Accounts receivable (AR) workflows can be so complex, outsourcing the process to organizations designed specifically to handle **collections** often seems like an efficient way to offload the burden.

While some collections processes, including those involving consumer debt, will require a mesh of AR and legal operations, some businesses are more concerned with simply getting paid and reconciling those incoming transactions. As a result, outsourcing AR to a heavyweight collections agency isn't always necessary — nor is adopting a solution with all of the bells and whistles of a more complex collections strategy.

That was particularly true amid the pandemic, according to **Ajay Kaul**, managing partner at **AgreeYa Solutions**. In a conversation with PYMNTS, Ajay, along with AgreeYa Chief Operating Officer and Global Head of Technology Practices **Arindam Ray Chaudhuri**, discussed the value of offering a more nimble, cloud-based AR solution to organizations whose collections strategies and compliance requirements shifted during a time of disruption and remote working.

Keeping It Compliant

While not every organization will need the involvement of legal services to handle collections on B2B payments, Kaul noted that collections compliance has become of paramount importance, particularly as

the pandemic forced the introduction of a variety of measures to protect consumers and borrowers in new ways amid economic uncertainty.

"Federal laws are coming into effect where a lot of collection was something that has to be curbed," he said. "Collection agencies and institutions who either had to collect for themselves or had a collection agency collect for them had to be very careful with who they could go after, and to what extent they could collect money."

Not only is it important for AR workflows to remain compliant, but technologies that support the collections process also have to be able to adjust to those changing regulations.

It's among the reasons why AgreeYa developed **CogentCollect**, a cloud-based, more lightweight version of its Cogent solution, as **PYMNTS** previously reported. The cloud supports the need for changes in compliance requirements, said Kaul, without forcing businesses to spend time or resources on updating heavyweight, on-premise systems. While the number of AR FinTechs is on the rise, Kaul warned that not every tool can support this compliance prioritization, and as collections rules are growing more complex and stringent, failing to focus on that compliance can quickly land a business in hot water.

Keeping It Nimble

Although imperative, compliance isn't the only priority for organizations' AR workflows.

Both Kaul and Chaudhuri noted a cloud-based approach was essential to meeting the needs of companies operating in a remote work setting, allowing professionals to access a solution from anywhere, and enabling chief financial officers to pick-and-choose the features their firms require.

Increasingly, that need for flexibility has focused on payment choice. Today, card and ACH payments aren't necessarily the most effective way to ensure collections success, so integrating support for more payment methods has become an integral component of AR flexibility.

At the same time, said Chaudhuri, businesses need intelligent technology that can automatically identify the profile of the debtor, as well as the strategies most likely to end in a successful payment.

"Task allocation and task collection, resource management, all of these are manifested by the right collection strategy," he said.

Finally, AR and collections flexibility is also largely contingent upon a solution's ability to sit within the existing infrastructure of an organization, making integration capabilities essential.

Chaudhuri said he anticipates a mergers and acquisitions (M&A) wave within the collections and AR space. It's a sign, perhaps, of a market growing more crowded as more businesses seek to optimize AR to support broader **cash flow management** needs. With remote work here to stay for many firms, and with collections regulations intensifying, businesses must be diligent about the technologies they choose.

As the ecosystem evolves, balancing a positive user experience through agile, cloud-based platforms, with a prioritization of regulatory compliance, will remain imperative to developing a comprehensive AR strategy.