

CREDIT TODAY

Best-of-Breed vs. All-in-One

July 1, 2004

One of the greatest benefits to attending the annual NACM Credit Congress comes from exploring the Expo. At no other time or place will you find so many vendors of receivables management products and services in one place. All the industry leaders are there as well as many of the followers and newcomers.

At the 2004 Credit Congress and Expo, held in Phoenix, AZ, the predominant tech trend was the move to all-in-one credit and collection software. Until recently, if you wanted to automate both the front end (credit) and the back end (collections) of your processes, you would have had to purchase two or more different software products.

For example, Sun Microsystems is reportedly using Aceva for pre-invoice discrepancy prevention, eCredit for risk analysis and Emagia for collections and dispute management. With a number of vendors now offering integrated software solutions that attempt to span the entire spectrum of credit and collection tasks supporting the order-to-cash process, **conceivably your credit department and related areas could manage this workload from a single application.**

What Solution is Right for You?

As a consequence, the software selection process just got a little more complicated. In the past, you only had to shop around for the solution that provided the best fit with your company's needs, whether those needs were in credit or collections. Now, you also need to decide whether an all-in-one software solution is preferable to using multiple best-of-breed applications to optimize your A/R management.

This can prove a difficult task because instead of apples to apples comparisons, you must now try to compare products of dissimilar functional scope. **The key to your decision will be to determine total return on investment (ROI) for all your software investments across the entire receivables management spectrum.** But before you begin that process, here are a few guidelines to help better define your options:

One: **If your staff handles soup to nuts for every account in their portfolio, chances are you will be better off with an all-in-one solution.** Otherwise, you are performing different tasks in different software packages, which can become counterproductive. This situation is typical of most smaller credit departments.

Two: If your staff is specialized, then best-of-breed can provide greater utility. The larger your credit department, the more applicable will be this scenario. However, there can be drawbacks. With best-of-breed solutions, you often end up with multiple databases, making it more difficult to consolidate data from your multiple systems to create intelligence and more easily share the whole picture with other areas of your organization. This can even be a challenge with an all-in-one solution that is bolted on to your ERP or financial software system. Accordingly, an ERP solution that incorporates a full range of credit and collection utilities will not face these integration issues. Another drawback: each additional bolt-on solution will be accompanied by its own integration issues.

Three: If one area is secondary to another, then an all-in-one solution probably affords the best ROI. For many companies, collection and dispute management affords a much greater opportunity for productivity gains and profit enhancement than credit analysis - especially if you have a lot of small to moderate sized customers that individually do not pose significant risk exposures. **In this type of situation, a collection software product that provides a good fit, and that also has risk management capabilities, may prove a better choice than also purchasing a separate, more utilitarian, risk management solution.**

By the same token, if your company sells to a limited number of high volume accounts, a typical scenario for companies that only sell through qualified distributors, **risk management can require more attention than collections, and so a good risk management solution that also handles collections could be the best bet.**

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Looking Ahead

While niche players often bring early innovation to the marketplace, over time the functionality of all-in-one solution providers will catch up. Now that the ERP vendors are beginning to bring advanced solutions to the credit and collection arena, the niche players can be expected to do two things: increase the functionality of their core solution and provide additional functionality in complementary areas.

New at the EXPO

| Vendor | Recent Developments |
|---|---|
| GETPAID www.getpaid.com | Has added credit analysis, electronic invoice presentment and payment (EIPP) and remittance processing (auto-cash) capabilities to their collection and dispute management core - risk module includes validation tools for the scorecards you create |
| eCredit www.ecredit.com | Has upgraded their collection and dispute management product, both functionally and by giving it the ability to integrate with their nFusion risk management suite |
| Credit & Management Systems (CMS) www.icmsglobal.com | Has added some basic collection tools to The Credit Manager, their credit analysis and portfolio management software product |
| Oracle www.oracle.com | This leading ERP vendor showed off their full range of credit and collection solutions as part of their Revenue and Receivables product family that is compatible with their 11i software release |

Source: www.collectionreport.com

This is exactly what **GETPAID**, eCredit and CMS have recently done. Furthermore, **GETPAID** now joins 9ci and NMC Technologies in offering a full range of credit and collection capabilities within a single application. Many other vendors also offer multiple, though not as comprehensive, functionality. **To remain competitive in the years ahead, these bolt-on solutions will have to provide more functionality and a higher ROI than their ERP competition. That can only translate into good news for credit pros.**