EXECUTIVE BRIEF · FINANCIAL MANAGEMENT · SAP ORDER-TO-CASH

Billing Cycle Time: The Half of DSO You Actually Control

Why standard DSO improvement programs address the wrong problem — and what SAP-enabled enterprises can do about it.

40–60%	9–18%	$2.7M	60–110
of DSO is pre-invoice	**of AR sits unbilled**	**locked per DSO day**	**days DSO (OFS industry)**
Billing Cycle Time share	At any given moment	Per $1B annual revenue	Typical benchmark range

THE PROBLEM

The DSO Problem Has Two Halves

Most finance leaders measure DSO as a single number and attack it with a single set of tools — dunning sequences, payment portals, AI-powered cash application. These are valuable investments. But they share one critical limitation: **they only operate after an invoice has been delivered.** DSO is actually two separate numbers, and understanding the distinction changes everything.

DSO = Billing Cycle Time (BCT) + Collection Cycle Time (CCT)

Every AR automation tool on the market optimizes the blue half. The coral half is invisible to all of them.

Billing Cycle Time (BCT) is the elapsed time between completing work and delivering a correct invoice — entirely within your organization's control. **Collection Cycle Time (CCT)** is the time from invoice delivery to cash receipt — largely within your customer's control. In asset- and service-intensive industries, BCT accounts for 40–60% of total DSO, meaning the majority of your DSO problem is an *internal process problem*, not a collections problem.

THE GAP

Why BCT Is Invisible in Standard SAP

SAP manages orders, deliveries, and invoices — but it was not built to govern the *time between* them. Six structural blind spots make BCT invisible, and all six cost cash.

✗ No BCT Metric

SAP tracks order and invoice dates but never measures elapsed time between work completion and invoice delivery.

✗ No Cost Visibility

You cannot see what a billing delay is costing in trapped working capital — by customer, BU, or root cause.

✗ No Quality Gates

Customer billing requirements — PO matching, document packages — are not enforced before the invoice ships.

✗ No Ownership Tracking

When a cycle stalls, there is no system of record for who owns it, how long it has been stuck, or why.

✗ No Escalation Automation

Stalled approvals, unsigned field tickets, and pending SES confirmations queue without alerts or escalation triggers.

✗ No Unbilled Dashboard

There is no real-time view of revenue sitting unbilled. The number typically surfaces at quarter-end — if at all.

Standard SAP tells you what to bill. It does not tell you why you haven't billed it yet, what it's costing, or who should be fixing it right now. That's the gap where working capital quietly disappears.

THE COST

The Cost Is Larger Than It Appears

Most organizations underestimate BCT cost because they don't measure it. The real cost has three compounding components.

1

Direct Working Capital Cost

Every day of billing delay locks cash in your receivables balance. At $1B revenue, each DSO day represents ~$2.7M. At $5B, that approaches $14M per day.

2

Cost of Capital Drag

Unbilled receivables are financed at your WACC — typically 8–12%. A 9–18% unbilled rate on a $5B revenue base carries $36M–$108M in annual cost.

3

Invoice Quality Cost

Billing cycles that reach the customer with defects reset the clock to zero. Industry rejection rates run 5–15%, adding 15–30 days of delay per incident.

THE SOLUTION

What Closing the BCT Gap Requires

Reducing Billing Cycle Time requires four capabilities that standard SAP doesn't provide and that AR automation tools don't address — because they operate downstream of the invoice.

01

Real-Time BCT Visibility

A live view of every billing cycle — who owns it, how long it has stalled, and the daily cost by customer, region, and root cause.

02

Pre-Invoice Quality Gates

Customer billing requirements validated inside SAP before the invoice leaves. Defects caught internally, not by the customer.

03

Automated Escalation

Time-based workflows with accountability tracking. When a cycle stalls, GetBilled triggers the right action before delays compound.

04

Cost-of-Delay Analytics

Financial impact quantified at every process stage. Ask SAP billing data questions in plain English — get live answers, not static reports.

Up to 60%	9 Days	350%+
Unbilled AR Reduction	**DSO Improvement**	**Projected ROI — Year 1**
Through billing cycle time elimination	Faster, defect-free invoice delivery	Recovered working capital + cost savings

GetBilled *is the only SAP-certified solution purpose-built to deliver all four — natively inside SAP ECC and S/4HANA. No middleware. No new portals. 6–8 week deployment.*

See What Trapped Cash Looks Like in Your SAP System

The Trapped Cash Estimate uses your actual financial data to model your billing delay exposure in days, dollars, and cost of capital. No commitment. No sales pitch. Just the number.

✓ Based on your 10-K data ✓ Delivered in 48 hours ✓ Free. No commitment.

Estimate Your Trapped Cash getbilled.io/trapped-cash-estimate

All projected outcomes are validated through the Trapped Cash Estimate using your company's actual financial data.

OPERATIONS BRIEFING

Why Your Team Can’t Close the Invoice Gap

It’s a process problem, not a people problem

GetBilled

BILLING & AR OPERATIONS

Every cycle, the same bottlenecks: missing field documentation, approvals stuck in someone’s inbox, disputes from incomplete invoice packages. **This isn’t a performance issue — it’s a structural gap** between how work gets completed and how invoices get generated.

SOUND FAMILIAR?

01 THE DOCUMENTATION CHASE

Field tickets and service entry sheets arrive late, incomplete, or not at all. Billing can’t move until they do.

02 THE APPROVAL BOTTLENECK

Multi-party sign-offs add 5–10 days per cycle. One person OOO stalls an entire invoice batch.

03 THE MONTH-END CRUNCH

Week-two invoices get pushed to month-end, creating a backlog that guarantees errors.

04 THE DISPUTE LOOP

Missing backup or wrong PO references come back as disputes — adding weeks to collection.

WHAT THE DATA SHOWS

In complex SAP environments, **9–18% of earned revenue sits unbilled monthly**. Dispute rates run 5–15%. For a $5B enterprise, that’s $450M–$900M off the balance sheet — roughly **$2.74M per day per $1B in revenue**. The gap isn’t your team’s effort. It’s the process.

WHAT WOULD ACTUALLY FIX THIS

STEP 1

See the Full Picture

Real-time visibility into every unbilled item — why it’s stuck and who owns it

STEP 2

Fix the Handoffs

Structured workflows that replace email chains between field, ops, and billing

STEP 3

Measure What Matters

Track Billing Cycle Time — days from work complete to invoice sent — as your primary metric

When you escalate this: Your CFO tracks DSO, which starts when the invoice goes out. It doesn’t capture days lost *before* the invoice exists. That hidden gap is Billing Cycle Time — and quantifying it is the fastest way to get executive attention.

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from eSource SOLUTIONS

The Hidden Cash Drain

Why Billing Delays Cost SAP Enterprises Millions

U.S. companies are sitting on $1.7 trillion in trapped working capital. Accounts receivable is the largest contributor — and the root cause isn't slow-paying customers. It's the invoices that haven't been created yet or have been created but were done so with defects.

eSource SOLUTIONS
An eSource Solutions perspective

March 2026

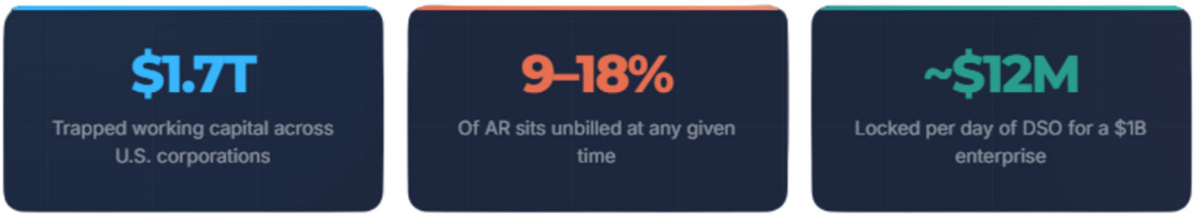
The Quarter Is Closing. Where's the Cash?

The revenue numbers look strong. Contracts are signed. Field crews are logging hours. But the cash isn't flowing. For finance leaders at large SAP enterprises — especially in energy services, manufacturing, construction, and mining — the instinct is almost always the same: push collections harder.

But what if collections isn't the problem?

> *Your customers can't pay an invoice that doesn't exist .*
> *And they won't pay one that is wrong.*

Across industries with complex SAP-based billing, 9–18% of revenue is trapped every month in unbilled accounts, delayed billing cycles, and invoice disputes. For a $5 billion enterprise, that's up to $900 million locked away annually — not because customers are slow to pay, but because the invoice was slow to exist, or wrong when it arrived.



Sources: The Hackett Group 2025 U.S. Working Capital Survey; Deloitte 2024 Working Capital Performance Trends.

It's Not a Collections Problem. It's a Billing Problem.

The Order-to-Cash cycle has two halves. The billing cycle — the time between completing work and delivering a correct invoice — is **entirely in your control.** The payment cycle — from invoice receipt to cash — is in the customer's hands.

Most enterprises invest heavily in the second half: collections automation, cash application, dispute management. But the root causes of delayed cash flow most often originate inside billing operations, not collections. Billing failures take two forms:

- **Late:** Invoices that should take two days take fifteen. Handoffs stall. Approvals queue. Missing documentation silently blocks invoice creation. Every day of delay is cash financed at cost of capital.
- **Wrong:** When an invoice goes out with defects — mismatched PO, missing backup, incomplete documentation — it triggers a dispute. The customer rejects it. Rework begins. The effective billing cycle resets to zero, adding weeks or months of collection time.

A company reporting 60-day DSO might have 15 days of invisible billing delay that no collections tool will ever touch. Add dispute-driven rework from defective invoices, and the billing-driven share of DSO grows further. Finance attributes these delays to "slow-paying customers" when the real cause was internal.

Standard SAP doesn't solve this.

SAP manages *what* to bill. It does not manage why something isn't billed, or how to accelerate it. There is no dashboard for billing cycle time, no alert when invoices stall in the pipeline, and no link between delay and financial impact. The gap between "work completed" and "correct invoice delivered" is a black box.

AI Will Fix This For Me, Right?

AI is amazing, but it has to be pointed in a direction, and no one is even looking at this today. GetBilled is, and it's powered by conversational AI. Using GetBilled you can talk to your invoicing process repository to understand the bottlenecks.

Three Questions Every CFO Should Ask

1. What is our actual Billing Cycle Time? Not DSO. The elapsed time between completing work and delivering a correct, complete, collectible invoice. If your team can't answer with a number, you have a visibility problem costing you millions.

2. How much of our DSO is billing delay vs. payment delay? The billing cycle is the controllable portion — the segment where operational improvement directly reduces DSO without requiring anything from your customers.

3. What is our first-pass invoice accuracy rate? How many invoices are accepted and paid without dispute on the first submission? Every defective invoice adds weeks of invisible collection time.

If your organization cannot answer these three questions today, the hidden cash drain is almost certainly larger than you think.

Assess Your Trapped Cash Exposure

GetBilled helps SAP enterprises measure what they've never measured: the true cost of billing cycle time. Our Trapped Cash Assessment analyzes your SAP billing data to quantify unbilled exposure, identify root causes of delay and invoice defects, and calculate the working capital impact.

If there's no trapped cash, we'll tell you. If there is, you'll know exactly how much, why, and what it's costing you.

Sources

1. The Hackett Group (2025). "2025 U.S. Working Capital Survey." Analysis of the 1,000 largest U.S. publicly traded nonfinancial companies.

2. The Hackett Group (2025). "2025 Finance Key Issues Study." Working capital optimization ranked #1 finance priority.

3. Deloitte (2024). "Unlocking Cash Flow: Working Capital Performance Trends." Based on data from 2,400+ global enterprises.

4. Industry estimates for unbilled revenue, dispute rates, and DSO ranges from published working capital analyses in energy, manufacturing, and services sectors.

EXECUTIVE BRIEFING

The Balance Sheet Impact of Billing Delays

Why working capital erosion starts before the invoice — not after

GetBilled

CFO & FINANCIAL LEADERSHIP

> **In complex SAP environments, 9–18% of revenue sits unbilled in any given month. For a $5B enterprise, that's $450M–$900M in working capital that never reaches the balance sheet.**

THE METRIC FINANCE ISN'T TRACKING

DSO measures how long customers take to pay. It doesn't capture the *internal* delay between completing work and generating the invoice. That gap — Billing Cycle Time — is entirely within your control, typically adds 5–15 days to cash conversion, and appears in no standard financial report.

$2.74M	9–18%	5–15%
PER DAY, PER $1B REVENUE	REVENUE UNBILLED MONTHLY	INVOICE DISPUTE RATE
Locked working capital for every day of billing delay	Typical for complex SAP environments	Defective invoices extend collection by weeks

WHAT YOUR AR AGING REPORT DOESN'T SHOW

WHAT FINANCE SEES

- Receivables aging past 30, 60, 90 days
- DSO rising despite collection efforts
- Growing bad debt reserves
- Borrowing costs to cover cash gaps

WHAT'S HIDDEN UPSTREAM

- Revenue earned but not yet invoiced
- Invoices stalled by missing documentation
- Multi-party approvals adding 5–10 days
- Invoice defects triggering customer disputes

Investing in collections or tightening payment terms addresses the half of the equation you *don't* control. Billing Cycle Time is the half you *do*.

THE STRATEGIC QUESTION

If you could **close the gap between completing work and issuing an invoice by 5 days**, what would that mean for working capital, borrowing costs, and your ability to fund growth without additional debt? For most $5B+ enterprises, the answer is **tens of millions back on the balance sheet** — no change in customer payment behavior required.