



SERRALA

**How Cash Application Improves
Cash Flow and Reduces Risk**

Agenda

1. Who We Are
2. Cash Application Challenges
3. Market Trends in Receivables
4. Importance of Automation & Visibility
5. Takeaways

WHO WE ARE

Serrala is the world's leader in financial automation from receivables to payables to cash, seamlessly embedded into SAP and extended into the cloud.



750+
dedicated people



2500+
of the world's largest
companies empowered



Four decades of
finance heritage



Embedded to turbo-charge SAP &
extend to the Cloud



COMPLETE SCALABILITY FOR YOUR FINANCE DEPARTMENT

*End-to-End solutions automating the whole payments
and cash management cycles*



AP Automation



Payments and Cash Visibility



AR Automation



Source-to-pay
(supplier workflow)



Cash Event



Invoice-to-cash
(buyer workflow)



Cash Event



Challenges

Accounts Receivable

Challenges in Accounts Receivable

Manual and repetitive tasks



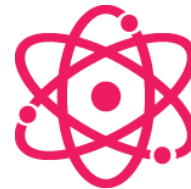
Achieve highest possible automation and reduce manual activities

Delayed and costly cash allocation



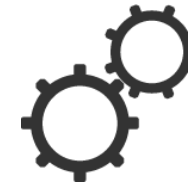
Reduce unallocated cash, avoid high lockbox fees and improve ACH/Wire allocations

Visibility



Gain full transparency of the process with important KPIs, and Remittance Advices and Check images available in SAP

Limitation of current solution



Facilitate intelligent technology with AI & ML capabilities to achieve best possible results

Fragmented processes



Standardized processes with a solution capable of processing all incoming formats

AR Automation Solutions | Mitigate Challenges & Realize Opportunities

Challenges

Business Systems



- Multiple SAP ERP Instances
- SAP S4\HANA Migration

Business Processes



- Operating on outdated processes
- Fragmented & manual processes
- Difficulty enforcing new processes

Business Objectives



Process improvement & standardization



Cost reductions



Operational scalability



Secure & compliant operational environment



Improve customer satisfaction

Opportunities

Create Efficiencies



Optimize existing SAP ERP



Optimize FTE output



Improve collaborations



Create visibility for all stakeholders involved



Save time! Manage I2C processes from the business instead of IT

Improve Results



Lower DSO



Improve cash-flow contribution



Strengthen working capital position



Reduce operational cost



Improve flow of goods & services

Market Trends

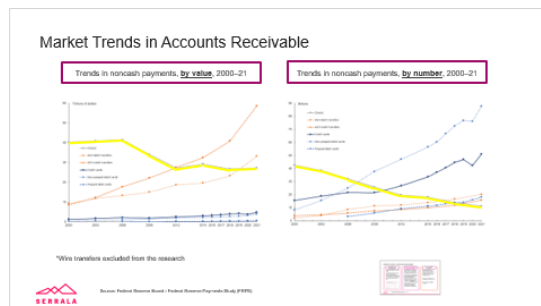
In Accounts Receivables



Market Trends in Accounts Receivable

Check Payments declining in NA

- Overall check usage is on a rapid decline
- Decline from the 42% reported in the 2019 AFP® Electronic Payments Survey to 33% in 2022
- Volume of Checks issued dropped from 43 billion in early 2000's to 20 billion in 2015, and 12 billion in 2021



Raise of new electronic payment methods

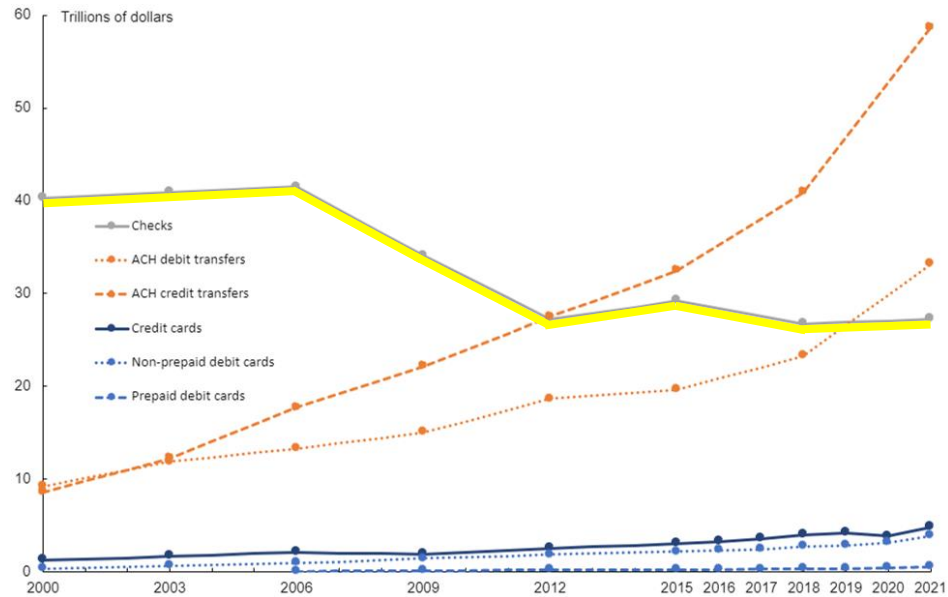
- 59% percent of respondents in North America report that B2B transactions will benefit the most from faster/real-time payments
- Email is used most extensively to send remittance information by 61 percent of organizations
- Since surpassing checks as the highest-value noncash payment method in 2009 (figure 1), ACH transfers have grown 72% of core noncash payments value in 2021.
- Raise of Virtual Cards as an alternative for checks/ACH payments for small businesses

Search for E2E solutions

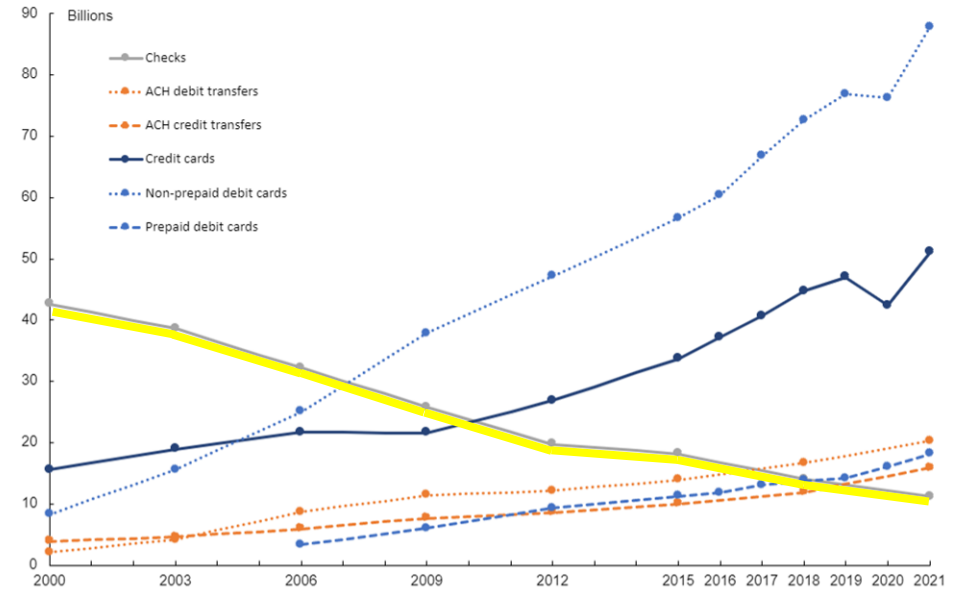
- Automation that goes from Customer Portal connection to capturing remittances and applying cash, at the same time as updating credit limits and deduction creation
- Main goal is to streamline and add visibility to the E2E process
- Solutions that provide AI/ML capabilities

Market Trends in Accounts Receivable

Trends in noncash payments, **by value**, 2000–21



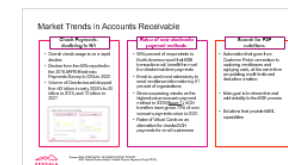
Trends in noncash payments, **by number**, 2000–21



*Wire transfers excluded from the research



Source: Federal Reserve Board - Federal Reserve Payments Study (FRPS)

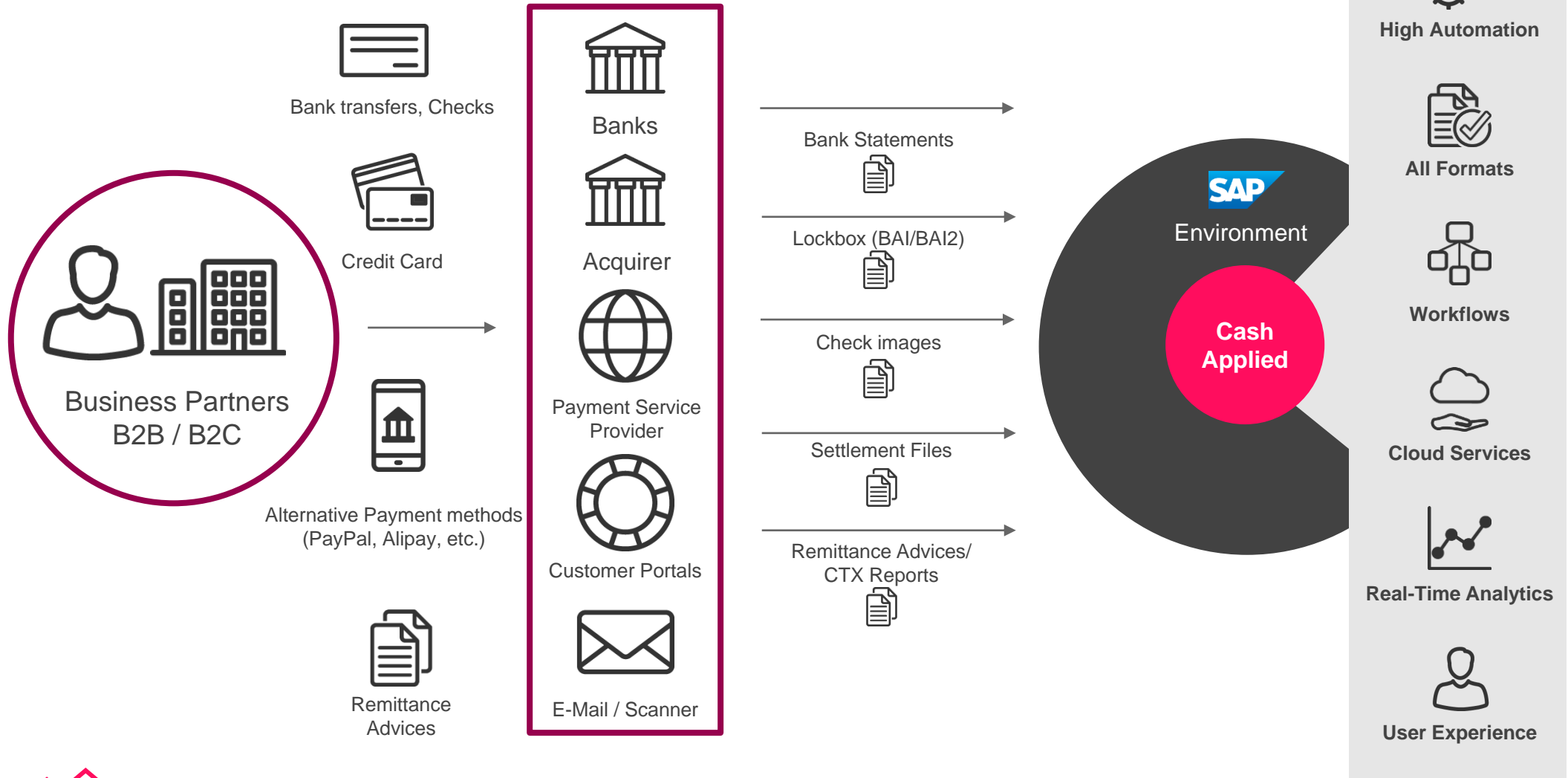


Automation & Visibility

In Accounts Receivables



How It Works



Remittance Advice

DBH Chicago
 Serrala US, Inc
 205 Michigan Avenue
 UNITED STATES OF AMERICA

Payment advice

Document / Date
 80020069 / 04.17.2023
 Your account with us
 32813331

Dear Sir/Madam,

With bank transfer no. 43020039 we will credit your bank account 81737472 with NORDEA BANK ABP LONDON BRANCH for the invoices listed below on 04.17.2023.

Regards

DBH Chicago

Document	Your document	Date	Deductions	Gross amount
30022298	2700069126	03.17.2023	0.00	2,770.70
30022299	2700069128	03.17.2023	0.00	11,000.30
30022652	2700069130	03.17.2023	0.00	12,000.50
Sum total			0.00	25,771.50

Payment document	Date	Currency	Payment amount
43020039	04.17.2023	USD	*****25,771.50*



- Dozens, hundreds or thousands of Remittance Advices may be reaching the AR inbox on a daily basis
- With SAP Standard, with exception of EDI Remits, automation is usually 0%
- High effort to manually allocate the cash
- Remittances are kept in the email inbox for future reference, or saved in shared drives
- It becomes a challenge when Audit requests supporting documentation

Credit Dashboard

Dashboard
Overall Risk Scoring
Credit Limit Overview
Open Items Main Sgmt
Status

Dashboard

Credit Limit
\$ 75,000.00
Valid to: 12/31/9999

Exposure
\$ 37,509.70

Performance Indicators	
Recommended Credit Limit	\$ 44,492.50
Risk Class	C
Business Relationship [Months]	32
Country Risk	A2
Value of blocked sales documents	\$ 0.00
D&B Rating	GG3
Atradius Buyer Rating	
Creditsafe Rating	70

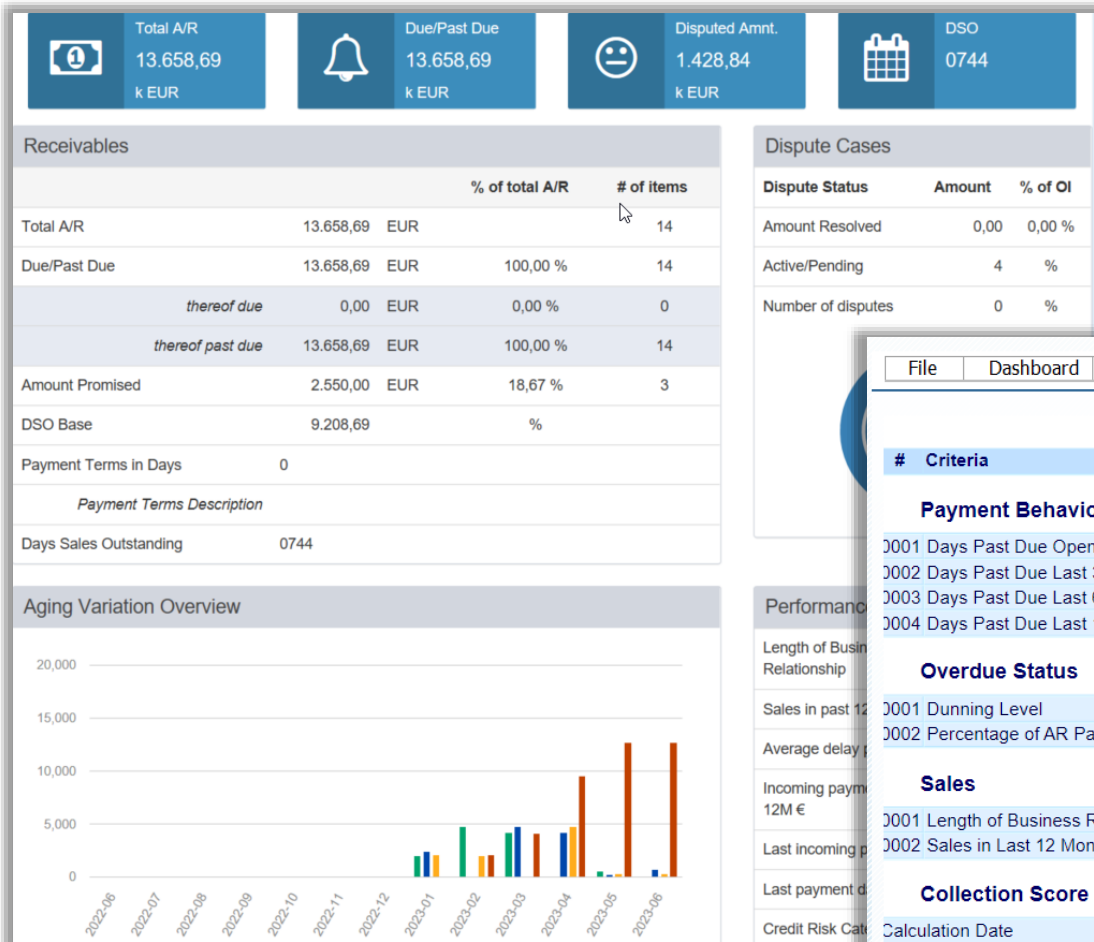
Payment Behavior	
Avg. Payment Terms	
Avg. Days Past Due	
Avg. Days Past Due	
Avg. Days Past Due	
Avg. Days Past Due	
Open sales orders	
Open deliveries	
Open billing	

Credit limit history VS Exposure

Dashboard
Overall Risk Scoring
Credit Limit Overview
Open Items Main Sgmt
Status

#	Criteria	Value	Target max. points	Actual max. Points	Points scored	Info
Master Data			5.00	5.00	4.2	
0001	Length of business relationship (months)	32	40.00	40.00	1.6	
0002	Sales in the last 12 months	270,180.38	40.00	40.00	1.6	
0003	Country Risk	A2	20.00	20.00	1.0	
Payment History			35.00	35.00	10.5	
0001	Average days past due open invoices		60.00			
0002	Average days past due last 3 months	28	20.00	50.00	7.0	
0003	Average days past due last 12 months	57	20.00	50.00	3.5	
External Data			20.00	20.00	8.7	
0001	Creditsafe Score	70	20.00	33.33	4.7	
0002	D&B Score	046	20.00	33.33	1.3	
0003	Coface DRA Score	4	20.00	33.33	2.7	
0004	Atradius Buyer Rating		20.00			
0004	Other External Score (D&B Manual)		20.00			
Financial Ratios			35.00	35.00	21	
0001	Financial Score	3.20	100.00	100.00	21.0	
Collateral / Internal Assessment			5.00	5.00	0	
0001	Customer has collateral	N	40.00	100.00	0	
0002	Internal info (rating)		30.00			
0003	Negative info (rating)		30.00			
Score					45 45	
Risk Class		C	Medium Creditworthiness			

KPI Dashboard & Collection Score



Account Status at a Glance
 KPIs for dashboard and scorecard are fully configurable; the collection score can be used to drive the collection strategies

#	Criteria	Value	Target max. Points	Actual max. Points	Points scored	Info
Payment Behavior				50	50	44
0001	Days Past Due Open Items	0	40	40	20	
0002	Days Past Due Last 3 Months	2	20	20	8	
0003	Days Past Due Last 6 Months	2	20	20	8	
0004	Days Past Due Last 12 Months	2	20	20	8	
Overdue Status				35	35	10
0001	Dunning Level	1	40	40	8	
0002	Percentage of AR Past Due	100.00	60	60	2	
Sales				15	15	3
0001	Length of Business Relationship	1y 8m	50	50	2	
0002	Sales in Last 12 Months	413,354.89	50	50	1	
Collection Score					57	57
Calculation Date		10.07.2023				
Collection Strategy			Standard			
Assignment Date		18.07.2023				



Take Aways

What matters most?

Benchmark & Metrics Improvements



50%

**Reduction in Dispute/
Deduction Coding Time**
(through intelligent automation)



85+%

**Cash App
Automation Rate**



30%

**Increase in
Credit Analyst Productivity**



50%

**Increase in Efficiency of
Collections Teams**

Q&A

Ask the Experts

Thank You for Your Interest in Our Solutions.

Feel Free to Contact Us:

christopher.napoli@serrala.com

d.bertaska@serrala.com



[**www.serrala.com**](http://www.serrala.com)

Back Up Slides

Serrala FS² I2C Platform — Benefits

FS² AutoBank

- Auto-match rates of up to 98%
- Matching rules created and maintained by the business (no IT)
- Easy and flexible exception handling
- Supports all common formats of bank files (including intra-day), remittance advices and PSP settlement files
- RaaS offering
- AI & ML features for matching
- Transparency with more than 50 pre-built reporting KPIs
- Integrated workflows to improve process quality

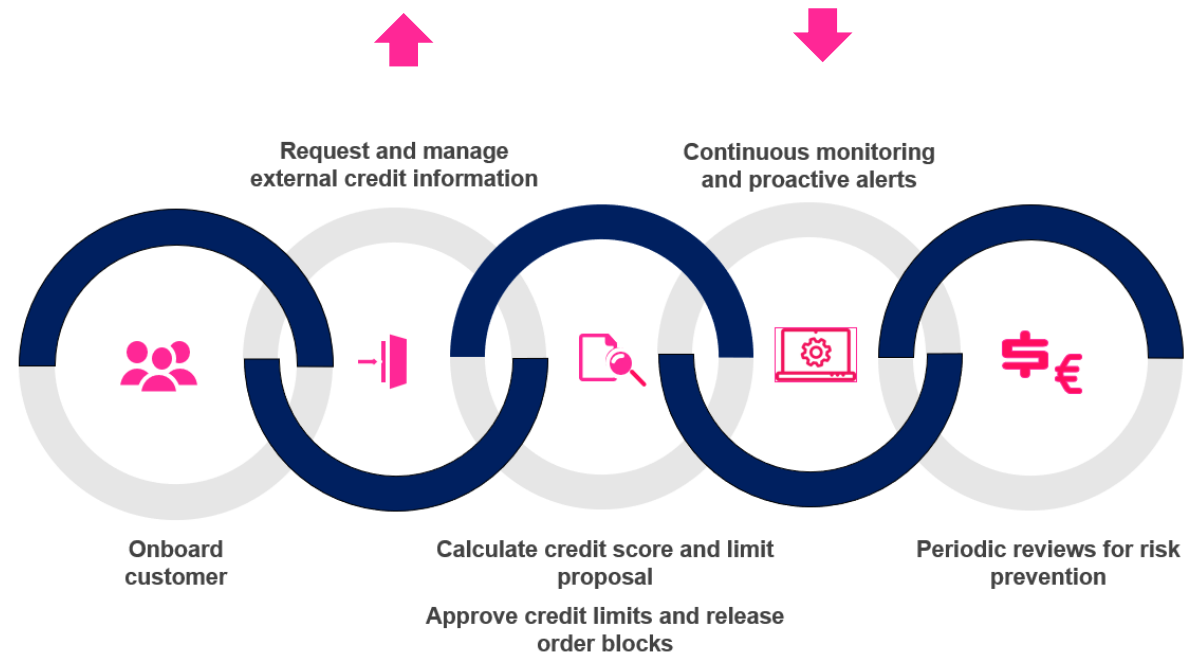
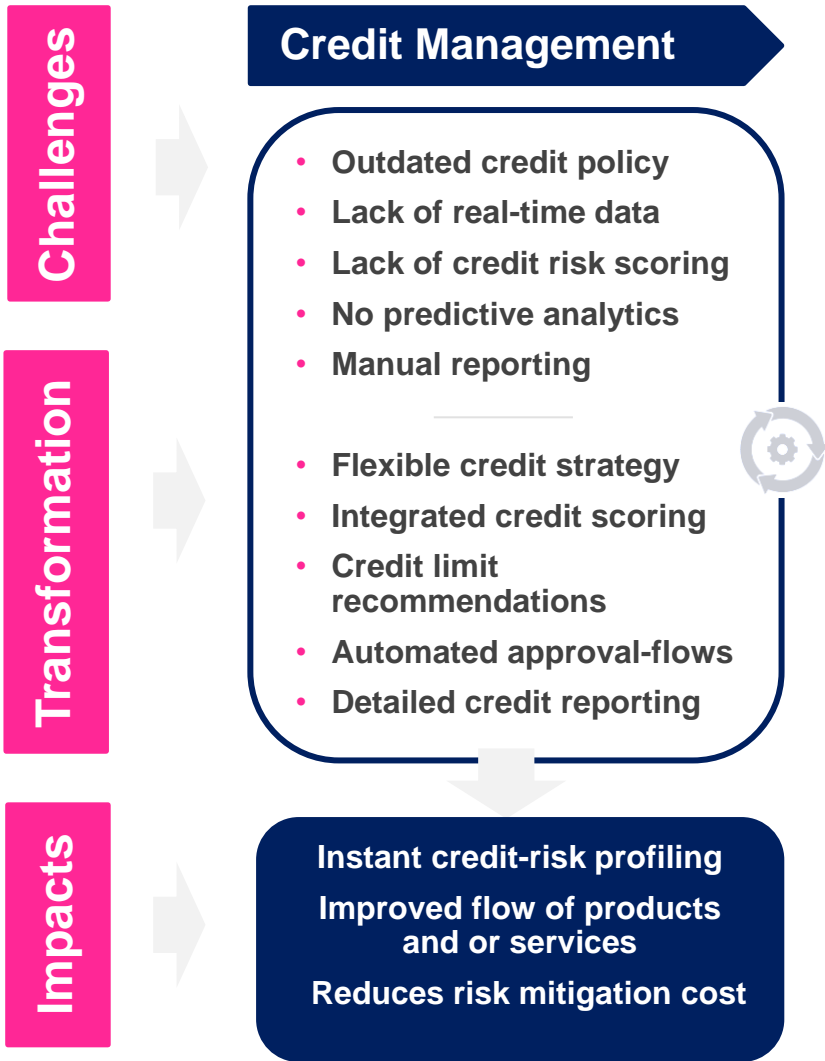
FS² Collections

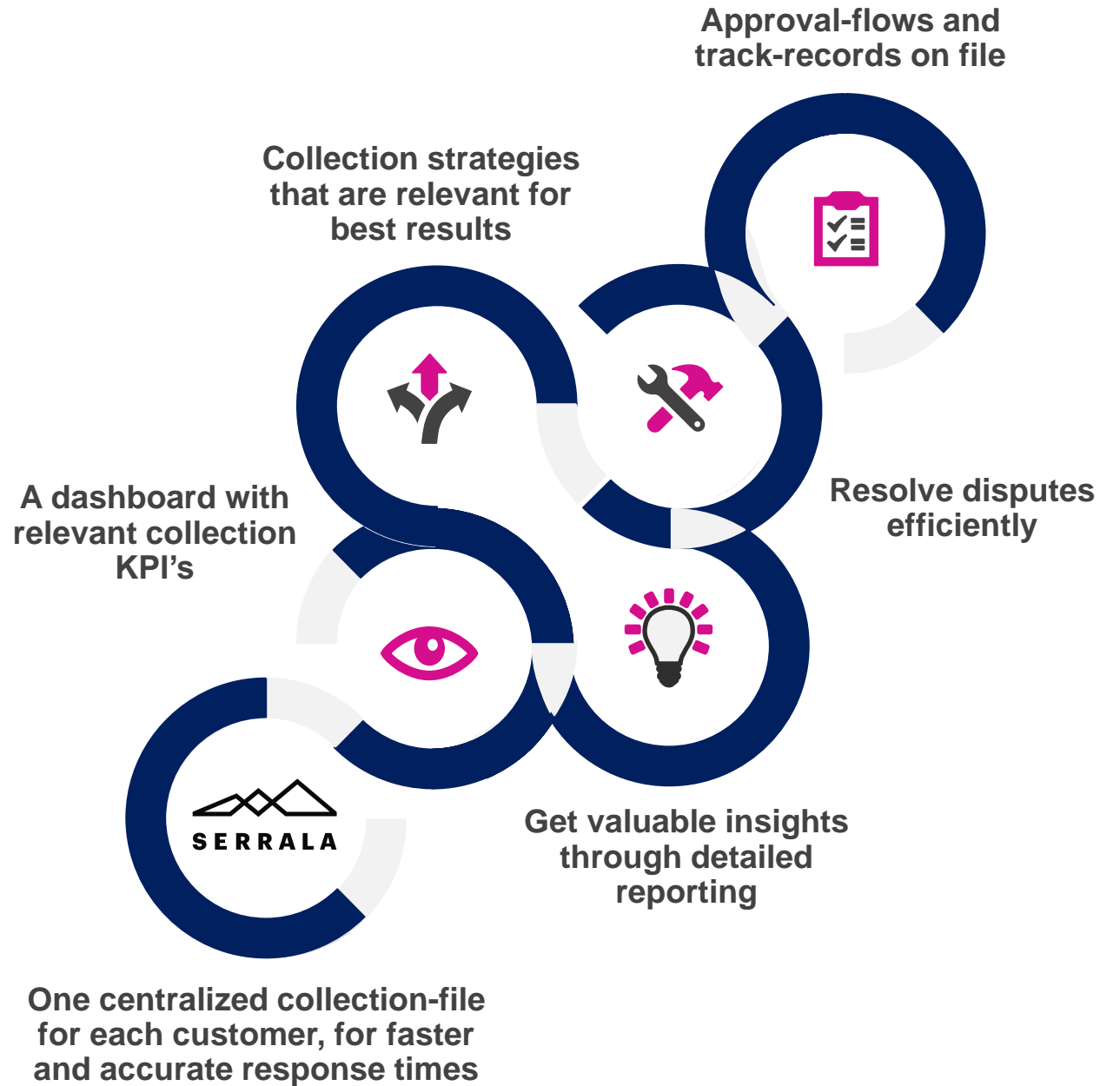
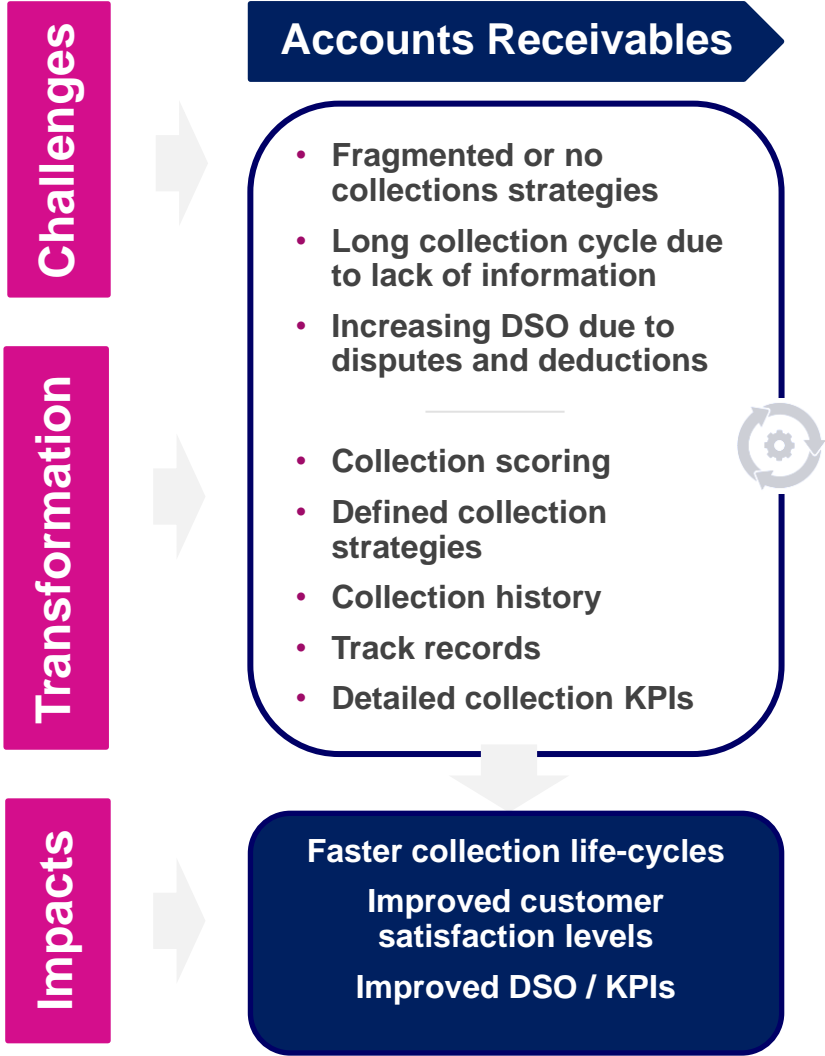
- Collection strategies powered by AI
- 360° view on customer account — full visibility and improved decision-making
- Integrated e-mail and WORD correspondence templates
- Integrated approval workflows for disputes, write-offs and payment plans
- Seamless integration of deductions with cash application
- Improved collaboration across teams
- Flexible collection scoring engine

FS² Credit

- Single source of truth for all credit-related information
- Integrated approval workflows with complete audit trail
- Seamless integration of 3rd party credit information through Connectors
- Flexible setup of scoring and review process
- Automatic update of risk profiles
- Integrated analysis of customer financials
- Correspondence templates
- Automatic alerts empower credit managers to be proactive

Empowering the Business to Own the Solution





Challenges

Cash Applications

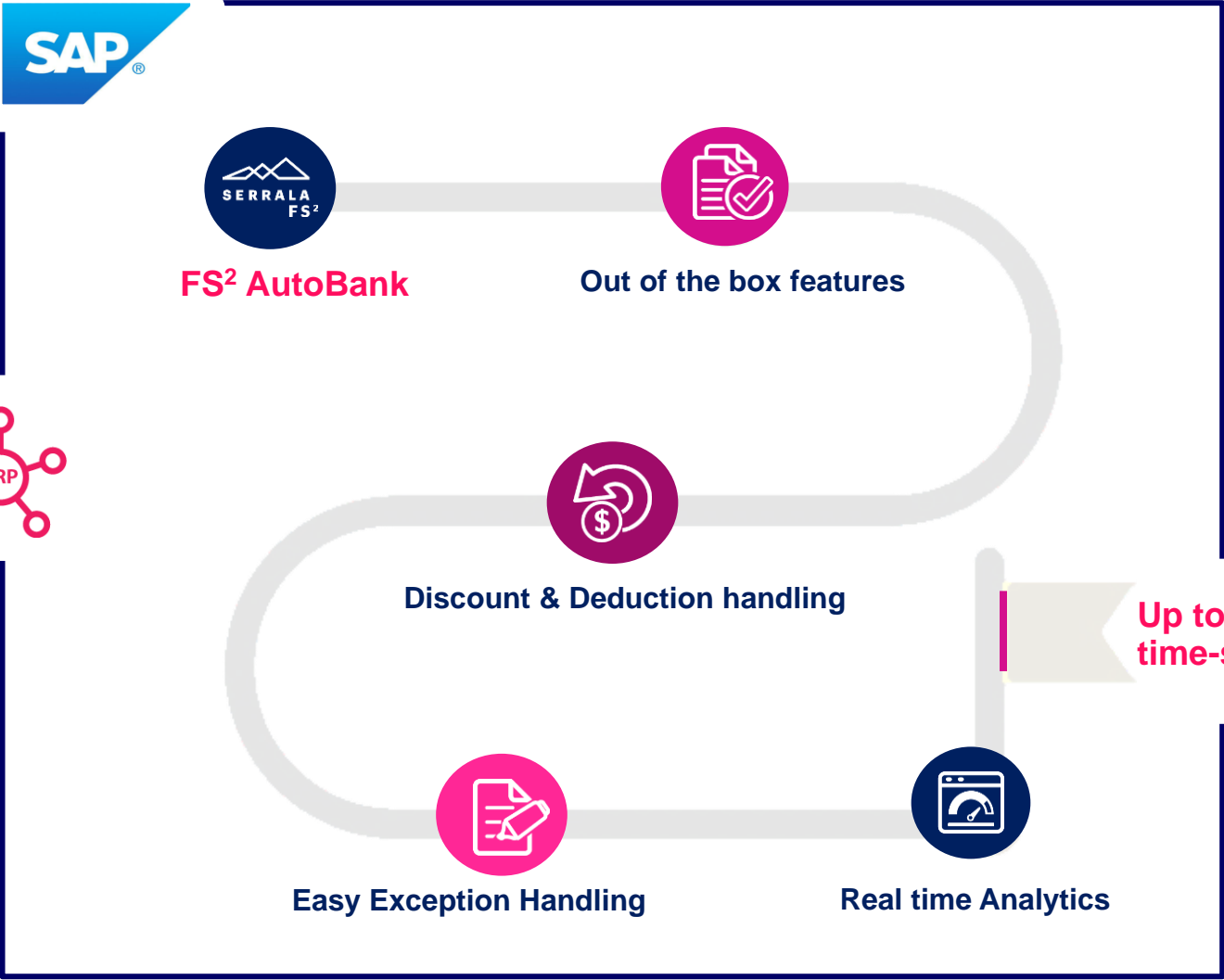
- Time consuming efforts
- Lack of correct payment information (remittances)
- Unapplied cash
- Deduction recording

Transformation

- Automatically applied cash
- Flexible posting-rules
- Faster deduction handling
- Detailed reporting

Impacts

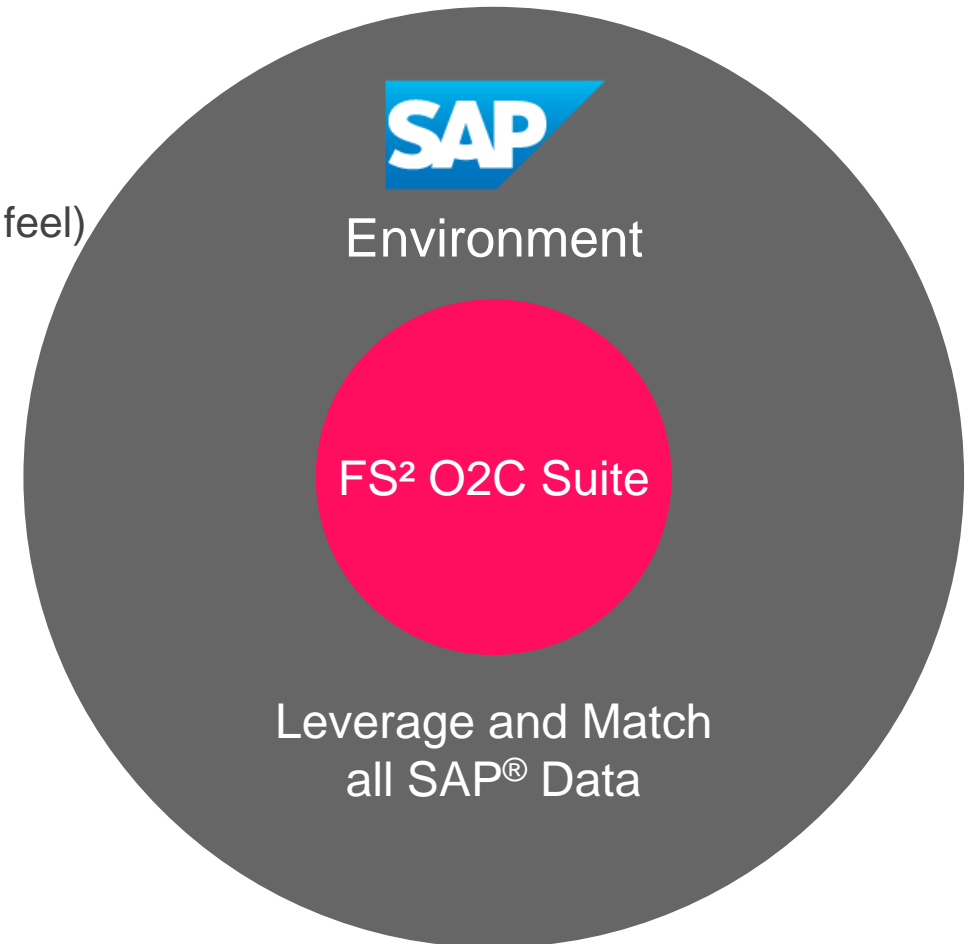
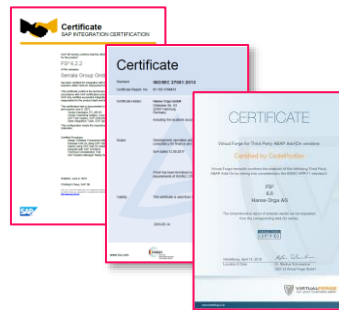
Instant incoming cash visibility
Improved cash-flow position



Solution Architecture

FS² is developed as an SAP add-in and is compatible with both SAP ECC and **S/4HANA**

- **Highest** possible **integration** in SAP (own namespace, SAP look & feel)
- **Certified** by SAP (from ECC 6 to S/4HANA)
- Proven in practice – over **400 customers** use our O2C solutions
- Internationally used by **all industries**
- Many **integrated workflows** (notifications to users, credit approval workflow, release process for rules and postings, clarification workflow, rule optimization, etc.)
- **FIORI ready** – leverage processes using your tablet or smartphone
- **Extensive reporting** capabilities



FS² Collections: Adding Value to Your Existing SAP Investment

Functionality	S/4HANA Receivables Management	Serrala FS ² Collections
Worklist for Collectors & Supervisors	✓	✓
Collection Strategies	✓	✓
Collection Strategies Configurable by Business Users in Production System		✓
Maintain Collection Call Notes for Invoices/Account	✓	✓
Log and Monitor Promises to Pay	✓	✓
Create and Manage Deductions & Dispute Cases	✓	✓
Complete Collections History for Customer Account (Past Call Notes, etc.)		✓
Integrated Document Management		✓
Integrated Dashboard Showing Account Status (Configurable Set of KPIs)		✓
Integration of Legal Collections Processes		✓
Payment Plan Approval Workflow		✓
Write-Off Approval Workflow		✓
Correspondence Template – MS WORD Integration		✓
MS Outlook Email Integration		✓

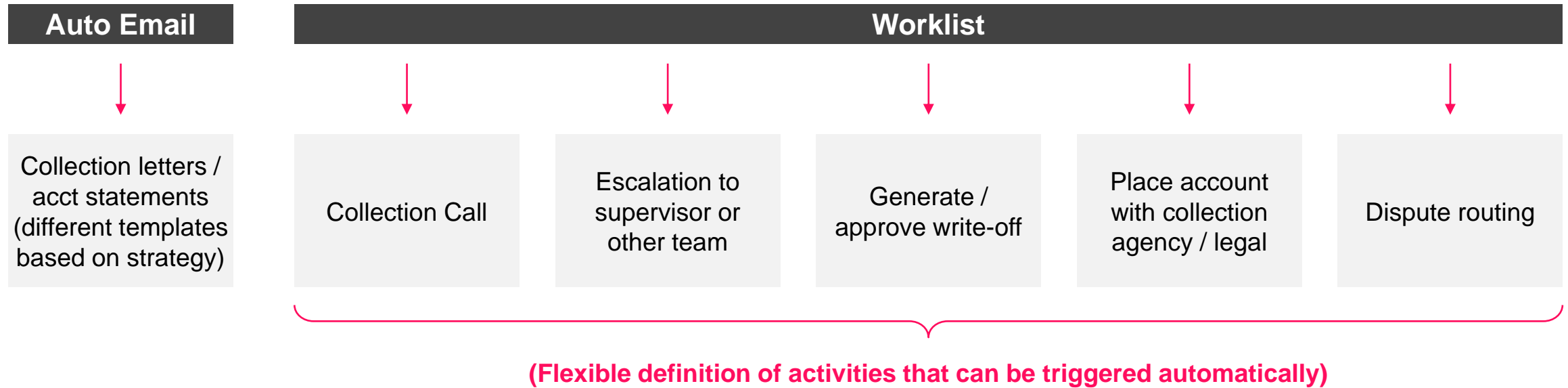
FS² Collections

Key Features & Functionalities



FS² Collections – Process Automation

Rule-Based* Strategies (auto schedule activities for defined events)



Worklist

Reminders for tasks,
events, follow-ups

Configurable and Flexible Worklist

Create and re-assign tasks and events by the click of a button. Team collaboration at the highest level.

FS² Collections Worklist

Alert functionality for due tasks and events

Date / user: 07/26/2023 / M.KOEHLER

Selected task(s): 3				Selected event(s): 4			
3	0	0	0	3	1	0	0

Status	CoCd	File ID	Descriptive text	Col. Score	Alert date	In...	Al.ty...	Event t...	Event type	Short description	Total Items	Crcy	Operation type
	US40	30000143	The Yellow Mile 36265 JACKSONV...	63	01/09/2023		TE	99	Follow up on promise...	Payment promised by Joyce Blue for t...	20,952.00	USD	Promise to Pay
								99			20,952.00	USD	
	US40	30000147	ABC Architects 10001 NEW YORK	64	07/26/2023		TE	91	Collection Call - Level 2	Collection Call for Past-Due Invoice(s)	40,000.00	USD	Collection Call
	US40	30000145	Washington Realty Corporation 11...	55	05/24/2023		TE	91	Collection Call - Level 2	Collection Call for Past-Due Invoice(s)	32,400.00	USD	Collection Call
								91			72,400.00	USD	
	US40	30000158	Tom's Diner 10019 New York	63	01/16/2023		TE	90	Collection Call - Level 1	Collection Call	19,330.60	USD	Collection Call
								90			19,330.60	USD	
	US40	30000144	Mike Henderson 35049 CLEVELAND	63	02/06/2023		AU			Contact customer	12,096.00	USD	Collection Call
	UK90	30000159	Business Partner Chemical 3198 LS...	63	05/24/2023		AU			Contact customer to get remittance			FS ² Collections ...
	US40	30000228	NEXEO PLASTICS LLC 77380 THE ...	57	04/19/2023		AU			Deduction/dispute resolution	30.00	USD	Dispute Case
											12,126.00	USD	
											124,808.60	USD	

FS² Collections facilitates efficient collaboration
within and across teams

Customer File

360° view on the customer account provides full visibility for your collectors and improves decision-making.

Standardized Steps and Layouts for Each Collection Activity

A solution that automatically populates fields, creates follow-ups and tracks records for each collection activity; and that manages tasks & events related to collection activities.

'Dunning' History

Collection Call

Promise to Pay

Dispute Management

Bankruptcy Proceedings

Payment Plan

Placement for External Collection

FS² Collections - Edit File

Collection & Dispute File Data

		Created on	
Collection & Dispute File			
12	Court Order for Payment	04.04.2018	M.
43	Collection Scoring	12.04.2019	M.
117	Payment Plan with Approval	20.08.2019	D.
119	Write-Off with Approval	20.08.2019	D.
126	Promise to Pay	27.08.2019	E.
127	Dunning Management	27.08.2019	E.
129	Collection Call	27.08.2019	E.
130	Dispute Case	28.08.2019	E.

Links

- 126 Promise to Pay
 - Customer
 - 100032 Soplex Consult GmbH
 - Company code
 - DE10 Hanse Orga GmbH

Collection & Dispute File 100032

Status Line Items **Promise to Pay** Events Tasks Documents Notes

Promise to Pay

Amount promised	3.364,15 EUR	Promise date	27.08.2019
Promise for	01.11.2019	Promise by	Mr Popper

Comment: Payment will be made by cheque

Create Follow-Up

Result/Payment

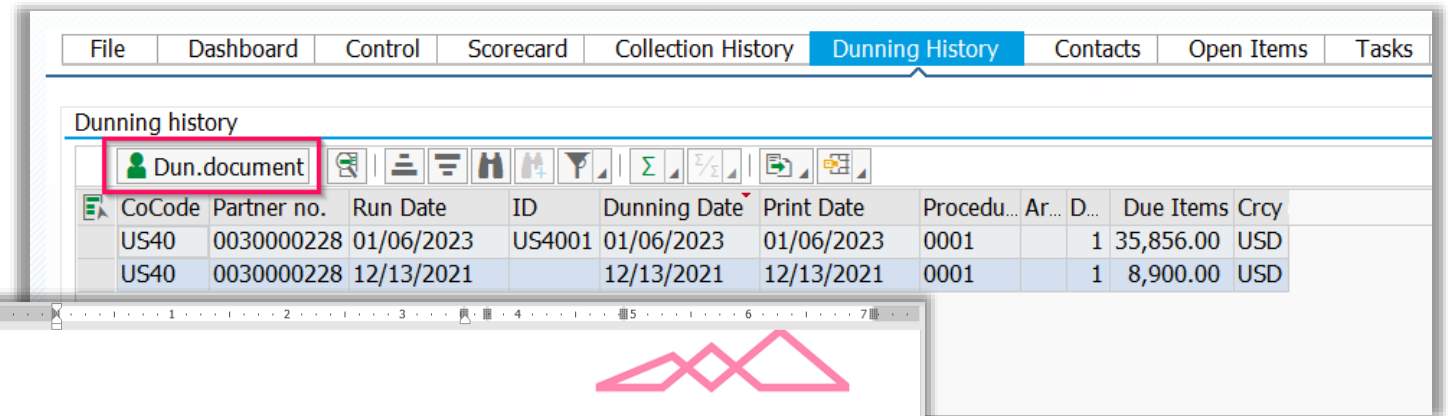
Status	Pending
Amount paid	EUR

FS² Collections covers all company-internal collections processes.
Easy to understand and use!

Correspondence

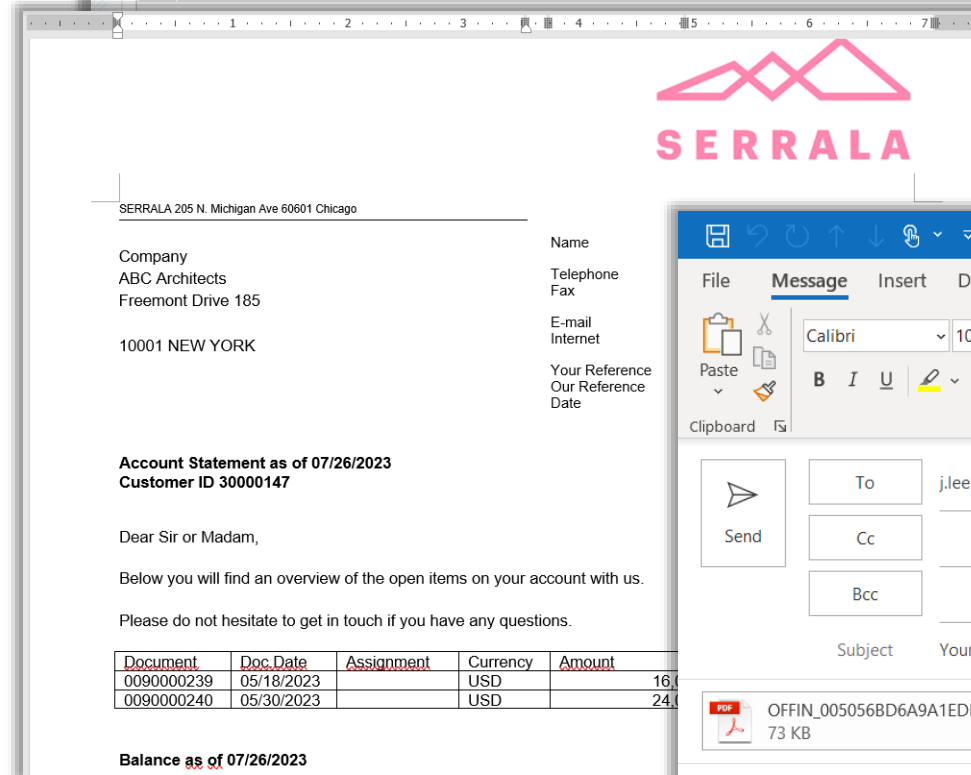
Multiple options for sending correspondence automatically and on the spot

1. Integration with standard SAP dunning (F150)
2. Create correspondence templates easily with MS WORD
3. Integration with MS Outlook for emails
4. Send mass correspondence outside of regular dunning interval



The screenshot shows the SAP 'Dunning History' table. The 'Dun.document' column is highlighted with a red box. The table contains two rows of data:

CoCode	Partner no.	Run Date	ID	Dunning Date	Print Date	Procedu...	Ar...	D...	Due Items	Crcy
US40	0030000228	01/06/2023	US4001	01/06/2023	01/06/2023	0001		1	35,856.00	USD
US40	0030000228	12/13/2021		12/13/2021	12/13/2021	0001		1	8,900.00	USD



The screenshot shows a Microsoft Word document template for an account statement. The SERRALA logo is at the top. The document includes the following text:

SERRALA 205 N. Michigan Ave 60601 Chicago

Company: ABC Architects, Freemont Drive 185, 10001 NEW YORK

Name, Telephone, Fax, E-mail, Internet, Your Reference, Our Reference, Date

Account Statement as of 07/26/2023
Customer ID 30000147

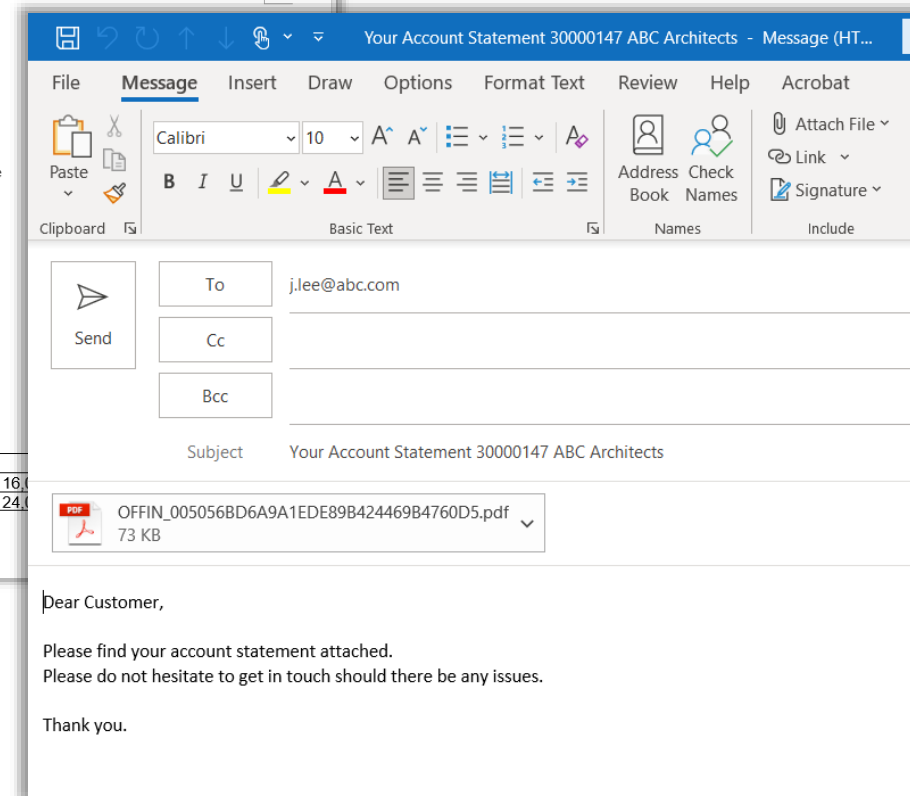
Dear Sir or Madam,

Below you will find an overview of the open items on your account with us.

Please do not hesitate to get in touch if you have any questions.

Document	Doc.Date	Assignment	Currency	Amount
0090000239	05/18/2023		USD	16,...
0090000240	05/30/2023		USD	24,...

Balance as of 07/26/2023



The screenshot shows an Outlook email composition window. The subject is 'Your Account Statement 30000147 ABC Architects - Message (HT...'. The recipient is 'j.lee@abc.com'. The subject line is 'Your Account Statement 30000147 ABC Architects'. An attachment is shown: 'OFFIN_005056BD6A9A1EDE89B424469B4760D5.pdf' (73 KB). The email body contains the following text:

Dear Customer,

Please find your account statement attached.
Please do not hesitate to get in touch should there be any issues.

Thank you.

Success Story | Zoetis

Global order-to-cash optimization

Challenges

- Manual processes leading to increased costs
- Lack of visibility into the order-to-cash process leading to poor customer service.
- Inefficient workflows leading to long turnaround times

Needs

- Streamline end-to-end processes
- Improve cash-application rates
- Support S4/Hana migration with suitable I2C solutions
- Centralize operations for more efficiency and cost reductions
- Be more customer centric

Results with Serrala O2C solution



30% increase in ROI



Automated 0%-60% of their OTC process in just 3 months



Dramatically increase the capacity of their FTEs to focus on more strategic initiatives



Reduce the days sales outstanding (DSO) from 30 days by approximately 5 days.

SAPInsider Case Study:

<https://sapinsider.org/case-studies/zoetis-partners-with-serrala-to-optimize-global-order-to-cash-process/>



“

After an RFP journey and various demo sessions, it was evident that Serrala could deliver on all our project objectives with their Order to Cash Solution Suite.”

”

Amy Valiant
Global Process Owner, Zoetis

Zoetis is a world leading animal health company driven by a singular purpose: to nurture our world and humankind by advancing care for animals.