SAP Solution Brief
SAP ERP Financials
SAP Collections and Dispute Management

Objectives

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Quick Facts

Proactive Collections and Dispute Management with SAP® Software

The Best-Run Businesses Run SAP™

Reducing risk exposure while enhancing cash flow

Receivables and invoice dispute management is a complex, labor-intensive process, especially when past-due accounts threaten cash flow and increase the risk of bad debt. With the right collections and dispute management software, you can automate the resolution of billing disputes, proactively manage overdue receivables, and prioritize collection efforts for better cash flow.

Reducing risk exposure while enhancing cash flow

The SAP® Collections and Dispute Management application helps you streamline your debt collections processes and more efficiently resolve customer invoice disputes and manage overdue receivables. As a result, you can reduce your exposure to the risks and costs of bad debt.

The application improves collection success rates by helping you proactively identify, prioritize, and target your most critical past-due accounts. Powerful automation minimizes the collections workload and resource costs. With

this application, you can optimize the collections process and increase cash flow and liquidity by strategically managing delinquent accounts. The application also helps prevent overdue accounts from becoming a more significant problem – a bad-debt write-off.

SAP Collections and Dispute Management integrates with other customer-facing tools to help you consolidate, manage, and resolve customer disputes quickly and effectively.

Defining and prioritizing your collection strategy

SAP Collections and Dispute Management lets you define the collection strategy used to analyze past-due receivables and automatically prioritize them for collections. You can create different strategies depending on the customer group, region, or relationship history with the company. All past-due receivables are analyzed, classified, and prioritized according to the defined strategy, and then posted to the work list for your collections specialists.

The application automatically identifies the most critical delinquencies and prioritizes the accounts to contact. Your collections agents simply monitor the effectiveness of collection strategies and make adjustments as needed.

Prioritized work lists give you a detailed view of each customer, including information about the total amount to collect, payments already promised, disputed amounts, dunning level, credit risk, and more. These lists contain past-due accounts in order of priority, based on parameters such as credit score, size of the outstanding invoice balance, invoice age, and customer history.

SAP Collections and Dispute Management helps you strategically accelerate collections and improve cash flow.

Prioritizing collection tasks, maximizing efficiency

Collection specialists can review all relevant information before contacting the customer. They can determine high priorities automatically by simply clicking a button to see how long an outstanding balance has been unpaid. They can drill down to view information about previous invoices, such as when they were sent, what's been paid, what's outstanding, what's in dispute, and more. All this information constitutes the collections case, which identifies the specific actions you should take based on the collection strategy. Thus, your agents can more efficiently handle their workload and achieve higher success rates.

Moreover, with SAP Collections and Dispute Management, you can manage collection activities company-wide to maximize efficiency and success rates. You can view the work-list items for all collection agents, along with key statistics such as the number of completed work-list items, number of open cases, and success rates. You can also redistribute open work-list items among collection agents to balance the workload and ensure rapid processing of high-priority items.

SAP Collections and Dispute Management supports end-to-end collections, from a prioritized work list to a record of each contact and promise to pay.

Seeing disputes through to the end

SAP Collections and Dispute Management fills out call logs so your collections specialists save time. It also allows them to document contacts, record actions taken, and create follow-up dates to facilitate hand-offs later in the process.

If a customer agrees to make a payment, the collections specialist can create a promise to pay and record the date on which the payment is due. SAP Collections and Dispute Management automatically monitors whether the customer follows through on the promise via tight integration with the accounts receivable functionality of the SAP ERP Financials solution. If promises to pay are broken, the case is reactivated and appears on the collection work list again.

When the reason behind an overdue invoice is a customer dispute, the agent can create a dispute case. This facilitates rapid dispute resolution by enabling collaboration with other departments to quickly research the customer's claim. If the issue is found to be unjustified, the case is automatically returned to the collection work list, along with information on why the dispute was rejected. Alternately, if the dispute is determined to be justified, a customer credit memo can be automatically issued to resolve the open item.

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Put key information in the hands of your salespeople

Get on the fast track to more efficient financial management

SAP Collections and Dispute Management is one of three applications in an integrated group of receivables and collections management software in the SAP ERP application. The software streamlines critical business processes and optimizes the flow of financial information within a company and its business partners. The full suite of receivables management solutions includes:

- SAP Credit Management application for comprehensively assessing a customer's ability to pay and continuously managing credit lines
- SAP Biller Direct application for enabling Web-based invoicing and payments
- SAP Collections and Dispute Management application for proactively managing and collecting overdue receivables and efficiently managing customer invoice issues

Opening a dispute case

When your company experiences a dispute with a customer over a receivable, you can open a dispute case in SAP Collections and Dispute Management so you can centrally process the dispute. The dispute case is an electronic file for collecting relevant information and displaying that information in a structured form. It includes attributes such as the reason for the dispute, the dispute's priority, and the relevant customer contact. Amount fields in the application show you – at a glance – the disputed amount and all relevant payments, credit memos, and write-offs.

Whether your customer or your collections agent registers a dispute over an invoice, integration between the SAP Collections and Dispute Management application and the SAP ERP Financials solution means the dispute becomes part of the collections and dispute management process. Just as important, the information is captured and passed on to the agent most qualified to resolve it.

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Collections agents and dispute managers can quickly and easily interact with other departments – such as operations, sales, accounts receivables, or customer service – across your company to research a customer's claim. SAP Collections and Dispute Management uses advanced workflow and automatic escalation to facilitate these interactions. All information about the dispute is in a shared file, making it easy for different departments to access the information and help resolve the dispute quickly.

If a claim is justified, the agent or manager can make sure the proper credit memo is issued. In the case of a short payment, the credited amount can automatically offset

the residual balance. And in a nonpayment situation, the net balance would be due after issuance of the credit memo. If the claim is unjustified, the specialist can return it to the collections work list for follow up.

However the dispute is resolved, the resolution record in SAP Collections and Dispute Management automatically rolls up to SAP ERP Financials. That allows SAP ERP Financials to expect a payment if it's due or to credit a customer's account if not.

SAP Collections and Dispute Management also includes analytics, empowering organizations to identify the root causes of disputes and to take action to lower the number of disputes going forward.

Put key information in the hands of your salespeople

Salespeople need access to customers' financial information to better negotiate contracts, drive down days sales outstanding, and provide faster customer service. With the SAP Customer Financial Fact Sheet mobile app, your sales reps and account executives can check the financial situation of customers – with all relevant financial data, down to the level of an invoice – on their mobile devices.

They can compare customers based on sales volume, overdue amounts, or credit limit utilization and see summary information about issues, credit rating, latest contract negotiations, payments, and more. They can also receive alerts about negative trending payments, for example. All of this insight helps them to plan for the next customer negotiation.

At the same time, sales reps can use the mobile app to collaborate with the back office or sales team about disputed issues. They can review or send a dunning letter without contacting the back office, resend an invoice to a customer on the fly, and enter notes such as promised payment to keep the back office informed.

These activities help to improve cash management forecasting and liquidity planning. The mobile app also eliminates the need to contact the accounting back office for the credit status of customers, and it saves accounting clerks from mailing out invoice copies to sales reps.

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You can get up and running quickly with support for collections and dispute management by tapping into the SAP Collections and Dispute Management rapid-deployment solution. This affordable and preconfigured solution streamlines the implementation process, bringing together software, best practices, and services that can help you prioritize and automate your dunning and collections processes. You can

even start small with what you need now and expand your solution as your business grows and requirements change.

Improve collections, dispute resolution, and cash flow

With the SAP Collections and Dispute Management application, you can more quickly and effectively manage collections and dispute-resolution activities. While advanced workflows accelerate collections and dispute resolution, support for collaboration makes it possible for your collections and dispute agents to work together resolving past-due accounts.

By automating collections processes, your organization can reduce collection costs and bad-debt write-offs. Plus, with built-in analytics, you can improve collection strategies and eliminate the source of disputes. All told, the application helps boost success rates, lower risk, and improve cash flow.

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Summary

To improve cash flow and reduce the risk of bad debt, you need to resolve billing disputes, manage overdue receivables, and prioritize collections efforts. The SAP® Collections and Dispute Management application can help you manage collections and dispute-resolution activities more effectively and proactively. Faster, more effective processing boosts success rates, lowers risk, and improves cash flow.

Objectives

- Standardize processes for resolving customer disputes about invoices
- Increase the productivity of collections agents
- Communicate effectively with customers and collaborate efficiently across departments
- Reduce bad-debt write-offs and days sales outstanding

Solution

- Software enabling proactive collections and dispute management
- Mobile app delivering customer financial information to mobile devices
- Rapid deployment to get you on the fast track to more efficient financial management

Benefits

- Speed collections and dispute resolution with advanced workflows
- Reduce collection costs and bad-debt write-offs through automated collections processes
- Enable collections and dispute specialists to collaborate quickly and effectively on past-due accounts
- Improve collection strategies and eliminate the source of disputes with analytics

Learn more

Visit us online at SAP Collections and Dispute Management.

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