



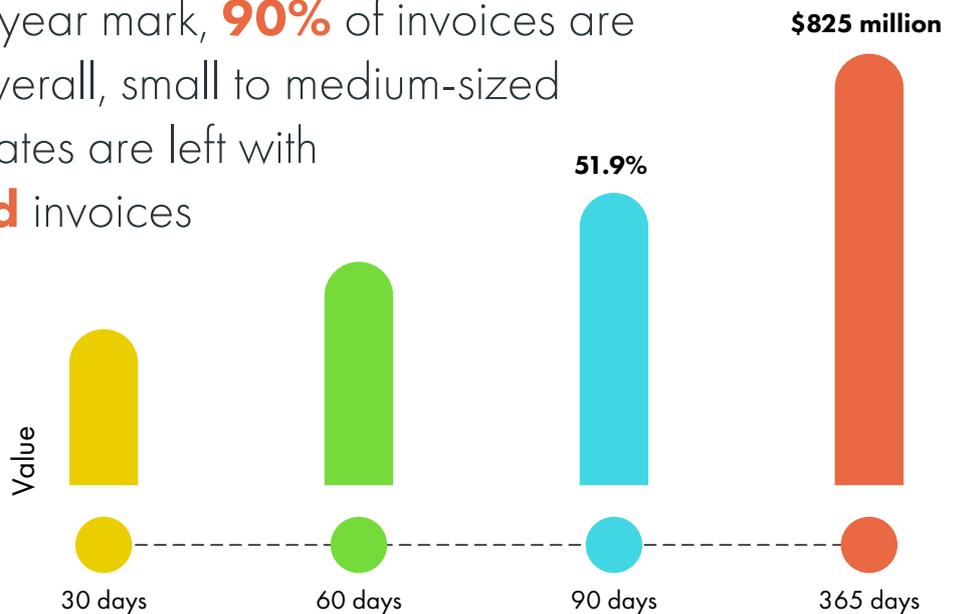
FIRST PARTY (FP):

**Enhance Cash Flow and
Client Relationships
by Outsourcing AR**

SMALL AND MIDSIZED BUSINESSES LOSE 51.9% OF THE VALUE OF THEIR B2B UNPAID RECEIVABLES

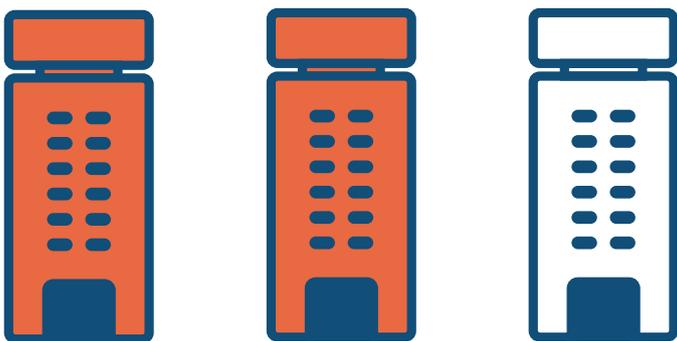
Small and mid-sized businesses in America typically lose **51.9%** of the value of their B2B unpaid receivables when those invoices reach 90 days past due according to a report by Dunn & Bradstreet. According to the US Census Bureau, once invoices over three months old, **26%** become uncollectable. At the 6 month window, this increases to **70%** uncollectable. By the one-year mark, **90%** of invoices are deemed uncollectable. Overall, small to medium-sized businesses in the United States are left with

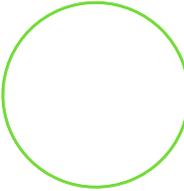
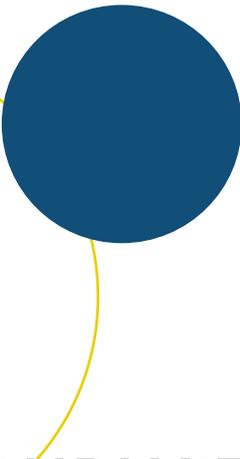
\$825 million in unpaid invoices annually according to Inc. Magazine.



TWO-THIRDS BUSINESSES ARE IMPACTED BY LATE PAYMENTS

A survey done by online finance firm, Fundbox, identified that nearly **two-thirds** of small to medium-sized businesses are impacted by late payments. Nearly a quarter of respondents noted that they are unable to hire new employees or invest in new equipment due to the cash flow issues created by late payments, and nearly **80%** [of small business owners] said they withheld their own paychecks.

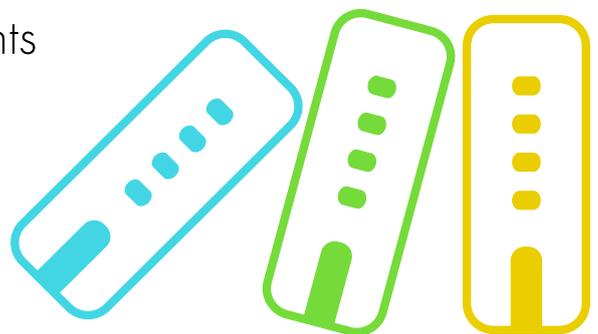




COMPANIES STRUGGLE TO STAY PROFITABLE DUE TO COVID-19 SHUTDOWNS AND RESTRICTIONS

Furthermore, the COVID-19 pandemic has resulted in a growing DSO (days sales outstanding), the number of days needed to collect payments. This statistic is, of course, a direct link to the ever-increasing issue of late payments made to businesses of all sizes and in all industries. As companies struggle to stay profitable due to COVID-19 shutdowns and restrictions, they are withholding payments for added windows of time. Individuals are, in greater numbers than seen in decades, paying their bills late due to unemployment or underemployment due to the pandemic. The 'domino effect' of these late payments is an overall increase in late payments nationwide.

DOMINO EFFECT



COMPANIES NEED REVENUE TO CONTINUE TO SURVIVE.

A common thread for large, medium and small companies is the need for revenue to continue to survive. However, large firms often have more resources available when cash is tight. Conversely, small and medium-sized businesses are known to have fewer resources – both employee and financial. With a more precarious financial structure in place, a disruption of client payments can have severe consequences on the credit-worthiness and overall financial well-being of the company.



HOW DO BUSINESSES SURVIVE LATE PAYMENTS?

So, how do small and medium-sized businesses survive late payments or, rather, reverse the trend to improve on-time payments – all the while sustaining client relationships that have taken months or years to cultivate? Outsourced Accounts Receivable with a well-trained, professional team may be precisely the answer you seek. While maintaining an in-house team for Accounts Receivable (AR) may, at first blush, seem more economical, the cost of human capital paired with other non-personnel operating costs pose issues for more than half of the businesses in the US today. For this reason, half of the small and medium-sized companies in the United States report that high operating costs as a significant challenge related to their AR departments.

I INVESTING INTERNALLY IN AR

Investing internally in AR is an option for some firms. Such investments include automation of the internal AR processes, centralizing the AR processes, and increasing the size of the team. However, AR is often one element of the job responsibilities for an internal member of the finance team. And, while record keeping and other associated tasks may be a skill set each member of the department has, speaking with clients to ensure on-time payments is often not a core competency. As such, it is often the job task pushed to the 'back burner.' The result is a poor on-time payment record for the company's receivables.

ACCOUNTS RECEIVABLE



I ENSURE CLIENT RELATIONSHIPS REMAIN INTACT

Outsourced AR can be profitable for a small to mid-sized company looking to ensure client relationships remain intact, client touchpoints are more consistent, on time payment percentages are increased, cash flow is improved, and the business is more readily able to thrive. Consider each of these aspects and how they benefit small to medium-sized businesses.

CLIENT RELATIONSHIPS



AR SPECIALISTS UNDERSTAND THE IMPORTANCE OF MAINTAINING COMPOSURE WITH CLIENTS.

Client relationships are critical. They take a long time to cultivate and can either be stewarded with care or lost through one unprofessional moment. With a small in-house AR department or finance department, reaching out to clients about open invoices may be squeezed into an already tight schedule. Callbacks may happen at inopportune moments, and staff may become terse with a client to quickly move on to the next task at hand. Professionally trained AR specialists are skilled in speaking respectfully, with empathy, and with a keen understanding of the importance of maintaining composure with clients. They are trained to understand that a misstep could cost the client a long-standing account.



AR call specialists focus only on making calls to clients all day, every day. They are engaging and pleasant, using scripts that are designed specifically for you and have the opportunity to follow up with prior contacts. Clients become accustomed to receiving the calls and understand that the regular pace of call, payment, quiet time is the best way to ensure they are not subjected to multiple follow-up calls. Even clients who are resistant to on-time payments are statistically more likely to do so when they know that the result will be additional follow-up contact from the business to which they owe.

Improvement in on-time payment percentages increases cash flow. Monies remitted in a timely fashion result in greater working capital and operational funds. Further, expenses associated with additional invoicing and, ultimately, collection agencies are minimized.

WORKING WITH OXYGEN FP IS A FULLY CUSTOMIZABLE SOLUTION.

Oxygen XL, a trusted partner in the collections industry, is your go-to firm for customized Accounts Receivable through our First Party (FP) service. Our team of trained FP Client Specialists has years of experience in the field, is trained in engagement techniques, works with a customized approach for each client, and has regular touchpoints with accounts to ensure maximum results. With FP, clients see a continued increase in on-time accounts without fear of damaging relationships that took months or years to build and cultivate. Oxygen FP's proprietary software is designed to integrate with each client's AR solution to ensure a seamless flow of data from end to end. Oxygen's software, protocols, and managed information technology team keep your financial data secure.



Choose our offshore or onshore team to meet your business needs

Choose to start with a portion of your client base or turn over the complete book of business to manage

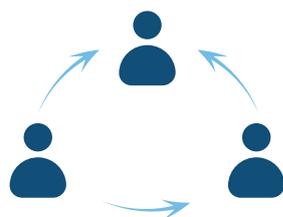
Choose your internal point of contact to serve as the liaison to Oxygen FP for updates, questions, and adding to the portfolio managed by the FP team

For those accounts that, despite all efforts, fall far behind, you may choose to have them move to Oxygen XL, where collections techniques may be deployed to maximize funds.

COST OF IN-HOUSE VERSUS OUTSOURCED ACCOUNTS RECEIVABLE

Consider the cost of in-house versus outsourced accounts receivable. The addition of one full-time staff person with moderate experience in the field is, according to ZipRecruiter, one of the largest online job placement sources, just over \$40,000 based on national averages. This number may be higher or lower depending on your location. Benefits for a full-time employee are calculated at a rate of **25%** or higher. The total cost of the staff person is, therefore, \$50,000. Outsourcing AR to a firm specializing in the service can cost a fraction of this amount. Based on the value of the outstanding receivables and the number of professionals dedicated to a client, the fees are typically significantly lower, yet are likely to produce a much higher rate of return.

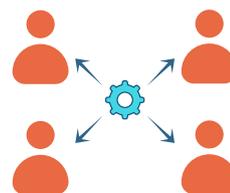
IN-HOUSE v.s. OUTSOURCED



\$50,000



Price



Significantly Lower

Lower rate of return



Efficiency

Higher rate of return

Less Experience



Experience

More Experience

I CASE STUDY

A medium-sized firm had grown during the pandemic to include a staff of more than **sixty and millions** in annual revenues. The in-house financial department managed bookkeeping, accounts payable, and accounts receivable. With a significant number of formerly on-time accounts becoming delinquent, cash flow became an issue. They had a decision to make: hire an additional full-time in-house staff member for the finance department or outsource to a team specializing in this service. They chose the latter and made the decision to deploy Oxygen XL's FP service

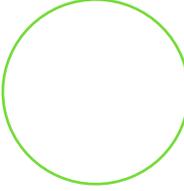
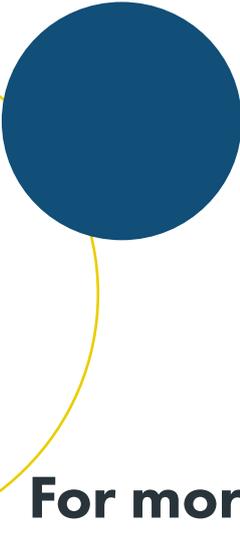


With a starting sample of \$800,000 in billables given to Oxygen FP to manage, the firm requested two staffers dedicated to their accounts. Following two weeks of onboarding, the FP team yielded **\$600,000** in its first month.

The client, pleased with the progress made by FP, increased the program to **\$5 million** in receivables. At the four-month mark, Oxygen FP was pleased to report on successfully collecting all monies due and working monthly to ensure timely payments

The client, involved in factoring, made the decision to include Oxygen FP in this process as well. The CEO of the company noted, "Oxygen FP has been a great choice for our company. Their team understands who we are and the value we place in our clients. Expanding our work with Jonathan and his team is the right decision for us. Each time we do, we win."

Oxygen FP prides itself on becoming a natural extension of your office. First Party, the superior outsource accounts receivable option, captures more money for our clients while treating accounts with respect and professionalism every time.



For more information, contact:

oxygen
XL

 1620 Route 22, Suite 205-D, Union, NJ 07083

 845.579.2950

 www.oxygenxl.com

 connect@oxygenxl.com

