

Accounts Receivable Automation Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The accounts receivable automation market is expected to register a CAGR of 12.11% during the forecast period. The accounts receivable automation process is becoming more necessary because it helps businesses to save money and time and improve efficiency.

Key Highlights

Automating account receivables operations enables businesses to have simple and accurate credit choices, corporate borrowing, liquidity management, corporate sales reporting, and sales commissions. Furthermore, an efficient receivables process better understands a company's present financial situation.

Additionally, human and physical paper-based invoices present various problems to recipients who want to handle them promptly and efficiently. According to PYMNTS, processing such invoices costs firms between USD 16 and USD 22 per invoice. Furthermore, 72.4% and 43.8% of these are distributed using postal and fax machines, respectively. These are some of the most common loopholes in traditional accounts receivable, creating a demand for automating the accounts receivable process among businesses.

Digitizing invoices helps avoid manipulation errors and reduces employees' time performing repetitive tasks, such as filing/scanning invoices, leaving extra time that could be utilized for more critical organizational tasks. Digitizing the AR process further helps reduce printing costs and makes employees more profitable, driving the global market globally.

Data security is a rising concern for a significant share of the stakeholders in the accounting field. With the increasing number of identity frauds and cybercrimes, businesses are increasingly becoming cautious in adopting digital solutions, which is a major challenge for the broad acceptance of accounts receivable automation.

Automation of accounts receivable solves the problems caused by the pandemic. To develop a business while the world economy recovers from the epidemic, COVID-19 has necessitated lowering overhead costs, collecting payments, and increasing sales. For

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business executives across all industries, enhancing organizational resilience to prepare for future disruption and improving working capital management has never been more important. Large corporations and small and medium-sized businesses that have increased their accounts receivable automation appear to have better adjusted to post-pandemic dynamics. Businesses from various industries are transitioning to automated cloud-based accounts receivable services. Switching to this automated platform has cut the cost of running an accounts receivable department.

Accounts Receivable Automation Market Trends

Increasing Adoption of Technologies Such as Cloud Computing and AI

The propensity of businesses toward cloud-based solutions is increasing significantly and is further augmented by the digitalization drive of enterprises worldwide. According to Medtronic, about 90% of companies currently use some cloud service, with AWS being the primary cloud platform driving the account receivable automation market because, with an internet connection, cloud accounting software enables finance personnel to oversee crucial procedures from any location. In contrast, only a few devices can be used with conventional on-premises accounting software.

Businesses are increasingly moving their workloads to the cloud, offering better data recovery and mitigating risk. According to Cisco, cloud data centers are expected to process 94% of the workloads by 2021. Business systems are increasingly moving to the cloud; therefore, adopting cloud accounting will benefit their system flexibility and compatibility.

Moreover, according to RightScale, an average business runs about 38% of its workloads in public and 41% in a private cloud. On the other hand, SMEs prefer the public cloud, with 43% running workloads on the public cloud instead of on the private cloud (35%), which is more expensive.

The consumer inclination toward SaaS is further driving the demand for cloud solutions. Online backup/recovery is the prominent priority, followed by email hosting, online productivity, and web hosting, according to Spiceworks. Smaller firms still dedicate a comparatively lesser IT budget toward the cloud. A significant workload is expected to be SaaS over the coming years. According to CISCO, 75% of all cloud workloads and compute instances are expected to be SaaS by 2021.

Important business data, such as the number of days' worth of unpaid sales, is provided to consumers by a good cloud accounting platform. Most corporate processes use using enterprise resource planning (ERP) systems. Companies look for accounts receivable software that can interact with ERP systems to maximize efficiency. APIs are reshaping the market globally and making cloud-based platforms simple to integrate with any ERP system. Due to this, the demand for cloud-based account receivable tools is increasing.

The Asia-Pacific Region is Expected to Witness the Highest Growth

Asia-Pacific is expected to witness robust growth due to the growing need to automate day-to-day operational processes. Due to the increasing demand for precise accounting procedure management and timely processing of payment processes from customers, accounts enterprises in the region adopt receivable automation to boost payment collection.

The accounts receivable automation market in the region has gained traction due to the increasing demand for automated and secured payable processes. The computerized reports receivable solution allows organizations to successfully drive the transformation of their accounts receivable departments to overcome the challenges of manual and paper-based processes.

The adoption of AI-driven solutions is expected to create scope for the market in the region. For instance, Fuji Xerox Asia Pacific announced its expanded partnership with the business process and document automation vendor, Esker, to launch the Esker Accounts Receivable solution in the region. The AI-driven solution enables different teams to collaborate more effectively and complies with standards in over 60 countries.

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The region is witnessing a huge adoption of digitalization. As part of the digital transformation journey, a growing trend is pushing businesses to become digitally compliant in all their trading transactions in the Asia-Pacific. Adopting e-invoicing, seamlessly integrated with their ERP or accounting solutions, may improve business efficiency and data quality and reduce errors. With significant expansions of vital regional players, Asia-Pacific is expected to grow significantly during the forecast period. In July 2021, the back-office software provider Bill.com announced that it had signed a final agreement to acquire Invoice2go for USD 625 million in equity and cash transactions. Invoice2go is a mobile-first accounts receivable (AR) software provider that enables small businesses and freelancers to manage billing and payments and expand their client base. This acquisition aims to enhance the existing AR offered by Bill.com in the region.

Accounts Receivable Automation Market Competitor Analysis

The market's competitive landscape is moderately fragmented due to the presence of significant market players globally. Acquisitions, partnerships with industry participants, and new product/service rollouts have been the key competitive strategies exhibited by vendors in the market. Such developments are expected to increase in respective end-user verticals as prominent industry players expand their market presence.

October 2022- Netsmart introduced a cloud-based revenue cycle management solution featured as one of the most recent additions to the CareFabric integrated platform. This solution enables healthcare providers to cut down on account receivable collection hours by up to 20% while accelerating cash flow, enhancing productivity, and boosting profitability.

September 2022 - The financial automation platform Briq, which enables businesses to expand, recently announced the acquisition of Swipez, an Indian fintech firm that streamlines firms' invoicing and revenue-collecting procedures. By purchasing Swipez, Briq could fully automate all the key financial activities, from planning to payment to receiving payment.

July 2022 - Tesoro Inc., an American company, provides customers with automated tools to handle their accounts receivable. Tesoro's solutions use AI models that analyze a customer's payment history and forecast the exact payment date. The company has completed a Series B round of funding for USD 17 million, headed by BAMCAP Ventures and including Madrona Venture Group. The company would use this money to create customized AI-based software tools for account receivables that would benefit businesses.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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