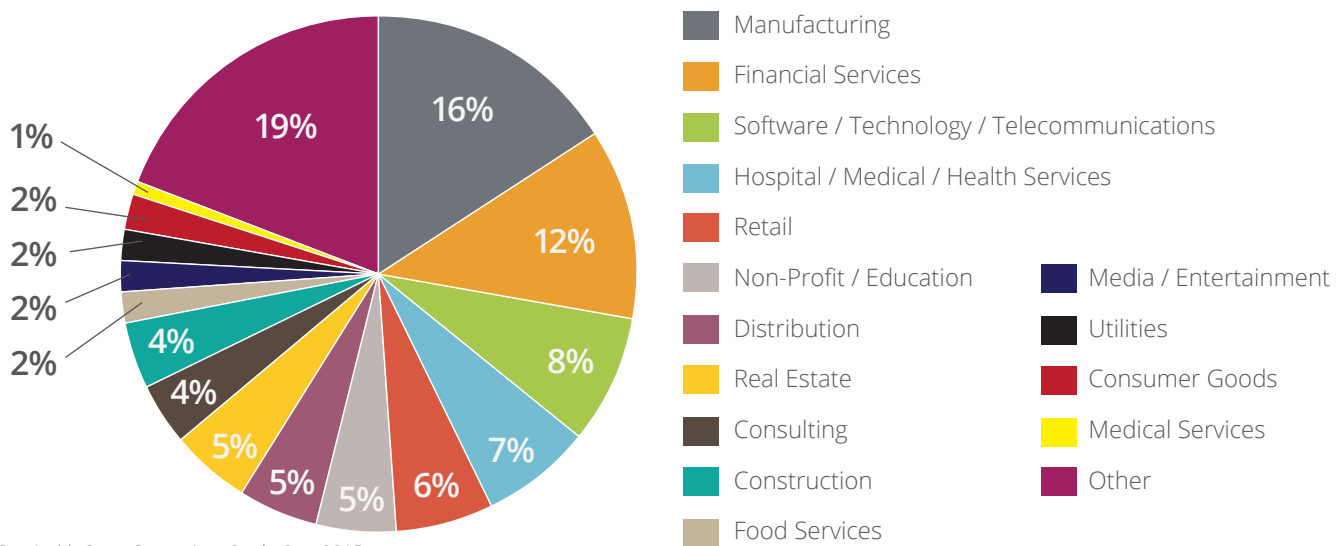
¹ US Census data, available at <http://www.census.gov/econ/susb/>

Figure 1
What job title best describes your role?



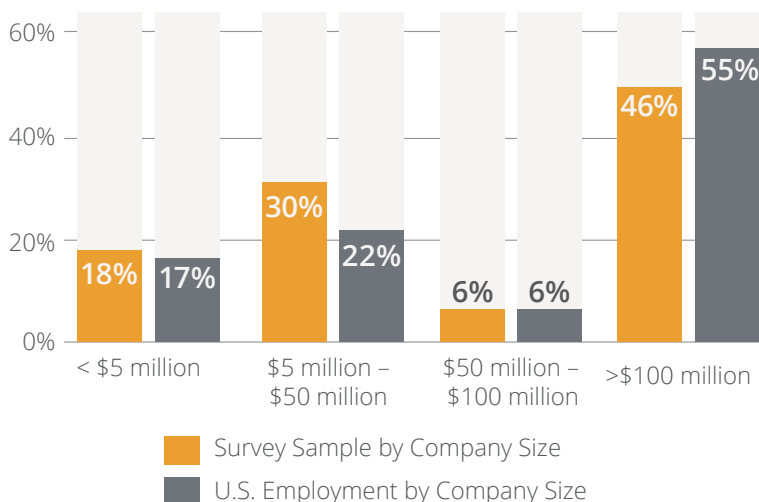
Given the topic and goals of the survey, the sample was purposefully focused on those in Finance and Accounting roles, and the largest segment of respondents were Accounting or Finance Managers/Directors (25%). Accounts Receivable Manager/Directors were well represented (13%) as well as Senior Executives (CFO/Controller, President/CEO/Owner) at 12% of respondents (*Figure 1*).

Figure 2
Types of Businesses/Industries



Receivable Savvy Perceptions Study, Sept 2015

Figure 3
Company Size of Survey Respondents



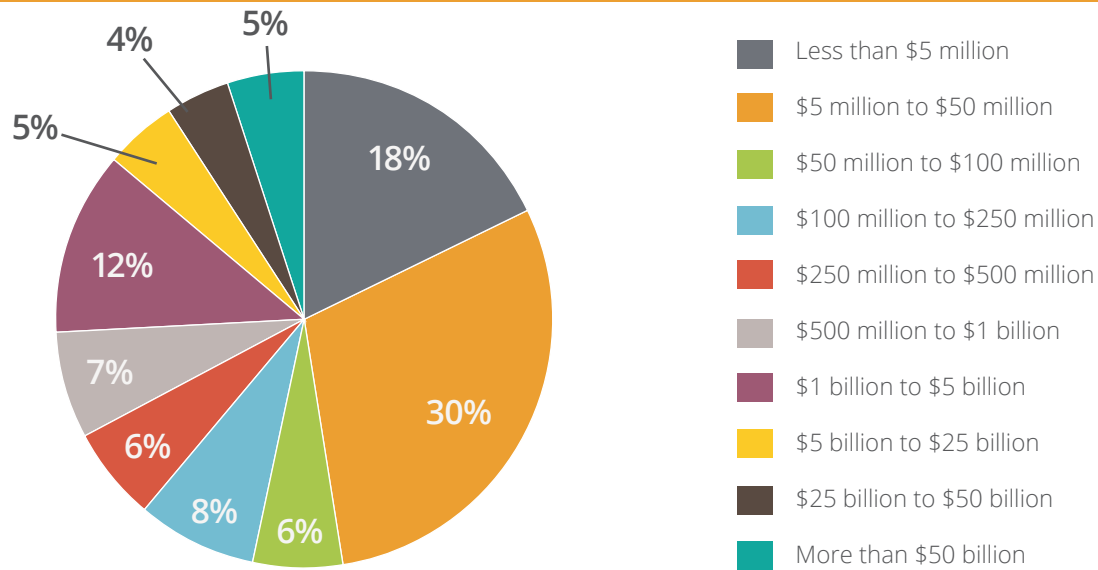
Receivable Savvy Perceptions Study, Sept 2015

US Census data

Manufacturing was the most common industry represented, with 16% of respondents working in this industry. Financial Services (12%), software/IT (8%) and health care (7%) were also common industries (*Figure 2*).

Figure 3 displays the breakdown of survey respondents and US employment by company size (defined in terms of annual revenue). Overall, the sample closely tracks that of US employment, with a slight underrepresentation in the largest companies of over \$100 million in revenue (46% to 55%). *Figure 4* displays the company size breakout of participants.

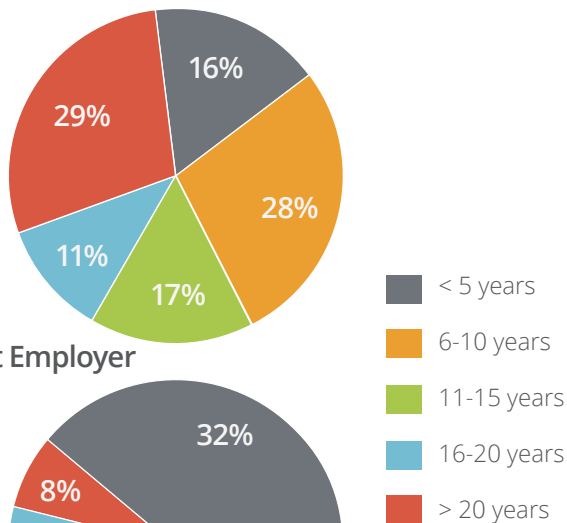
Figure 4
Company Size of Survey Respondents



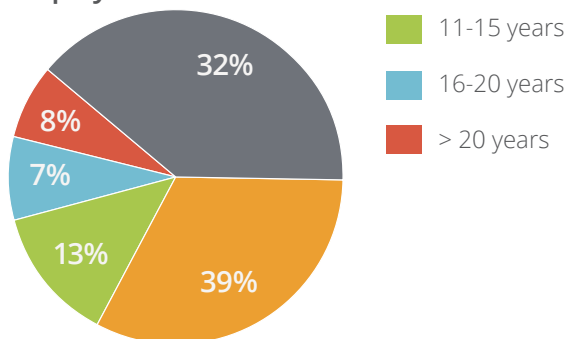
Receivable Savvy Perceptions Study, Sept 2015

Figure 5
Length of Time (Tenure)

In Finance or Accounts Receivable-related positions



With Current Employer



Receivable Savvy Perceptions Study, Sept 2015

On average, our respondents have almost a full decade of Finance/Accounts Receivable experience (9.4 years) and slightly less (8.4 years) with their current employer. Nearly one-third had 20+ years of experience (Figure 5).



To see the complete, 29-page 2015 Perceptions Study,
visit <http://www.receivablesavvy.com/article-category/research/>



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