AmSpec Increases Working Capital by $10.1M with Lockstep Collect

Company Facts

Overview
- **Website**
  www.amspecgroup.com
- **Location**
  Cranbury, New Jersey
- **Industries**
  Oil, Gas, Chemical and
  Agricultural Testing
- **ERP**
  Sage X3

Success Highlights

Challenges
- High staff turnover due to manual work
- Missing 80% of AP contacts

Benefits
- Saved team 10,600 manual hours annually
- Increased working capital by $10.1M
- Eliminated staff turnover
- Increased collector productivity by 3X

AmSpec is an oil, gas, chemical and agricultural testing company. AmSpec is certified and accredited to provide services for analyzing and measuring petroleum and petrochemical products.

Based out of Cranbury, New Jersey, AmSpec has grown over the last eight years to expand with locations to six different continents. As AmSpec has grown, so has their receivable. The team of three collectors in North America are handling $70 to $80 million per month in receivables across 1,600 unique customers. The growth in business meant the AR team needed a better way to collect cash - so they turned to technology.

Running on a Homegrown System

AmSpec was looking for a better way to keep track of which customers needed outreach on a regular basis. Originally, they had one collector send out spreadsheets to 1,200 customers every month. Matthew Long, Manager of AR, Revenue, and Treasury for AmSpec tried to first leverage a homegrown system to automate this process.

The homegrown system utilized a combination of an Excel BI tool and their ERP, Sage X3. The BI tool would schedule and send out statements to their customers. However, this system was fraught with issues, one of the main being that there was no contact management. Matthew explained that it was very cumbersome to keep contact records accurate within the BI tool. Additionally, the sheer number of statements that had to be sent out to their customers through the tool would overload the system and overrun their servers. To avoid this, the collections team had to start maintaining a time schedule to ensure the system did not break down.

"We needed a tool that could handle contact management and send out statements in a timely manner way more effectively than what we were doing, which led us to Lockstep Collect," Matthew said.

Developing Best Practices

With the previous homegrown approach, contact management was a huge issue for AmSpec. Any one with access to the system could add a new contact and, often, AmSpec's employees in the field were adding the buyer or scheduler, instead of an AP contact or a person who actually had authority to make payment. As Matthew put it, their contact management was haphazard.

After implementing Lockstep Collect, AmSpec was able to pull AP contact information directly from their ERP, Sage X3. Lockstep Collect also gave AmSpec the ability to send a note to schedulers and buyers in their email blasts asking for the correct AP contact information. These efforts lead to an increase from only 20% of correct AP contacts in their system to 75%. Once the right contacts were getting the right information to make payment, AmSpec saw an immediate improvement in their AR.

"They're receiving their open statements and they're paying them on a timely manner," Matthew explained. "No one is having to even pick up the phone to speak with them, so it's leveraging time for our people and no longer needing to put in that initial effort helped us in spades."

As a result, AmSpec saw a 12.5% DSO decrease during the middle of a global pandemic. This DSO decrease added an addition $10.1M in working capital.

Building a Top-of-the-Line Team

Matthew always hired top talent for his AR team, people who had a great ability to speak with people and build relationships; however, due to the manual and mundane processes in place before Lockstep Collect, AmSpec experienced high staff turnover in this role. Implementing Lockstep Collect has made his employees have much happier. They have seen a productivity improvement of 3X, and their team has saved over 10,600 hours annually.

"You can just see the difference in the mentality we have now," Matthew said. "They actually look forward to these AR email blasts going out because they know they will have a bunch of emails coming in, they'll be busy for a couple days, and they'll get to talk to some people that they've been building relationships with."

About Lockstep Collect, recognized as a major player in the IDC MarketScape: AR Automation Software Report, helps you get paid faster and easier. Lockstep Collect customers see an average 50x ROI by investing in collections automation improving cash flow by 31% or more. For more information please visit: **www.lockstep.io**

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