WHITEPAPER

The ultimate starters guide:

A beginners guide to credit management software

Get started →

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Introduction

Credit management software is swiftly becoming the norm in some organisations as they seek to automate basic processes, lighten the administrative burden on employees and continue offering the best possible service.

However, for organisations currently using manual processes, the world of credit management solutions is likely to be unfamiliar. This whitepaper will discuss the basics of credit management software, how your organisation can use it and what benefits these technologies bring.

What is credit management and what does it do?

Credit management software is a category of software solutions that prioritise and streamline credit management workflows and prepares and/or performs many of the day-to-day tasks carried out by the credit management team. Credit management software can be integrated into an organisation, and (part of) its other software systems.

The software is used to improve the efficiency of the credit management function, freeing-up employees' time to focus on the high priority and complex tasks. These days, organisations adopt credit management software so they can offer customers a better experience, improve relationships and ensure customer retention.

Variety of capabilities

Credit management software can cover a huge vast of credit management functions including:

- Dunning
- Reporting
- Customer segmentation
- Scoring
- Cash allocation
- Complaints management

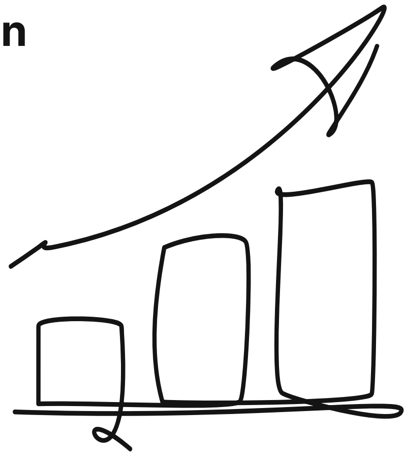
The point of the software is to put the maximum amount of information at the fingertips of the credit management team, no matter the task, at any stage of the payment cycle. By automating many of these everyday functions, credit management software frees-up the time of staff within the department so they can devote their time to priority issues.

Why is credit management demand increasing?

In recent years, we have seen a growing demand for credit management due to a number of key drivers: economic recovery, international trade, greater levels of competition and customer relationships and financial motivation.

Customer relationships and financial motivation

Customers are far more likely to continue their relationship with organisations if service is satisfactory. Once a customer has been driven away by bad service, it's very difficult to repair the damage without financial cost. In fact, poor customer service has been found to cost businesses $75 billion a year. Ultimately, it's more expensive to bring a new customer on board than it is to retain an existing one.



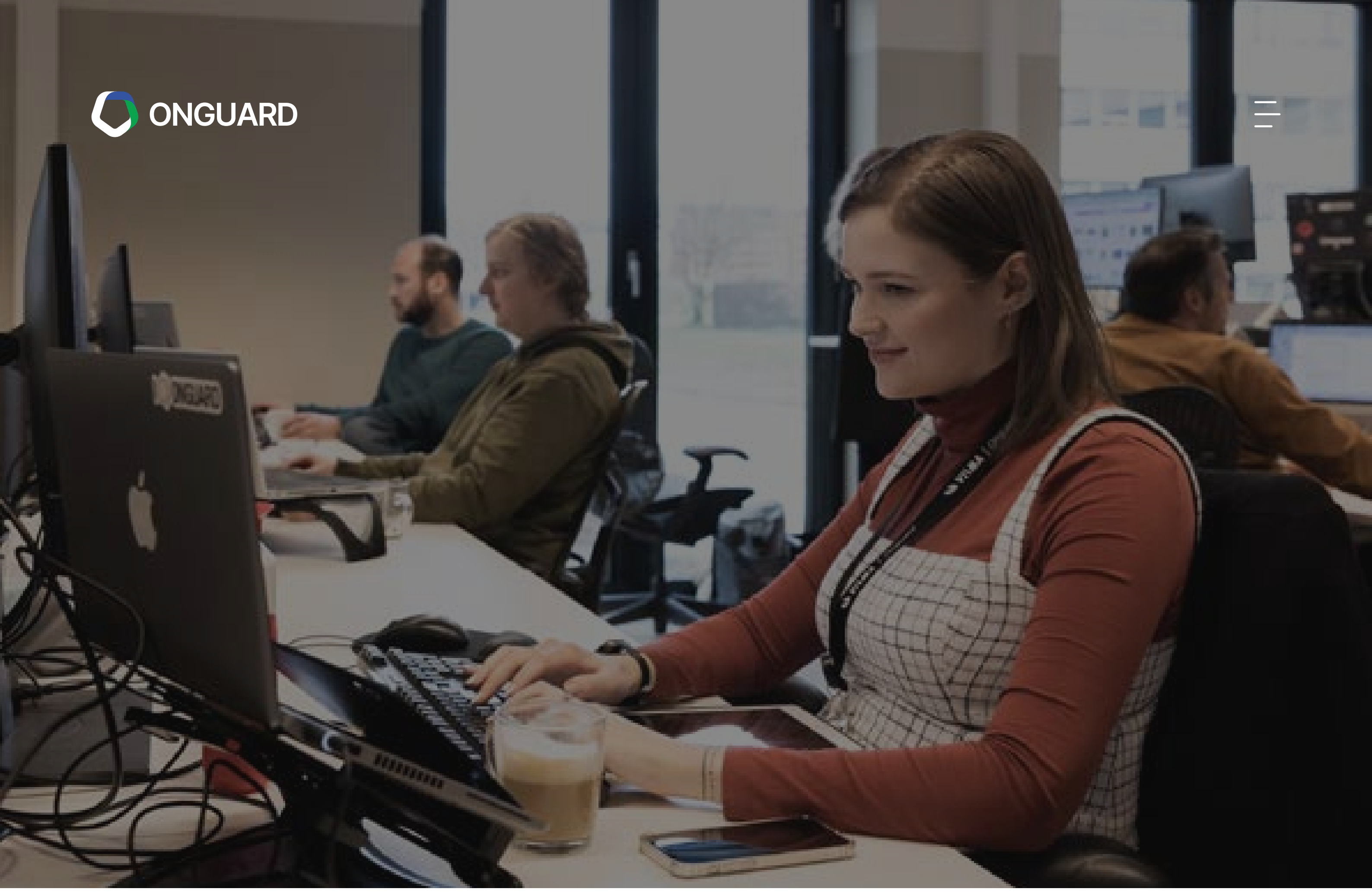
Existing businesses are benefiting from economic recovery in key global markets, while more and more new companies are springing up worldwide. An improving economic outlook means that businesses are growing again after the global financial crisis, and their operations and customer relationships are becoming more complex as a result. And in some cases, continued uncertainty has led to a focus on liquidity that has made credit management more significant.

International trade

International trade is increasingly the norm for organisations, however, as working across borders becomes more common, further layers of complexity are being added to the mix. Differing regulations and business etiquette, as well as simple barriers such as language and currency, are increasing the time and operating costs associated with trade, as well as filling firms' order books.

Greater levels of competition

Growing and increasingly globalised markets are also promoting greater levels of competition between organisations. This has placed an even greater emphasis on the quality of customer service. What's more since some verticals are already operating on thin margins that are increasingly under pressure, every paid invoice counts.



Getting the most from credit management software

Using credit management software is all well and good, but it's vital for organisations to understand how to make the most of it in order to add value.

Integrating with third-party systems

Credit management should work alongside other functions within the organisation to ensure that customers get the best possible experience. After all, a customer can deal with sales and marketing, customer services and complaints as well as the credit management team. So, it makes sense that the software used in different areas of the business should co-operate as well. By integrating credit management software with other systems, organisations can eliminate the need for data duplication between systems or the hassle of importing and exporting data. Of course, the fact that information can be shared automatically also means that everyone has access to the most recent data, keeping the whole organisation up to date and fully aware of each customer's needs.

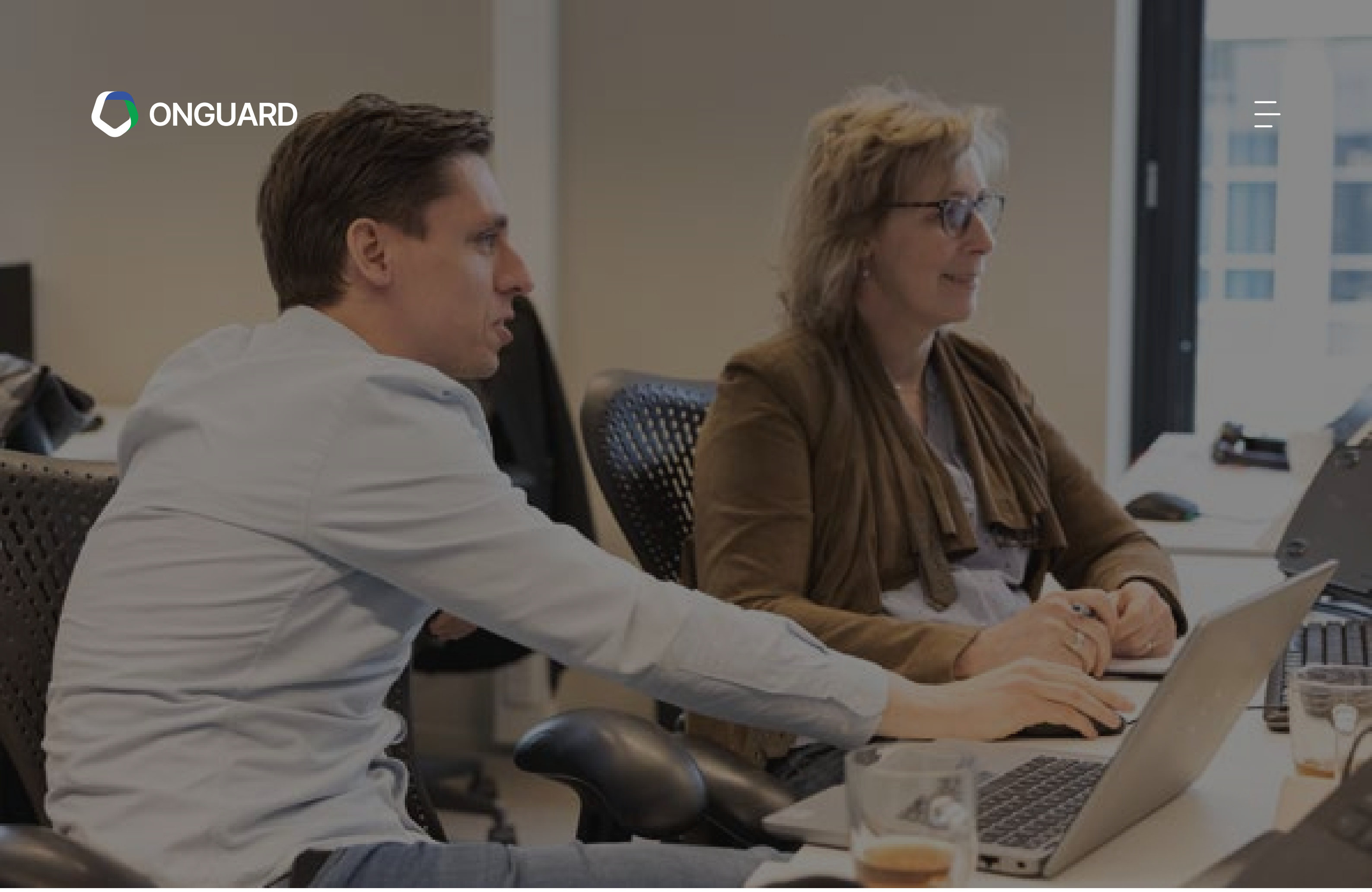
Closer to the customer

The greater the customer's involvement with the credit management side of the relationship, the better. Every customer should have the freedom to view the information you store regarding them and update or correct it where necessary. Registering their own invoices will also give your customers a feeling of control. This may also help to reduce the number of disputes you have since the customer has the opportunity to follow the credit management process at every stage.

Giving them a level of ownership over their own information transforms them from a customer into a partner and totally changes the dynamics of every interaction. It could well be a significant factor in boosting your customer satisfaction ratings and encouraging repeat business.

Use across the organisation

Integrating accounts receivables across the whole organisation gives every function access to relevant customer information if and when they need it. In turn, this helps to develop a customer-focused culture where anyone in the organisation can gain a 360-degree view of each customer. For example, sales teams should know about customer behaviour to ensure they are targeting the right prospects, as well as taking the right steps to reach them effectively. By the same token, your organisation needs to know about ongoing complaints, as tthis affects whether customers should be contacted about non-paymentt. Wherever the information comes from, putting it all in one place allows for greater empathy towards the customer - which will prompt better service and retention.



Benefits of using credit management software

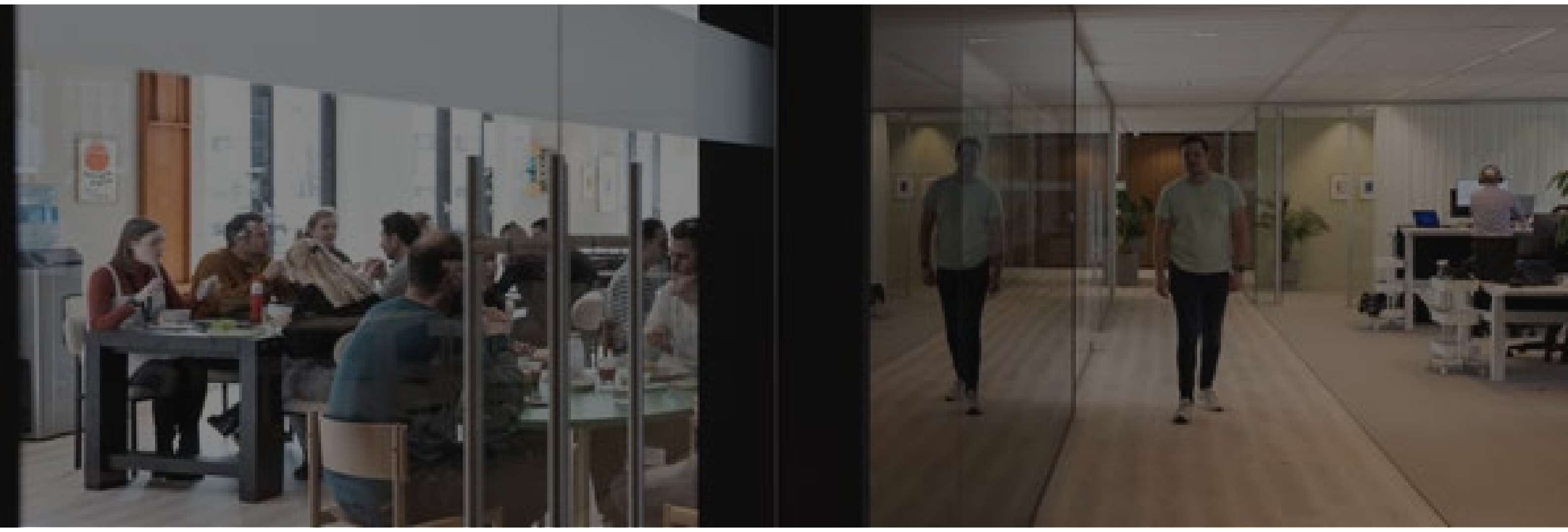
Using credit management software brings organisations a number of benefits over manual processes: improved efficiency, better cash flow management and maximum insight.

Efficiency

Large amounts of time and resources are easily wasted inputting data, reconciling invoices and a number of other everyday tasks. By automating these simple and straightforward processes, you can substantially improve the efficiency of your credit management function, freeing-up their time to focus on business-critical and priority tasks that have the highest return.

Better cash flow management

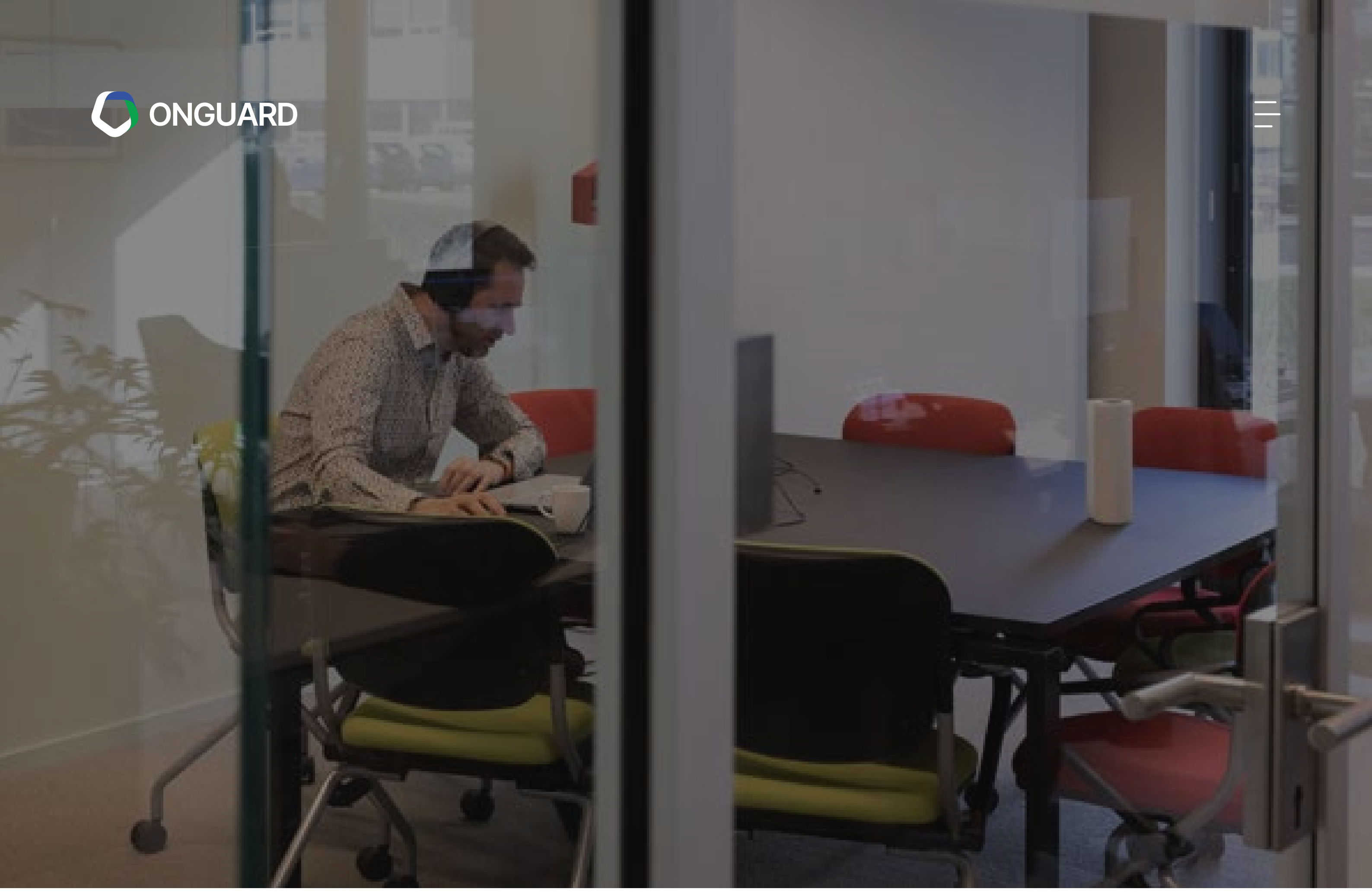
The ultimate aim of credit management software is to help businesses get paid faster. By freeing-up time to be spent communicating with customers as well as other tasks, and even giving the customer more control to manage their own payments, organisations can increase the chances that they will receive full payment by the due date. In turn, that will improve liquidity and empower firms to manage their cash flow better.



Maximum insight

Organisations need the fullest possible insight into the behaviour of their customers to ensure the best possible products and service offering. For that purpose, they need to be able to capture and then interpret large amounts of data. Credit management software allows for comprehensive data capture - combined with advanced analytics, which can offer the whole organisation valuable information to inform future practice.

Analysis of this data will highlight the areas where processes need to be improved to boost underlying performance. Improved reporting will be another product of the software, opening up better ways to demonstrate value for stakeholders.



Getting started!

Credit management software makes credit management simpler and efficient not only for organisations, but also for their customers. It also adds value to your operations and boosts the customer experience, improving relationships between them.

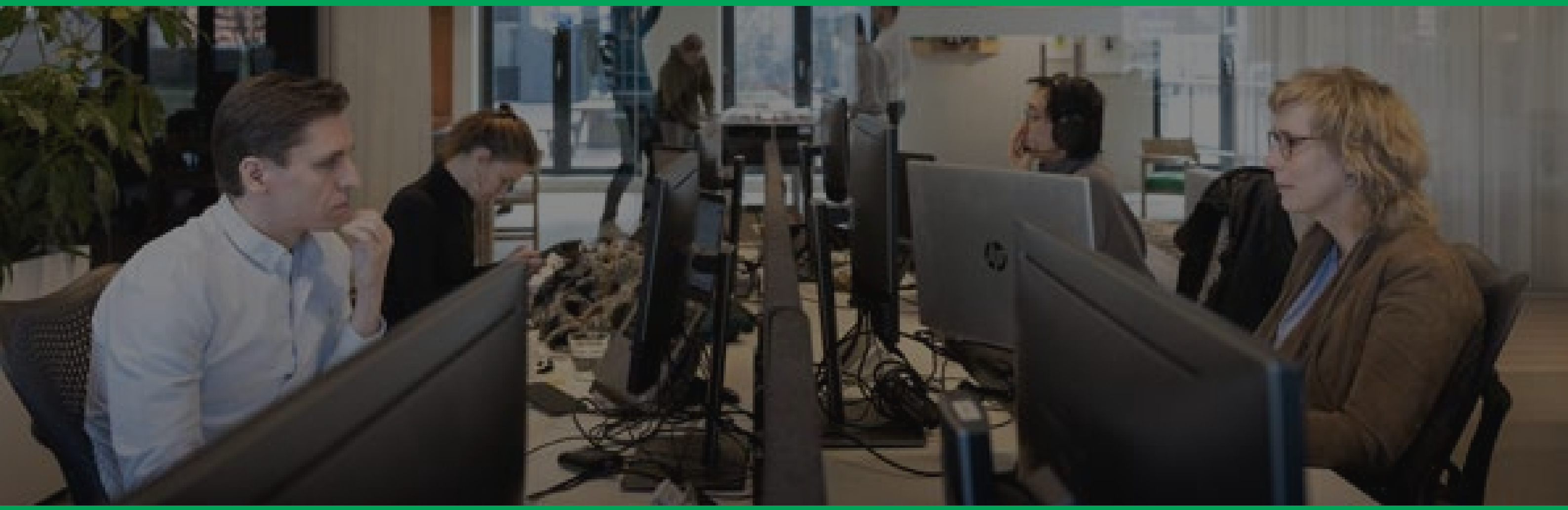
Onguard provides an integrated approach including advanced and comprehensive features, leaving every organisation in a strong position by capturing complete data that can then be accessed and analysed by different functions. It also offers self-service features that keep customers engaged.

When you are choosing a credit management software, the important thing is to find the multi-functional solution that suits the needs of different functions within your organisation, maximising efficiency while optimising the customer experience.

About Onguard

Onguard's mission is to make companies financially healthy. We help you get paid, and get paid quicker, because better cash flow leads to improved profitability. Our credit management solutions combine internal and external data to get a thorough understanding of debtor payment behaviour. This lets you identify, assess and control financial risks and create smarter and more considerate communication around unsettled invoices. Which in turn leads to faster payments, fewer write-offs and lower customer churn.

Onguard is a Visma company with more than 30 years experience in facilitating optimised working capital through smart credit management. Bottom line, we provide quality time with your customers by handling the day-to-day operations.



Questions?

Do you have questions about this solution or how you can optimise the credit management process within your organisation? Please contact us, we're happy to help you.

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