

AI in Accounts Receivables: From Trends to Real-World ROI



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Introduction

In today's economic climate, businesses are under increasing pressure to optimize cash flow and reduce operational costs. Accounts receivable (AR) teams are at the forefront of this challenge, striving to accelerate collections and enhance financial outcomes. Artificial intelligence (AI) has emerged as a transformative solution, automating routine tasks and providing deeper insights into payment behaviors. By leveraging AI, AR teams can focus on strategic activities, leading to faster payments and improved financial health.

In this eBook, we explore the growing role of AI in driving return on investment (ROI) for accounts receivable. We will delve into how AI technologies are revolutionizing AR processes, offering actionable strategies to navigate today's financial landscape effectively.

The Gist



AI Redefines AR Management

The shift from manual, time-consuming processes to AI-powered automation enhances efficiency, reduces errors, and transforms AR operations.



End-to-End Automation Enhances Efficiency

Automated invoicing, payment reminders, and remittance matching speed up cash collections and reduce errors, freeing AR teams to focus on strategic tasks.



Predictive Analytics Boosts Cash Flow Forecasting

AI improves payment behavior predictions, credit risk assessment, and data-driven decisions, optimizing liquidity and reducing bad debt risks.



Unified Data with AI-Integrated ERP Systems

AI breaks data silos, providing real-time financial insights and better cross-department collaboration.



Smarter Credit Risk Management

AI uses real-time data and predictive models for precise credit scoring and personalized payment terms, enhancing risk management.



By embracing AI technologies, businesses can enhance their AR processes, leading to improved cash flow management and a stronger financial position.

Why AI Matters in Accounts Receivables

AI is not just a technological trend; it is a game-changer for how businesses manage accounts receivable. From predictive analytics to intelligent automation, AI revolutionizes cash flow management and payment collections. By leveraging AI, AR teams can forecast customer payment behavior, automate routine tasks, and gain deeper insights into financial health—driving faster collections, reducing risks, and improving overall efficiency.

1.1 Overview of the Current AR Landscape

The traditional approach to managing accounts receivable is facing a significant shift as evolving business demands outpace manual processes. Historically seen as a straightforward administrative function to ensure payments were collected, AR management now plays a strategic role in cash flow and financial health. Yet, many companies remain stuck in outdated methods.

This is why the AR landscape is at a critical crossroads. Despite advancements in finance automation, most AR teams still depend on spreadsheets, manual workflows, and legacy systems.

Data Insights

According to a survey by Deloitte, **75.7%** of respondents reported that their company's accounting processes are largely manual or require considerable manual effort.

These inefficiencies create bottlenecks that hinder productivity and increase the risk of errors. AR teams are burdened with repetitive tasks like data entry, invoicing, follow-ups, and payment reconciliation. With mounting complexities in today's business environment, companies need to rethink how they manage AR—and AI-powered automation offers a way forward to reduce these challenges and improve outcomes.

1.2 Challenges AR teams face today

Let's start with the obvious: managing accounts receivable without modern automation is inefficient. Manual processes slow down collections, increase errors, and strain cash flow management. **Here are some of the key challenges AR teams encounter:**



Inefficiency and Manual Processes

At the core of many AR challenges lies a simple yet significant issue: inefficiency. Despite the surge of digital solutions in finance, many businesses still rely heavily on manual processes to handle routine tasks like invoicing, payment follow-ups, and reconciliation. In practice, this means AR teams are often buried under a mountain of data entry, manually issuing invoices, chasing after payments, and cross-referencing payments with invoices. These tasks are critical but incredibly time-consuming, and as we all know, prone to human error.

Consider the example of a mid-sized manufacturing company. Their AR team spends an average of 15 hours per week manually processing invoices, reconciling payments, and following up with customers. The result? Not only is there significant time lost on these repetitive tasks, but it also leaves room for mistakes. The team may accidentally send duplicate invoices or fail to follow up on overdue payments, leading to missed collections and delayed cash flow.



Late Payments and High DSO

Late payments remain one of the most frustrating and persistent challenges in AR management. No matter how diligent AR teams are in following up with clients, late payments often creep in, preventing businesses from maintaining optimal cash flow. This not only disrupts day-to-day operations but can also have broader financial consequences.

For instance, a software-as-a-service (SaaS) company regularly faces late payments from its clients. Despite sending out reminders and offering flexible payment terms, the company struggles with a high DSO, leaving them with inconsistent cash flow. This unpredictability makes it hard to plan for new hires, investments, or product development, creating tension within the organization. The company must constantly balance working capital needs while waiting for payments to come through.

Data Insights



According to PwC's working capital study, there has been a **6.6 %** increase in Days Sales Outstanding (DSO) over the past five years, indicating a growing challenge in managing receivables and cash flow.



Fragmented Systems and Lack of Integration

AR teams often operate with a variety of disconnected systems, making their work even harder. Information is frequently scattered across different platforms—whether it's the CRM system, ERP tools, or outdated spreadsheets. These data silos prevent AR teams from having a comprehensive, real-time view of their customers' financial standing. Without this, AR departments struggle to get the clarity they need, leading to inefficiencies and mistakes.

Take the example of a global logistics company with operations across multiple regions. The AR team manages customer data in separate systems for each region, with different payment methods and terms. When they need to review a customer's payment history or reconcile an invoice, they have to jump between these disconnected platforms, manually cross-referencing data.

This lack of integration means that AR teams spend a disproportionate amount of time just trying to get the right information, which takes away from time they could spend on higher-value tasks.



Limited Insights and Lack of Predictive Capabilities

Another pressing issue is the limited visibility that AR teams often have into customer payment trends and behaviors. Traditional AR systems simply don't provide the necessary insights or predictive capabilities that could help teams stay ahead of potential payment issues.

Consider a B2B retailer with hundreds of customers and varying payment patterns. Without advanced tools to analyze customer data, AR teams only know about overdue invoices after they become a problem. They can't anticipate which clients are more likely to pay late or even default, leading to delays in collections and an inability to act preemptively.



1.3 The ROI of AI in Accounts Receivable: The Math Behind AI-Driven Efficiency

Data Insights

According to a PwC analysis, **30–40%** of the processing time for several key finance processes could be eliminated with automation and behavior change. This includes high automation potential for management reporting (**40%** of time spent on these activities), credit management (**23%**), general accounting (**23%**), and billing (**23%**).

Automation's potential in finance, including AR, is immense. Let's break down how AI's time-saving capabilities translate into tangible financial impact for AR teams.

Imagine a large AR team of 200 employees saving just one hour a day through AI-driven automation. That adds up to 200 hours saved daily, 1,000 hours weekly, and 4,000 hours monthly. With an average hourly wage of \$35, this productivity boost results in \$1.68 million in annual savings.

Beyond time and cost savings, AI accelerates cash collections and improves cash flow management, delivering greater financial outcomes. Faster access to cash enables businesses to invest in growth, reduce debt, and capture early payment discounts.

These compounded benefits strengthen the bottom line, making AI a game-changer for modern AR operations.

Beyond Time Savings: The Broader Benefits of AI in AR

The ROI of AI in AR extends far beyond just time savings. Let's explore these additional benefits in detail:

2.1 Faster Cash Recovery: Reducing DSO and Unlocking Capital

AI simplifies collections by automating follow-ups and prioritizing high-risk accounts. Predictive models identify when customers are likely to pay, helping businesses act proactively. With cash coming in faster, organizations improve liquidity and free up capital for growth. The direct impact on Days Sales Outstanding (DSO) means more funds available for reinvestment and strategic initiatives—delivering a clear boost to ROI.

2.2 Cutting Operational Costs: Doing More with Less

Routine tasks like chasing overdue payments and verifying invoices no longer burden teams with AI in place. Automated workflows streamline these processes, enabling staff to focus on high-value activities. This efficiency allows businesses to handle more work without scaling resources, resulting in cost savings and improved productivity. Lower operational expenses combined with greater output lead to a stronger ROI.

2.3 Personalized Customer Engagement: Strengthening Relationships

AI enhances customer interactions by tailoring communications based on individual payment patterns and preferences. Automated reminders, custom payment options, and targeted dispute resolutions foster stronger customer relationships. Personalized engagement drives satisfaction and loyalty while encouraging quicker payments—further contributing to improved ROI.

2.4 Reduction in Bad Debt: Protecting Your Bottom Line

AI mitigates bad debt by predicting potential payment issues before they arise. Advanced algorithms assess payment history, customer behavior, and industry trends to flag risks early. Businesses can respond with adjusted payment terms or more focused follow-ups, reducing overdue invoices. By focusing collections on the highest-priority accounts, companies strengthen cash flow, reduce write-offs, and maintain financial stability—all key to maximizing ROI.

Key Trends Shaping AI Adoption in AR

For CFOs and financial leaders, understanding the key trends driving AI adoption in AR is essential to staying competitive and ensuring their companies operate at peak efficiency. Let's take a look at the trends that are rapidly reshaping AR operations.

3.1 End-to-End Automation

One of the most tangible ways AI is impacting accounts receivable is through end-to-end automation. From invoicing to payment reconciliation, AI-powered automation ensures that each step of the AR process is seamless, efficient, and error-free.



➤ Transforming the Invoicing Process

By automating invoice generation and delivery, businesses can eliminate manual data entry, reduce errors, and ensure accuracy. This means invoices can be sent to clients at the right time, with little to no human intervention. Not only does this reduce the potential for human error, but it also speeds up the entire billing cycle, ensuring that invoices are sent on time and with the correct information.

➤ Automating Payment Reminders and Collections

Following up with customers to ensure timely payments is another critical, but often tedious, aspect of AR management. AI-driven tools can automatically send personalized payment reminders, adjusting the timing and tone of each message based on customer behavior. AI systems can also automate the collection process by flagging accounts that require additional attention and escalating them accordingly.

➤ Effortless Remittance Matching

Automation takes the hassle out of remittance matching by automatically matching incoming payments with the correct invoices. This eliminates the need for manual reconciliation, drastically reducing human error and processing time. AI systems can automatically identify payment discrepancies, flagging them for quick resolution. With real-time data syncing across platforms, AR teams gain immediate visibility into payment statuses, allowing for faster action and fewer delays.

3.2 The Predictive Edge

Predictive analytics, powered by AI, has emerged as a powerful tool for enhancing the decision-making process in accounts receivable. Through the analysis of vast amounts of historical data, predictive models can generate accurate forecasts that help businesses anticipate customer behavior, assess credit risk, and optimize their collections strategy.



➤ The Power of Forecasting Payment Behavior

One of the most valuable applications of predictive analytics in AR is its ability to forecast customer payment behavior. By examining past payment histories, AI algorithms can predict which clients are most likely to delay payments, and which accounts pose a higher risk of becoming bad debt.

➤ Credit Risk Assessment and Customer Segmentation

AI can also assist businesses in refining their credit risk assessment processes. Instead of relying solely on traditional credit scores, businesses can utilize AI to analyze a broader range of data points, such as payment history, order frequency, and broader economic indicators. This allows businesses to segment their customers more effectively, creating tailored payment terms based on each customer's individual risk profile.

➤ **Optimizing Cash Flow with AI Insights**

By incorporating predictive analytics into the AR process, businesses gain a more accurate picture of future cash inflows, helping them optimize cash flow management. The ability to forecast payment trends with precision allows finance teams to plan for liquidity needs, make better financial decisions, and reduce the risk of cash flow disruptions.

Data Insights

According to Forrester's Data and Analytics Survey (2022), **73%** of data and analytics decision-makers are currently building AI technologies, and **74%** are seeing a positive impact from these AI implementations within their organizations.

3.3 AI Integration with ERP Systems

But automation isn't the only way AI is transforming accounts receivable. One of the most powerful trends shaping the future of AR is the integration of AI with ERP (Enterprise Resource Planning) systems. With AI integrated into existing ERPs, companies gain access to real-time decision-making capabilities that were previously out of reach.

➤ **Breaking Down Data Silos**

For too long, AR teams have juggled disconnected systems—CRM tools, accounting software, and spreadsheets—to track customer payments. This fragmentation often leads to delayed information, mistakes, and miscommunication. By integrating AI into the ERP, all data is unified in a single source of truth, giving CFOs full visibility into their organization's financial health in real time.

➤ **Cross-Functional Collaboration**

The integration of AI and ERP isn't just about cleaning up the data—it's about connecting the dots across departments. Information flows seamlessly between sales, AR, finance, and customer service. This creates an environment where all teams can collaborate in real-time, ensuring that everyone is on the same page.

AI-Driven Applications in Credit, Collections, and Deductions

From smarter credit risk management to AI-powered collections strategies, AI is not just optimizing workflows—it's driving real business value. Let's dive into how AI is revolutionizing these core functions and delivering measurable results.



4.1 Credit Scoring and Risk Management

From the moment a new customer submits a credit application, the decision to extend credit or not begins. The deciding factor has always been the credit score, a key indicator of the customer's likelihood to repay. However, the traditional credit scoring model is limited in its scope, often overlooking critical real-time factors that could impact payment behavior.

Credit decisions, once based on simplistic metrics, evolved into data-rich, dynamic assessments, pulling from real-time sources such as market fluctuations, customer behavior, and even social signals. With AI, credit managers could now rely on predictive models that didn't just look backward at payment history, but forward, anticipating which customers were most likely to pay, and under which terms. By leveraging AI, businesses gain access to dynamic, real-time insights that go beyond static credit scores. AI models analyze a broader range of data, including customer transaction history, financial health indicators, and external variables, allowing for a more accurate and predictive credit risk assessment.

4.2 Proactive and Personalised Collections

With the integration of AI into the accounts receivable process, collections saw one of the most dramatic transformations. No longer did collections teams need to rely solely on manual follow-up and standardized reminders. With features like AI-prioritized worklists, collectors can stay on top of overdue accounts with precision and efficiency. AI-enabled systems now analyze payment behaviors and customer histories to determine the most effective collection strategy for each client.

For example, some customers may respond better to a gentle reminder, while others may require a firmer tone as the payment deadline approaches. AI can automate this process, sending personalized messages through the optimal communication channels, email, SMS, or even automated voice calls. And it does so at the right time, analyzing customer habits to predict the exact moment when a gentle nudge is most likely to result in payment.

4.3 Deductions Validity Prediction

Managing customer deductions can be both time-consuming and resource-intensive. For analysts, the process often involves manually reviewing a multitude of claims, cross-referencing contracts, invoices, and communication to determine whether a deduction is valid or not.

This is where AI saves time and effort with the deductions validity prediction. This feature analyzes multiple variables, including transaction history, product SKUs, pricing terms, and past deduction patterns, to automatically flag invalid deductions. By using AI to identify which deductions require further review, the tool eliminates the need for manual research, saving time.

Real-World Use Cases of AI in AR

AI is revolutionizing accounts receivable operations by improving efficiency, reducing costs, and optimizing cash flow. Below, we explore key examples of how AI has transformed AR management for businesses.

5.1 Forecasting and Prioritizing AR Accounts



Effective AR Prioritization

Managing accounts receivable efficiently requires prioritizing high-risk accounts for collections. However, manually determining which accounts to prioritize can be time-consuming and prone to error. With AI-driven tools, companies can automate and optimize this process.

By leveraging customer data, AI tools analyze payment patterns, customer behaviors, and historical performance to identify accounts most likely to result in delayed payments. This helps AR teams focus on high-priority cases, improving overall efficiency and reducing DSO (Days Sales Outstanding).

Real-life example

YASKAWA

Yaskawa America implemented AI-based worklist prioritization to automatically categorize high-risk accounts. As a result, the company reduced its DSO by 5.5 days and increased its team's productivity by **60%**. This automation allowed Yaskawa's AR team to focus on critical accounts that had the highest probability of overdue payments.

5.2 Streamlining Deductions Management



Automating Deductions Resolution

Deductions, or discrepancies in payments, are a significant challenge for AR teams. These deductions can be caused by issues such as pricing errors, damaged goods, or billing disputes. Resolving these deductions often requires substantial manual effort, delaying cash flow.

With AI-powered solutions, businesses can automatically process deductions by analyzing customer data, extracting backup documents, and providing AI-driven recommendations for resolution. This reduces the time spent on manual research and improves cash flow efficiency.

Real-life example



Hershey's faced delays in deductions resolution due to manual research and inefficient workflows. By adopting AI-powered deduction management tools, Hershey's automated the extraction of claims and shipping documents, cutting down manual research time by **70%**. As a result, deductions were resolved faster, and the company improved its cash flow.

5.3 Improving Cash Flow with AI



Optimizing Cash Flow with AI Automation

AI can help companies optimize cash flow by automating payment processing, improving collections, and enhancing credit risk management. By automating routine tasks, AI allows AR teams to focus on more complex issues while driving cost savings and faster payment cycles.

AI tools can also analyze customer behavior to predict the ideal time for sending payment reminders or follow-up communications, ensuring timely collections.

Real-life example



JBS USA implemented AI-driven AR automation to unlock working capital and improve cash flow management. Through dynamic segmentation of customer accounts, AI prioritized collections for high-value accounts. This approach resulted in JBS unlocking **\$6.4 million** in working capital and enabling straight-through payment processing, eliminating the need for manual intervention and reducing the overall AR workload.

Future Outlook: **What's Next for AI in AR?**

The future of AR is poised for even greater change, with emerging technologies pushing boundaries and opening up new possibilities. Emerging technologies, evolving workflows, and shifting industry standards will further reshape the AR landscape, making it even more efficient, agile, and intelligent. Here's what business leaders should expect in the coming.

6.1 The Power of Emerging Technologies

Emerging technologies are set to revolutionize accounts receivable (AR) workflows, bringing a new level of efficiency, accuracy, and strategic insight. At the forefront of this transformation is Generative AI, a powerful tool that goes beyond basic automation. Generative AI enables systems to create predictive models, analyze real-time data, and provide actionable insights, allowing businesses to anticipate cash flow trends and understand customer payment behaviors with unprecedented accuracy.

Complementing this, Machine Learning (ML) refines risk assessments and enhances collections strategies through advanced predictive analytics, providing deeper insights into payment patterns and helping AR teams make smarter decisions. Additionally, Robotic Process Automation (RPA) is streamlining routine tasks, such as invoice matching and payment processing, minimizing human error, and drastically reducing manual workloads.

Finally, Blockchain technology is emerging as a key player, offering secure, transparent transaction tracking, and ensuring accountability throughout the AR process. Together, these technologies are transforming AR from a reactive function into a proactive, data-driven powerhouse, ultimately improving cash flow management and boosting financial performance.

6.2 Predictions for AI adoption rates and innovations in the next 5–10 years

The future of AI in Accounts Receivable (AR) looks incredibly promising. According to the [**Global Artificial Intelligence \(AI\) in Accounting Market**](#), the market is expected to grow from **USD 1,511 million in 2021** to a staggering **USD 53,893 million by 2030**. This rapid growth reflects the increasing adoption of AI technologies across accounting functions, particularly in AR.

Over the next 5–10 years, AI will become an integral part of AR, with businesses leveraging it to automate routine tasks, improve payment collection efficiency, and gain better insights into customer behavior. AI will enhance areas like cash flow forecasting, payment matching, and dispute resolution by using real-time data and predictive analytics to anticipate challenges before they arise.

Looking Ahead:

The Impact and ROI of AI in Accounts Receivable

AI's ROI in accounts receivable goes beyond speeding up processes—it enhances accuracy and frees up time. By automating routine tasks, AI empowers AR teams to focus on strategic actions like dispute resolution and cash flow optimization.

Implement AI in your AR processes, track the improvements, and scale what works. Every minute saved creates more opportunities for high-value decisions.

Ready to boost efficiency in your AR processes?
Schedule a Demo today.





About HighRadius

HighRadius offers cloud-based **Autonomous Software** for the Office of the CFO. More than 850 of the world's leading companies have transformed their Order to Cash, Treasury & Risk, Record to Report, B2B Payments and Accounts Payable processes with HighRadius. Our customers include 3M, Unilever, Anheuser-Busch InBev, Sanofi, Kellogg Company, Danone, Hershey's and many more.

Autonomous software is data-driven software that continuously morphs its behavior to the ever-changing underlying domain transactional data. It brings modern digital transformation capabilities like artificial intelligence, robotic process automation, natural language processing, and connected workspaces as out-of-the-box features for the finance & accounting domain.

Before the availability of autonomous software, finance stakeholders had to pick between a digital replacement of a paper-based solution or build & maintain custom RPA/AI-based tools in-house. In contrast, HighRadius' Autonomous platform combines the best of both worlds to deliver measurable business outcomes such as DSO reduction, working capital optimization, bad-debt reduction, reduced month-end close timelines, and improved productivity in under six months.

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