



**SUNGARD** AVANTGARD

Remittance Data Capture  
& Cash Application  
Processing

# REMITTANCE DATA CAPTURE & CASH APPLICATION PROCESSING

The process for corporations to obtain remittance data and apply incoming payments has lagged technology, resulting in poor visibility into the overall accounts receivable (A/R) process. Many credit professionals struggle with cash application or auto-cash processing systems that operate independent of the core credit and collections operation. This results in a high cost structure, misapplied payments and increased days sales outstanding (DSO).

The traditional approaches still include inefficient manual steps increasing the time to post, research exceptions and correct inaccurate data. Automating your entire remittance data capture and cash application process can result in a measurable, positive impact on cycle times, a reduction in operating expenses, more productive employees and a more accurate and effective revenue cycle.

## REDUCE LOCKBOX PROCESSING FEES

The processing of customer payments tends to be very time and labor intensive especially for companies that receive payments from businesses, rather than consumers. Usually this means paying thousands of dollars each month in re-occurring data extraction keystroke fees to their bank lockboxes. Until now, the only alternative for processing payments was to insource the process. This option adds

to the already substantial cash application staff required to reconcile the payment information that the bank either keys incorrectly or cannot resolve to accounts receivable (A/R) systems.

## IMPROVE ACCURACY WITH LESS MANUAL INTERVENTION

For many companies, banks are able to post at least 75% of incoming invoices from the bank file; however there is no validation of data accuracy. Any misapplied payments are not detected until later in the cash application process when they are more difficult and expensive to fix and often only because a customer has complained. The remaining invoices are posted manually, typically taking 1-3 days to ensure they are applied accurately in the company's legacy environments.

*"Faced with rising costs and economy driven softer shipping volumes, companies like YRCW have learned to leverage technology not only to improve operating margins but to enhance processing accuracy and to speed the application of customer payments to clear open receivable dollars faster."*

Kelly Kendall,  
Sr. Director of Revenue  
Management at YRCW





## AUTOMATED REMITTANCE DATA CAPTURE

Companies can eliminate keying costs and reduce labor by automating the extraction of payment data from images of remittance documents. Through proprietary technology that associates payment and remittance data at the point of capture, the AvantGard Receivables solution provides the following features:

- Point and Click Templating
- Intelligent Data Validation
- Flexible Electronic and Paper Workflow

Through the use of point and click templating, an operator captures the desired payment and remittance data in a matter of seconds. Each time a future payment from the customer comes in, the template is automatically recalled and applied. The software also increases posting accuracy by matching the incoming data with existing open A/R aging data at the invoice level. This feature not only increases the posting hit rate but also the posting hit

rate accuracy, thereby reducing the manual reconciliation labor requirements.

## CASH APPLICATION PROCESSING

Once the data has been captured, a sophisticated cash application solution is used to apply flexible matching algorithms; operating in real-time with collections and dispute resolution. The AvantGard Receivables solution can also be used as a pre-processor in conjunction with ERP cash application processing to reduce error, decrease manual processing and help avoid misapplied payments.

## CONSOLIDATION OF DATA

AvantGard Receivables accepts remittance information from multiple sources such as lockbox files, *Electronic Data Interchange* (EDI), or bulk payment advice uploaded from customer files or web sites. Remittance data is run through a configurable rules engine for automatic matching or placement in an exception queue.

## KEY FEATURES

- Operate in Real-time with Collections/ Deductions
- Business Unit and Customer Level Configuration
- Upload Payment Advice in any Format
- Automatically Detect / Generate Deductions
- Single Interface to Multiple A/R Systems
- Process Data from Lockboxes & EDI
- Line Item Level Processing / Posting
- Reason Code Level Write-off

### Tolerances

- Track Earned & Unearned Discounts
- Bank Data Captured / No Duplicate Entry
- Automatically Update MICR Table
- Web Based Access & Processing

## EXPEDITE MANUAL PROCESSING WITH INTERFACE FOR CASH APPLIERS

Matching policies can be extensive and stringent and sometimes a match may miss the mark by a slim margin. In these cases, the receipt will not be fully applied and the results of the unmatched items will be presented in an exception queue for ease of processing.

The exception queue holds invoices that were identified as potential matches but did not meet the criteria established for a definite match. The unique self-learning functionality also works to ensure that



MICR / Customer links are automatically created once a receipt is applied from the exception queue.

## REDUCE REVENUE LEAKAGE BY AUTOMATICALLY DETECTING DEDUCTIONS

Deductions are often first detected during the cash application process. AvantGard Receivables capitalizes on this by integrating cash application with deduction management to minimize revenue leakage by immediately assigning ownership and evaluating the validity of the deduction.

Using configurable rules, the AvantGard solution automatically detects and assigns ownership of deductions or adjustments taken, based on customer, business unit or deduction reason.

## IMPROVE HIT RATES WITH COMPREHENSIVE REMITTANCE MATCHING POLICIES

The unique match threshold approach allows companies to develop and embed policy to dictate how the system evaluates and applies remittance data. The rules engine uses the policies to determine the most appropriate match, comparing remittance data to outstanding invoices and data gathered from AvantGard Receivables Collections Management component.

An unlimited number of cash application polices can be setup within AvantGard. Matching policies, discount and write-off tolerances can be created for each customer, group of customers, or for a specific business unit. AvantGard tracks match rates of each batch and presents a detailed analysis of the effectiveness of the configured matching rules. This allows companies to optimize algorithms for hit rate accuracy and decreased manual processing.

### KEY CHALLENGES

- High Bank Fees for Lockbox Processing
- Misapplied Payments / Backlog
- Labor Intensive / Manual Processing
- Poor Management of Deductions
- Cannot Configure Matching Algorithms
- Posting Cash to Multiple A/R Systems

### AVANTGARD RECEIVABLES SOLUTION

Highly sophisticated and configurable remittance data capture and cash application rules engine.

Real-time integration of cash application, collections and deduction management.

### BENEFITS

- Lower DSO
- Reduce Bank Fees
- Improve Hit Rate & Hit Rate Accuracy
- Increase Productivity
- Reduce Backlog
- Expedite Identification of Deductions
- Reduce Error in Application Process
- Enhance Customer Service
- Track and Optimize Rules Effectiveness

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