

Executive Summary

In an analysis of the company's current receivables management practices, data from the first half of 2024 revealed a robust pattern of prompt payments, with most invoices settled within 30 days. However, there remains a concerning trend of increasing outstanding balances as the age of receivables extends beyond 60 days. This trend is evident across both Enterprise and SMB customer segments, and it highlights a potential area for financial improvement and risk mitigation.

The Days Sales Outstanding (DSO) for the period remained stable at 15-16 days, reflecting effective management of receivables under current conditions. Despite this positive indicator, the average days delinquent stands at 30 days, indicating that payments are still being received significantly later than the due dates for a notable proportion of transactions.

To address these challenges, we recommend the following strategic actions:

1. **Tightening of Payment Terms:** Revision of payment terms to include stricter deadlines and penalties for late payments to encourage more timely compliance.
2. **Enhanced Collection Efforts:** Specific focus on customers who consistently delay payments beyond 60 days, utilizing targeted strategies to improve collection rates in this group.
3. **Implementation of Predictive Analytics:** Deployment of predictive analytics to identify potential late payments before they occur, allowing for proactive engagement and remediation strategies to be implemented.

We anticipate that these measures will significantly improve cash flow and reduce the financial risks associated with delayed payments. By enhancing operational efficiency and financial health through targeted adjustments to receivables management, the company can expect to see a direct impact on its bottom line.

Immediate steps include the application of these new terms and the monitoring of their effects, with a follow-up meeting scheduled within the next quarter to assess impact and adjust strategies as necessary.