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In today's high-pressure economic climate, CFOs and other financial managers are aggressively searching for ways to save money, maximize efficiency, and drive growth. Increasingly, cloud-based financial tools are emerging as a solution that can help them accomplish their daily tasks more efficiently while improving their cash flow management and visibility.

Yet, while most CFOs are aware that other departments are moving to cloud-based solutions, early adopters are just becoming aware that tools exist for the finance department according to a survey we recently completed of more than 350 CFOs. As a result, many CFOs remain stuck in the past, continuing to rely on paper-based processes and Excel spreadsheets to do their work.

While CFOs in general were familiar with the cloud, most were not yet aware that new products were emerging in this space, created specifically to serve their needs. As a result, paper-based manual processes and static spreadsheets remain the standard tools for many financial

executives, and managing cash flow continues to be an imprecise, time-consuming task. When asked what system they currently use to predict future cash flow, 72.9% of respondents said they still use their old Excel spreadsheets, 8.5% use an ERP system, and 8.3% said they just do the calculations in their head. The remaining 10.3% said they don't use any tools at all.

CFOs' frustration with this status quo was clearly expressed in our survey. When asked to name the top three challenges faced by CFOs today, respondents cited the inability to forecast results (51.1%) and manage cash flow (47.4%) as their most pressing concerns. These numbers indicate that financial executives could greatly benefit from tools that provide real-time visibility into the amount of money they're paying out and taking in, at any given moment.

The survey, taken in August 2012, includes responses from CFOs and financial executives in a wide range of industries. It is one of the first to provide insight into how CFOs are thinking about cloud-based financial systems, whether they plan to implement the systems, and what they see as the advantages and disadvantages of online tools for managing tasks like accounts payable, accounts receivable, and cash flow.

Early adopters reap results, reaffirm that cash is king

Early adopters who have switched to cloud-based financial systems told Bill.com they have greatly improved both their accounts receivable and accounts payable processes. Saving money and time are significant motivating factors for companies that are considering a cloud-based system. 65.2% of survey respondents said saving dollars and hours would lead them to the cloud.

Indeed, knowing when customers will pay is the number one problem faced by finance departments on a daily basis, according to the Bill.com study. Almost 59% of respondents cited it as a top concern. Other high-level concerns, survey respondents said, are difficulty estimating cash flow (55.7%) and slow action by those employees who are tasked with approving invoices to be paid (46.3%).

This last number comes as no surprise, given the inefficient workflows and approval processes that hobble most organizations. Financial executives have long complained about paper-based invoices and expense reports that take weeks or months to be approved because people put

them aside, forget about them, or file them under a pile of other papers. As a result, bills get paid too late and cash flow forecasts grow ever more unpredictable.

The cloud can alleviate many of these problems, say CFOs who have adopted online invoicing and billing systems. For instance, online finance services enable them to better track bills and monitor the approval process. That's because these payables tools eliminate the inefficiencies of manual processing. Instead, invoices to be paid are automatically routed to the right person for approval and prioritized for attention.

On the receivables side, finance professionals who use cloud-based tools said on average they get paid faster than they did using traditional paper systems. In addition, when asked how much it costs their Accounts Receivable organization to process and send an invoice, 38.7% of respondents said under \$5 and 32.2% said \$5 to \$10.

In fact, the majority of respondents are likely underestimating the cost because they're not fully factoring in the price of labor, materials, and other inputs. According to industry standards, the average cost of processing and sending an invoice is actually over \$22.

However, by using the cloud, companies could reduce the cost of sending invoices, while collecting receivables 2 to 3 times faster. In terms of hard numbers, a small company sending an average of 100 invoices a month would cut their expenses from \$2200 to \$750 per month by using the cloud, according to separate research we conducted.

Similarly, financial executives are discovering that by putting their AP process in the cloud they can cut the work by more than half and slash the cost by 50% to over 70%, a saving that amounts to tens of thousands of dollars for many organizations. In fact, a company with an average of 100 bills a month that uses a cloud-based system can reduce costs from \$3800 to \$309 a month, according to industry research.

Financial executives who have adopted online systems also value the ability to approve bills remotely, wherever they happen to be. One CFO noted that a cloud-based system unchained him from the office and allowed him to approve an important invoice from his mobile phone, while watching his child compete in a local swim meet.

Another priority that was uncovered in the survey is that CFOs are looking to implement systems that can help their business grow. Some 43% of respondents said scalability was one of the factors that would influence them to adopt cloud-based services. Only 24.8% said scalability was not a factor, while 32.2% said they were unsure.

Another incentive for moving to the cloud is the chance to reduce the flow of paper bills and transition to a paperless work environment. The vast majority of survey respondents (85.5%) said reducing paper was either very important or somewhat important to them. Only 14.5% said it was not important at all.

Cloud opens new horizons

There is nothing more important to CFOs than control—control over cash flow, payables, and receivables. At a moment's notice, they need to know what the business is doing and where it's going. They need intelligent financial systems that can accurately predict what will happen and when—systems that give them deeper insight to their cash flow and help them discern looming shortages before they happen.

In fact, when asked the one piece of advice they'd offer as an industry expert, 31.9% of survey respondents recommended implementing business controls, while 26.8% said automating to avoid human error.

As cloud-based financial tools gain wider attention, CFOs will increasingly turn to these solutions to achieve better control, efficiency, and ROI. For early adopters, deploying cloud-based tools will result in a significant advantage in an increasingly competitive marketplace, which will be driven by more pioneering cloud-based solutions as the cloud business payment space matures.

At Bill.com we run every aspect of our business on the Cloud, from managing our cash flow to managing our 401K program. The clarity and power that the Cloud can bring to CFOs is unprecedented and worth a thorough examination by any organization. And the time to move is now since CFOs who are transitioning to the Cloud are experiencing a first-mover advantage

that can be rare in our line of work.