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## CRM for Financial Supply Chain

Improving Cash Flow & The Customer Experience

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Next generation CRM for the Financial Supply Chain enables organizations to collaborate across the full transaction spectrum.

## CRM for the Financial Supply Chain: Improving Cash Flow & the Customer Experience

In good times or bad, effective cash flow management is a critical component of business success. That's why for many organizations improving the order-to-settlement process is a top priority. As businesses become more global, managing the flow of information is a competitive necessity. Additionally, corporate pressure to reduce overall payment transaction costs, such as staff and processing, demand from stakeholders for improved operational efficiency, and increasing customer satisfaction are critical for long term success.

Many companies rely on traditional customer relationship management (CRM) software in an effort to achieve those goals. However, traditional CRM systems focus on managing and resolving customer support cases without delivering increased context to support business transactions. Next generation CRM for the financial supply chain enables organizations to collaborate across the full transaction spectrum from accessing account statements and invoices online to electronically placing orders and making payments. This delivers significant accounts payable and accounts receivable process improvements that increase efficiency, improve cash flow and provide a better customer experience.

With traditional CRM systems, data is stored in silos, rather than a single, organized collaborative destination where both vendors and customers can access desired information. Next-generation CRM for the financial supply chain is all about the customer – breaking down silos and providing information in an actionable customer-centric manner. Effective collaboration that puts management, employees and customers on the same platform provides valuable insight that improves transactional processes, increases cash flow, maximizes customer satisfaction and enhances business performance.

### Beyond the Traditional Approach

According to a survey from the Economist Intelligence Group, a research and advisory firm, of 208 presidents, CEOs, directors and other C-level executives, more than half cite lack of collaboration among business units as an obstacle. Likewise, lack of collaboration with customers can create other business challenges such as increased rate of error, limited visibility into account status, open invoices and payment information; elongated dispute resolution time, lack of insight into customer credit worthiness or risk, increased costs and other customer support activities. Traditional CRM systems, email and document sharing fail to deliver effective collaboration between departments including the ability to seamlessly interact across and between companies. Yes, traditional CRM enables the sales and customer service departments to manage customer contact and account details, but those systems have very little collaboration capabilities when it comes to transaction management. That is because information is not integrated in a strategic manner.

For example, with email communication, the lack of context and background information inhibits effective collaboration when attempting to rapidly resolve a payment issue. A customer may initiate an email to their sales representative describing a problem along with withholding payment because an order was damaged. The sales representative would then need to open Outlook or whatever e-mail program they use to become alerted to the issue and then coordinate with customer service, the shipping department or access the company's support software to determine the account status, the details surrounding the dispute, and its resolution Status.

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### Putting Context to Transactions

In a collaborative environment, the customer and finance department would have a line of sight into the entire process, and be able to rapidly resolve issues or manage account details. Even better, the customer might be able to access that information via a self-service portal, see that they received credit for the damaged product and already received a replacement, and plan accordingly.

Transactions without context results in inefficiency and contributes to customer dissatisfaction, putting the business at risk. However, when collaboration tools are linked together, communication and customer service across the entire financial supply chain improves. However, most organizations do not have the time and resources required to put structure around multiple systems and create a higher level of organization to improve customer service and transaction management.

### The Need for Structured Communication to Better Serve the Customer

Many businesses rely on data trapped in multiple systems or use manual processes to manage the customer relationship spectrum. That is because most midsize organizations do not have the time, resources and ability to scale to put structure around multiple systems for effective collaboration. Instead, they may use an accounting application to manage general ledgers and invoices or an internal database to keep track of sales, purchases, stock or contacts.

Because each department is doing their own thing in how they use the information they have, there is disconnect across the organization. Customers pay the price of inefficient communication, elongated times for problem resolution and subpar customer service. Without a structured communication process, the end result is a great number of e-mails, phone calls, faxes and other ad hoc attempts at resolving issues and meeting customer needs – all resulting in higher costs to the organization.

Large organizations may have their own custom portals, but it is exceedingly complex to maintain infrastructure requirements and links for two-way applications. They also need to ensure they have sufficient resources to maintain system uptime

and interoperability. Regardless of business size, the need to serve the customer remains. Using a collaboration suite that interconnects information and processes, a company can become more efficient and organized around their customer communication process, resulting in reduced costs and enhanced customer service.

### **Tighter Collaboration for Better Financial Management**

For these reasons, optimizing the customer collaboration process is essential for many businesses. Tighter collaboration with customers directly reduces cost of operations, both for a customer and the business partner. One of the immediate gains of more collaborative communication is a reduction of time and resources used to address customer service or billing issues.

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For example, with collaboration software in place, customers can gain full invoice-level detail in a self-service manner, enabling them to view data such as what was paid, the amount paid on prior invoices as well as gain insight into the length of time invoices are outstanding. While customers can automatically issue or monitor payments, manage disputes and gain accurate information in real time without needing to wait for a response from a customer service representative, businesses can use this insight to determine which receivables need to be dealt with more urgently since they have been overdue longer.

### **Increasing Customer Stickiness**

Collaboration software also enables the business to increase customer satisfaction by providing real-time information and context around transactions. Through a single system, customers can access information from orders through finance, simplifying the order-to-cash continuum. Self-service functionality that enables customers to view account statements, place orders on the Web, issue payments and so on not only lowers transaction costs, but gives customers a reason to return to the company website. Having this structured communication requires fewer resources to manage the customer relationship and delivers the ultimate benefit of increasing customer “stickiness” and building customer loyalty. After all, a customer is more likely to award repeat business to a vendor that delivers quality products and services supported by outstanding customer service.

### **Improving the Company Cash Flow**

In addition to increasing productivity and communication effectiveness, providing 360-degree insight into financial information can have a positive impact on company cash flow. From the vendor organization perspective, they gain real-time insight into the credit cycle and have access to data such as day sales outstanding. This enables them to understand credit patterns and put process in place that encourage more timely payment. For the customer, having visibility into day sales outstanding may motivate prompt payment because they gain visibility into monies owed and

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how long an invoice has been open.

Electronic payments are also facilitated through the system. Utilizing electronic payments eliminates the possibilities of lost payments, payment delays and check fraud. Customers can also monitor payments to see if they have cleared and are reflected on the system. Recording and managing disputes is also improved because customers can take action right away. Internally, the organization can automate approvals as well as automate escalation alerts, further driving efficiency.

For businesses that want more robust collaboration but don't have the internal resources or bandwidth to support collaborative CRM, a cloud-based solution can deliver the tools required without the need for additional infrastructure or capital investment. By putting the customer at the center of their collaboration efforts, and implementing a cloud-based collaboration platform, business can benefit from a common system for the entire lead to cash cycle.

### Heading into the Cloud

A cloud-based collaboration solution offers the best of both worlds for businesses looking to improve customer service initiatives and reduce costs. With a cloud solution, organizations do not need to invest in up-front capital costs or manage and maintain custom software. Instead, they are able to access a robust and rich application that mimics the feel of a desktop application from any Internet browser. As the workforce becomes more mobile, having a system that can be accessible from anywhere at any time also offers opportunity for greater customer satisfaction.

Integrating communication and collaboration tools in a Web browser environment alleviates administrative complexities, reduces costs, increases productivity and enables organizations to tightly manage mobile, virtual and distributed workforces.

### Benefits of a Collaboration System

Using a single platform collaboration system, organizations can better manage the entire lead-to-cash cycle from a customer-centric point of view. For the business, the entire system enhances the customer relationship based on functionality across various modules that reduces the need for manual or disconnected processes. From a single platform with an integrated view of the customer relationship, the business can capture the lead, the product order, and share information including claims, issues, account information, invoicing and shipping. The result: an efficient management process that uses fewer resources at a lower cost. Additionally, by automating communication processes, errors are reduced, cash flow is improved and the relationship with the customer is stronger.

### Break the Barriers

Unlike traditional CRM solutions, a Web-based collaboration platform enables

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businesses to efficiently manage internal and external resources on a single platform – including interactions with customers as well as suppliers. By streamlining operations and empowering customers to collaborate on business transactions and manage their account balances, look up invoices, and exchange information via the Web, organizations can lower transaction and operations costs, increase cash flow efficiency and deliver better customer service.

### **About the Author**

Jagdish Talreja is the president of coAction, a leading provider of business collaboration software that automates and optimizes business processes. He is the founder of coAction.com a company that provides advanced, easy-to-use solutions for on-demand accounts management business collaboration. Before that, he was the Global Business Development Director for SmartStream Technologies, Plc where he was responsible for process automation products. This role evolved through the acquisition of Connexive, a leader in business process management for financial services, a company that Talreja led since 1998. He has also held technical and business solution positions for the ERP vendor, QAD, and consulted for global manufacturing and financial organizations.