



ORGANISATIONAL GROWTH WITH EFFICIENT ORDER-TO-CASH CYCLE

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Order to cash or Billing to cash means revenue and the cash receipt in the organization. A real backbone for any organization to grow sustain and then grow again.

We all can understand a really efficient order to cash or a billing to cash, how much important it is for any organization. If we talk about order to cash and just talk about order management as a function itself. Are we really doing business by measuring business KPIs. Like order fulfillment in time and what is the time taken for the order fulfillment from the date of order. Related to that. Producing the same commodity or a product based upon the order how faster we are able to do by really managing our inventory and our bill of material in time. Which of course has to be very much in line with the forecast which has been

provided by the sales people way far behind as long as three to four months back.


Once we have shipped, are we really able to take benefit of the supply chain to have it delivered in time to the customer at the most optimum cost. Having receipt by the customer. Are we really able to collect in time. We were talking to one of my customer two weeks back and I was surprised. That 30% of their aging and the DSO was more than 365 days.

Although it was contributing to 30 percent but it was low value. Each one of the collectible or receivables was of a low value. But then it was adding up to 30 percent and 365 means huge working capital requirement for the same amount. Which in turn means a very high interest cost and the cost of operation and the cost of capital. So one has to look at in the

entire journey of order to cash from the beginning when you received the order or you received the inquiry whether you are really able to fulfill that in time and then collect in time. Even with the available ERP is like Oracle, SAP PeopleSoft, J.D. Edwards map ex kopex or anyone.

Still end to end process requires seamless integration with a lot of automation. Which is possible today. Robotic process automation can help any organization with streamlining including management of the supply chain management of delivering goods. Automation and a workflow can help organizations to really have collections and receivable in times to control their DSO.

Best in class DSOs are between 45 to 60 days end to end nothing either low value high value or medium value nothing like that. So why even



have 30 percent of your receivable for more than 365 days. No one calculates actually the cost of capital and working capital requirement because of delay in receipt or receivables to the organization.

If we really start calculating that and adding it to our P&L for that particular product which is sold then you'll be surprised your bottom line actually is not what you have calculated. It is at least 6 or 7 percent less of what you have calculated while shipping the good.

So we have to look for the most efficient order to cash cycle. With the help of available and plenty of tools and technology are available in the market today to automate their entire journey of order to cash. Similarly for the service organizations it is billing to cash.

So are we billing in time? Are we really when we are providing services we are getting alerts to raise invoice and billing on time and then start collecting on time and accounting for the same on time. Thereby reducing again

any dependencies on working capital requirement.

So only thing which is missing in billing cash is the order part because it is services but the treatment to both order to cash and billing to cash would be same with the help of a automation transformation as well as analytics with the help of any business intelligence tool.

