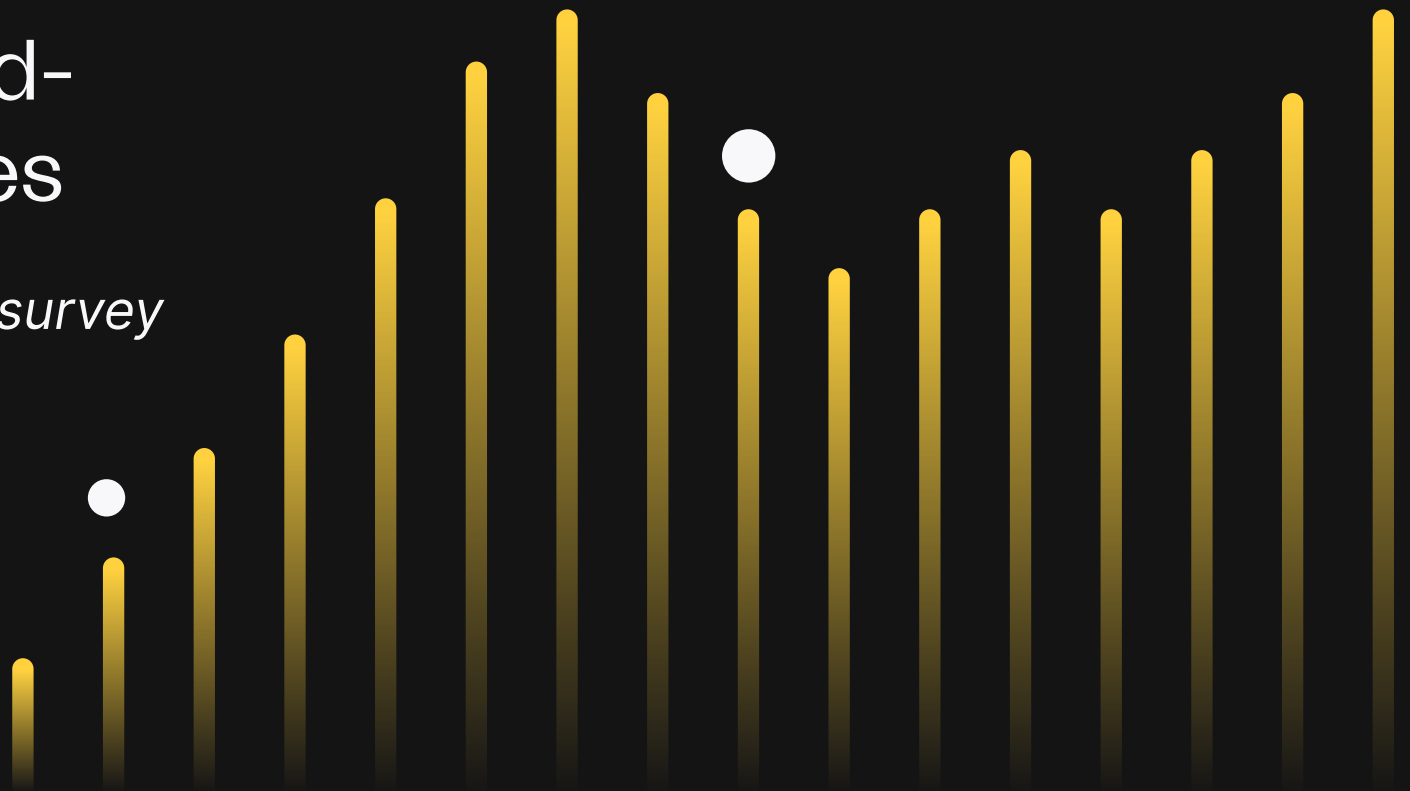
Agicap

MARKET RESEARCH

The 2025 **state of cash flow forecast challenges** in mid-market companies

Insights from an exclusive survey of 500+ CFOs



About the survey

In the summer of 2025, Agicap, in collaboration with the survey institute Innofact, conducted a comprehensive study targeting **CFOs of companies with annual revenues between $30 million and $500 million**—a key segment for Agicap that is often underrepresented in broader industry research.

The study gathered insights from 516 respondents in 5 countries (UK, France, Germany, Italy and USA). The figures shown here exclude the results from the US.

The survey, designed by Agicap, focused on three critical areas: cash flow forecasting, accounts receivable management, and accounts payable management. This document highlights the findings relative to cash flow forecasting. To download the other two parts of the survey, please visit www.agicap.com/en/resources/.

About Agicap

Agicap places cash management at the core of strategic business decisions through its three integrated products: Agicap Cashflow, Accounts Receivable Automation, and Accounts Payable Automation. Founded in 2016 by three entrepreneurs, Agicap is revolutionizing cash management for SMBs and mid-market companies with a SaaS solution that enables real-time cash management.







With over **8,000 clients across Europe and the US**, Agicap is an essential partner for businesses, helping them enhance operational excellence and adopt a cash-focused culture.

Since its inception, Agicap has raised $121 million from top-tier investors and continues to grow rapidly on an international scale.

Learn more at www.agicap.com/en-us/.

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Executive Summary

37%

of CFOs have an unreliable cash flow forecast

63%

of UK CFOs do not have a short-term cash forecast

78%

of CFOs do not integrate long, medium, and short-term cash forecasts

14

On average, UK mid-sized businesses face 14 unexpected cash shortages >£50,000 per year

+91%

Mid-sized companies with unreliable cash flow forecasts incur 91% more overdraft fees than companies with reliable forecasts

£600k

UK mid-sized companies with unreliable cash flow forecasts miss out on £600,000 in financial income per year

Introduction

Cash flow issues are the leading cause of business failure, even for mid-sized companies. Given the current environment of high interest rates, it's reasonable to assume that cash flow management has once again become a top priority for CFOs, a concern reflected in numerous studies on the subject.

On the other hand, major economic shocks such as the war in Ukraine, the COVID-19 pandemic, and uncertainties surrounding future elections or a conflict in the Taiwan strait, suggest that CFOs are also focused on the future. They are well aware of potential disruptions and, as a result, are prioritizing forecasting, and scenario planning.

Logically, combining these two factors would lead us to expect that CFOs are paying close attention to their cash flow forecasts. However, **our study presents a somewhat counterintuitive finding: this is not necessarily the case**.

It indeed appears that cash flow forecasting still lacks the necessary rigour and precision to meet the scale of the challenges that mid-sized companies will face in the near future.

This gap is **concerning**, as it results in **direct costs** for businesses. Inaccurate or outdated cash flow forecasts can lead to overdraft fees, missed investment opportunities, and suboptimal financing structures. More critically, it increases the company's financial risk by weakening its resilience to external shocks, which could ultimately **threaten its survival**.



CHAPTER 1

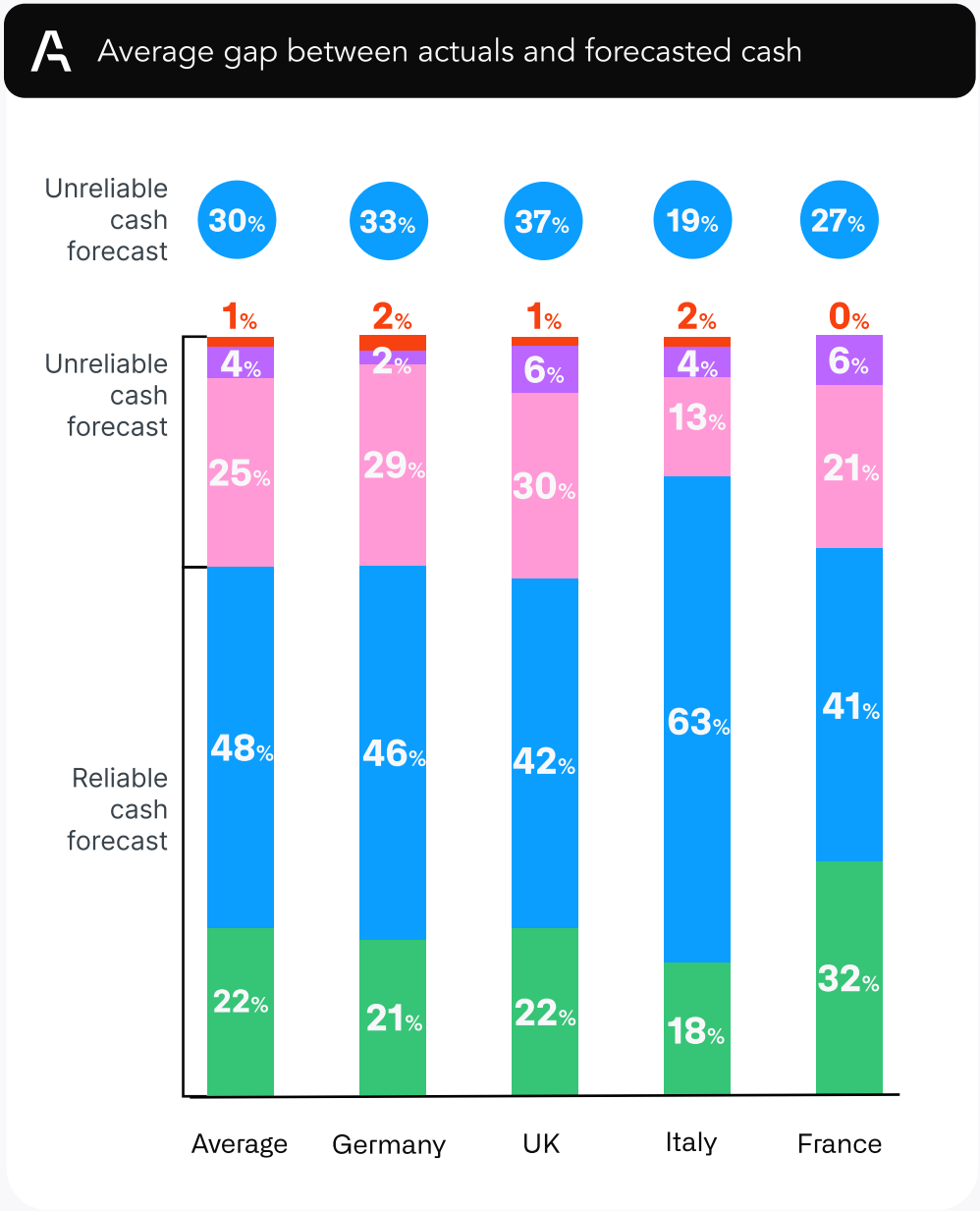
UK mid-market companies face 14 unexpected major cash shortages a year as a result of unreliable cashflow forecasts.

37% of UK CFOs have an unreliable cash flow forecast with a variance greater than 20%

The quality of a cash flow forecast is best measured by the discrepancy between the forecasted and actual cash balance at the end of the forecast period.

A variance exceeding 20% can reasonably be considered indicative of a low-quality forecast. In this regard, it is observed that **3 out of 10 mid-sized companies produce cash flow forecasts of insufficient quality**.

However, this average masks significant differences between countries, particularly between the UK and Italy. **The accuracy of cash flow forecasts produced by Italian CFOs is twice that of UK CFOs**.

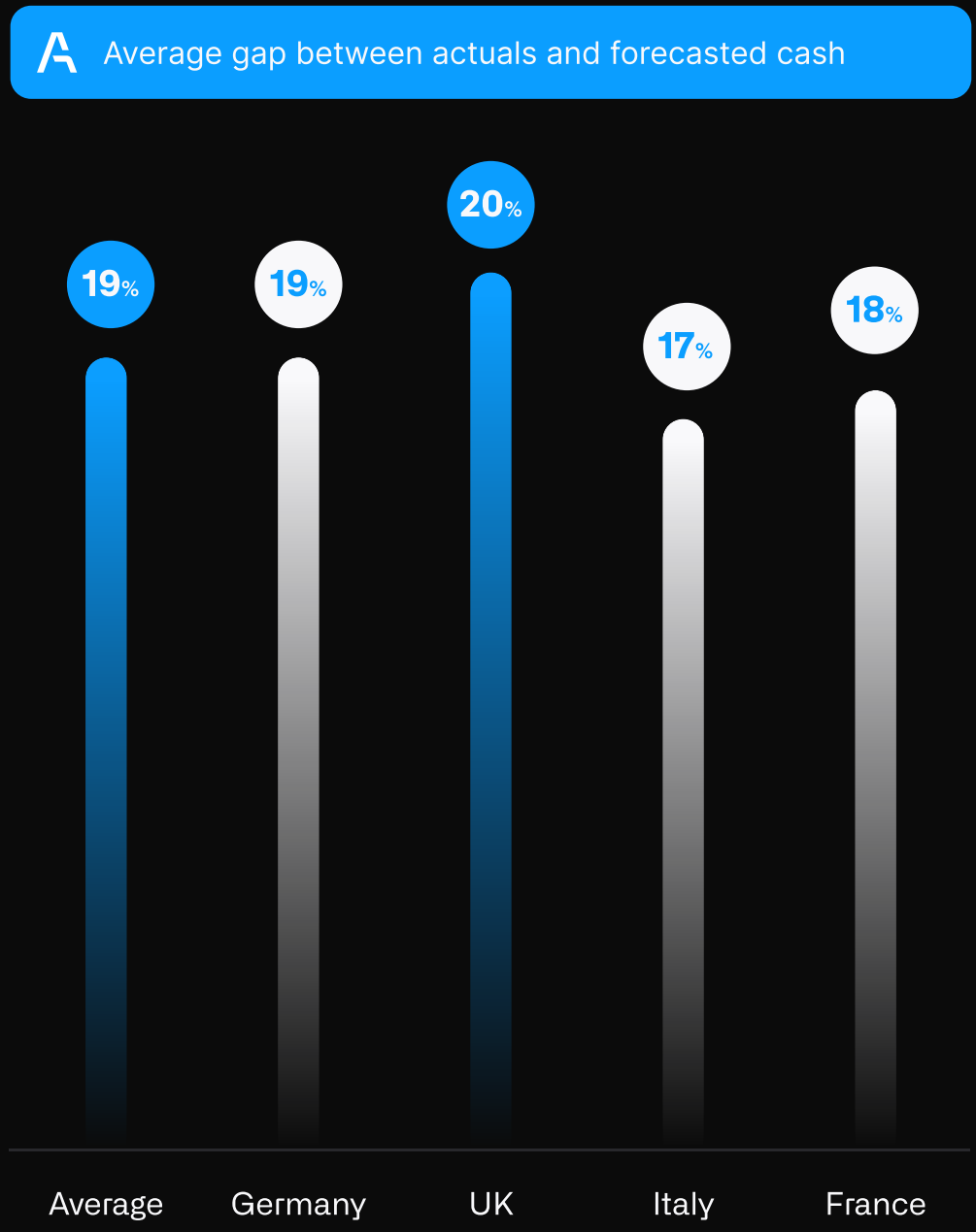


KEY FINDING

On average, UK mid-sized companies face a

20%

discrepancy between their cash forecasts and actual cash flows.



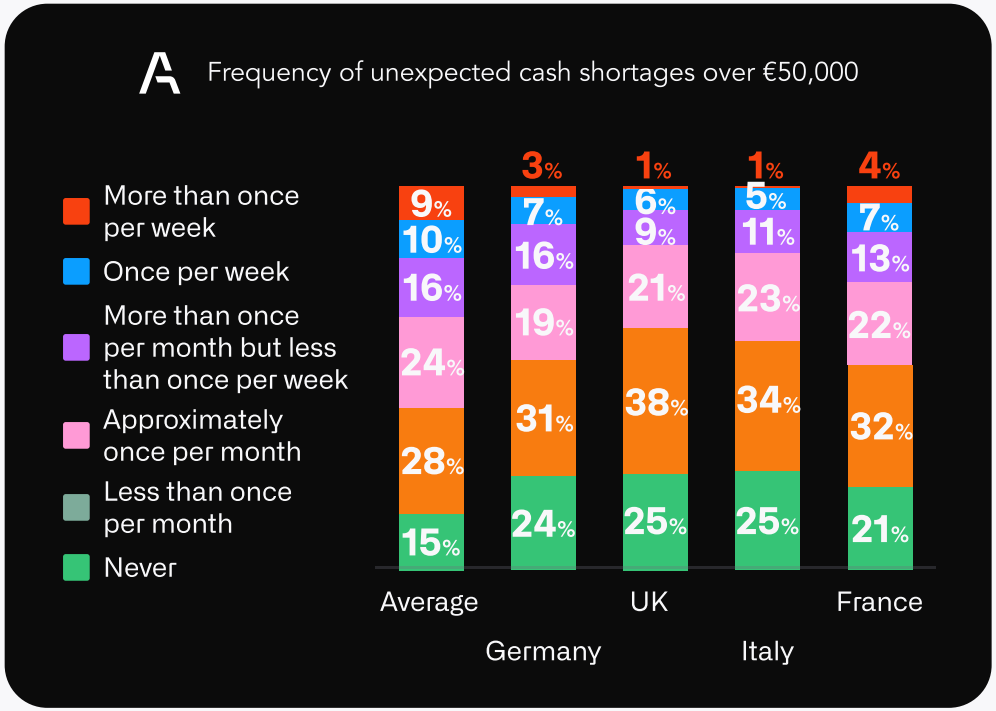
UK mid-sized companies face 14 unexpected cash shortages over £50,000 per year, with 37% of companies facing it at least once a month

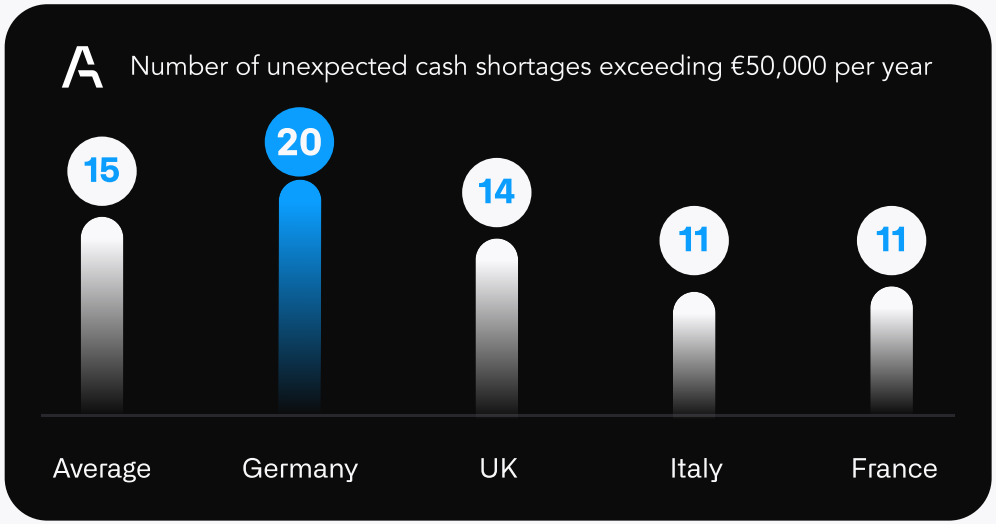
Those unexpected cash shortages come at a cost. They can lead to an **increase in overdraft fees** or having to use onerous short-term financing solutions. They can also create an **opportunity cost** by constraining CFOs and treasurers to keep a significant cash cushion in bank accounts.

Groups lacking cash pooling are particularly vulnerable to these issues, as a positive consolidated cash balance can mask the fact that a subsidiary is facing an unexpected cash shortfall.

There is a significant difference between countries, with **German mid-sized companies twice as likely to face unexpected cash flow problems as French and Italian mid-sized companies**.

The difference is **particularly marked in the proportion of companies facing this difficulty more than once a week**. There are between three and ten times more of them in Germany than in the other countries studied.





CHAPTER 2

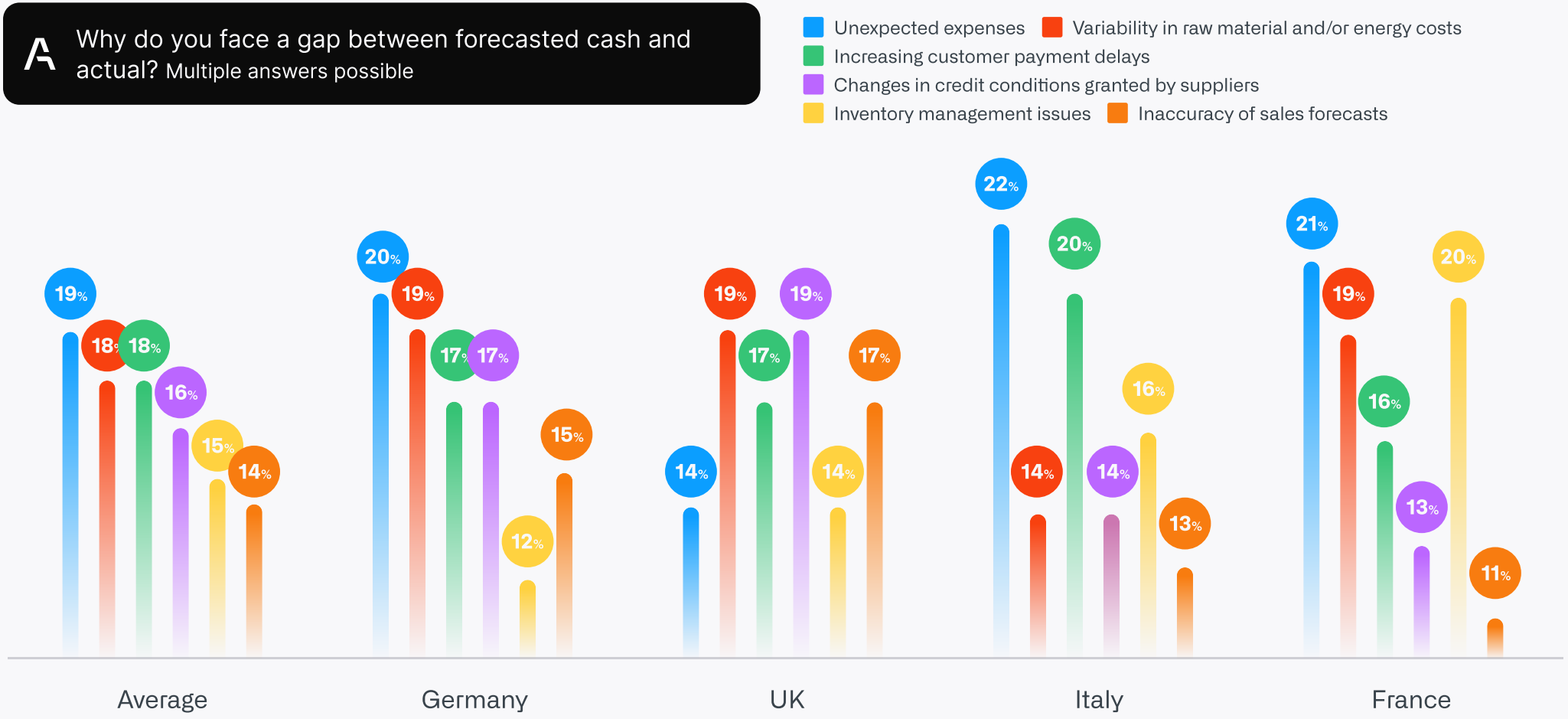
- The top cash flow forecast challenges are underestimated business complexity, and the reliance on outdated tools.

The variability of raw material and energy costs and the change in supplier credit conditions are the primary driver of cash forecasts' variance.

Although the average may highlight a clear hierarchy of sources of inaccuracy in cash flow forecasting, it conceals significant differences across countries, as illustrated by the rest of the chart.

In **Italy**, financial directors are particularly impacted by the increase in **customer payment delays**. In the **UK**, financial departments are more adversely affected than average by **inaccurate sales forecasts** and early payment requests from suppliers. In **France and Italy, stock management issues** are a major concern.

A Why do you face a gap between forecasted cash and actual? Multiple answers possible



Cash flow forecast reliability declines by 9% to 19% as the number of bank accounts, legal entities, and currencies increases

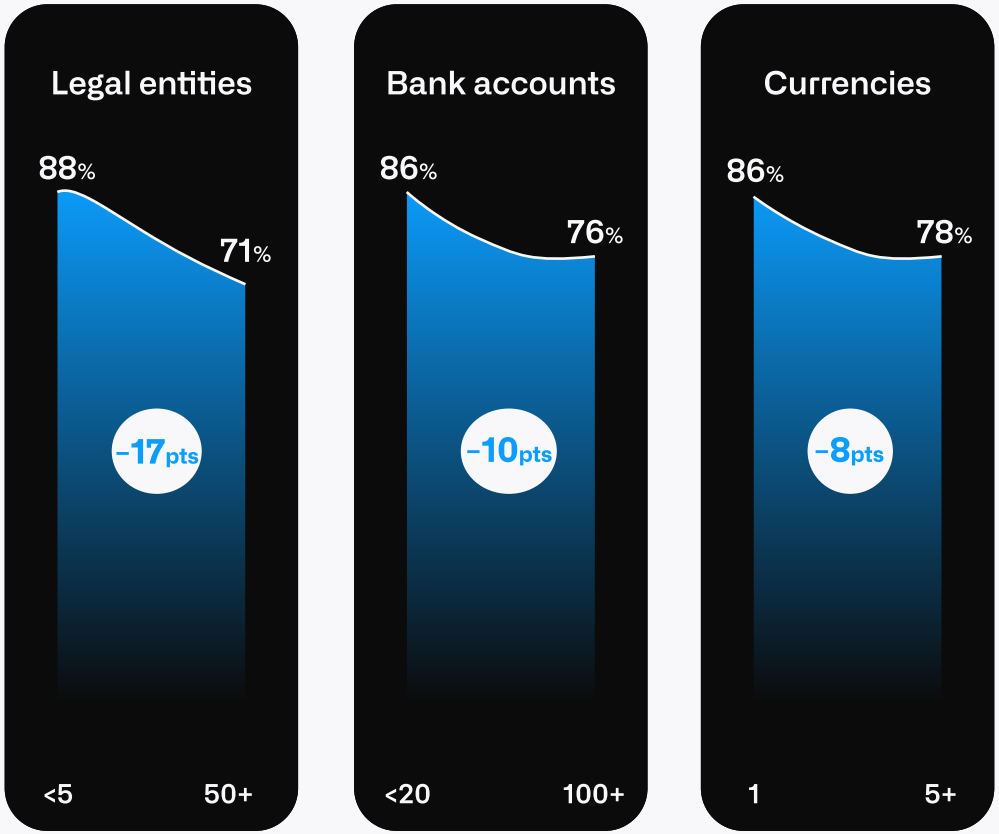
Today's cash flow forecasts show a relative inability to cope with business complexity, with reliability dropping as complexity increases. This indicates that the tools and software used by finance directors to produce these forecasts are no longer meeting the growing demands of modern businesses.

It is not surprising that the reliability of forecasts is particularly sensitive to the number of legal entities. Our experience has shown us that, in conglomerates, these forecasts are often initially compiled by sending Excel files from the finance teams of the subsidiaries to the holding company, which then concatenates the information and very often **adds errors and margins to each other**.

This situation is worrying. The increasing complexity of corporate structures indeed increases the impact of cash management errors. Finance departments must therefore urgently address this vulnerability to ensure the stability and predictability of cash flows.

Reading: Mid-sized companies with fewer than 5 legal entities in their group have, on average, a 12% gap between their cash flow forecasts and actual balances. In contrast, those with more than 50 entities experience an average gap of 29%. This indicates a 19% decline in forecast accuracy as the number of legal entities increases.

Cash flow reliability depending on the number of



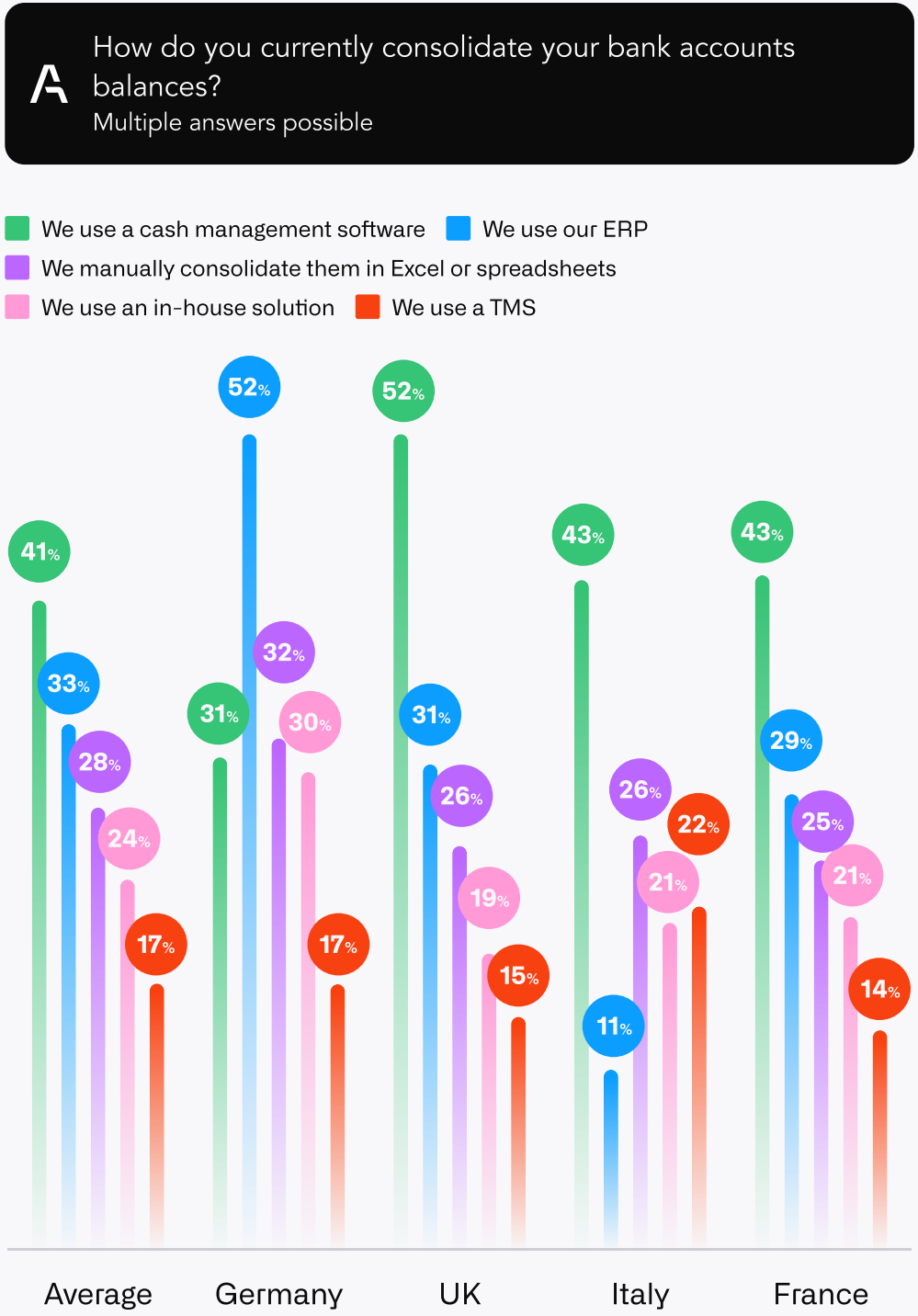
Cash management software is the primary tool for consolidating account balances

European **CFOs recognise the value of cash management software**, especially when it comes to consolidating their bank account balances in real time. It is the preferred tool for this task, ahead of ERP systems and especially Excel, which is not surprising given the lack of a bank communication module in the latter. In particular, **many ERPs do not integrate SWIFT or EBICS formats**.

The use of TMS is less pronounced, with almost one in five CFOs using one. Again, this is not surprising. Traditionally, TMS are used by companies with revenues of at least £100 million that employ treasurers.

The **notable exception to this pattern is Germany**, where ERP remains the preferred means of consolidating accounts, well ahead of TMS or cash management software.

Finally, it is interesting to note that UK companies that use **Excel exclusively** to consolidate their bank balances have on average a **20% higher variance** in their cash forecasts than companies that do not use Excel for this task and therefore use software.



Many companies are operating without daily (63%), monthly (23%), or even annual (42%) cash forecasts

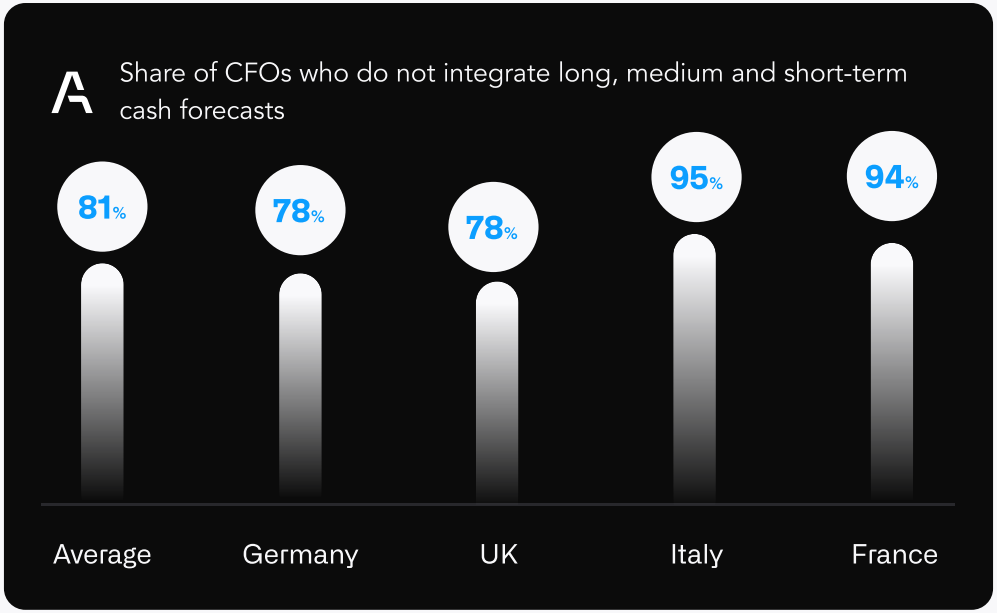
It's no surprise that 37% of UK mid-market companies are missing their cash targets, given the many holes in their cash forecasting processes. The most important is the **failure to combine the three types of cash forecasts**.

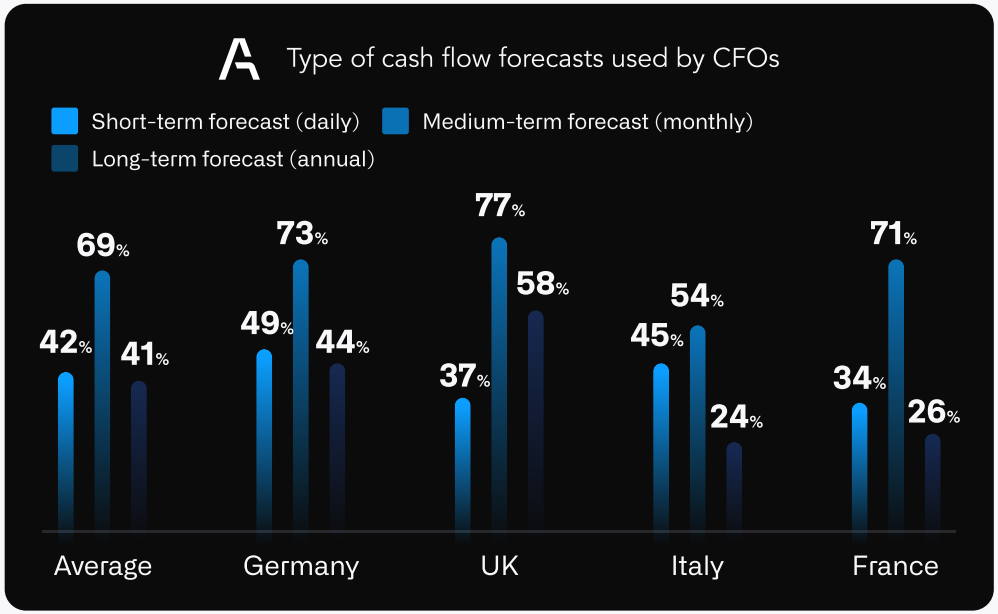
What's more, our experience underlines that it's not enough to produce these forecasts. **It is vital that they communicate with each other and that changes made in one are reflected in the other two**. This is an arduous task because these forecasts are usually prepared by different people using different tools.

It is also worth noting that CFOs in Germany and the UK are four times more likely to combine the three types of forecasts than those in France and Italy.

Reminder: the 3 types of cash flow forecasts

- **Long-term:** annual forecast on a monthly basis to manage financing lines, updated once or twice per year, created either in Excel or in an FP&A software
- **Medium term:** usually a rolling 13-week on a weekly basis, always challenged by the CFO, with a bottom up construction
- **Short-term:** usually 3 to 15 days, on a daily basis, at the treasurer level on a TMS



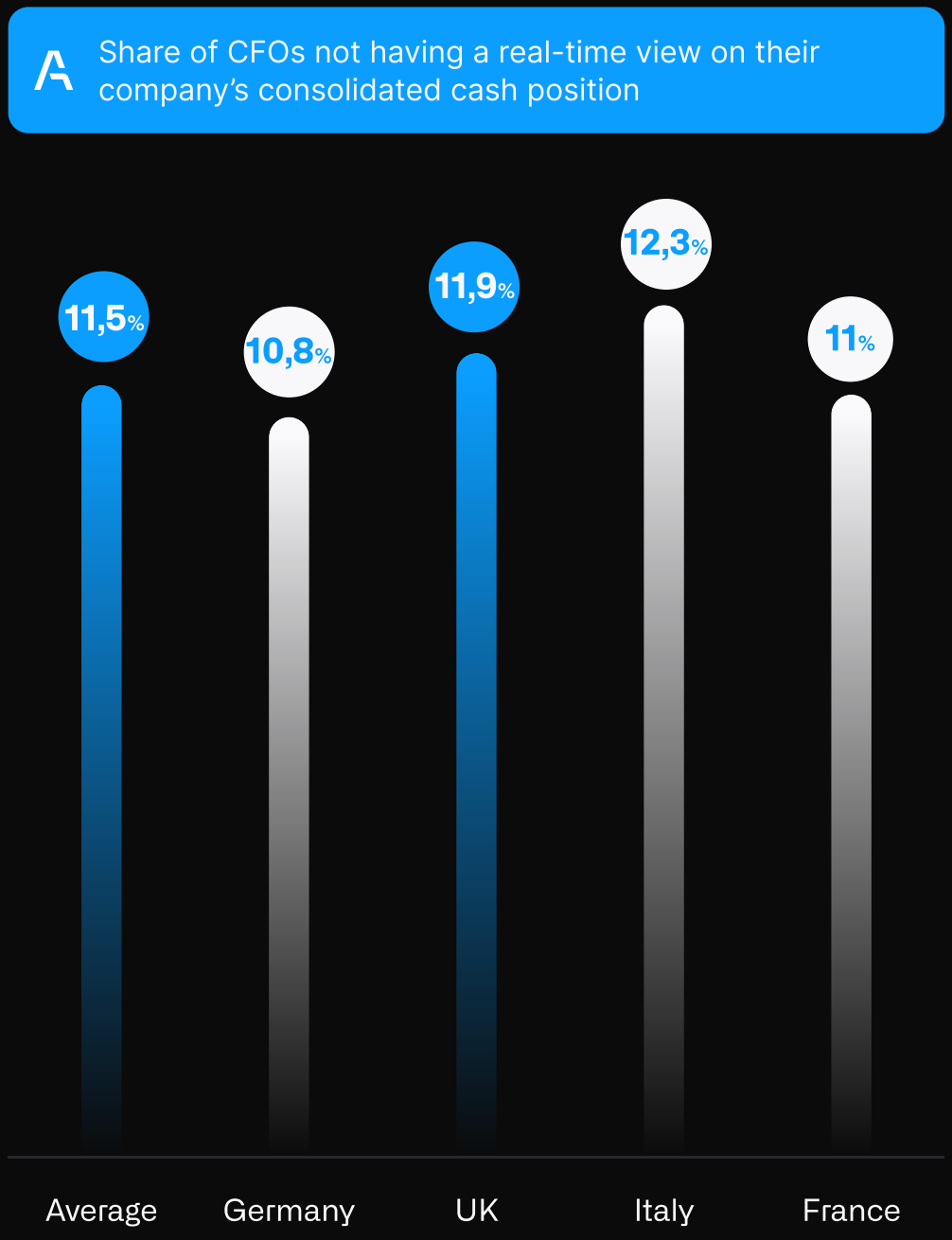


Multiple answers possible.

KEY FINDING

12%

of UK mid-sized companies CFOs still don’t have a real-time view on their consolidated cash position.



CHAPTER 3

- The average cost of unreliable cash flow forecasts amounts to £660,000 annually for British mid-sized companies

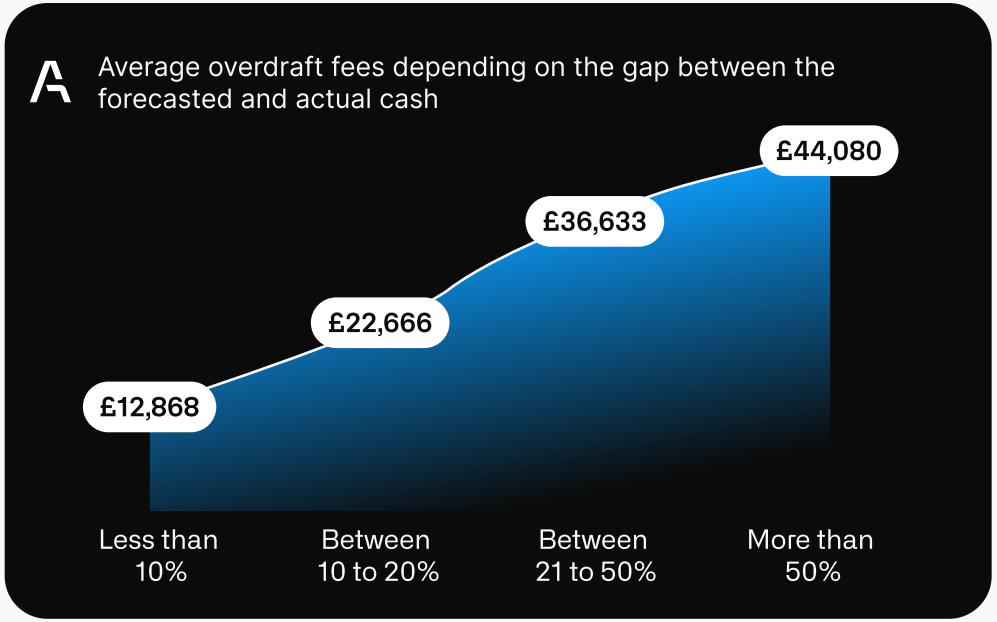
UK mid-sized companies with unreliable cash flow forecasts incur £47,000 in overdraft fees, which is 91% more than companies with reliable forecasts

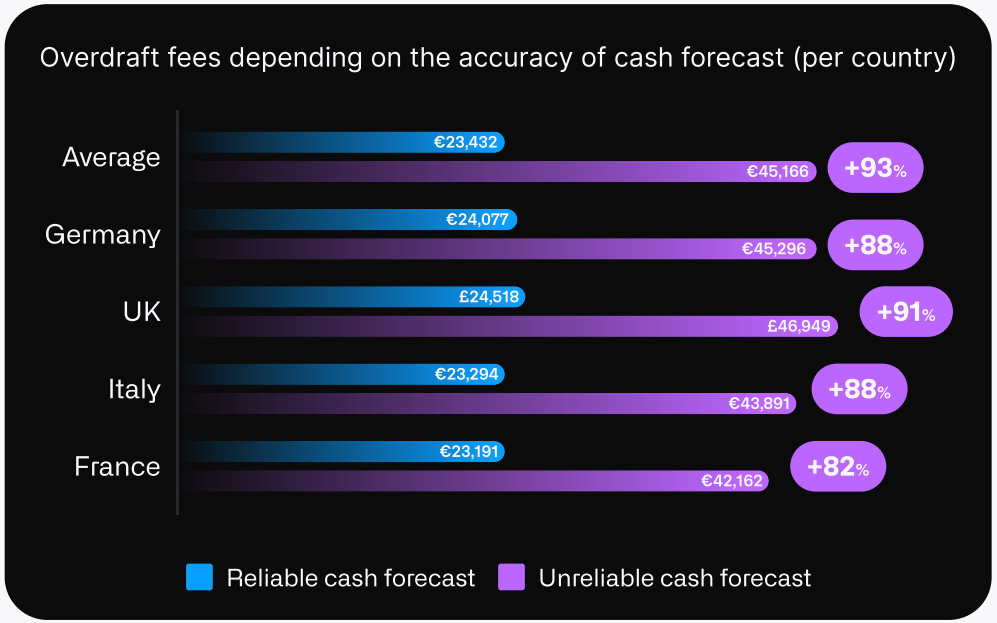
Overdraft charges are caused by inaccurate cash flow forecasts. There are **three main reasons** for this:

1. The difference between the forecast and the actuals (20% on average in the UK)
2. Not having daily forecasts (for 63% of UK companies)
3. Not having forecasts at the level of the bank account (particularly when the company has not set up a cash pooling system)

The consequence remains the same, with some bank accounts regularly showing overdrafts that may or may not exceed the authorised limit, leading to charges being levied by the banks.

In particular, UK mid-sized companies with an unreliable cash flow forecast incur £47,000 in overdraft fees, whereas those with a reliable cash flow forecast incur £25,000.





UK mid-sized companies with unreliable cash flow forecasts miss out on £600,000 in financial income

CFOs are aware of this issue, as 69% of them would like to invest more of their cash. However, **the primary factors preventing them from putting this plan in motion are the lack of accurate cash forecasts and upcoming Capex**. This missed opportunity in financial income is directly linked to the inaccuracy of their cash flow forecasts.

Indeed, with a 20% gap on average between cash forecasts and actuals, it is not surprising that CFOs want to maintain an important safety cushion to avoid paying even more overdraft fees or having to turn to more expensive short-term financing instruments.

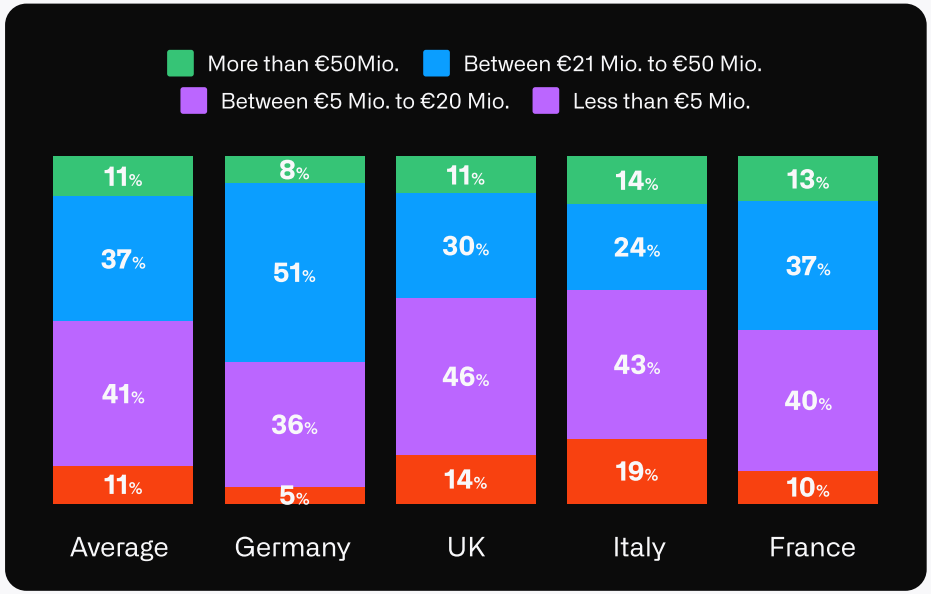
However, CFOs and treasurers could also make greater use of short-term, liquid cash investments such as money market funds.

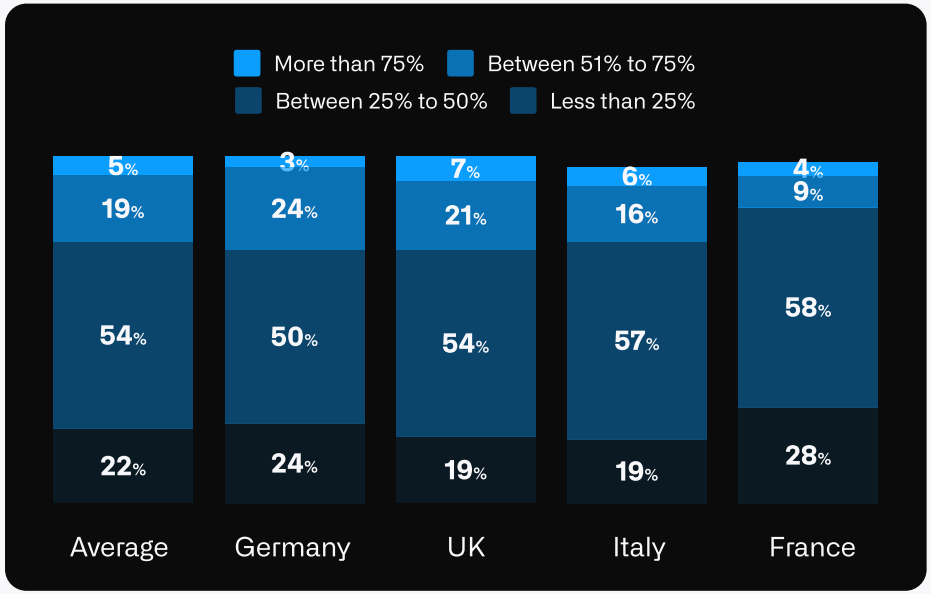
Calculation: We assume a minimum balance of €/£1 million in bank accounts to prevent overdraft fees and manage unforeseen expenses, and assume that cash investments yield an average return of 3.3% for Continental Europe and 4.9% for the UK, we then look at the financial income derived from the investment of the remaining excess cash.
Eg. for the UK: (22m * 60% - 1m) * 4.9% = 600,000

	Cash and cash equivalents	Share of cash that is not invested	Missed financial income
Average	£20m	61%	£390k
Germany	£22m	62%	£417k
UK	£22m	60%	£600k
Italy	£18m	61%	£325k
France	£21m	66%	£425k

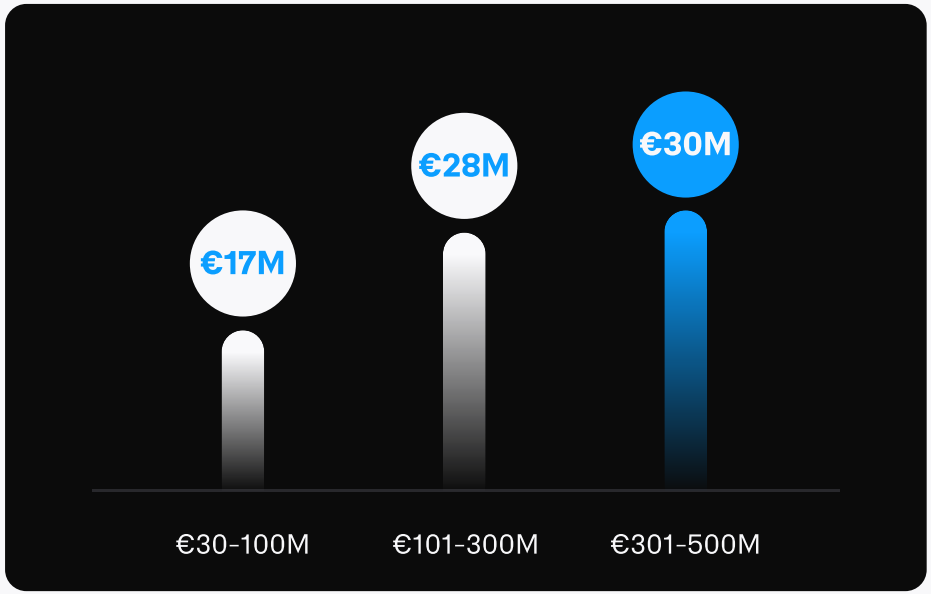
Figures are rounded.

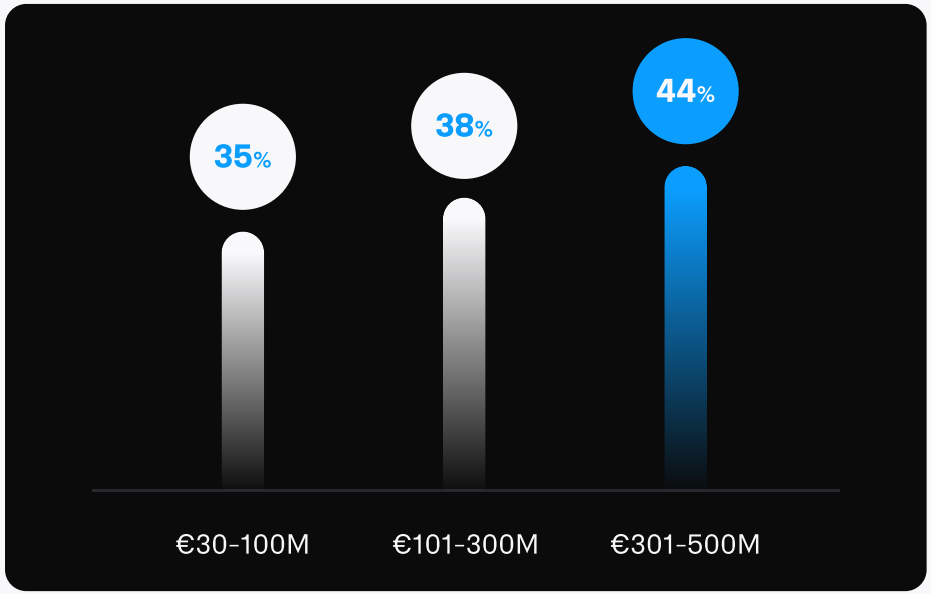
Per country

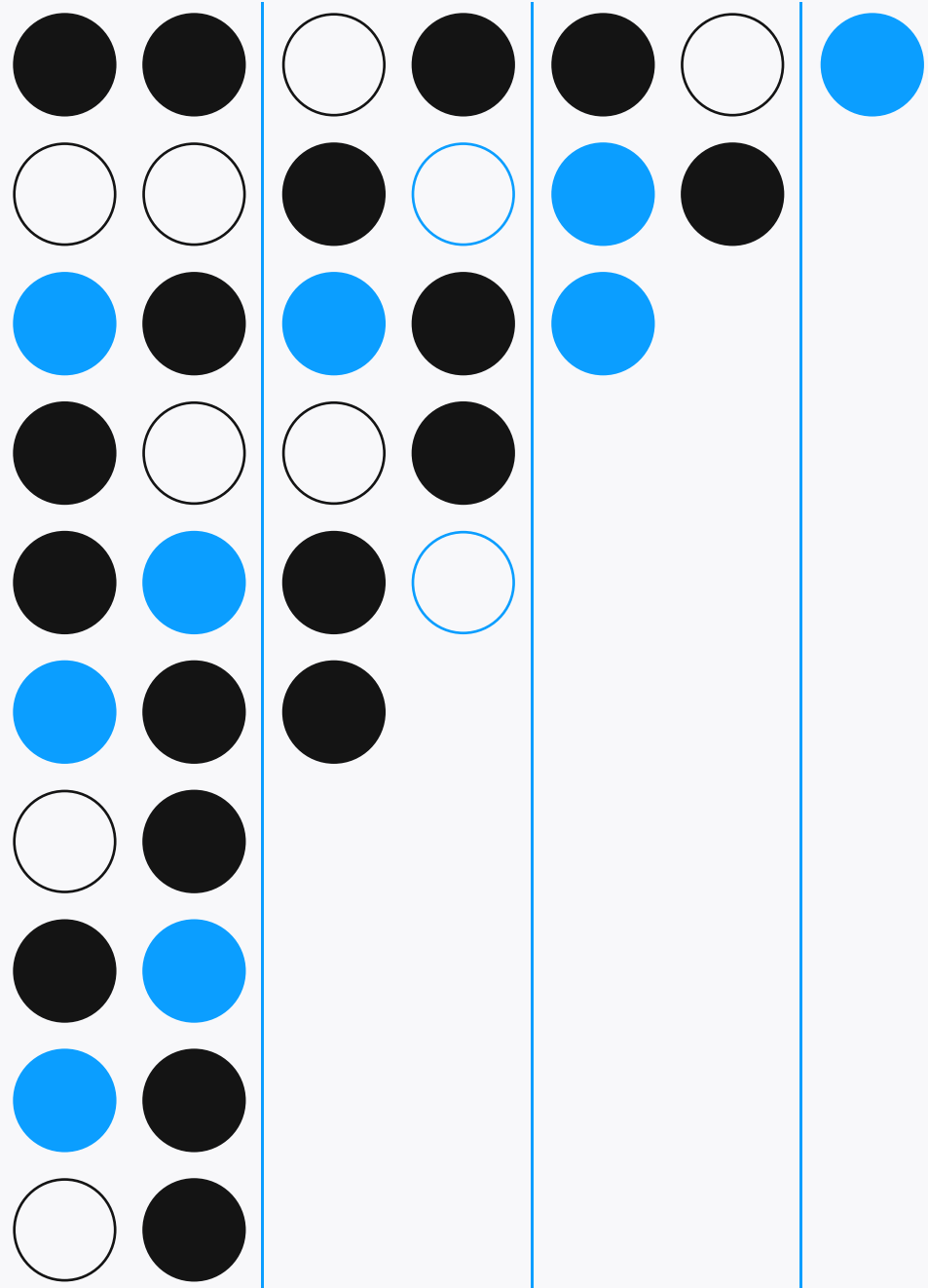




Per turnover range







Conclusion

The study highlights several key areas for improvement to enhance the reliability of cash flow forecasting for mid-sized companies and reduce the costs associated with poor forecasting.

The good news is that **taking action has become increasingly straightforward, thanks to the emergence of new tools in recent years**. These tools not only automate cash visibility through real-time aggregation of balances and transactions but also support the development, enhancement, and updating of cash flow forecasts—whether short, medium, or long term.

What's particularly interesting is that some of these tools also include dedicated features to help **better analyse banking fees**, including overdraft charges. They also assist financial departments in **optimising the investment of excess cash**, even in the short term, despite limited future visibility, to take advantage of higher interest rates.

Among these emerging tools, there are solutions specifically designed for mid-sized companies, which is crucial. These tools are tailored for businesses that may not have dedicated treasurers but where **cash performance levers are shared across multiple teams** or individuals, who are often not colocated. This is where solutions like Agicap stand out, as they enable all stakeholders in a mid-sized company to collaborate effectively in **managing and optimising cash performance**.

How Agicap can help

With Agicap, you can create and update your 3 cash flow forecasts and immediately adapt the changes in one to the other two

Actual and direct method

ERP

- Supplier invoices
- Client invoices
- Quotes
- Purchase orders

ORACLE NETSUITE · odoo · Sage · SAP

Agicap

- Recurring expenditure
- Debts
- Investments
- Payments
- Banking aggregation
- Cash reconciliation
- Rolling forecast

Forecasts and indirect method

P&L

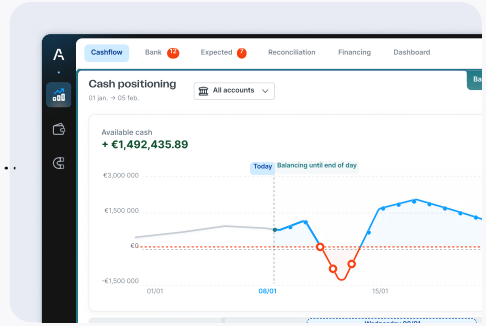
P&L to cash flow converter

Budget

OneDrive · Google Drive

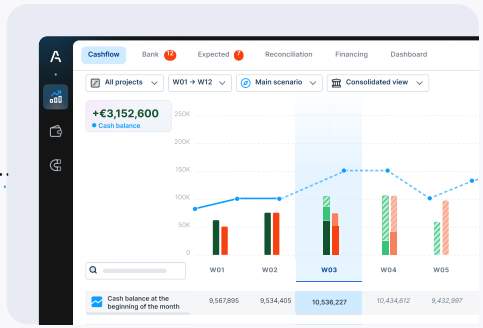
Agicap

- Historical trends
- Formulas
- KPI-based
- Customised DSO adjustments



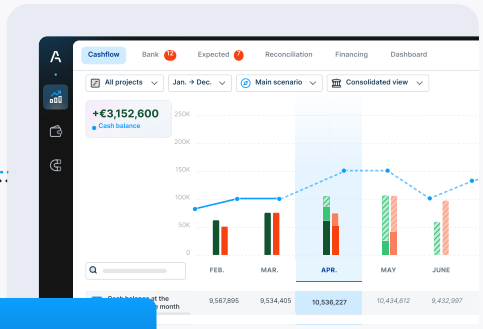
Daily forecast

Short-term
Daily visibility
Weekly or **monthly** outlook



Rollierende 13-Wochen-Prognose:

Mittelfristig
Wöchentliche Übersicht I
Quartalsweiser Ausblick

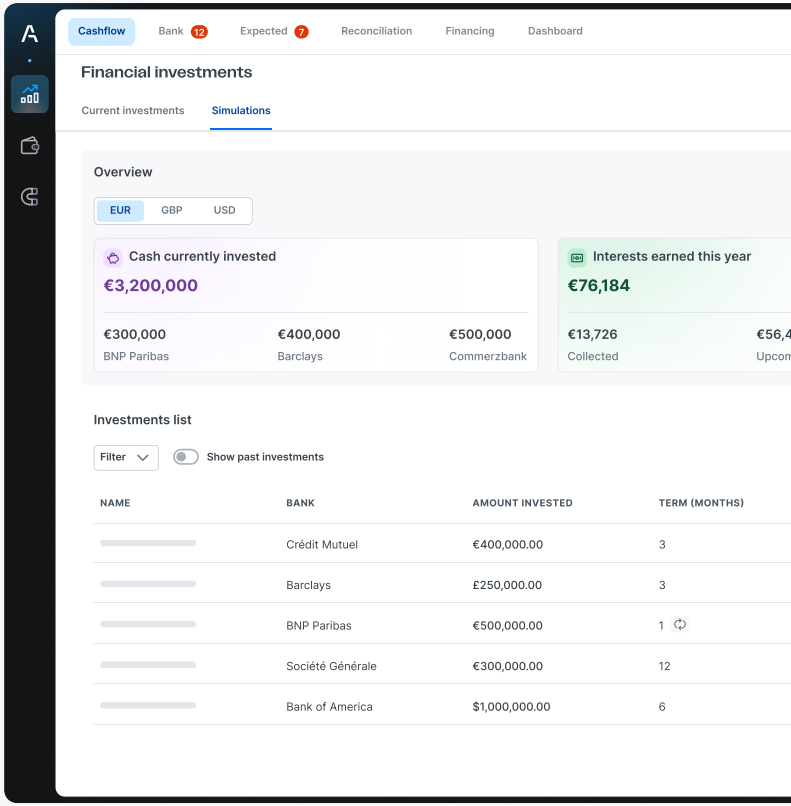


Cash flow planning

Long-term
Monthly or **quarterly** visibility
Annual outlook

Learn more →

Increase income from your financial investments by optimizing them and reducing your cash reserves



Agicap helps you:

1. **Measure** your actual cash surplus at the level of each subsidiary and the group as a whole
2. **Reduce** your security reserves by improving the reliability of your cash flow forecasts, optimizing payment campaigns and managing your receivables.
3. **Optimize** the rates and maturities of your cash investments to increase your financial income while remaining compatible with liquidity requirements.

The payback then depends on how far you've progressed on the subject, but on average our customers see the following increase in the amount of cash invested and financial income increment:

2x to 3x

Compared to annual investment reviews

+10 to 50%

Compared to quarterly investment reviews

Learn more →

Agicap

Thank you for reading

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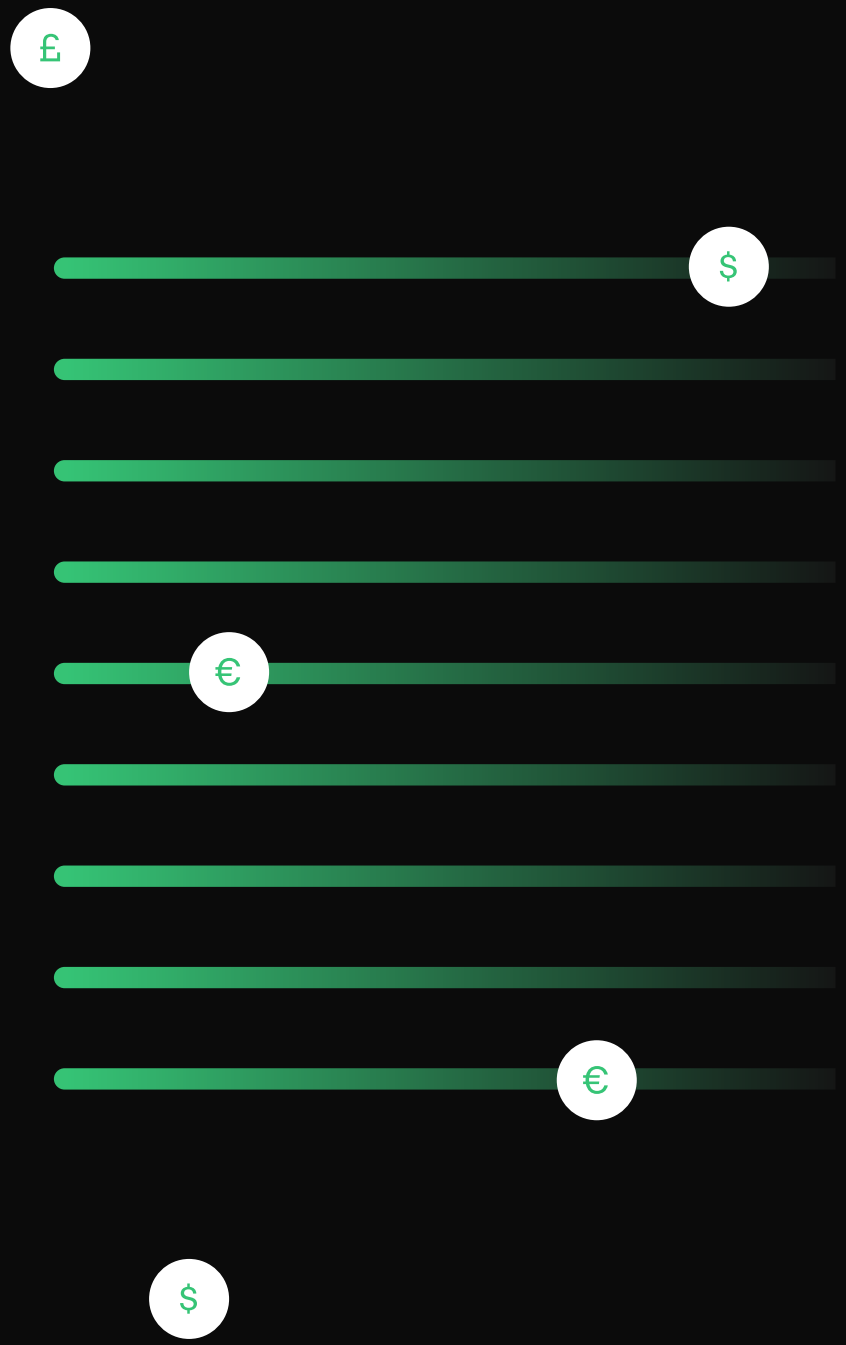
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201 Borough High Street, London SE1 1JA

Agicap

MARKET RESEARCH

The 2025 **state of accounts payable management challenges** in small and mid-market companies

Insights from an exclusive survey of 500+ CFOs



About the survey

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Objectives of the survey

We surveyed more than 500 CFOs to answer the following questions:

1. How do SMBs and Mid-Sized companies handle their accounts payable?

2. Are the tools and processes they use truly effective?

3. What factors have the greatest influence on the efficiency of accounts payable management?

4. How much does it cost to process and pay a single supplier invoice?

5. What factors most influence the cost of processing and paying a supplier invoice?

Executive Summary

57%

of CFOs do not use a dedicated supplier invoices management system

13%

of CFOs only rely on spreadsheets to manage their payables

57%

of CFOs struggle to tame rogue spending

£8.90

UK SMBs and Mid-Sized companies spend £8.90 to process and pay a single supplier invoice

~2,500

UK SMBs and Mid-Sized companies handle approximately 2,500 supplier invoices each month

£262k

UK SMBs and Mid-Sized companies spend on average £262k per year to process and pay all their supplier invoices

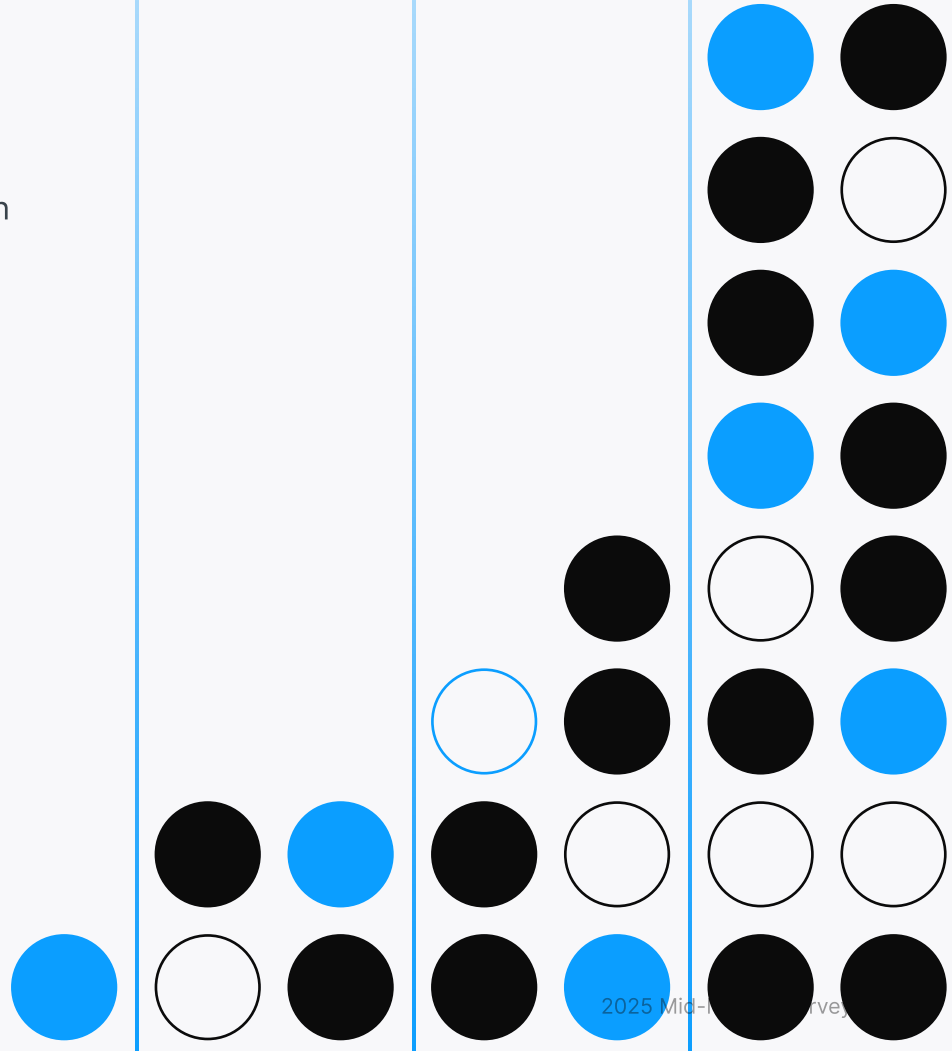
Introduction

Managing payables efficiently is a significant challenge for CFOs of SMBs and mid-sized companies, as it involves **balancing conflicting interests**:

- Suppliers want to be paid as soon as possible, sometimes even at the time of order, while the client company seeks to optimize payment terms to preserve cash flow.
- The increase in the volume of invoices and expenses requires the processes to be digitalized and automated as much as possible, while ensuring they remain secure.

For instance, one of our clients, CFO of a company generating over £30 million in revenue, told us that until recently, he had to log in twice a week to a specific computer equipped with his 3SKey token to validate supplier payments across 20 bank accounts. This process was not only **time-consuming** but also unsuitable for when he was on the move, as he could not validate payments through a mobile app.

We regularly speak with CFOs who face difficulties in managing their supplier accounts optimally. This is why we have conducted this study to better understand the challenges they face in this area. **The results of this study will provide you with concrete insights to help you prioritize your projects and better convince your executive team of the necessary investments to secure and automate your supplier management process**.



CHAPTER 1

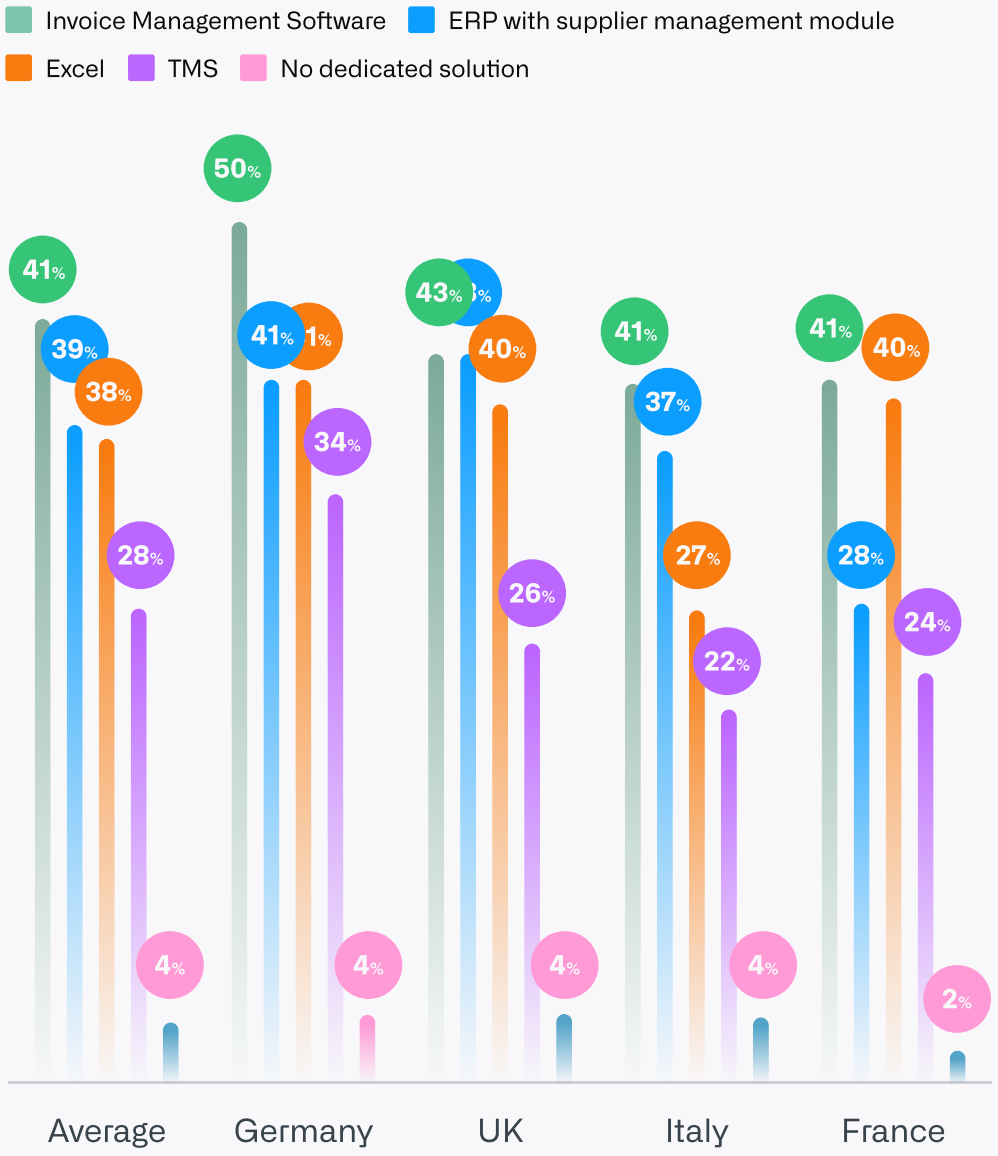
How do SMBs and Mid-Sized companies handle their accounts payable?

More than half of small and mid-sized companies don’t have a dedicated invoice management software to manage their payables.

Lack of investment in appropriate supplier management software is a key factor in explaining why 7 out of 10 mid-sized company CFOs have supplier management problems.

The prevalence of Excel usage often goes hand in hand with situations where processes are not optimized. This situation confirms that observation. While 40% use Excel at least partially to manage their accounts payable, i.e. mainly to track purchase orders and invoices, 13% use Excel as their sole accounts payable management tool.

What tools do you use to manage your accounts payable? Multiple answers possible

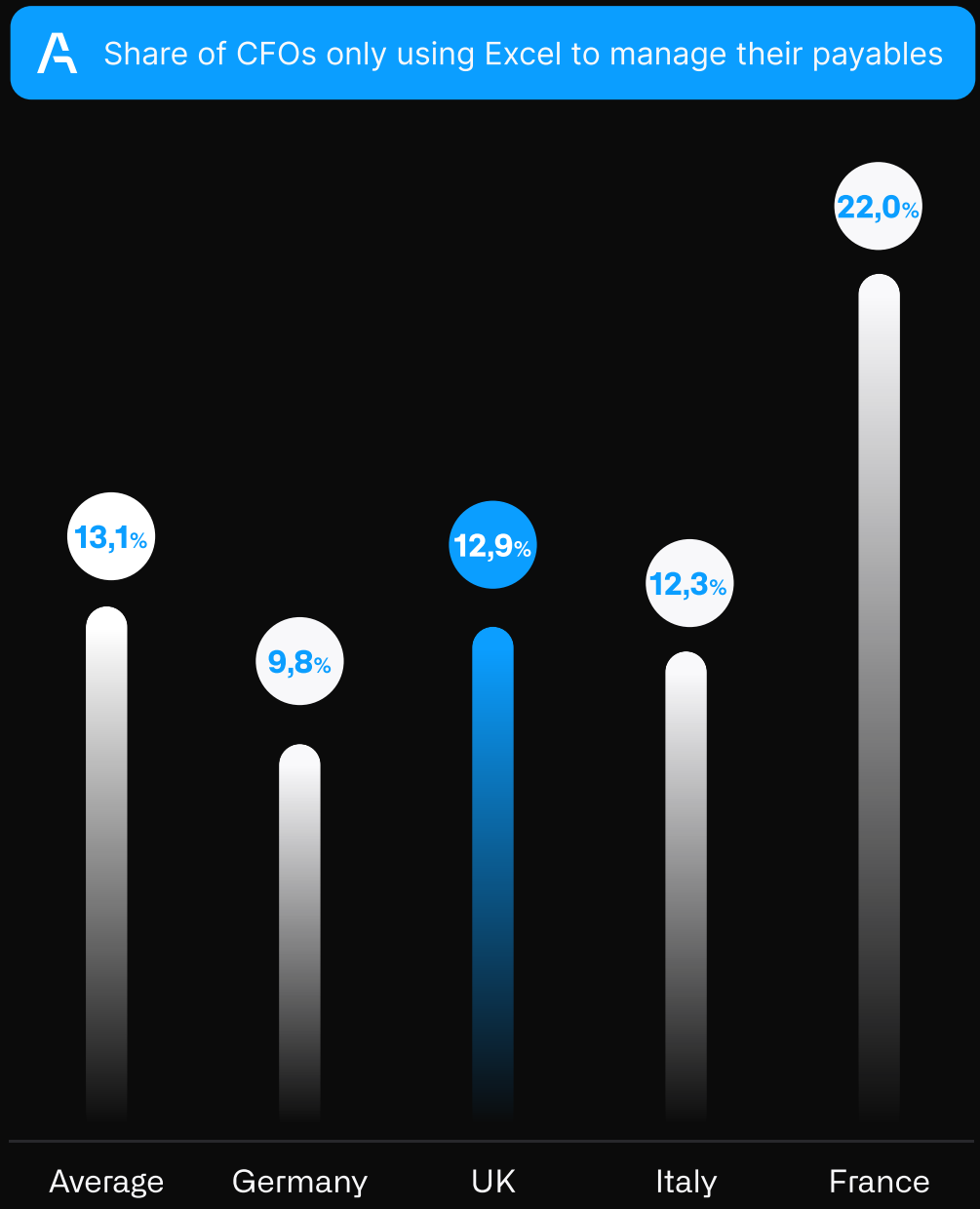


KEY FINDING

On average,

13%

of UK small and mid-sized companies only rely on Excel to manage their accounts payable.



CHAPTER 2

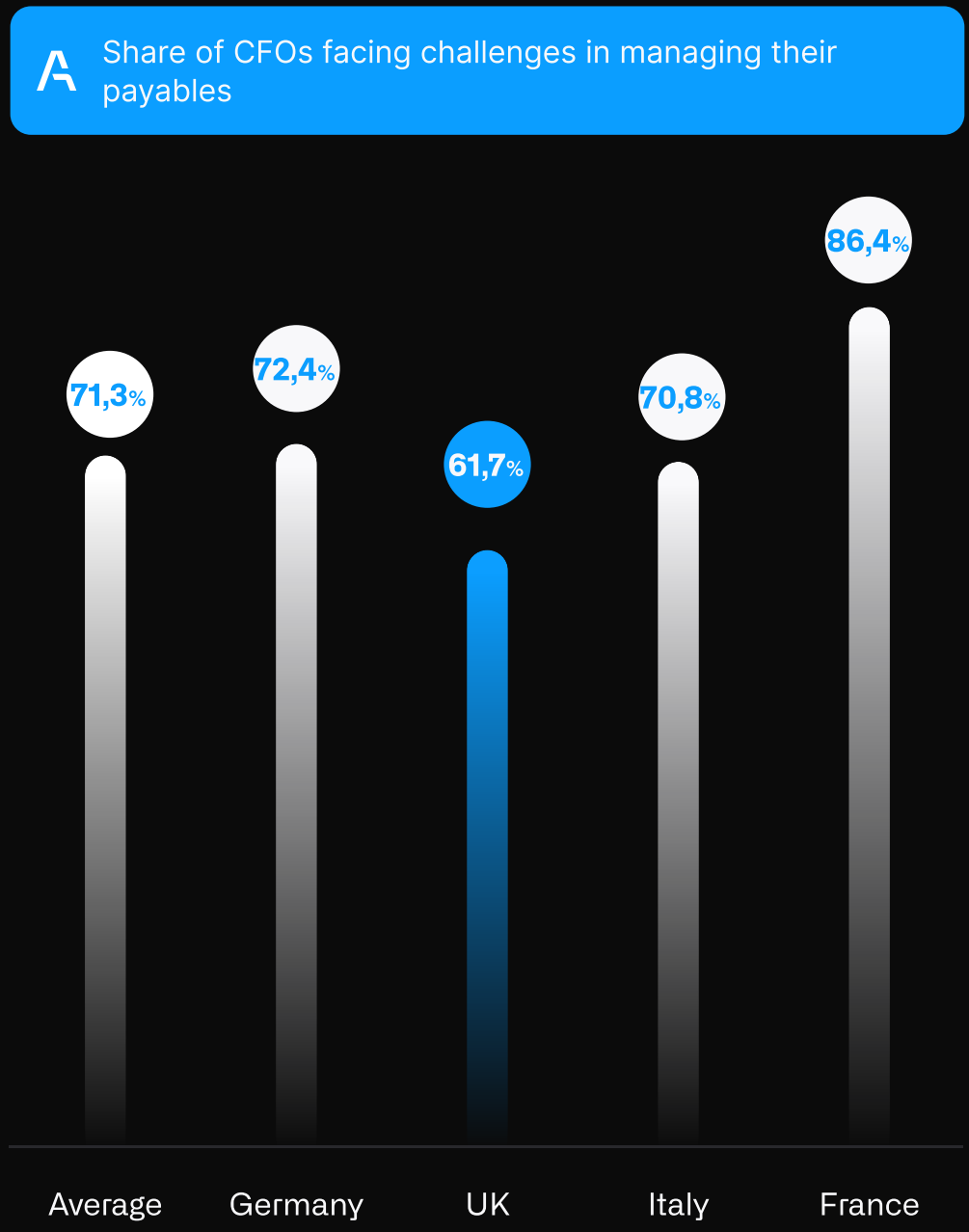
Are the tools and processes they use truly effective?

KEY FINDING

On average,

62%

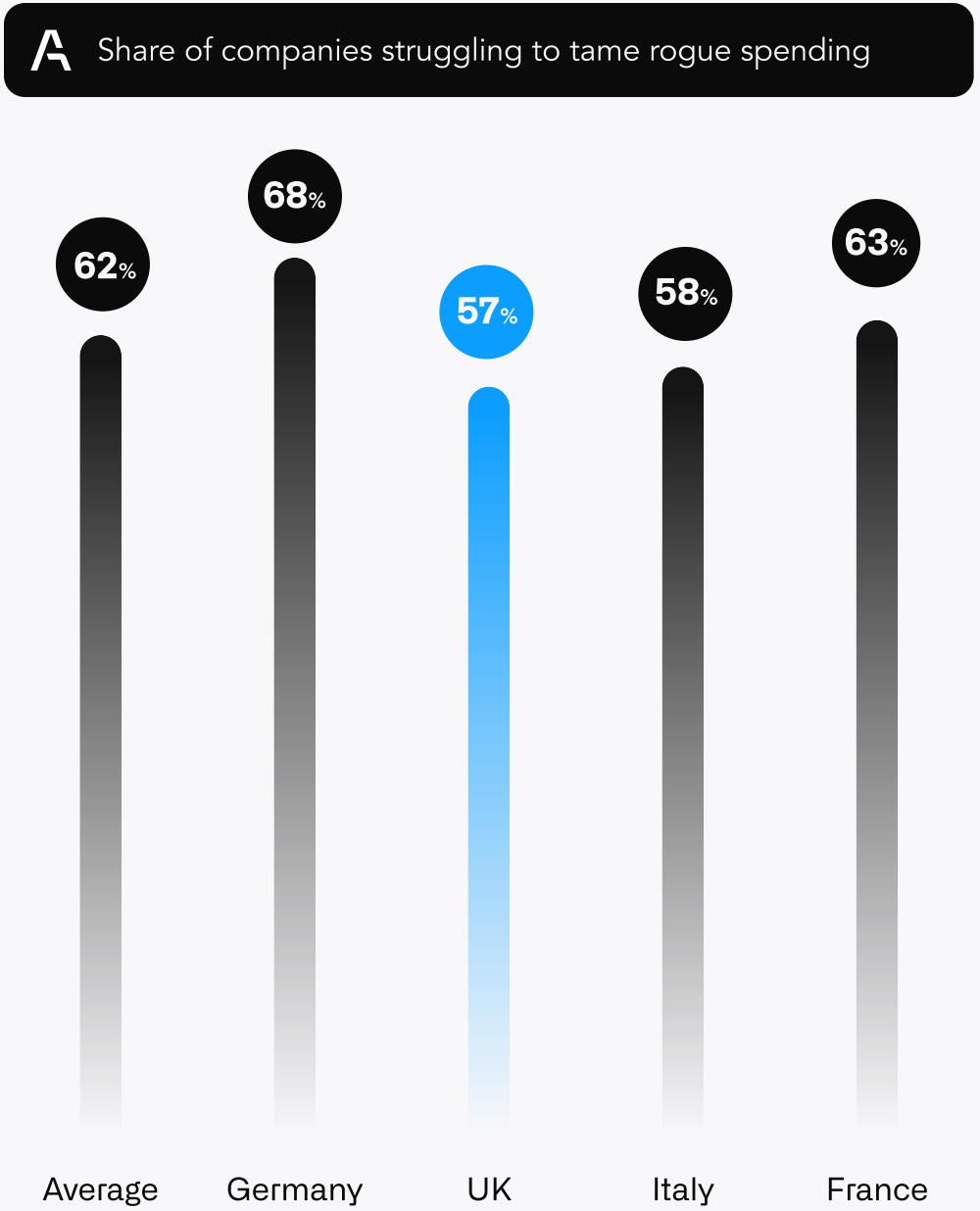
of UK small and mid-sized companies' CFOs face challenges in managing their accounts payable.



6 UK companies out of 10 struggle to tame rogue spending

This issue points to the inadequacies in existing controls and processes, highlighting that the responsibility for managing expenses is **shared across multiple levels within the organisation**. The employee making the expense, their manager or approver, and the finance team all play crucial roles in ensuring that spending is controlled and aligned with company policies.

The consequences of failing to manage rogue spending effectively include financial inefficiencies, a **lack of accountability**, and reduced transparency in company spending. To address this issue, it is essential that all stakeholders take ownership and work together to enhance expense management systems and practices.



Current processes are relatively unable to deal with growing revenue in the UK.

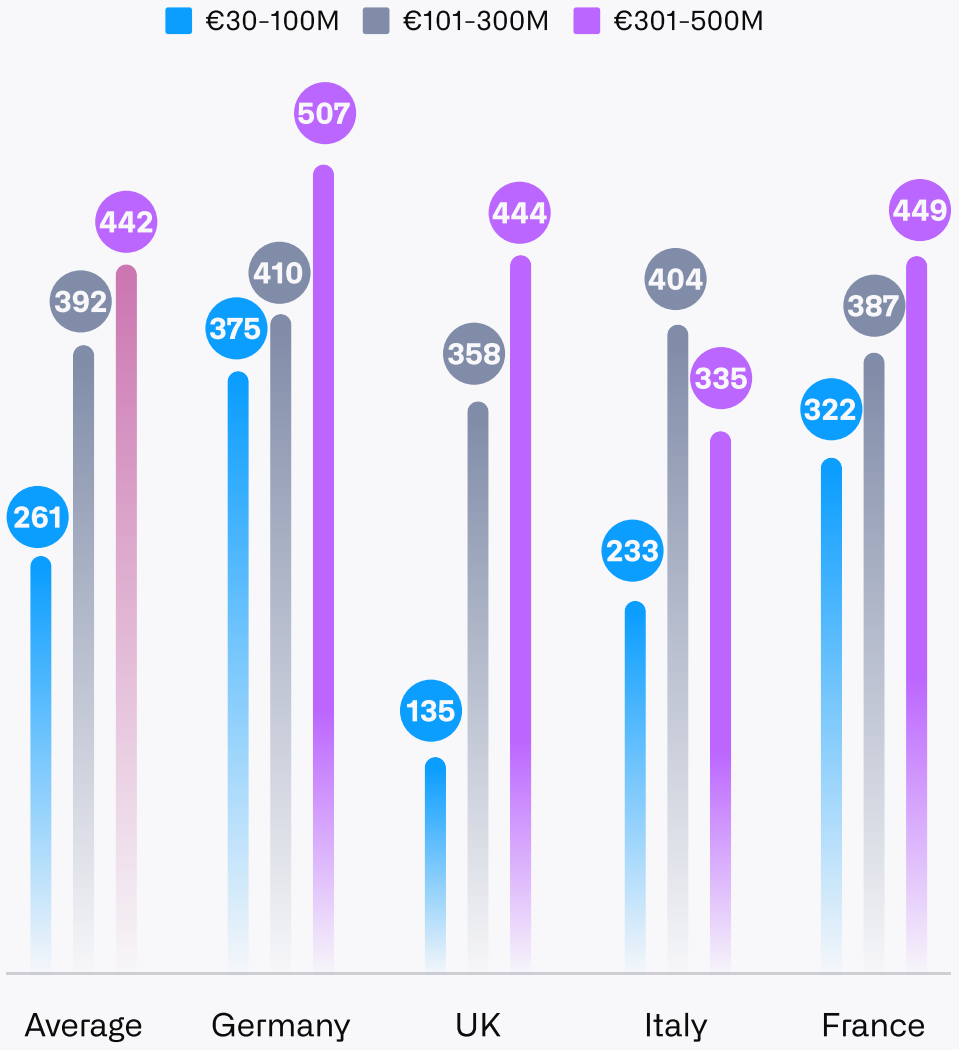
Across the three revenue segments we defined, turnover increases on average sixfold (from €65M to €400M). While the budget for supplier management generally rises as turnover grows, this increase averages 70%, which is significantly less than a sixfold rise, indicating a certain scalability of processes relative to turnover.

However, **two countries stand out as exceptions: Italy and the United Kingdom**.

Italian mid-sized companies demonstrate **excellent scalability in their supplier management costs**, with costs actually decreasing between the €101M-€300M and €301M-€500M segments. This is the only country where this phenomenon is observed.

In contrast, **British mid-sized companies experience the highest increase in costs**, with supplier management costs tripling between the €30M-€100M and €301M-€500M segments.

Average annual budget to process and pay supplier invoices depending on the revenue range of the company in €K



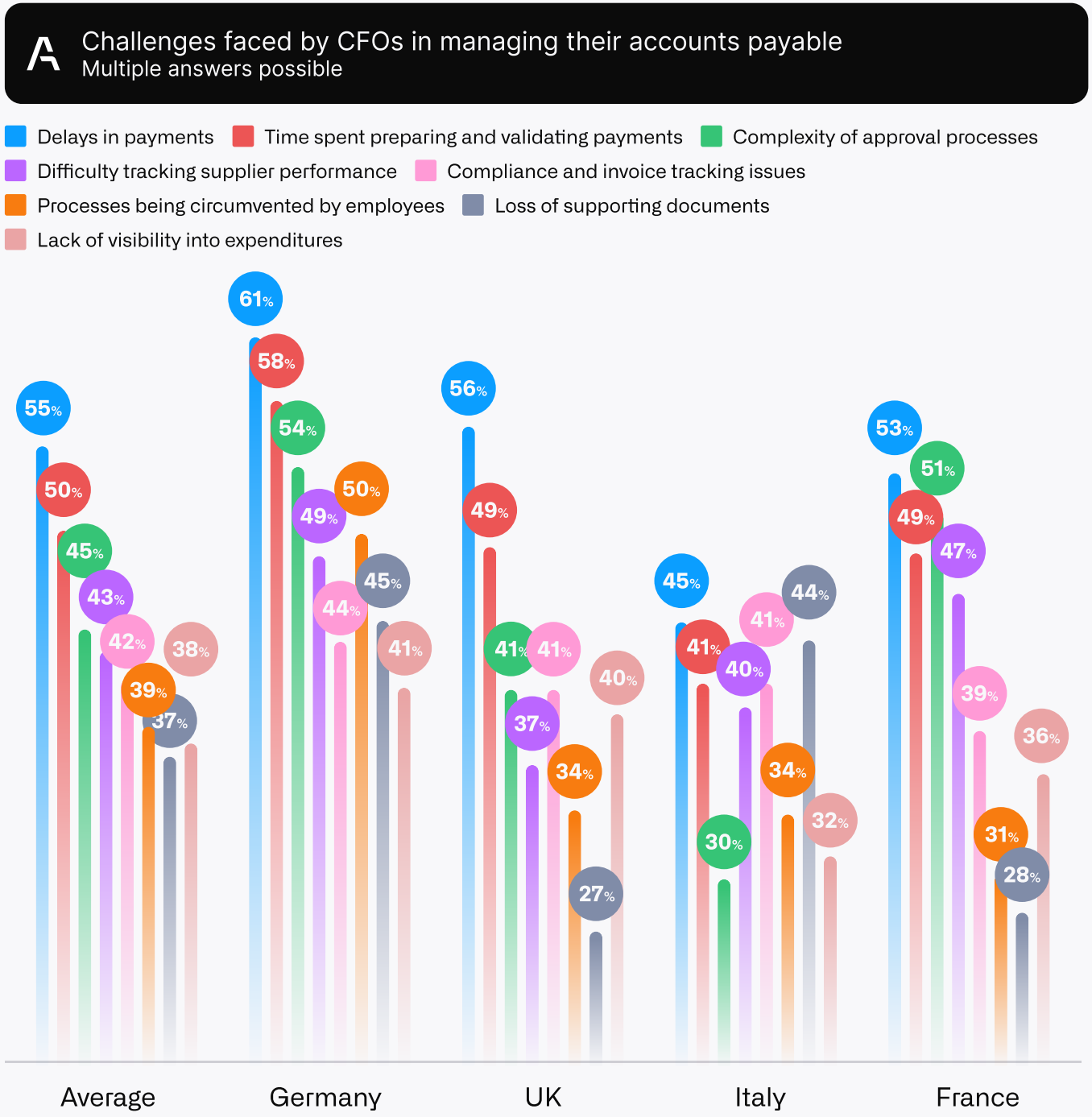
CHAPTER 3

What factors have the greatest influence on the efficiency of accounts payable management?

Suppliers not paid on time is the leading challenge in payables management

Payables management suffers from a **lack of banking communication tools** that allow payment campaigns to be orchestrated across multiple accounts and banks from a single interface.

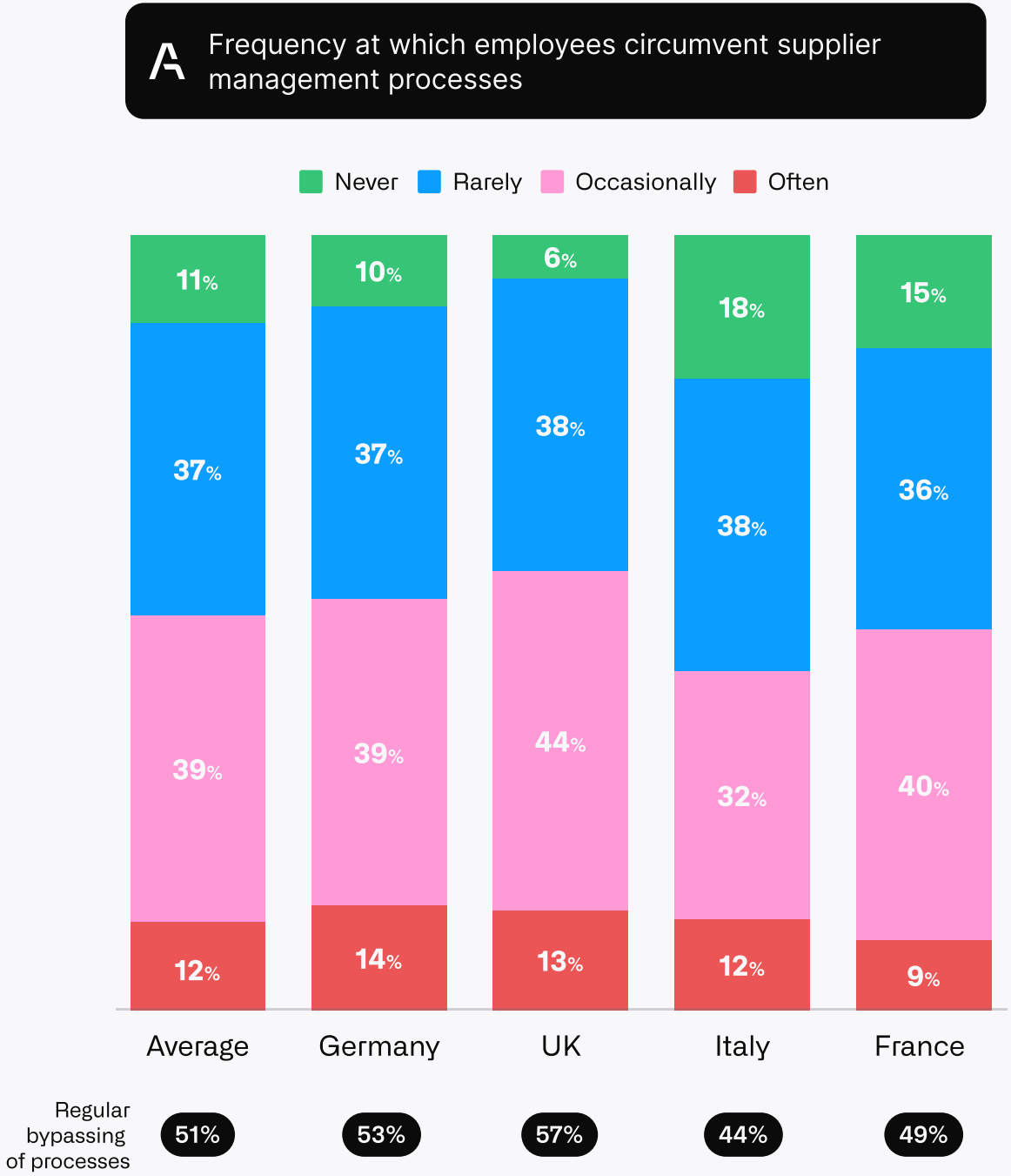
In fact, half of CFOs cite the time required to prepare and validate these payments as a major obstacle. As we know, a mid-market CFO may have to validate payments to dozens of bank accounts, in multiple currencies and with multiple banks. However, the survey shows that they are still under-equipped with software that includes a bank communication suite that enables them to perform these operations.



Employees frequently circumvent supplier management processes in 57% of UK mid-sized companies

The chart further illustrates that this issue is particularly prevalent in the UK and Germany, where 57% and 53% of companies, respectively, report regular bypassing of processes. Conversely, Italy exhibits a lower rate of process circumvention at 44%, and France follows closely behind the average at 49%.

These figures underscore the **need for more efficient and well-enforced supplier management processes to reduce the reliance on workarounds**, which often result from inefficiencies in the current systems.



CHAPTER 4

How much does it cost to process and pay a single supplier invoice?

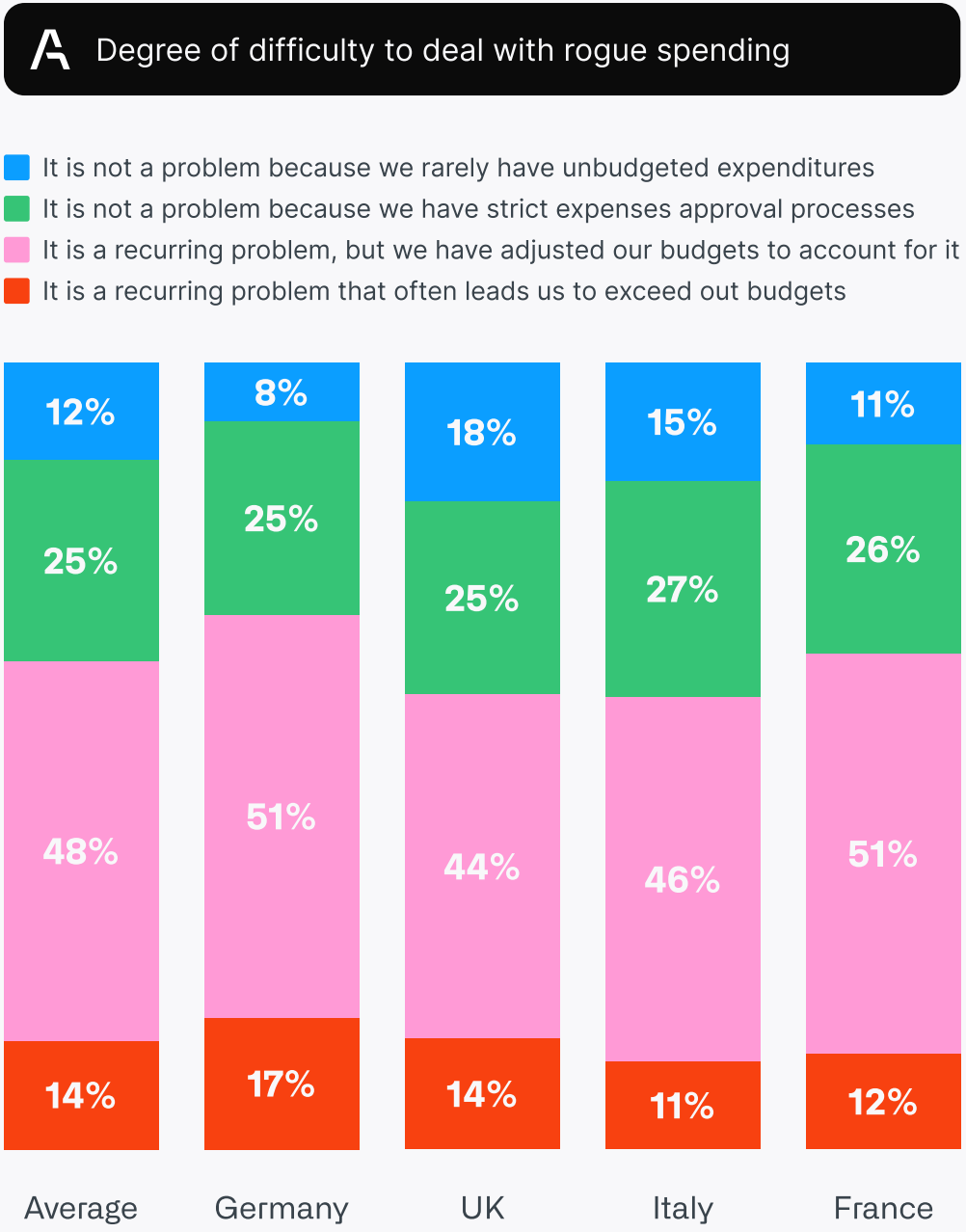
58% of UK mid-sized companies face rising budgets as they cannot tame rogue spending.

The significance and frequency of out-of-budget expenses serve as an excellent indicator of the quality of budgeting processes and expense control within a company.

The adjacent chart shows that the majority of companies encounter these unforeseen expenses, particularly in Germany. In most cases, finance teams have incorporated a **safety margin** into their budgets to absorb all or part of these unexpected costs.

However, 37% of companies report no issues with unbudgeted expenses. For three-quarters of them, this is due to very strict budget control processes, particularly in the approval of expenses.

This clearly demonstrates that **the solution to this issue lies not in the internal discipline of teams but in the implementation of better expense management tools**.



On average, UK companies spend £8.90 to process and pay a supplier invoice.

These figures raise important questions about the efficiency and cost-effectiveness of these companies' AP processes.

Given the significant costs associated with invoice processing, there may be **significant opportunities for cost savings through the adoption of automated solutions**. Such solutions could streamline the invoice process, reduce manual effort, and minimize errors, potentially lowering the cost per invoice significantly.

It is also interesting to note the differences between countries.

For example, **German mid-sized companies spend on average 60% more** than their UK counterparts on managing and paying supplier invoices. The difference can be explained by the fact that German mid-sized companies not only manage the most supplier invoices per month, but also have the highest cost per invoice. This again highlights the **lack of scalability in these processes**.

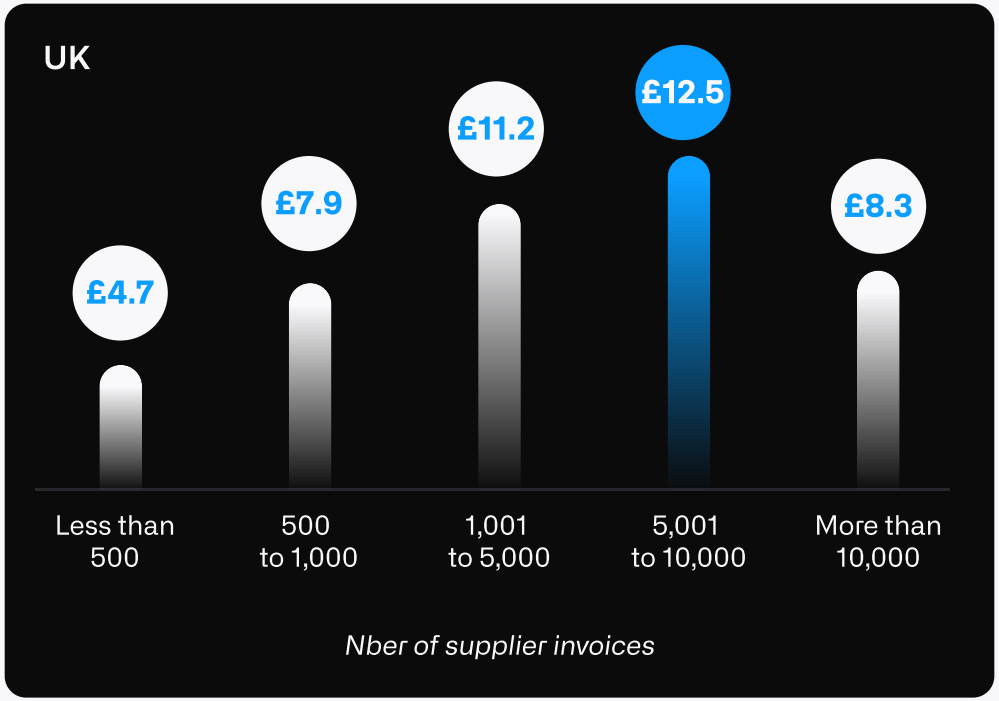
	Cost to process and pay a supplier invoice	Number of supplier invoices handled per month	Annual budget
Average	£8.16	2,960	£290k
Germany	£8.38	3,440	£346k
UK	£8.90	2,455	£262k
Italy	£6.92	2,950	£245k
France	£8.11	3,120	£304k

CHAPTER 5

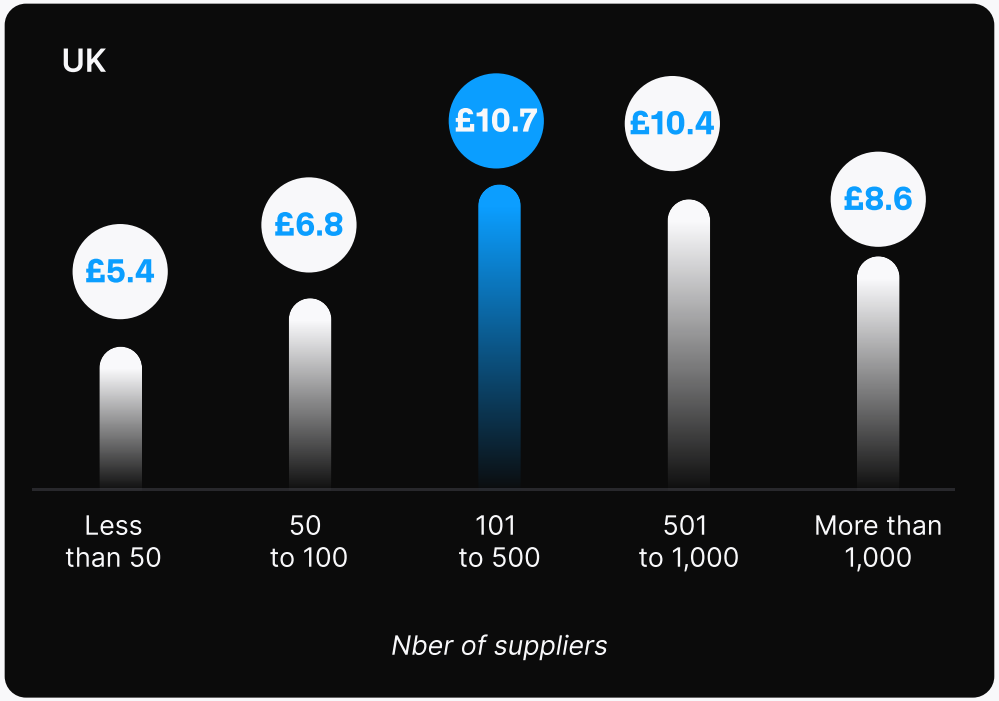
What factors most influence the cost of processing and paying a supplier invoice?

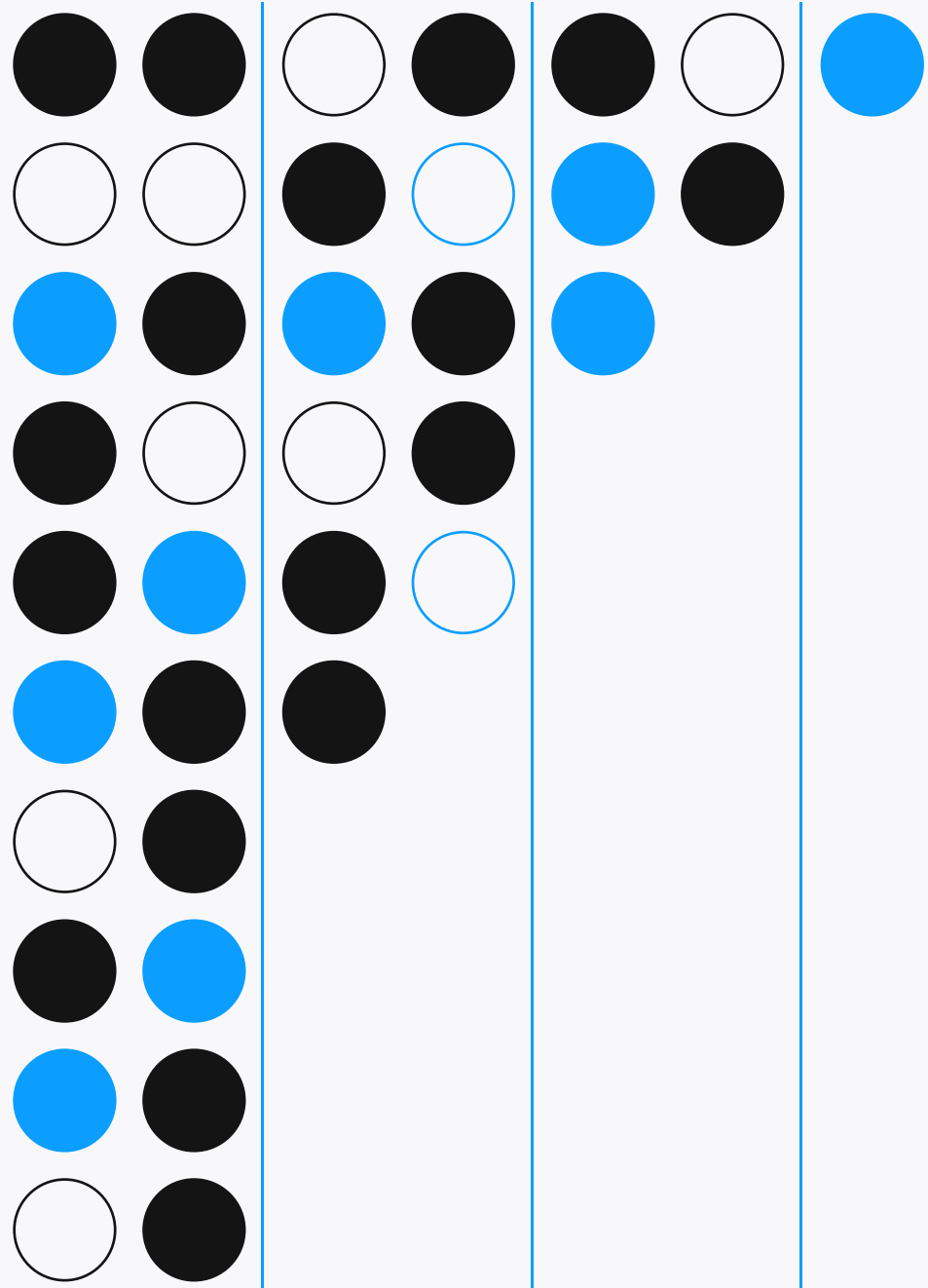
On average, the cost per invoice is nearly twice as responsive to the volume of invoices as it is to the number of suppliers.

Average cost to process and pay an invoice depending on the number of supplier invoices



Average cost to process and pay an invoice depending on the number of suppliers





Conclusion

In summary, the majority of CFOs in SMBs and mid-sized companies are facing major difficulties in managing their supplier base. These difficulties can lead to a **deterioration in relations with their suppliers** when late payments become more frequent, or, on the contrary, to a **deterioration in their cash position** when payment times are not optimised or harmonised between entities within the same group.

Furthermore, the sub-optimisation of these processes often results in **high supplier invoice processing and payment costs**, and a relative inability on the part of the Finance team to combat **budget overruns**.

The solution lies in several areas:

- Implementing new **processes**, such as the systematic use of purchase orders, particularly for general purchases
- Deploying **software** to centralise the management and dematerialisation of its entire supplier base, from requirements to invoice payment, and linking it to its ERP system
- Strengthening **collaboration** between Finance teams, other departments within the company and suppliers; this will, in particular, make it possible to combat "rogue" spending

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Thank you for reading

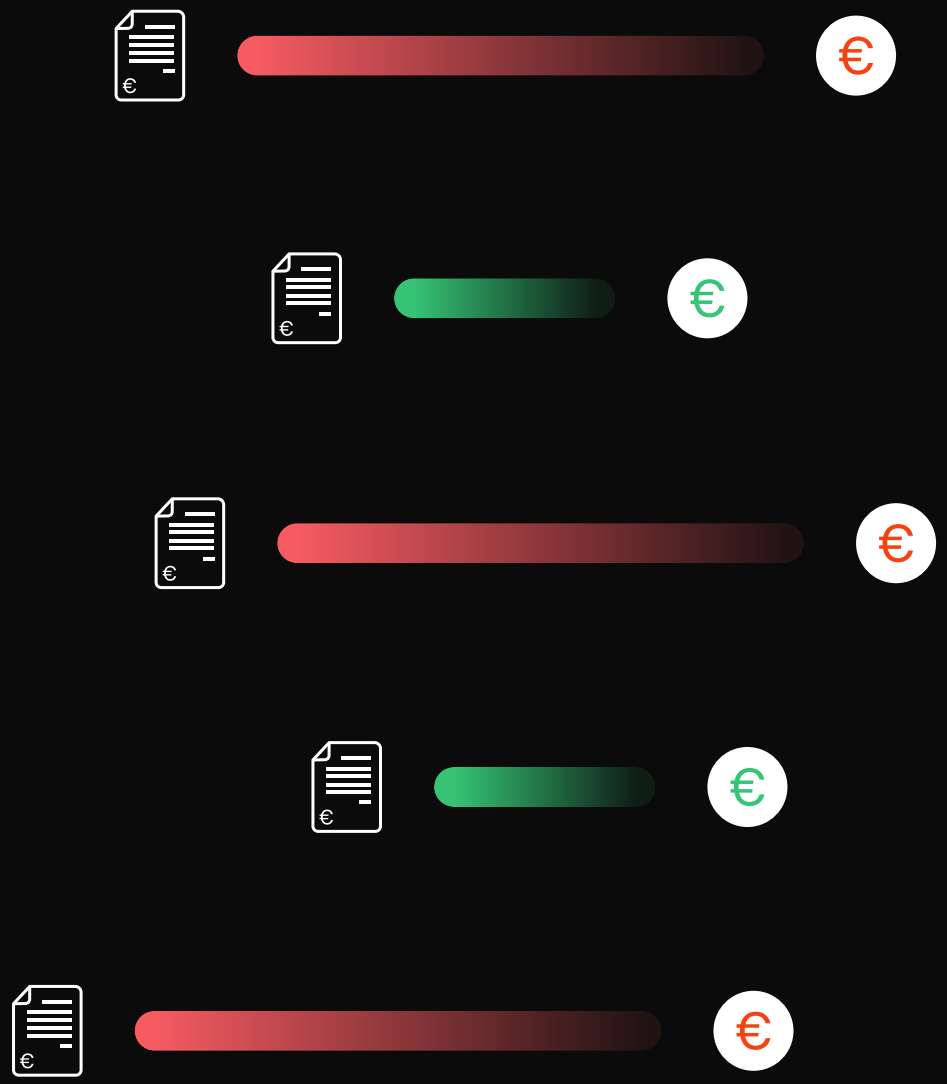
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MARKET RESEARCH

The 2025 **state of accounts receivable management challenges** in SMBs

Insights from an exclusive survey of 500+ CFOs



About the survey

In the summer of 2025, Agicap, in collaboration with the survey institute Innofact, conducted a comprehensive study targeting **CFOs of companies with annual revenues between $30 million and $500 million**—a key segment for Agicap that is often underrepresented in broader industry research.

The study gathered insights from 516 respondents in 5 countries (UK, France, Germany, Italy and USA). The figures shown here exclude the results from the US.

The survey, designed by Agicap, focused on three critical areas: cash flow forecasting, accounts receivable management, and accounts payable management. This document highlights the findings relative to account receivable management. To download the other two parts of the survey, please visit www.agicap.com/en/resources/.

About Agicap

Agicap places cash management at the core of strategic business decisions through its three integrated products: Agicap Cashflow, Accounts Receivable Automation, and Accounts Payable Automation. Founded in 2016 by three entrepreneurs, Agicap is revolutionizing cash management for SMBs and mid-market companies with a SaaS solution that enables real-time cash management.



With over **8,000 clients across Europe and the US**, Agicap is an essential partner for businesses, helping them enhance operational excellence and adopt a cash-focused culture.



Since its inception, Agicap has raised $121 million from top-tier investors and continues to grow rapidly on an international scale.



Learn more at www.agicap.com/en/.

Objectives of the survey

We surveyed more than 500 CFOs to answer the following questions:

1. How do SMBs and Mid-Sized companies handle their accounts receivable?

2. Are the tools and processes they use truly effective?

3. What KPIs do they track?

4. How is their DSO evolving?

Executive Summary

66%

of UK CFOs face challenges in managing their accounts receivable.

57%

of UK SMEs are facing increasing DSO.

42%

of UK SMEs use a dunning software.

7%

of UK CFOs are still only sending manual payment reminders to their customers.

18%

of UK SMEs still do not incentivise their sales team to reduce customer payment delays.

64%

of UK CFOs do not regularly track their DSO.

CHAPTER 1

How do SMBs and Mid-Sized companies handle their accounts receivable?

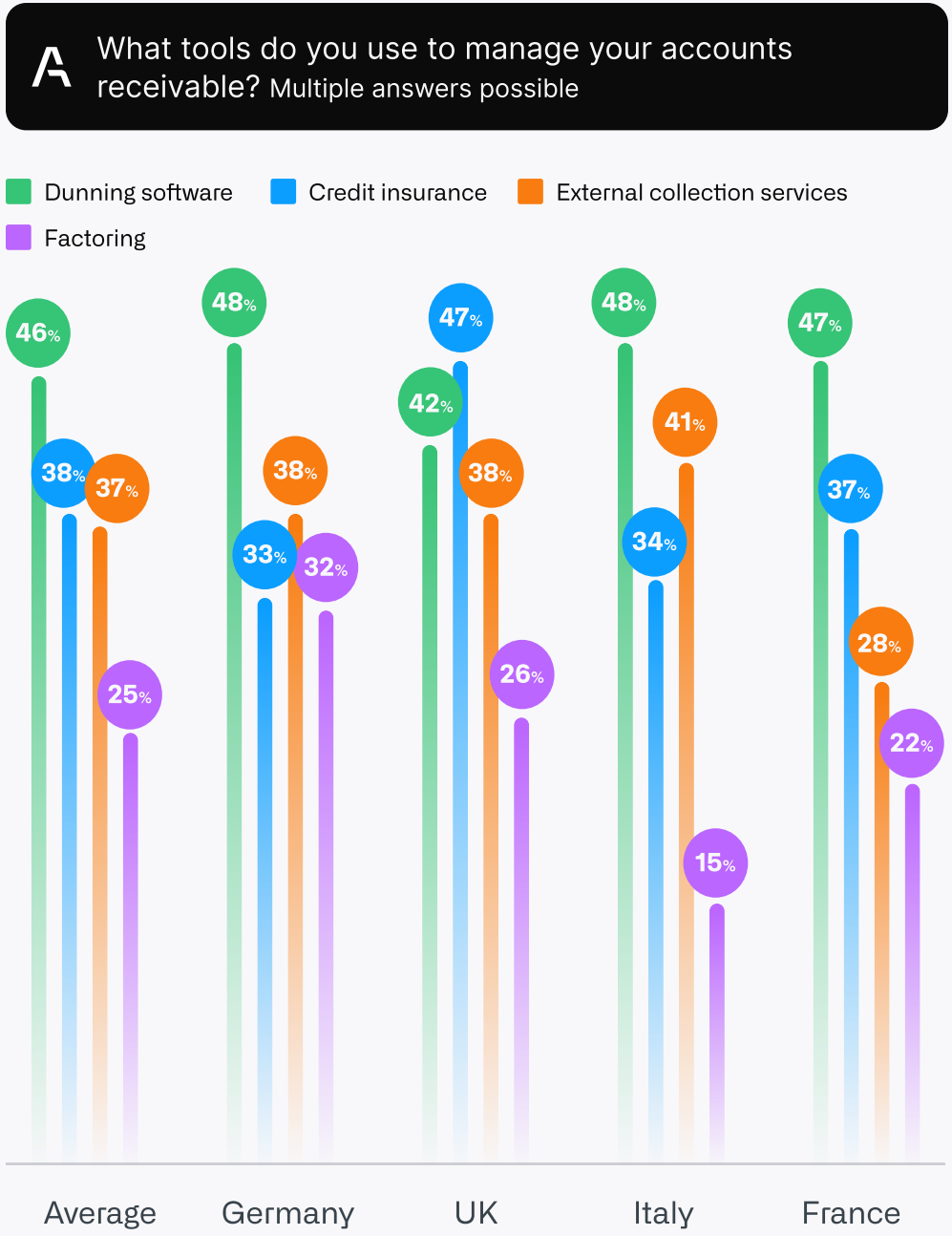
Only 42% of UK CFOs use a dunning software.

The tools used by CFOs to manage their customer invoices reveal **diverse strategies depending on the country**. Overall, companies tend to first turn to a dunning software and, as a last resort, to factoring.

However, in **Germany**, for example, while dunning software is predominant, other solutions are almost equally utilised.

The **UK** stands out due to the prevalence of **credit insurance**. It is by far the country where CFOs make the most use of it, and the only one where this solution ranks first, ahead of dunning software.

While France remains close to the average, Italy differs significantly with a notable gap between the use of a debt collection service and factoring. Italian CFOs are nearly three times more likely to engage these third parties rather than sell their invoices to a factor.

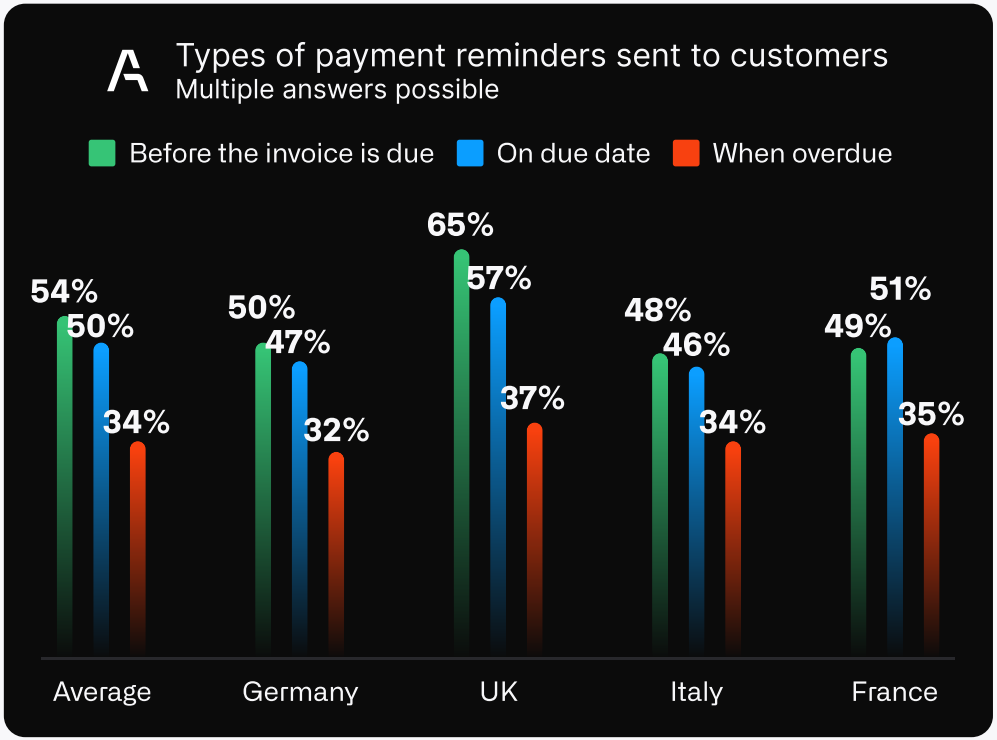


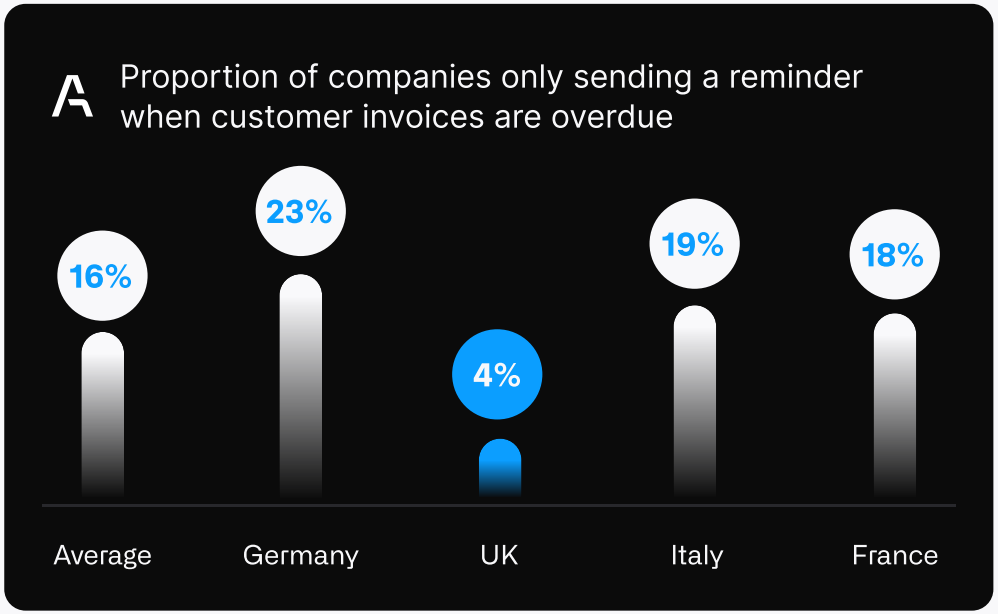
British CFOs are ahead of their counterparts as they have standardised the process of following up on invoices at every stage.

Systematizing the preventive dunning of invoices (before the due date) is an excellent reflex to have as a CFO to reduce DSO. Another study conducted by Agicap showed that this action **triples the probability of a late invoice being paid within 60 days**.

However, this is on the condition that you **combine these emails with late payment notifications** and ensure that they all reach the right people, i.e. the customer's accounting team in general and not necessarily the person who placed the order.

Indeed, **in many companies, the person who placed the order doesn't know whether the invoice has been paid or not**, unless he or she is part of the accounting team or has received a reminder from the supplier. The information contained in the ERP system is rarely made available to operational staff.

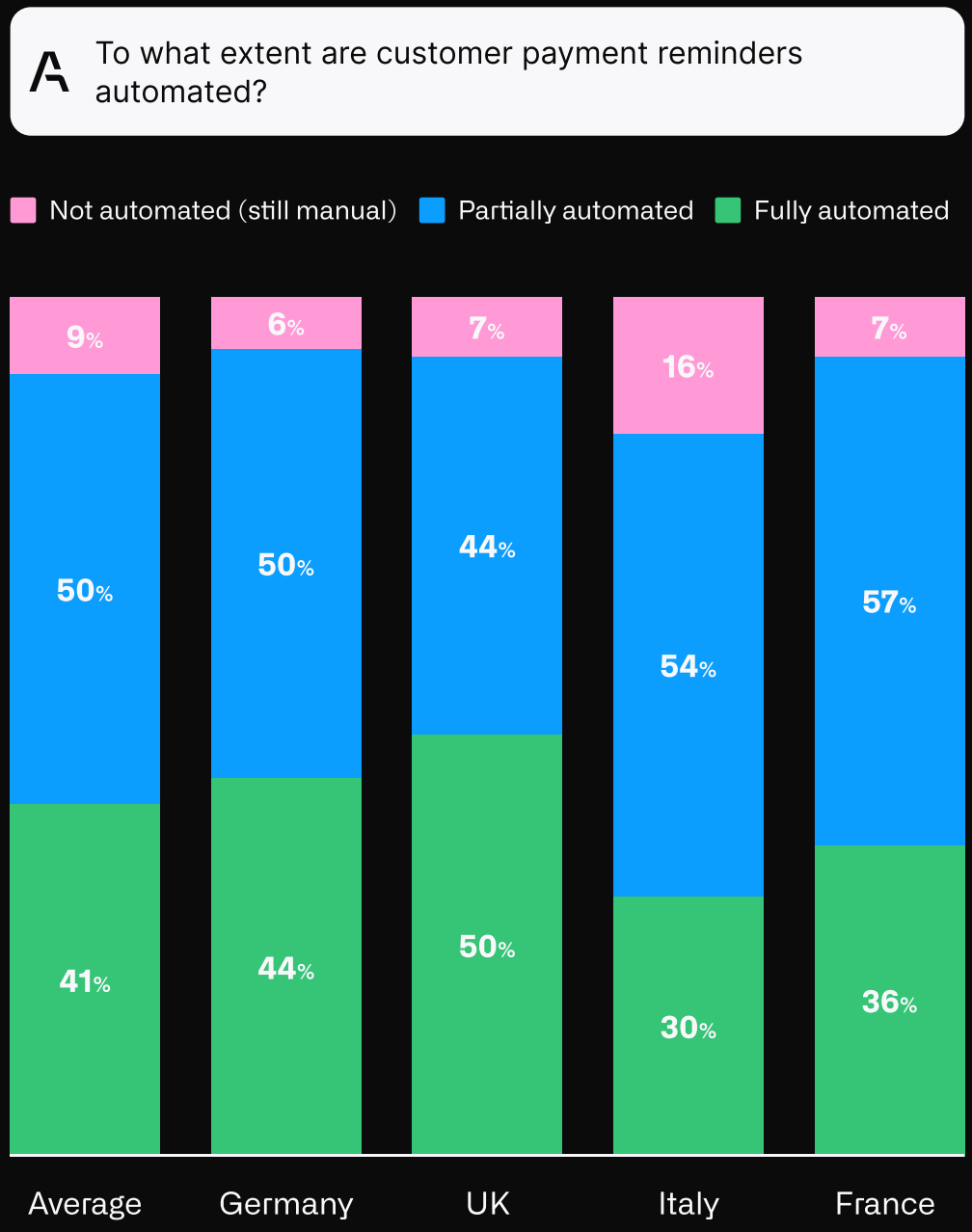




KEY FINDING

50%

of UK CFOs have fully automated the sending of payment reminders to their customers.

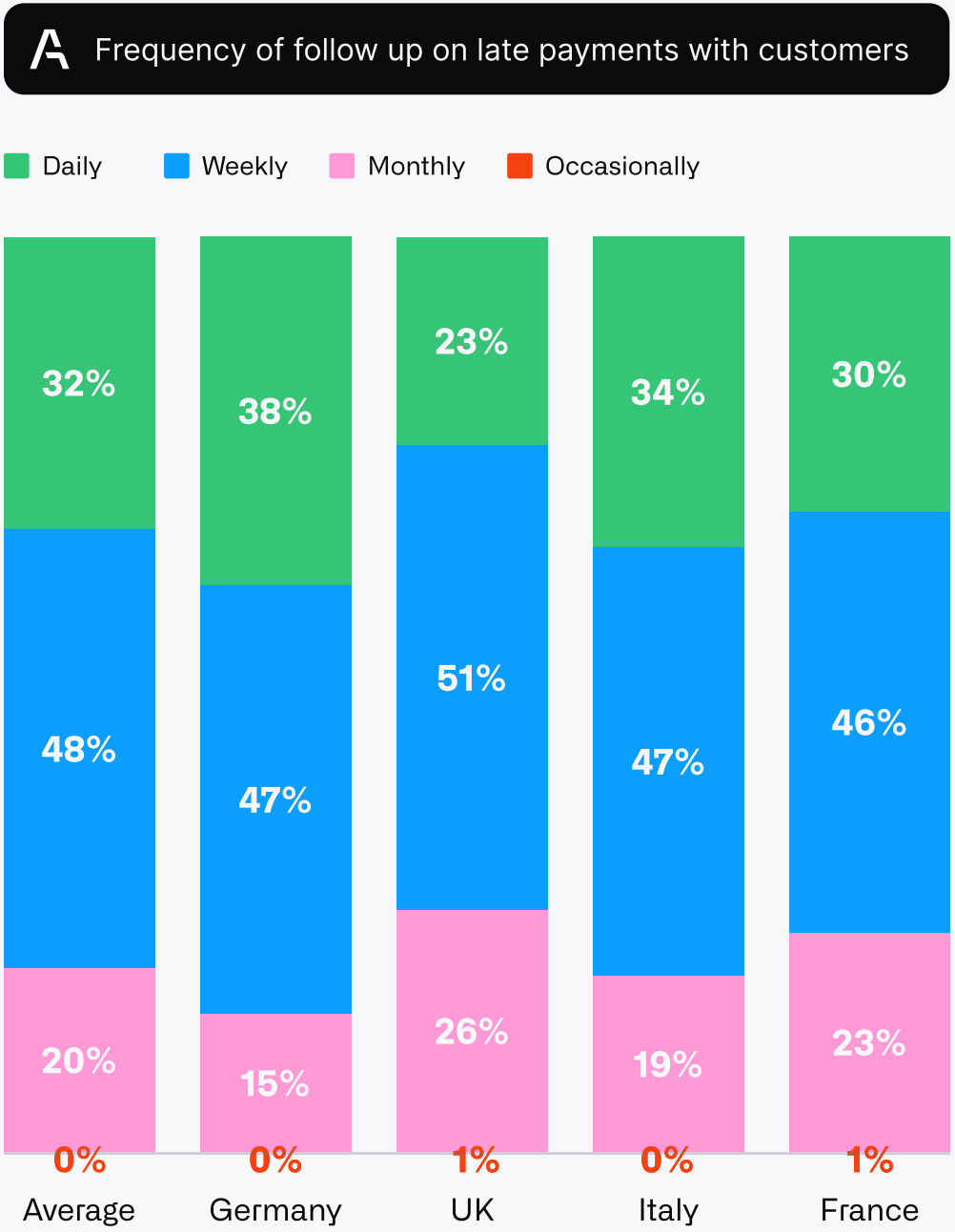


20% of CFOs only follow up on payments once a month, especially in the UK and France.

When it comes to managing late payments, responsiveness is key. Ideally, the accounting team or credit manager is notified each morning of the previous day's unpaid invoices and can initiate collection action immediately. Companies experiencing cash flow pressures also often monitor invoices on a daily basis.

Once a collection action is initiated, long-term follow-up is critical. The majority of mid-sized companies' CFOs are good students, with 80% ensuring that a reminder is sent to the customer at least once a week for late payments until the problem is resolved.

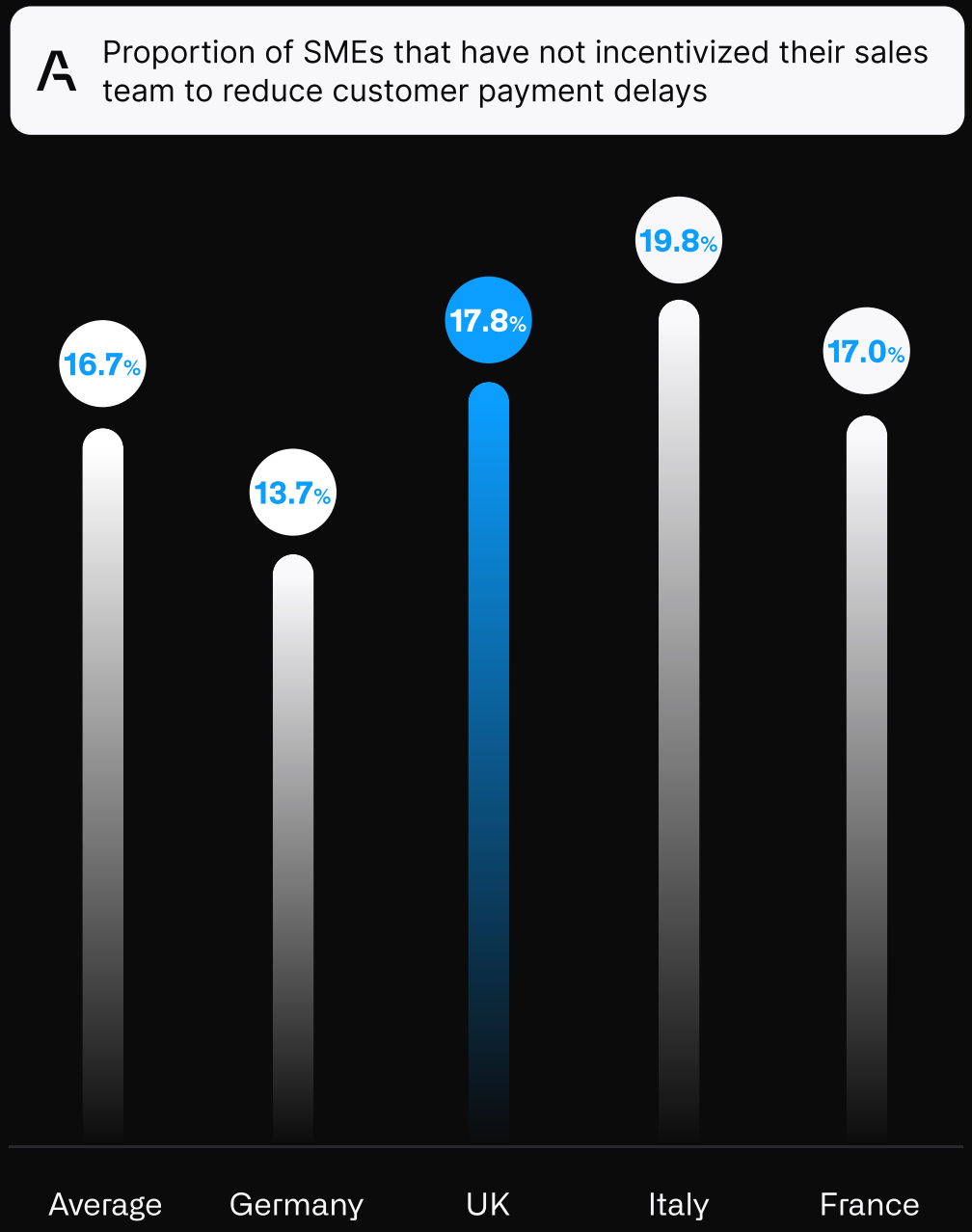
However, one-fifth carry out this follow-up at a much lower frequency, i.e. on a monthly basis. At this rate, the slightest error in the process, such as sending a reminder to the wrong person, can add several months to the time it takes to pay an invoice, **putting additional pressure on a company's cash flow**.



KEY FINDING

18%

of UK SMEs still do not incentivise their sales team to reduce customer payment delays.



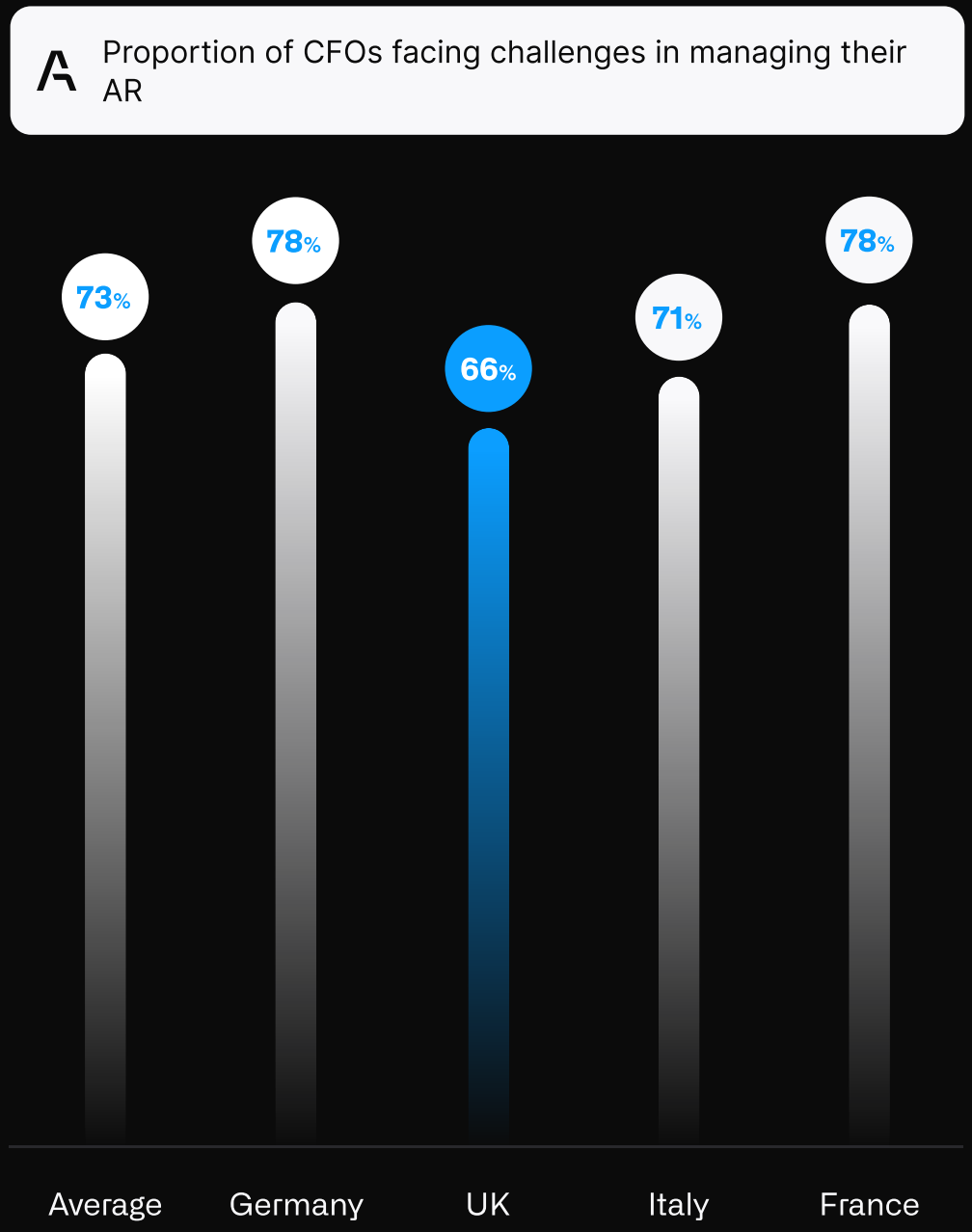
CHAPTER 2

Are the tools and processes they use truly effective?

KEY FINDING

66%

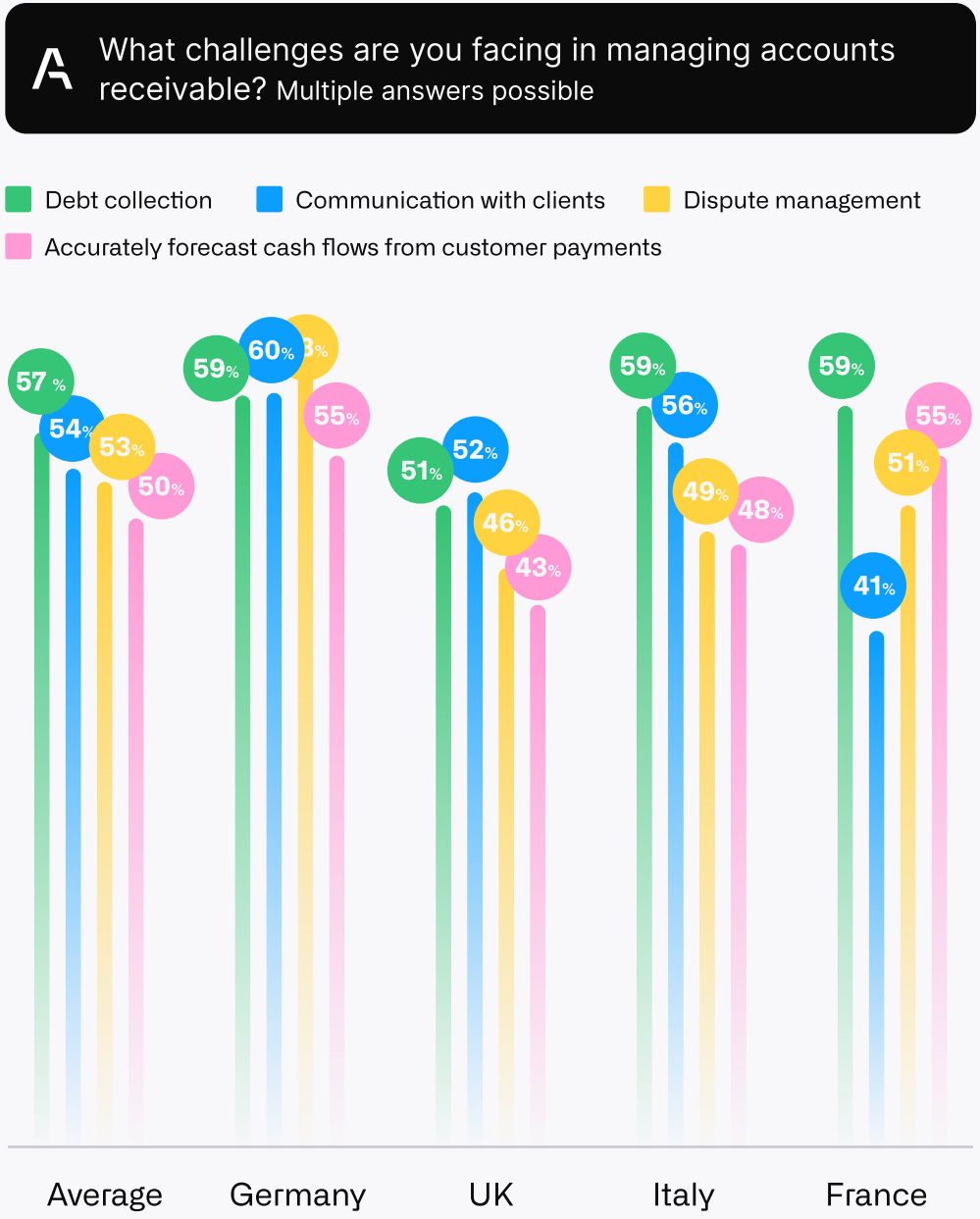
of UK CFOs face challenges in managing their accounts receivable.



Debt collection is the leading challenge for mid-sized companies struggling in accounts receivable management.

Just as the reliance on manual processes for treasury management represents a significant risk for companies, the challenges identified in AR management point to the need for better, more **integrated solutions that can address collections and dispute management while updating cash forecasts**. In fact, these 3 subjects are usually managed in different tools that do not communicate automatically.

While these challenges are shared by most mid-sized enterprises, **notable differences do emerge depending on the country**. For instance, communication with clients is relatively less complex in France than in Germany. Furthermore, German mid-sized enterprises face more difficulties in managing disputes compared to their British counterparts. Finally, cash flow forecasts related to customer payments appear to be more reliable in British mid-sized enterprises than in their German and French counterparts.

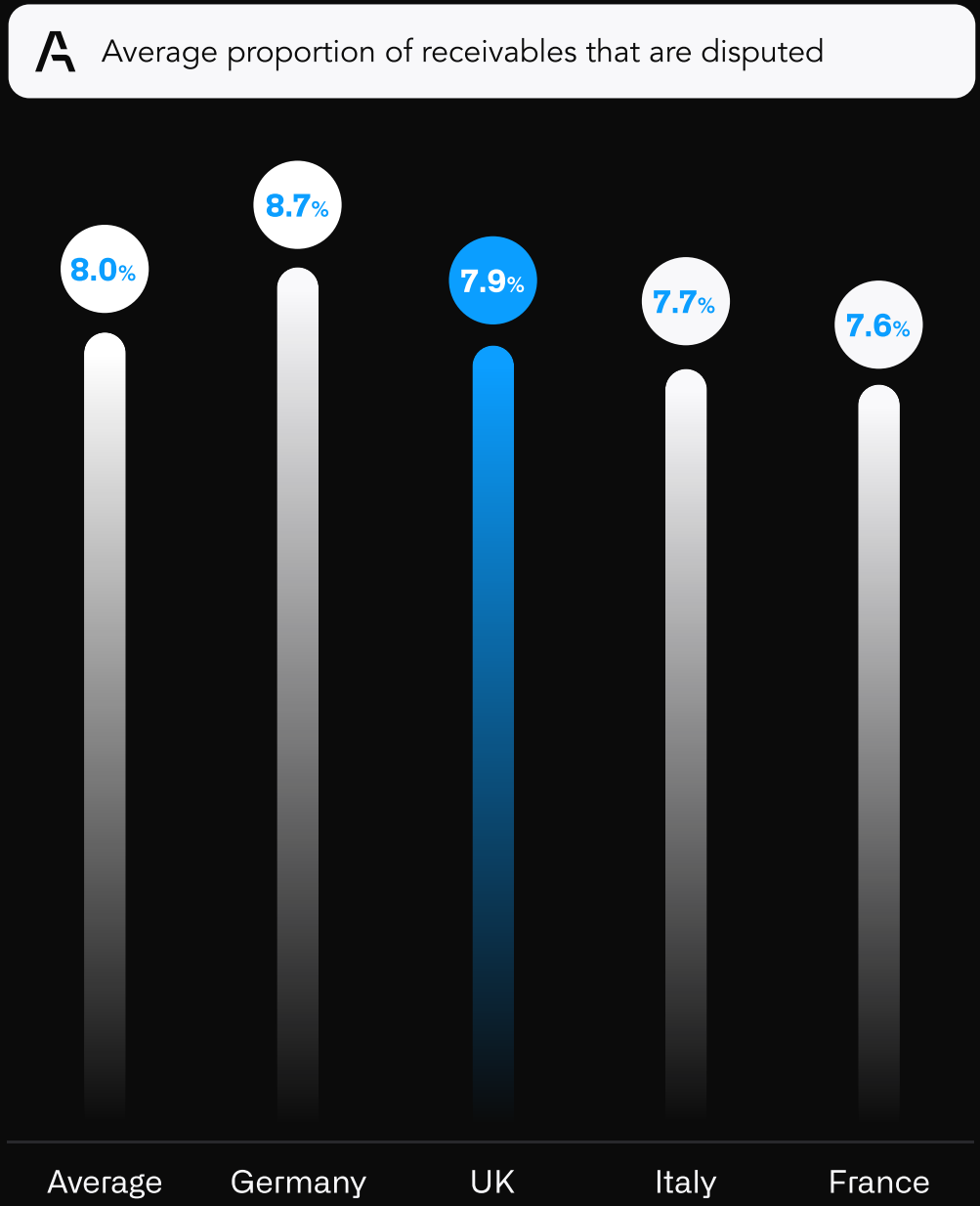


KEY FINDING

On average,

8%

of receivables are disputed in UK SMEs.



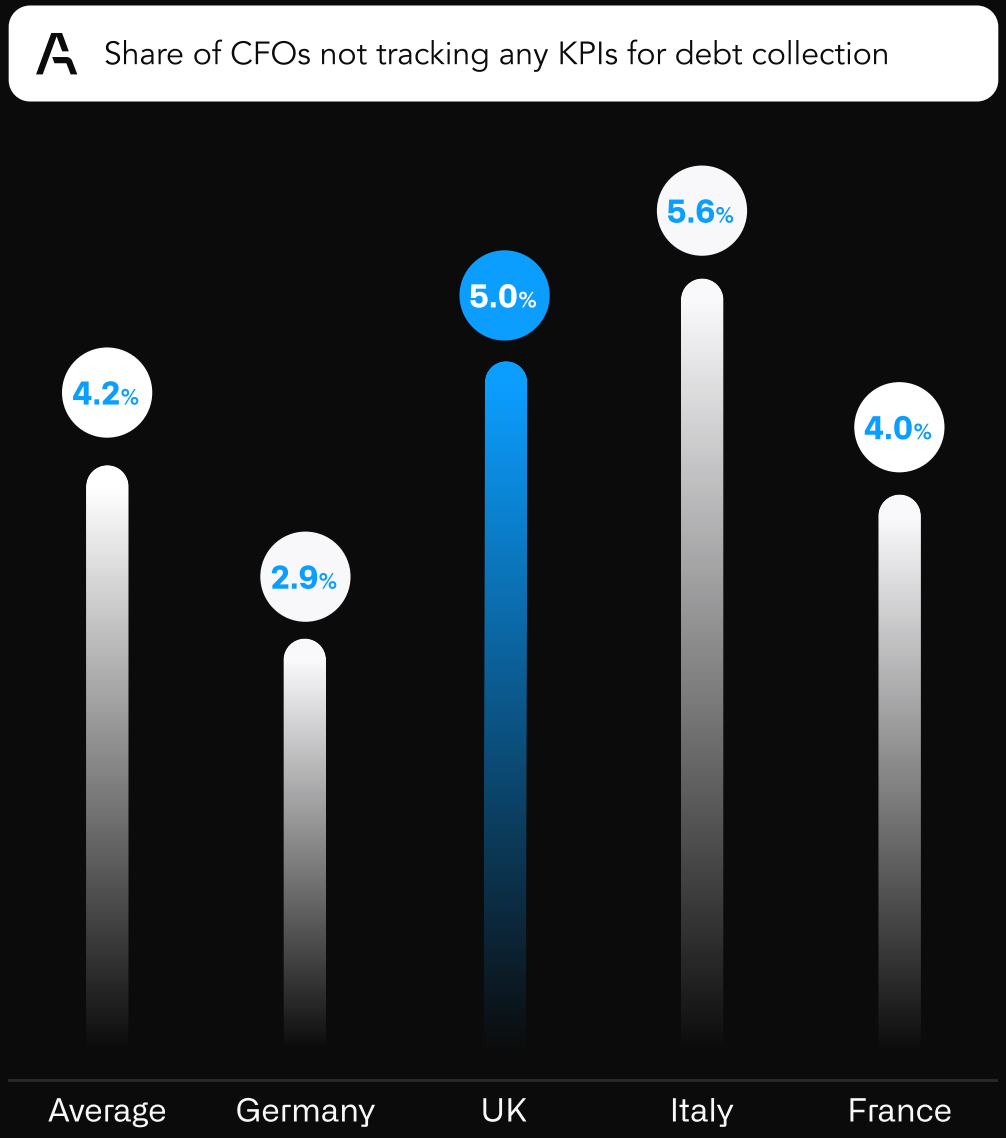
CHAPTER 3

What KPIs do they track?

KEY FINDING

5%

of UK CFOs do not track any KPIs for debt collection.

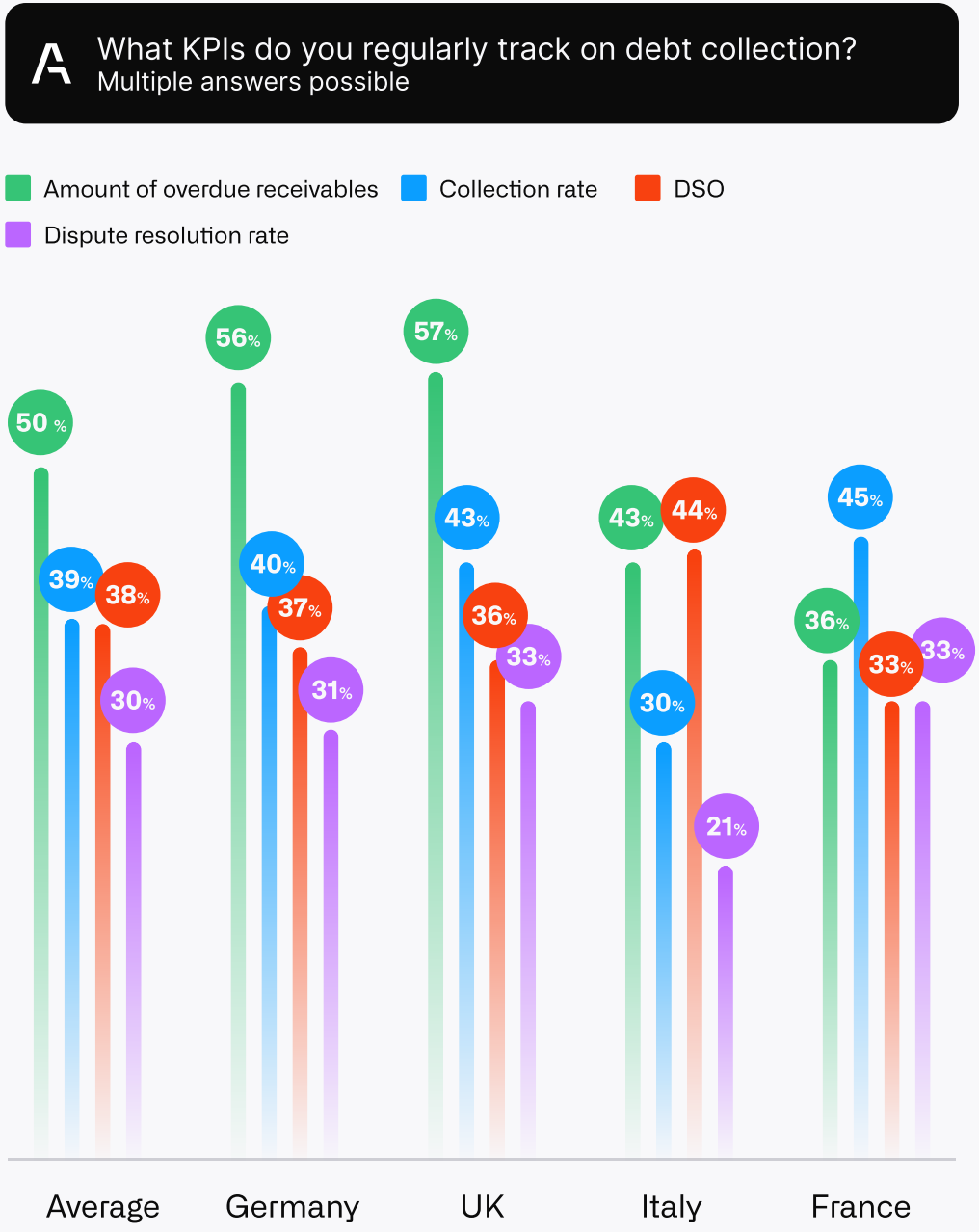


64% of UK CFOs do not regularly track their DSO.

When we observe that 7 out of 10 CFOs face challenges in managing their accounts receivable, and that **the majority only track a single performance indicator** on the matter, this suggests that beyond potential tool-related issues, they are also facing process-related problems. It is well known that you can only improve what you measure.

It is noteworthy that **while disputes are among the main issues raised by CFOs, fewer than a third monitor their resolution rate**.

We also observe differences across countries, with a strong emphasis on tracking overdue invoice amounts in Germany and the UK.



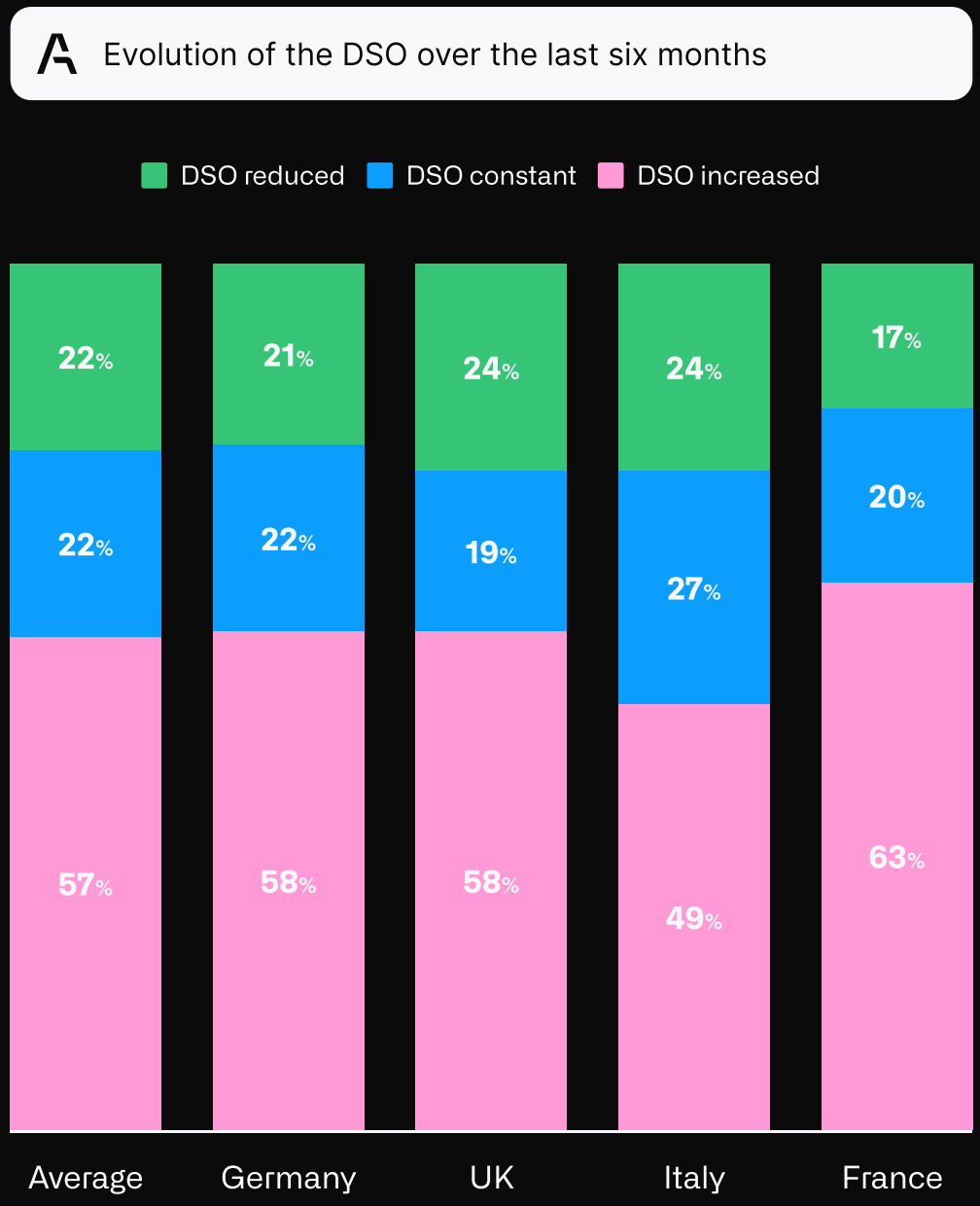
CHAPTER 4

How is their DSO evolving?

KEY FINDING

57%

of UK small and mid-sized companies have experienced an increase in DSO in the last 6 months.



Only 11% of mid-sized companies have successfully increased revenues while simultaneously decreasing their DSO so companies must monitor closely their WCR.

Scalability, is found by those companies that are able to increase their revenue while decreasing or maintaining their DSO, which is 10% of mid-sized companies (green column).

Why is this important? Because if DSO increases faster than revenue, or worsens while revenue also decreases, there is a high probability that **WCR will suddenly increase, putting pressure on cash flow**. It's important to remember that the number one cause of business failure is poor management of cash flow, particularly working capital.

That's why **CFOs need to pay particular attention to analyzing the sensitivity of their DSO to revenue** and ensuring that growth doesn't jeopardize cash flow.

	DSO increasing and revenue decreasing	DSO and revenue are increasing	DSO decreasing and revenue increasing	DSO and revenue decreasing	Other
Average	16%	38%	10%	10%	26%
Germany	15%	41%	10%	10%	24%
UK	18%	38%	11%	11%	22%
Italy	14%	34%	9%	11%	32%
France	19%	40%	10%	5%	26%

Reading: 38% of UK SMEs see DSO and turnover increase at the same time. The “Other” column regroups the configurations where DSO and/or revenue are flat. Figures are rounded and percentages may not add up to 100% due to rounding.

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