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## CHAPTER 01

# Preliminary Vendor Evaluation & Sample Vendor Evaluation

## Preliminary Vendor Evaluation

87% of Treasurers cited that cash forecasting remains a daunting challenge for Corporate Treasury – Source: HighRadius Cash Forecasting Survey, 2019

This is why most businesses are always on the lookout for solutions that address the challenge of cash forecasting accuracy. And they do so by searching the market for vendors and inviting RFP bids from them.

This invitation results in a windfall of responses from vendors with them throwing a lot of buzzwords such as AI, RPA in ambiguous contexts while presenting a version of the solution to the RFP questions.

How should you conduct preliminary scrutiny of these bids to shortlist solutions which come closest to your requirements so that your team can spend valuable time choosing between only the most worthy competitors?

The answer lies in choosing the right set of parameters to be included in your primary scrutiny. Some of the most common criteria which firms use to perform this screening process include:

- Setting Broad Budget Limits to Exclude Outliers
- Setting Clear Expectations Related to Infrastructure
- Adherence to Submission Rules & Guidelines

Once the vendors matching the screening criteria are shortlisted the next step is to evaluate vendors through evaluation scorecards

## What is a vendor evaluation scorecard?

A vendor evaluation scorecard is a business tool (a simple word doc or a spreadsheet template) that enables a business to compare between vendors objectively feature-wise.

It should be an imperative approach since it helps the decision-makers in:

- Deciding on criteria for shortlisting cash forecasting solution vendors
- Gauging the expertise & credibility of the solution vendors
- Uncovering hidden terms and conditions related to pricing, implementation & post-implementation support

- Choosing the best ROI generating & effective solution among the shortlisted solutions

For businesses that do not have a set evaluation template, a sample evaluation scorecard is presented below that can be used as a reference to build a cash forecasting automation vendor evaluation scorecard.

## Reference Template

### Cash Forecasting Automation Vendor Evaluation Scorecard

Category	Feature Evaluation Scorecard	Vendor 1	Vendor 2	Vendor 3
Process	Drill down to customer level and invoice level forecasts			
Process	Forecast according to customer payment patterns			
Process	Automated variance analysis (forecast vs forecast and forecast vs. actual) across multiple geographies, time periods, and cash flow categories			
Process	Approval of forecast versions workflows			
Process	Perform what-if scenarios			
Process	Support of manual override/input			
Process	Classification of transaction items into various cash flow categories			
Process	Exec-level reporting functionality			
Process	Drill down on multi-entity, multi-ERP, multi-currency, multi-banks			
Process	Export cash flow data into Excel, Access, Text, or PDF format for further analysis and reporting			
Process	Ease of drilling down to transaction level detail in the dashboard			
Process	Storage of different versions of the forecast for future reference and comparison to actuals			
System	Integration with ERPs, TMS, & other financial management systems			
System	Dashboard showcasing historic and current cash flows			

Category	Feature Evaluation Scorecard	Vendor 1	Vendor 2	Vendor 3
System	Level of accuracy in terms of short term cash forecasts (up to 3 months)			
System	Level of accuracy in terms of long term cash forecasts (6 months to 1 year)			
System	Level of accuracy in terms in terms of forecast accounts receivable and accounts payable accurately			
System	Display automated reminders, notifications, and detailed calendar			
System	Excel on Web functionality			
Technology	Regression model supported in the solution to improve cash forecasting based on historical data			
Technology	API integration with banks to gather bank actuals data			
Technology	Machine Learning technology to improve forecasts with historic data			
Technology	Artificial Intelligence-powered solution for detailed tracking and refining forecast with time			
UI/UX	Comparison based on languages supported in the user interface			

## CHAPTER 02

# Assigning Weightage Scores

After performing a preliminary screening, the next step is to start comparing among vendors at the solution feature level using a vendor evaluation scorecard. This can be done by assigning scores to each of the vendors on the basis of the dexterity of the features presented in the RFP.

Once the scores are assigned, the next step is to assign weights to the vendors. The rationale being, weights help the evaluating committee shortlist the vendors much more objectively, and also understanding which vendor has scored better against key features that are extremely crucial to the business.

An objective way of scoring could be done based on the following methodology:

- 4: If the requirement is readily met
- 3: If the requirement can be met via customization
- 2: If the requirement can be met with a future release of the software
- 1: If the requirement can be met by partnering with 3rd party solution
- 0: If the requirement cannot be met

For instance, if a business's objective is to achieve short-term forecast accuracy then, the weight assigned against the same metric will have a higher weightage as opposed to the others.

Below is a sample representation of a weighted scorecard for final vendor evaluation.

Category	Feature Evaluation Scorecard	Weightage	Vendor 1	Vendor 2	Vendor 3
Process	Drill down to customer level and invoice level forecasts	1%	4	3	4
Process	Forecast according to customer payment patterns	1%	4	3	3
Process	Automated variance analysis (forecast vs forecast and forecast vs. actual) across multiple geographies, time periods, and cash flow categories	4%	4	2	4
Process	Approval of forecast versions workflows	5%	4	3	4
Process	Perform what-if scenarios	7%	4	3	4
Process	Support of manual override/input	8%	4	3	4
Process	Classification of transaction items into various cash flow categories	8%	4	4	3

Category	Feature Evaluation Scorecard	Weightage	Vendor 1	Vendor 2	Vendor 3
Process	Exec-level reporting functionality	10%	1	3	4
Process	Drill down on multi-entity, multi-ERP, multi-currency, multi-banks	5%	2	3	4
Process	Export cash flow data into Excel, Access, Text, or PDF format for further analysis and reporting	3%	2	3	4
Process	Ease of drilling down to transaction level detail in the dashboard	3%	2	4	3
Process	Storage of different versions of the forecast for future reference and comparison to actuals	2%	1	3	4
System	Integration with ERPs, TMS, & other financial management systems	5%	4	3	4
System	Dashboard showcasing historic and current cash flows	2%	2	3	4
System	Level of accuracy in terms of short term cash forecasts (up to 3 months)	3%	2	3	4
System	Level of accuracy in terms of long term cash forecasts (6 months to 1 year)	3%	2	3	4
System	Level of accuracy in terms in terms of forecast accounts receivable and accounts payable accurately	3%	2	3	4
System	Display automated reminders, notifications, and detailed calendar	3%	1	3	2
System	Excel on Web functionality	7%	3	3	4
Technology	Regression model supported in the solution to improve cash forecasting based on historical data	2%	2	4	3
Technology	API integration with banks to gather bank actuals data1	5%	3	3	4
Technology	Machine Learning technology to improve forecasts with historic data	2%	3	2	4
Technology	Artificial Intelligence-powered solution for detailed tracking and refining forecast with time	2%	3	3	3

Category	Feature Evaluation Scorecard	Weightage	Vendor 1	Vendor 2	Vendor 3
UI/UX	Comparison based on languages supported in the user interface	1%	3	3	4
Others	Expected ROI	3%	1	3	4
Others	Pricing	2%	1	3	4
Total Score		100%	275	307	378

### Sample: cash forecasting automation vendor evaluation weightage scorecard

From the above scorecard that vendor 3 has scored 378/400 which is better than all the other vendors; making vendor 3 the most suited cash forecasting automation solution vendor.



# Shortlisting the Vendor

After looking at the evaluation scorecard and calculating the final weight scores it becomes easier for the C-suite to decide on which vendor to choose for automating the cash forecasting process.

Adding another layer of detail to the vendor shortlisting process the committee should look out for certain exceptions and few final details before choosing the right vendor. These details are:

**Same weight scores of vendors:** Committees can address this challenge by verifying the cash forecasting automation solutions robustness, scalability, and support provisioning by speaking to both the vendors' customers. The vendor with better & stronger customer reference on the cash forecasting automation can be shortlisted.

**What does the vendor's cost structure look like:** It is important to consider the initial setup fees, monthly subscription fees, additional setup/customization charges while selecting the vendor. A detailed flow of pricing would make it easier to arrive at a conclusion.

**How has the vendor performed with respect to the high-priority features:** Even after the final calculation, it is important to cross-check the evaluation. For instance, vendor 2 has secured 307/400, however, is the vendor performing the best in all the high-priority sections? If it is not, then the committee should investigate the reasons behind it, & then arrive at a conclusion.

After the vendor selection, it is important to build a business case and present it to the C-suite. This business case would help the senior executives to get an overview of the planned automation project along with the vendor's contribution to it. While building the business case, it is important to highlight the Savings & Average Rate of Return (ARR) as the C-suite is always eager to know what profit their investments would bear in near future.

This [ebook](#) helps in building a business case for automating cash forecasting. [A sample vendor evaluation scorecard & a weighted scorecard](#) has been created for the user to put into practice vendor evaluation and shortlisting.

## About HighRadius:

HighRadius is a Fintech enterprise Software-as-a-Service (SaaS) company which leverages Artificial Intelligence-based Autonomous Systems to help companies automate Accounts Receivable and Treasury processes. The HighRadius® Integrated Receivables platform reduces cycle times in your order-to-cash process through automation of receivables and payments processes across credit, electronic billing and payment processing, cash application, deductions, and collections. HighRadius® Treasury Management Applications help teams achieve touchless cash management, accurate cash forecasting and seamless bank reconciliation. Powered by the Rivana™ Artificial Intelligence Engine and Freeda™ Digital Assistant for order-to-cash teams, HighRadius enables teams to leverage machine learning to predict future outcomes and automate routine labor-intensive tasks. The radiusOne™ B2B payment network allows suppliers to digitally connect with buyers, closing the loop from supplier receivable processes to buyer payable processes.

## About Treasury Solutions:

The HighRadius™ Treasury Management Applications are a suite of the world's first AI-powered solutions designed to support treasury teams across all industries by automating and enhancing their cash forecasting, cash management, and bank reconciliation processes. The HighRadius™ Treasury Management Applications are unique in the approach that they are powered by an Artificial Intelligence technology created exclusively to redefine the forecasting, bank reconciliation, and cash management processes so that treasurers spend lesser manual effort but extract better outcomes such as making more accurate cash forecasts across all cash flow categories, increased forecasting frequency and variance reporting, gaining instant visibility into real-time cash positions across bank accounts at any level and achieving 99%+ straight-through reconciliation of bank statements without human intervention. The solutions are delivered via the cloud which enables them to be seamlessly integrated with multiple systems including your ERP,



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