

Cash Application In a Disaster: Closing the Loop Faster Under Pressure

Presented by:



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Welcome & Session Overview



Session Purpose

Explore how to improve cash application during operational disruptions using technology.

Strategic Insights

Gain insights into challenges and solutions to enhance financial resilience under pressure.

Role of Cash Application

Understand how cash application maintains liquidity and customer trust during crises.

Understanding the Impact of Disasters

Why Cash Application Matters During Disasters



Disaster Impact on Cash Processes

Cyberattacks, ERP outages, Pandemics, and banking delays disrupt cash application processes severely during disasters.

Consequences of Disruptions

Disruptions cause delayed cash posting, increased unapplied cash, and result in higher Days Sales Outstanding (DSO).

Customer and Sales Impact

Inefficient cash application triggers credit holds, negatively affecting customer relationships and sales.

Strategic Importance of Speed

Closing the cash application loop quickly preserves liquidity and maintains operational continuity.

Challenges in Cash Application

The Conundrum of Cash Application

Diverse Payment Forms

Handling multiple payment types like checks, ACH, wire transfers, and credit cards complicates processing.

Varied Remittance Formats

Remittance details arrive in different formats including paper, EDI, web, and email, causing inconsistencies.

Alternate Identifier Challenges

Remittance line items reference PO or BOL numbers, adding complexity to reconciliation.

Manual Deduction Processing

Manually applying deductions is time-consuming and error-prone, reducing efficiency.



Industry-Specific Cases

Healthcare: Managing remittances from insurers with inconsistent formats.

Retail: Handling seasonal volume spikes and credit holds.

Manufacturing: ERP outages during supply chain disruptions.

Finance: High-volume ACH reconciliation across subsidiaries.

Benchmarking and Best Practices

Current State vs. Best-in-Class Automation

Manual Cash Application Processes

Current state involves downloading ACH files and manually applying payments across multiple ERPs. Remittances are retrieved from emails and websites.

Best-in-Class Automation Features

Over 90% automation with automatic receipt of payment files and remittances applying business rules for matching line items to open AR.

Unified Exception Management

Cash analysts work exceptions in a unified system accessible to AR and remittance data for efficient issue resolution.

Closing the Automation Gap

Bridging the gap is vital to achieve operational excellence and improve cash application efficiency.



KPI Benchmarks by Maturity Stage

Automation Maturity	Auto-Match Rate	% of Unapplied Cash	DSO
Manual	40%	>15%	5-10 days
Semi-Automated	60%-75%	5%-10%	Neutral
Best-In-Class	>90%	<2%	±5 days

Leveraging AI for Transformation

AI as the Game-Changer

Unified Remittance Extraction

AI extracts remittance data across formats using OCR and NLP technologies.

AI-Driven Matching Logic

AI matches remittance line items with open accounts receivable accurately.

Deductions Categorization

Pattern recognition categorizes deductions efficiently for better management.

Real-Time Reporting

Generates real-time reports enhancing CFO visibility and decision making.



Voice of the Analyst

Real-world impact of automation on analyst productivity and morale

"Before AI, I spent 3 hours reconciling one remittance. Now it's 10 minutes—and I can focus on resolving deductions."

Training and Enablement

AI Training Framework



Structured Training Modules

Seven modules cover basics to disaster simulation for comprehensive AI mastery.

Practical Exercises Included

Modules provide hands-on exercises to build real-world team capabilities.

Automation and Exception Handling

Training enables analysts to automate tasks and manage exceptions effectively.

Continuous Improvement Support

Framework promotes ongoing skill development and swift response to disruptions.

Practical Tools and Resources

AI Prompt Library Highlights



Ready-to-Use Commands

The prompt library offers pre-built commands for common cash application tasks to save time.

Workflow Streamlining

Using prompts reduces manual work and speeds up cash application processes effectively.

Consistency and Accuracy

Standardized prompts ensure team-wide accuracy and consistent cash application results.

Training and Onboarding

Prompt library supports training new staff by providing practical daily operational tools.

Cash Application Risk Response Framework



Session Wrap-Up

Implementing Best Practices

Tailored AI Prompts

Develop an AI prompt library customized for accounts receivable workflows to improve efficiency.

Quarterly Disaster Simulations

Conduct quarterly disaster scenario exercises to evaluate readiness and sharpen response strategies.

Automation KPIs Alignment

Align automation key performance indicators with CFO objectives to ensure strategic financial impact.

Your Next 30 Days

Identify your current automation level.

Pilot one AI prompt in your workflow.

Schedule a cross-functional review of disaster readiness.

Align one AR KPI with CFO liquidity goals.

Actionable Takeaways

- 1. AI is a Strategic Enabler for Cash Application Transformation.** Copilot for Enterprise leverages OCR, NLP, and AI-driven matching to automate remittance extraction, deduction categorization, and exception prioritization. It enables real-time reporting for CFO visibility and reduces manual effort, making it a game-changer during operational disruptions.
- 2. Closing the Automation Gap is Critical to Resilience.** Benchmarking reveals a stark contrast between manual processes and best-in-class automation (90%+). Bridging this gap improves DSO, exception handling, and liquidity visibility, especially during crises like cyberattacks or ERP outages.
- 3. Structured Training and Prompt Libraries Drive Sustainable Change.** A seven-module AI training framework ensures analysts are equipped to automate and respond under pressure. A standardized prompt library streamlines workflows, supports onboarding, and ensures consistency across the AR team.

QUESTIONS?

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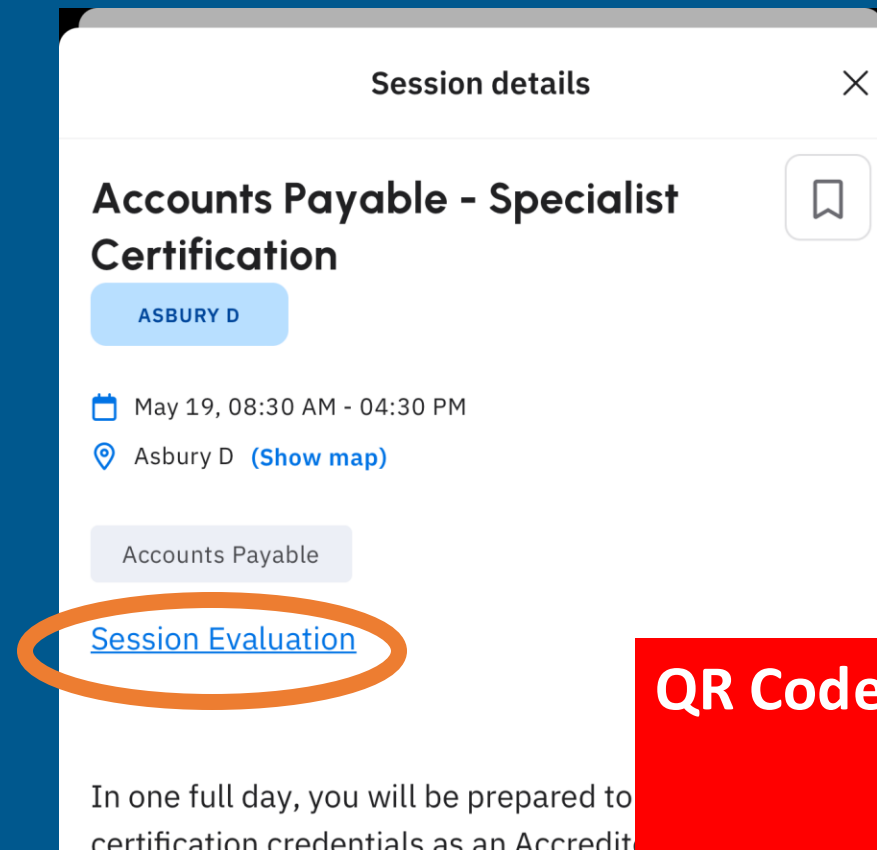
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