

The Journey to Digital World Class™ Starts Here



World Class Defined and Enabled



C2C Receivables Solution Provider Evaluation

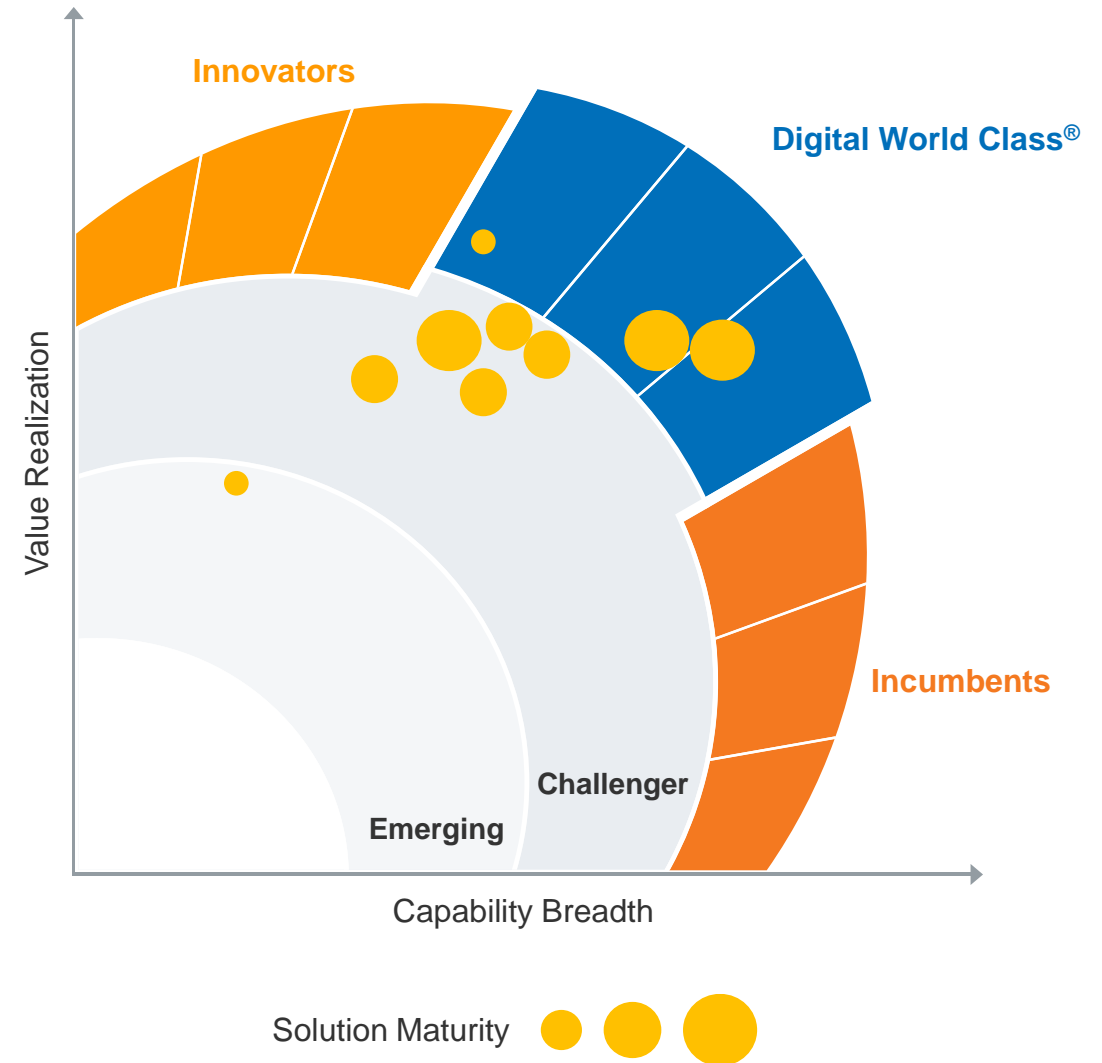
Cash application, collections and dispute management

FIS Spotlight Report

April 2023

How the Hackett Excelleration Matrix™ is creating a paradigm shift in the industry

- Provider evaluations fail to consider the most fundamental reason executives purchase software or invest in an outsourcing relationship – **value realization**. Executives want to know the impact a provider can deliver and how to accelerate implementation speed to value. Now they can.
- The Hackett Excelleration Matrix not only analyzes providers' differentiated capabilities – it also assesses the value executives can expect a solution to deliver.
- The Hackett Group is the only company **uniquely qualified** to evaluate both providers CAPABILITIES and quantify expected value realization. With performance metrics and best practices implementation intelligence from 25,000+ benchmarks – including over 2,000 best practices from Digital World Class® leaders, we know what executives can expect to gain, and how to accelerate value realization.
- Quickly assess the unique capabilities and value realization impact to guide your investment decisions with The Hackett Group's Excelleration Matrix.



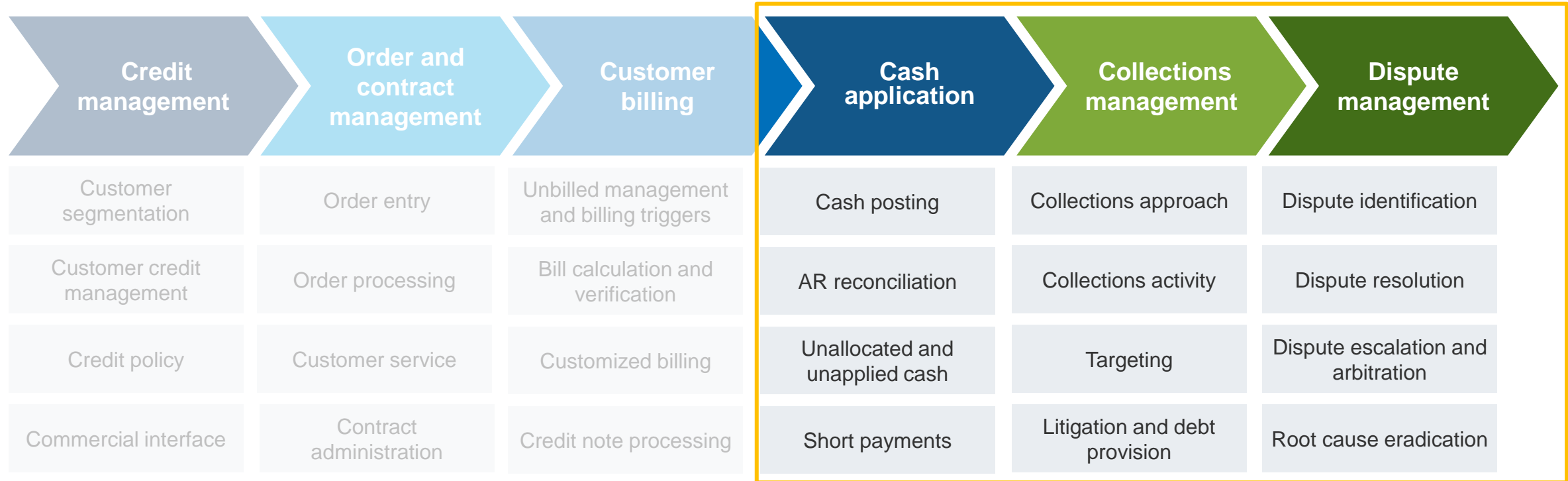
Why are the Hackett Excelleration Matrix™ findings so crucial?



- With rising interest rates and recession concerns growing, working capital management is again on the C-suite's dashboard. Over the last five years, solution providers in this analysis have invested more than \$1 billion to develop modern C2C platforms that deliver dramatically superior value. For example:
 - Significantly greater levels of hands-free transaction processing
 - 10X increased operating cash released from disputed receivables
 - More than \$107 million in additional operating cash per year (for a \$10 billion company)
 - All resulting in a 43% average improvement across the full range of metrics
- We have excluded enterprise resource planning (ERP) systems with C2C process capabilities from our analysis to spotlight point solutions that have accelerated innovation and delivered incremental value. For clients with legacy platforms, our empirical data and expertise demonstrate that:
 - Many clients have an opportunity to derive more value from their existing platform by using core functionality that was either not properly deployed or misaligned with existing processes and data.
 - Clients should evaluate leveraging the offerings from the ERP providers (e.g., Oracle's Advanced Collections, SAP's Receivables Management and Cash Application with AI) to realize the modern platform results within the existing ecosystem.

The Hackett Excelleration Matrix™ – C2C Receivables Management

Scope for this edition of the matrix



Defining Digital World Class® performance

How to read the Hackett Excelleration Matrix™



DIGITAL WORLD CLASS®

- These companies are in the strongest position. They balance solution offerings, features, functionality and client value realization.
- These companies have an expanded mix of solution capabilities and are achieving high customer satisfaction ratings.



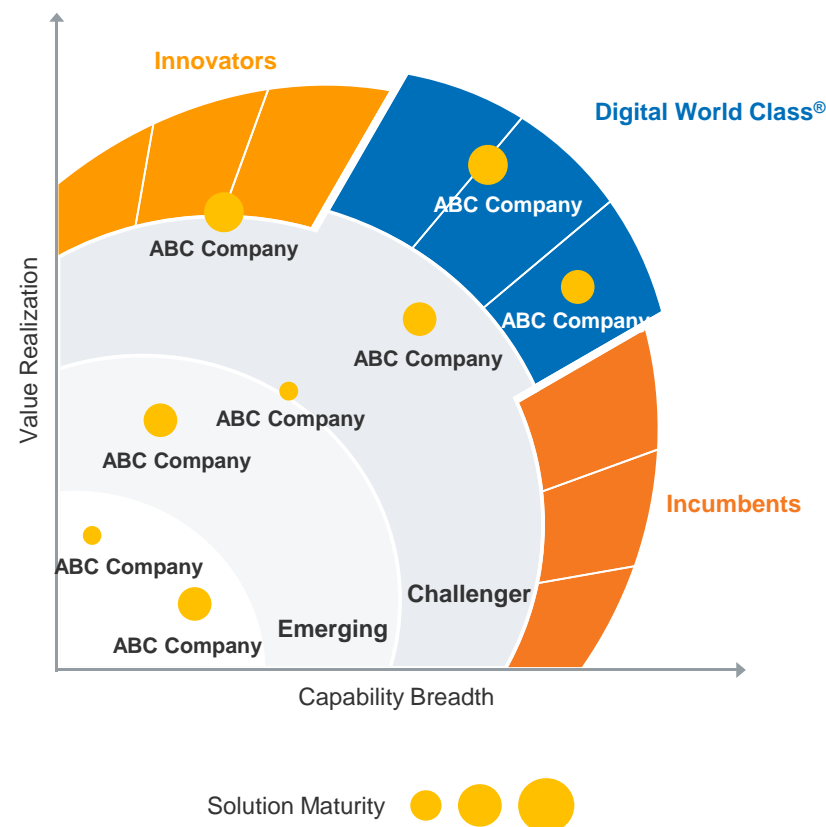
INNOVATORS

- Innovators are delivering superior value realization to clients; however, they have limited scope and features of solutions.
- While the companies in this space are focusing on a narrow scope, they are well-regarded by industry experts and users.



INCUMBENTS

- Incumbents focus on building strong, broad function-level capability within their platforms and flexibility in solutions and services for end-to-end processes.
- Incumbents have mixed strength in capability and are not delivering against key process performance metrics.



CHALLENGERS

- Challengers are progressing toward delivering greater value realization and capability breadth.
- Capabilities and value realization are not yet fully established within the challenger's toolkit.

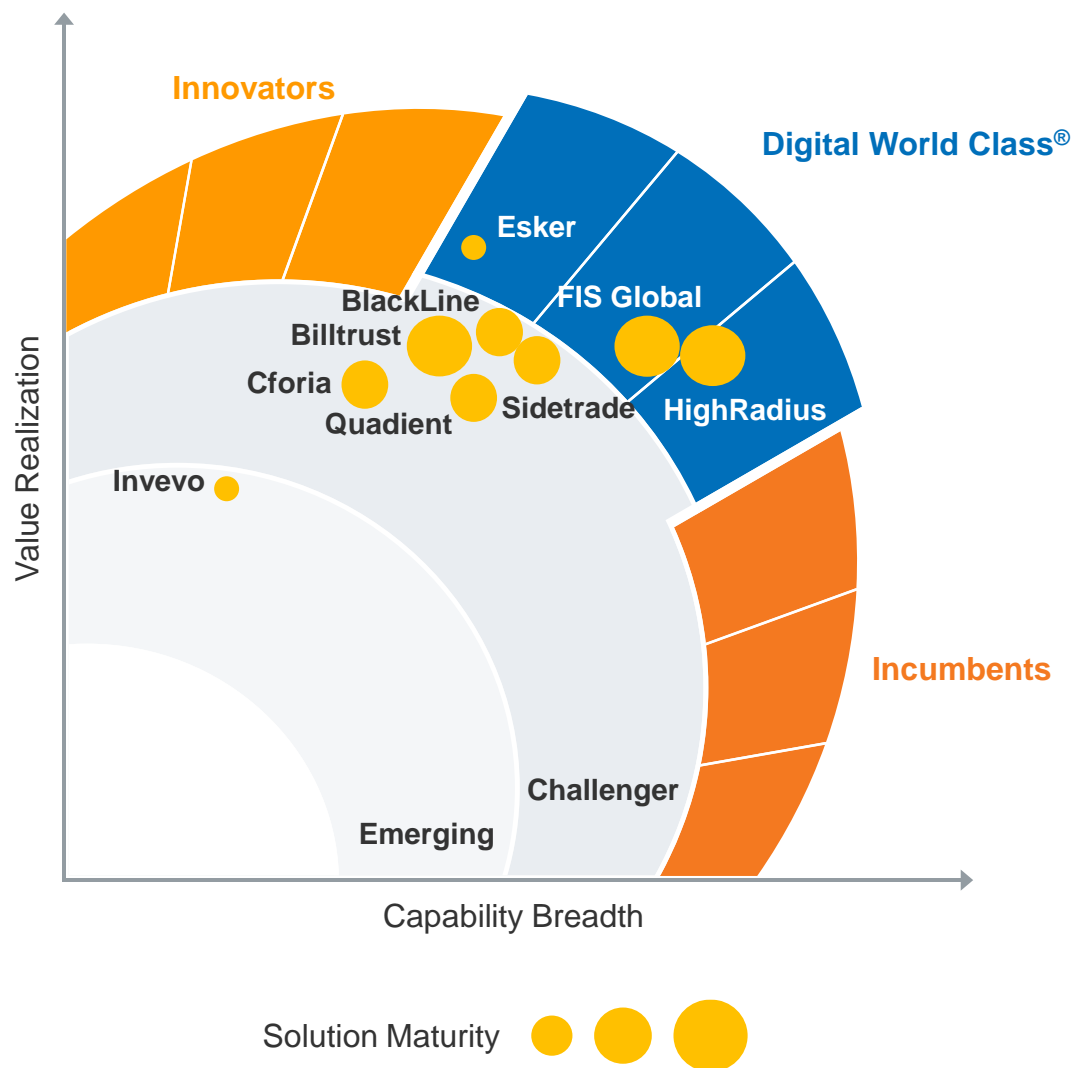
EMERGING

- Emerging providers are still developing and defining their capabilities and go-to-market strengths.
- Emerging providers possess limited market share but are displaying a vision for growth.

SOLUTION MATURITY

- Solution maturity is determined through multiple factors, including revenue, client volume and time-in-market.

The Hackett Excelleration Matrix™ observations



Our observations

Capability breadth measures the scope and meticulousness of solution features and functions.

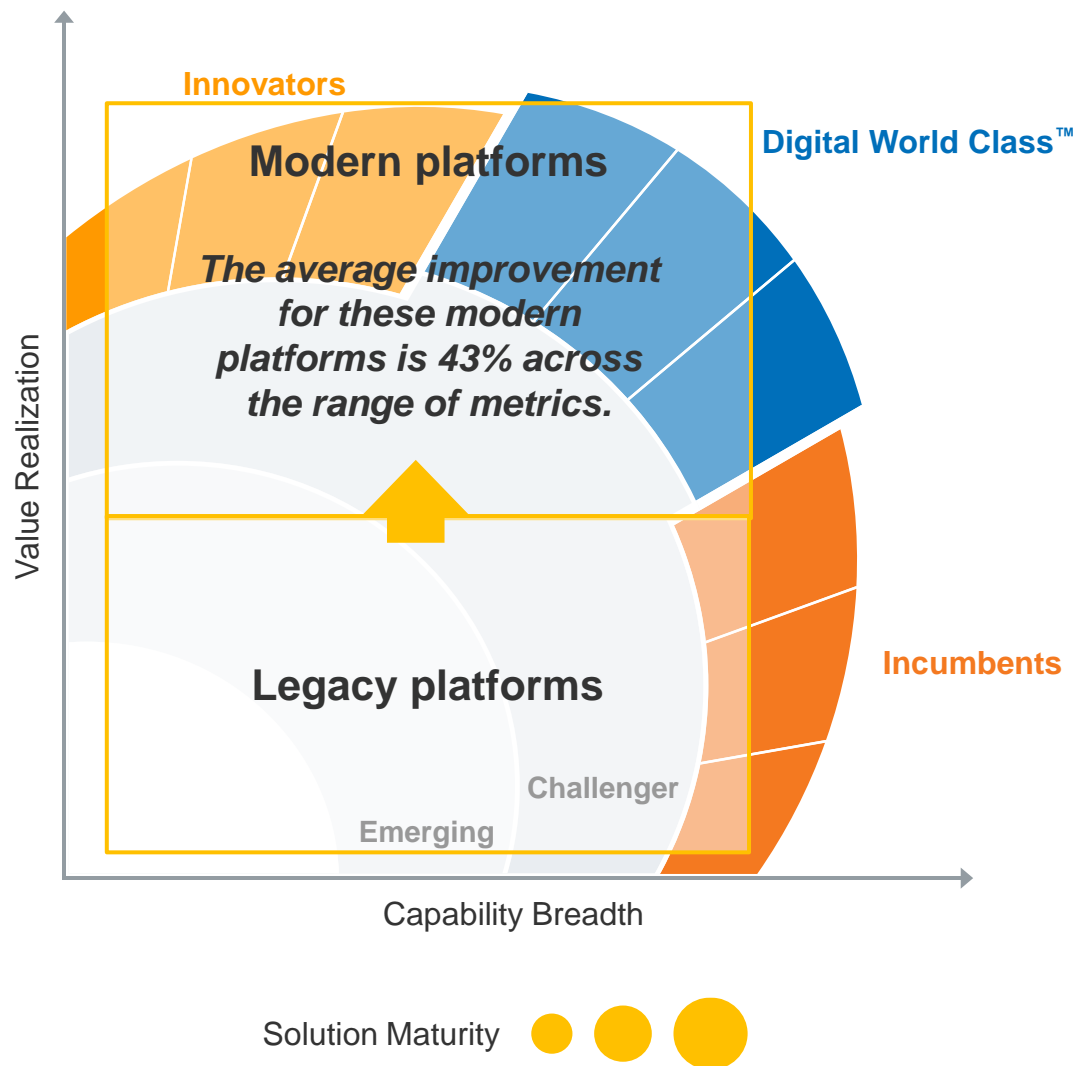
- While all these solution providers deliver modern C2C platforms, not all have the same level of capability with those landing further to the left being generally more limited in feature functionality and more focused on their specific geographic installed customer base.
- Those landing further to the right generally have C2C process capabilities, with full feature sets, global footprints and robust system integration capabilities.

Value realization measures the ability of the solutions provider to positively impact their client's key C2C process performance metrics.

- The performance levels that are being delivered by this group of solution provider's clients is impressive on any comparative basis.
- On average, the clients of these solution providers are achieving significant post-implementation process performance improvement up to 43% compared with historical peer group metrics.
- Customer satisfaction/experience scores are quite high across the board.
- Critical customer feedback that we received was that some solution providers struggled in their implementation support as end users ramped up installations.

Source: The Hackett Group

The Hackett Excelleration Matrix™ clearly indicates that modern platform solution providers are delivering tangible value to organizations



Our observations

Modern platforms

- Designed to deliver better user and client experiences
- Nearly double the number of automated straight-through transactions
- Highly configurable by role and team design
- Superior analytical tools
- Data integration across multiple ERPs and instances
- Developing AI concepts (more development needed)

Legacy platforms

- Multiple ERPs and instances that provide limited end-to-end process and data integration for organizations
- ERP platforms and instances that haven't been upgraded
- Basic analytics and reporting
- Cumbersome user interfaces
- Receivables management is performed with aging reports exported to spreadsheets and other manual tools

The Hackett Group has observed that many organizations are still reliant upon legacy platforms. Organizations with a goal to achieve Digital World Class® performance are actively investigating and investing in modern platforms.

Source: The Hackett Group

End-user value realization

Measuring the financial impact

Overall C2C matrix participants' performance compared with the peer group



Cash Application

Modern platforms enable organizations to apply customer payments faster and with greater accuracy, delivering on average \$2.4M in available operating cash

(for a typical \$10B company).

Modern platforms enable organizations to significantly increase the percentage of touchless cash application transactions. This efficiency gain reallocates staff by 50%.

Average time in business days to apply cash
(shorter cycle time is better)

Existing C2C
database



Study
participants

**31%
Faster**



**73%
Faster**



■ Peer Group ■ Median ■ Top Quartile

Automatic remittance posting match rate
(higher is better)

Existing C2C
database



**69%
Better**



Study
participants

**93%
Better**



Source: The Hackett Group

Overall C2C matrix participants' performance compared with the peer group



Collections Management

Modern platforms enable collections effectiveness, resulting in reducing aged receivables by \$5.6M annually

(for a typical \$10B company).

Note: We observed significant cash application process performance improvement delivered through the solutions providers; however, we observed less incremental improvement in key collections metrics due to business complexities that cannot be influenced purely through technology/automation.



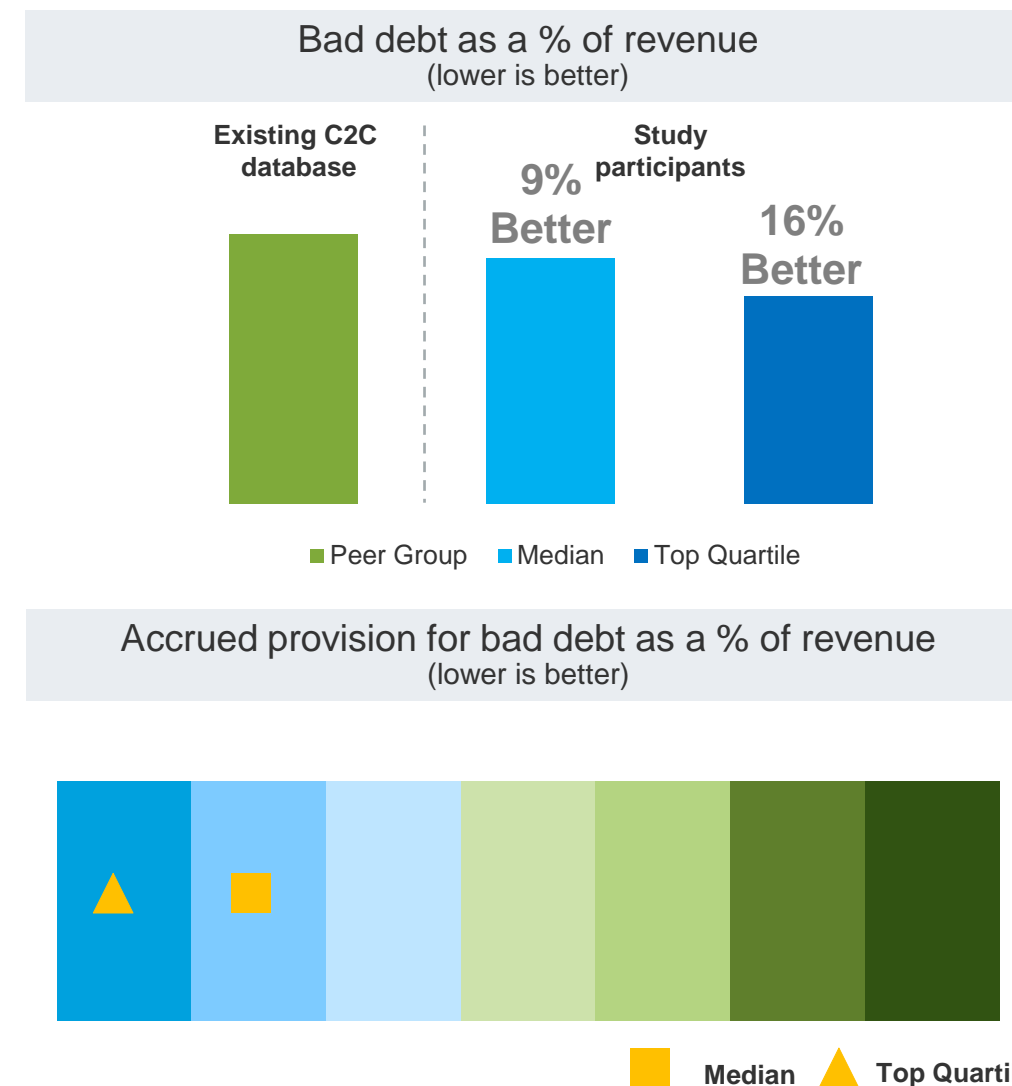
Overall C2C matrix participants' performance compared with the peer group



Collections Management

Modern platforms enable organizations to minimize provisions for doubtful debt and, ultimately, operating cash lost to write-offs. For a typical \$10B organization, this effectively eliminates an average of \$375M in bad debt in the accounts receivable balance.

Note: We observed significant cash application process performance improvement delivered through the solutions providers; however, we observed less incremental improvement in key collections metrics due to business complexities that cannot be influenced purely through technology/automation.



Source: The Hackett Group

Overall C2C matrix participants' performance compared with the peer group



Dispute Management

Organizations leveraging modern platforms reduce disputed invoices by 1.2% and resolve disputes faster. This equates to approximately \$107M of operating cash delivered to the business. Top-quartile organizations deliver that cash five days faster *(for a typical \$10B company)*.

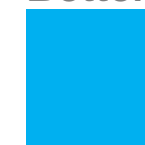
Percentage of invoices that result in disputes
(based on invoice value, lower is better)

Existing C2C
database



Study
participants

48%
Better



81%
Better



Average dispute resolution cycle time in days
(dispute identification date to resolution date, shorter cycle time is better)



No
Change



28%
Better



■ Peer Group ■ Median ■ Top Quartile

Deep dive of participating individual solutions providers

C2C – cash application, collections and dispute management solution providers included



Deep analysis of each solution provider is available in the full report

FIS Global (GETPAID) profile



COMPANY OVERVIEW	
BUSINESS DESCRIPTION: <ul style="list-style-type: none"> FIS offers 450+ solutions and processes over \$75B of transactions globally. It provides a wide range of financial products and services primarily focusing on the development of financial technology (fintech). 	
FOUNDED:	1968
HEADQUARTERS:	Jacksonville, FL, US
REVENUE (2021):	\$25M-\$100M
OWNERSHIP:	Public

“The FIS GETPAID solution is AI-driven and provides predictive analytics for future credit and collection risk, along with strategic actions. These analytics lead the market in helping to predict and prevent bad debt and past due receivables.”

Ability to go to market

- One of the major global fintech solutions provider
- Wide geographical and product reach

MAJOR TECH PARTNERS	MAJOR CLIENTS	MAJOR M&A

VISION	MISSION
<p>“Be the leading provider of technology solutions for financial institutions and businesses of all sizes, and across any industry globally. Enable the movement of commerce by unlocking the financial technology that powers the world’s economy. We will provide our clients with technology to solve business-critical challenges in innovative ways and deliver superior experiences for their customers.”</p>	<p>“Unlock financial technology that powers the world by advancing the way the world pays, banks and invests.”</p>
STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> Strong single suite solution set for order-to-cash processes with over 25 years experience offered by Fortune 500 company. Scalable cloud-based managed service on a single, automated platform. 	<ul style="list-style-type: none"> UI modernization for improved user experience and intuitive actions. Expansion of API library and real-time connectivity with different functional components within the solution.

FIS Global (GETPAID) deep dive



EXCELLERATION MATRIX™ PLACEMENT

Hackett Assessment

Collections

- Integrated email management using Microsoft Outlook EWS enhances user experience and eliminates swivel chairing between Outlook and collection tool. AI-based email predictions reduce manual workload.
- Predictive scoring drives collection segmentation and collection prioritization. Scoring engine allows blending of credit agency data into model.

Hackett Assessment

Dispute

- Dispute management workflow enables automated escalations driven by rules engine.
- Disputes can be opened on closed invoice, as well for systematic resolution.
- Dispute collaboration enabled through own portal or API integration with CRM system(s).

Hackett Assessment

Cash App

- Offers unlimited configurable auto-matching rules to accommodate a multitude of business requirements.
- Cash application module allows payment application across multiple customers in different ERP systems.
- Intelligent document and data recognition engine converts remittance advices received in common data formats to digital data.
- Leverages machine learning during user exception processing to continuously increase straight-through processing rates.

COMPETITIVE DIFFERENTIATORS

- Best-of-breed AI: Assessing and predicting future credit risk and collection risk driving strategic actions automatically.
- FIS' security is unmatched with the strength of FIS providing solutions to over 95% of the world's financial institutions.
- Many GETPAID team members are former practitioners, having run C2C teams, leveraging this experience as a truly strategic partnership.

SHORT-TERM INVESTMENT ROAD MAP

- Strengthening EIPP, offering to build a ubiquitous network of buyers and suppliers to solve the growing AP portal workload.
- Updating the UI/UX to match the enhanced functionality already available within GETPAID.
- Introduce real-time payments and request for payment functionality to further automate the collection through the cash application process.

END-USER CASE STUDY

OBJECTIVE

- Client recently went through difficult ERP conversion and were experiencing decline in on-time payments, coupled with increase in overdue AR.
- Client's objective was to gain visibility to the risk within their overall portfolio, while improving results and developing a sustainable process going forward.
- Specifically, client's goal was to target reducing AR greater than 90 days overdue.

SOLUTION PROVIDED

- FIS GETPAID solution suite, including credit management, AI-driven collections, dispute and deduction management, and customer risk scoring for calculating accurate bad debt reserves (cash application functionality being added as a second phase).

BENEFITS

Example of client results (\$1.4B annual revenue):

- DSO reduction
- AR overdue >90 days reduced from 6% to 1.4%
- 60% reduction in resource requirements to run operations
- Results achieved within 90 days of implementation

Appendix (process definitions)

The Hackett Group's process definition: Cash application

This process includes posting cash receipts (AR) in the course of normal trade.

- Record and track ordinary trade receivables from customers extended credit.
- Deposit customer checks received.
- Post and apply remittances to the accounts receivable system at the customer level, including any required adjustments on small-value short pays.
- Reconcile trade receivable general ledger accounts to accounts receivable subsidiary ledger.
- Prepare and distribute aged receivables reports.
- Consolidate customer receivable reporting.
- Perform management reporting, updating master files, record retention and audit support specific to the accounts receivable process.
- Coordinate and manage outsourcing relationships with third-party providers, including maintenance/management of lockbox operations by banks.

The subprocesses captured in the cash application process include:

I. Receive payment

- Receipts of cash in all forms (all currency, including coins, checks, money orders and bank drafts, postal and express money orders). Includes bank lockbox deposits and wire payments.
- Receive and process batch remits from bank.

II. Resolve discrepancies

- Review nonmatched customer payments or unapplied cash (online status or hard copy report).
- Determine reasons for nonmatched payments such as short pay/deduction. Reasons may include:
 - Advertising, promotions and rebate claims
 - Pricing errors
 - Returned or refused merchandise

- Lost or damaged goods
- Concealed shortages
- Transportation, freight or routing disputes
- Post-audit claims
- Solutions provider compliance
- Billed, not shipped
- Order-writing errors
- EDI errors
- Validating reason with customer and with internal operational team members.
- Determining appropriate amounts to be applied to open receivables and amounts of any related credit or debit memos.

Exclusion note: Excludes issue resolution regarding situations where the customer is disputing a charge, which would be captured under dispute management.

III. Apply payment

- Monitor automated remittance posting and execute any manual steps necessary to receive files from bank lockboxes and apply payments to open receivables.
- Match the payment to the customer's invoice.
- Apply the remittance amount to the appropriate account.

Exclusion note: Excludes activities associated with collection of money or credit card transactions in settlement of purchases by consumers at retail locations, or over the internet where credit terms were not extended. Does not include write-off amounts as an outsource cost.

The Hackett Group's process definition: Collections management

The process of pursuing the collection of ordinary trade receivables from customers extended credit privileges.

- Pursue the collection of ordinary trade receivables from customers extended credit privileges; includes calls, letters, emails or other communication methods to collect outstanding receivables.
- Monitor aged receivables and the maintenance of collection activity history.
- Calculate interest and/or penalties on past-due/overdue invoices; and calculate any associated loss provisions, reserves and bad debt write-offs.
- Perform management reporting, updating master files, record retention and audit support specific to the collections process.
- Coordinate and manage outsourcing relationships with third-party providers.

The subprocesses captured in the collections process include:

I. Maintenance of customer master files and related records

- Obtain all information necessary to create a new customer account.
- Maintain changes to customer data. Maintenance may include the following approaches and activities:
 - Single-copy approach – in this approach, there is only one master copy of the master data. All additions and changes are made directly to the master data. All applications that use master data are rewritten to use the new data instead of their current data.
 - Multiple copies, single maintenance – in this approach, master data is added or changed in the single master copy of the data, but changes are sent out to the source systems in which copies are stored locally. Each application can update the parts of the data that are not part of the master data, but they cannot change or add master data.
 - Continuous merge – in this approach, applications are allowed to change their copy of the master data. Changes made to the source data are sent to the master where they are merged into the master list. The changes to the master are then sent to the source systems and applied to the local copies.

II. Collection of slow-paying accounts

- Sort and prioritize delinquent accounts.
- Regularly monitor delinquent receivables before they become a serious repayment problem.
- Execute collection contact strategy based on customer segmentation leveraging all contact options (outbound call, automated and manual email, automated and manual fax, and post).
- Evaluate whether to place accounts for third-party collection, file suit or seek a settlement.
- Decide on appropriate collection action to be taken. Judge customer requests for extension of time and amounts to pay on bills.

III. Preparation of loss provisions, reserves and bad debt write-offs

- Determine necessary loss provisions/reserves to help mitigate the effects of customer default on income volatility.
- Regular re-evaluate reserve levels in conjunction with the credit and collections departments.
- Report on reserve levels to the appropriate managers on a periodic basis.
- Write off bad debt.

Exclusion note: Exclude activities associated with collection of money or credit card transactions in settlement of purchases by consumers at retail locations or over the Internet where credit terms were not extended. Do not include write-off amounts as an outsource cost.

The Hackett Group's process definition: Dispute management

The process of identifying, resolving and eradicating customer invoice disputes. The process focus is to ensure the reduction of uncollectable accounts receivables. It does not include the wider area of customer complaints, which are part of the overall customer relationship management (CRM) process. Dispute management may have directed personnel or could be a virtual organization.

A dispute is any unmet customer expectation – real or perceived – that results in short or nonpayment of an invoice. Examples of disputes include pricing errors, invalid discounts, quality issues, shipping errors, insufficient supporting documentation, invalid payment discounts, etc. In most cases disputes require further research to confirm the validity and determine the appropriate resolution.

The process includes time associated with identifying disputes, routing disputes to the appropriate resolver, executing the appropriate resolution and dispute analysis necessary for root cause eradication.

The subprocesses of dispute management include:

I. Dispute identification

- Capture and categorize disputes within the dispute management system (DMS).
- Assign the coordinator to resolve dispute.
- Perform initial research with the customer.

II. Dispute resolution

- Determine both the dispute root cause and the actions to close a dispute via adjustment, payment or write-off (including making a correction against the customer's account).
- Record the resolution and closure steps in the DMS or other tracking system.
- If applicable, generate and issue a credit note if dispute is resolved in customer's favor.

III. Dispute escalation and arbitration

- Monitor open disputes via online tool or hard copy report.
- Based on predetermined timing targets for open disputes, identify disputes that require escalation.
- Escalate disputes via automated tool or manual procedure.
- Drive resolution of open disputes that have passed the targeted resolution time.
- Manual escalation may occur at an earlier stage when higher-level management involvement becomes necessary to attain dispute resolution.

IV. Root cause eradication

- Review the data captured through the identification and resolution activities in DMS or other tracking system.
- Create action plans to resolve root causes of the disputes.

Exclusion note: The time spent by rebate claims and deductions management groups should not be included in this process. The types of repetitive deductions excluded are related to incentives tied to sales volume pricing, price protection, markdown money, rebate programs, and advertising placement/promo matching contributions. These deductions are typically seen in the consumer packaged goods and pharma industries. Time spent by legal for dispute resolution is excluded from the process.

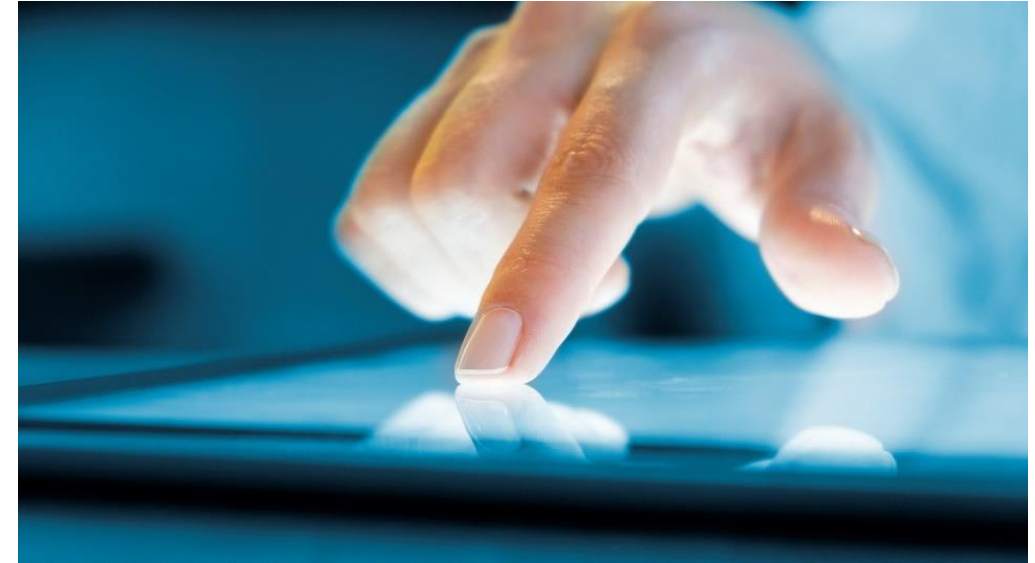
Executive Advisory Membership Program

Executive summary

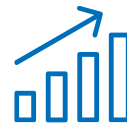
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Our advisory service provides clients with unlimited access to Hackett's market-leading intellectual property and research, along with the personalized touch of a dedicated advisory team to help you realize your specific goals.

The Hackett Group's Advisory Membership Program combines an easy-to-use benchmarking platform, member portal with best practice research, case studies, diagnostics tools and advice from experienced advisors.



Strategic Insight



Targeted Improvement



Accelerate Benefits



Risk Mitigation



Manage Change

The Hackett Group's Customer-to-Cash (C2C) Process Advisory Leaders



Bryan DeGraw

Associate Principal
Customer-to-Cash, Global
Practice Leader

bdegrow@thehackettgroup.com



Siobhan Riggott

Director
Global Business Services &
Customer-to-Cash Advisory

sriggott@thehackettgroup.com



Michel Janssen

Chief Market Intelligence Officer

michel.janssen@thehackettgroup.com



Vamsi Thota

Senior Director
Market Intelligence Practice

vthota@thehackettgroup.com



www.thehackettgroup.com

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