Optimizing the Order-to-Cash Process with Better Customer Data

The role of today’s CFO is expanding beyond line items and budgets to include topics of strategic relevance to the business. Today’s CFOs are increasingly focused on ensuring that operational processes run as efficiently and effectively as possible. This often includes opportunities for CFOs to take on executive sponsorship of initiatives aimed at improving core elements of the business value chain.

Order-to-Cash Connects Finance to Operations

One part of the value chain that is ripe for improvement is a pain point shared between finance and business operations: the Order-to-Cash (OTC) process. OTC, which is about receiving and processing customer sales, is the core financial process for preserving cash. Improving its efficiency results in faster collections and improved working capital turns. In addition, establishing objective diagnostic controls and global practices for OTC improves the process output metric of Day Sales Outstanding (DSO) and minimizes the overall cost of collections, all while ensuring that the company’s cash management remains in compliance with relevant regulations. Finally, optimizing the OTC process also improves marketing and sales performance.

Customer Data Mastering

This graphic shows one common approach to the OTC process. Fixing customer data and creating a customer data master that includes addresses, tax and statutory registrations, and credit limits is a necessary step because the quality of customer information affects every other stage of the process. Enlightened CFOs may look even farther back into the value chain, prior to the order, to optimize the Lead-to-Cash (LTC) process and better understand the effectiveness of sales and marketing processes.

Unfortunately, the systems that sales and marketing teams rely on to gather customer information—Customer Relationship Management (CRM), Order Management, Billing and Revenue Management, Accounting, and Logistics—often store information in disconnected silos. As a result, the organization’s customer data is inaccurate, incomplete, and difficult to reconcile.
Adverse Effects of Fragmented Customer Information

Customer information that is fragmented across multiple systems and silos cannot be managed strategically. As a result, CFOs can find themselves struggling with any or all of these challenges:

• Customer disputes caused by order, delivery, or billing inaccuracies
• Customer service and billing issues resulting from incorrectly applied discounts, deductions, credit extensions, and credit limits
• Incorrect customer credit checks or credit ratings that slow order approval
• High error rates in order fulfillment
• Delays and fines caused by undeliverable or incorrectly delivered tax documents

In addition to affecting customer satisfaction and operational efficiency, failing to address these issues may increase the risk of internal fraud.

Benefits of Strategically Managing Customer Data

Organizations can tackle these issues by investing in creating a Total Customer Relationship view—a holistic, enterprise-level understanding of customers across lines of business, channels, and functions that delivers the insight necessary for strategic business differentiation. Doing this requires the organization to govern and manage customer information in a central location on an ongoing basis, then fuel the business and analytic applications that support the OTC process with clean, consistent and connected customer information.

The more lines of business, channels, and customer touch points a company has, the more value a Total Customer Relationship View can deliver. It helps CFOs accelerate time-to-value from mergers and acquisitions by simplifying the consolidation of customer records. It reveals relationships between customers and their households or corporate hierarchies. It increases understanding of what customers have purchased and from which employees or partners. It clarifies customer preferences by enriching their information with third-party data.

CFOs are typically the business sponsors for these initiatives because they deliver these concrete financial benefits in the Order-to-Cash and Lead-to-Cash processes:

1. Reducing costs associated with invoicing and billing inaccuracies, customer disputes, mailing unconsolidated statements, sending duplicate mail, and dealing with returned mail
2. Increasing revenue by boosting marketing and sales effectiveness through customer segmentation that supports more personalized offers, more relevant cross-sell and up-sell offers, and faster issue resolution in call centers
3. Accelerating product innovation and market success based on better understanding of customers and their needs
4. Improving customer satisfaction scores, customer loyalty, and retention by empowering employees with the customer information they need to deliver great customer experiences across channels and touch points
Rethinking Customer Data Management for Strategic Advantage

Data management isn’t a one-time pursuit. For strategic CFOs, harnessing and managing data is an ongoing effort. By creating a Total Customer Relationship View, CFOs can streamline operations, improve customer service, bridge silos to optimize financial and business processes across functions, and increase accountability and visibility into progress and results—all while speeding availability of cash and working capital position.

Informatica: Great Data Starts Here

Enterprises today need a next-generation data platform that allows them to systematically produce data that is decision ready. Informatica® software and services help organizations gain a competitive edge by strategically managing data, such as customer data, for better financial and business decisions. The Informatica platform:

• **Enables people to connect and understand.** Informatica allows people to connect to all kinds of data sources and quickly understand the as-is state of that data. Is it ready for consumption or does it need to be refined before use? Employees are able to discover something they didn’t know about their data during the first few minutes of analysis.

• **Establishes a single source of trustworthy customer data.** Regardless of whether the data source is internally developed or a cloud app, social media, mobile, or machine data, Informatica software prepares, cleans, and masters data to make it usable for financial and business decisions.

• **Ensures that data is complete and contextual.** Informatica allows users to combine data sources to create a complete and contextual view of the data they need to make important decisions.

• **Creates a repeatable process.** Organizations that use Informatica are able to more easily turn ad hoc analytics into continually generated reports that drive better decisions as their environment and data change.

Informatica empowers the finance team to work collaboratively with marketing, sales, call centers and lines of business to build a total customer relationship view that fuels applications with great customer data and optimizes business processes. Finance and business leaders can combine this strong customer data foundation with transaction, interaction, social, and sensor and machine data to accelerate their ability to unlock greater customer insights.

Informatica is the leading provider of data integration and management software, helping companies to maximize the potential locked up in their data landscape. Informatica supplies systematic data integration, management, and governance capabilities regardless of where the enterprise runs the applications: on-premise, on Hadoop, or in the cloud. Informatica software transforms raw data into the accurate, trustworthy data needed for today’s analytical solutions.
About Informatica

Informatica Corporation (Nasdaq:INFA) is the world's number one independent provider of data integration software. Organizations around the world rely on Informatica to realize their information potential and drive top business imperatives. Informatica Vibe, the industry's first and only embeddable virtual data machine (VDM), powers the unique “Map Once. Deploy Anywhere.” capabilities of the Informatica Platform. Worldwide, over 5,500 enterprises depend on Informatica to fully leverage their information assets from devices to mobile to social to big data residing on-premise, in the Cloud and across social networks. For more information, call +1 650-385-5000 (1-800-653-3871 in the U.S.), or visit www.informatica.com.