Tesorio™

The Tesorio 2025 AR Benchmark Report

How Companies Are Collecting Cash, Managing Risk, and Benchmarking Against Market Peers

A Word from Max

Max Dame
CFO @ Tesorio

"Liquidity isn't just a foundational metric anymore... for growth-focused companies, it's a competitive advantage. In a world of rising capital costs and increasing customer acquisition pressures, faster cash collection is a growth lever.

At Tesorio, we're building visibility, predictability, and velocity into the financial engines that power the next generation of companies. We hope this benchmark report helps you see how your AR performance compares and where your team can unlock even greater potential."

Executive Summary

Data Source

We analyze accounts receivable performance drawing from Tesorio's platform data, representing billions of dollars* in receivables.

Three core metrics explored

1. **Average Days to Collect** (ADC)
2. **Percent of Open AR Overdue**
3. **Severity of Open AR Aging**: Open AR Late >120 Days as a % of Total Open AR Overdue

These metrics power the **AR Risk Scorecard** (quick overview of all data) and the **AR Health Index** (proprietary score), allowing finance leaders to benchmark performance and uncover risk.

Ten industries assessed

1. Financial Services
2. Logistics and Supply Chain
3. Marketing and Advertising
4. Software
5. Professional Services
6. Business Services
7. Technology Services
8. Healthcare
9. Manufacturing
10. Energy and Utilities

Key Insights

- **Top Performers:** Financial Services and Marketing & Ads sectors lead the pack with low overdue rates and strong aging profiles, driven by automation, recurring billing structures, and disciplined collections processes. In fact, top performing industries' ADC are 1.4x to 2.5x shorter than lower performing industries.
- **Lagging Industries:** Energy, Healthcare, and Manufacturing struggle the most with overdue AR exceeding 50% in some cases, and large shares of aging receivables beyond 120 days—often a result of manual processes and legacy systems. Lower performing industries' % of AR overdue are 2-3x more representative of their collections than top performing industries.
- **AI Adoption is a Differentiator:** Industries embracing AI-powered automation show faster cash collection, better forecasting, and reduced bad debt risk. Companies using AI for collections are seeing 20–30% improvements in working capital metrics. *(McKinsey Digital)*
- **Risk Visibility is Critical:** Over 25% of all overdue AR in some sectors is aged past 120 days, a zone where only 30% or less of receivables is ever collected. *(Euler Hermes, global trade credit insurer)*
- **Moving forward:** CFOs can no longer afford to lack visibility, speed, and control. This report is both a comparison tool *(skip ahead to page 9)* and an inspiration to help future-proof AR teams through automation and intelligence.

* $80+ billion in receivables were orchestrated across Tesorio's platform in 2024

Market Trends: AR Performance in a Time of Transformation

Accounts receivable isn't just a back-office function anymore; it's a strategic engine for liquidity, growth, and resilience. In Q4 2024, we saw that clearly play out across industries navigating post-pandemic normalization, interest rate pressure, and a rising wave of AI automation.

AI Is Reshaping the AR Function

CFOs are leaning into automation not just to reduce headcount, **but to fundamentally restructure how receivables are managed**. AI-powered automation—like executing follow-ups and predicting payment risk—has already reshaped how finance teams operate. Now, **we're entering the next phase: AI agents that can take action on our behalf, reconciling payments or submitting invoices directly to Supplier Portals**. This shift is transforming AR from reactive to proactive and is sounding the alarm that all finance teams must be embracing AI's leap forward… or they'll find themselves falling behind.

CFO Insight: In a report on AI in finance operations, McKinsey notes that companies applying AI to collections and billing processes are seeing:

> *"Improvements of 20–30% in working capital metrics, largely driven by faster collections and fewer disputes."*
> *(McKinsey Digital Finance Transformation)*

Where Progress Is Real

Industries like **Financial Services, Marketing & Advertising and Logistics** have embraced automation and clean operational structures—with only **11-28% of Open AR overdue.** Their AR profiles are faster, leaner, and increasingly predictive. What these sectors have in common:

- High transaction volume
- Recurring contract structures
- SLA-driven customer expectations

This translates into better forecasting, lower overdue balances, and fewer write-offs.

Sectors like **Healthcare, Energy and Manufacturing** continue to show lagging performance—with close to **50% or more of Open AR overdue** and a worrying share aged beyond 120 days. These industries are often weighed down by:

- Manual invoicing processes
- Complex contract cycles
- Legacy ERP systems

Volatility stems from system complexity, not just customer behavior. The more analog the workflow, the more room there is for friction, dispute, and delay. And while market benchmarks show minor quarter-over-quarter improvements, these gains are concentrated in **digitally mature sectors.**

The CFO Mandate Going Forward

The message is clear: **manual AR operations are no longer just inefficient—they're financially risky**. As borrowing costs remain high, the cash locked in receivables becomes a drag on growth. CFOs who want to stay competitive need to:

- Measure not just speed (DSO), but **risk severity**
- Automate follow-up workflows
- Use AI tools to segment accounts, prioritize outreach, and predict customer payment behavior

Bottom line: Visibility and speed are now table stakes. **The real differentiator is actionable intelligence**—and AI is making that not only possible, but scalable.

How Does Your Industry Stack Up?

To help finance leaders benchmark their receivables performance, we analyzed three critical indicators across ten major industries:

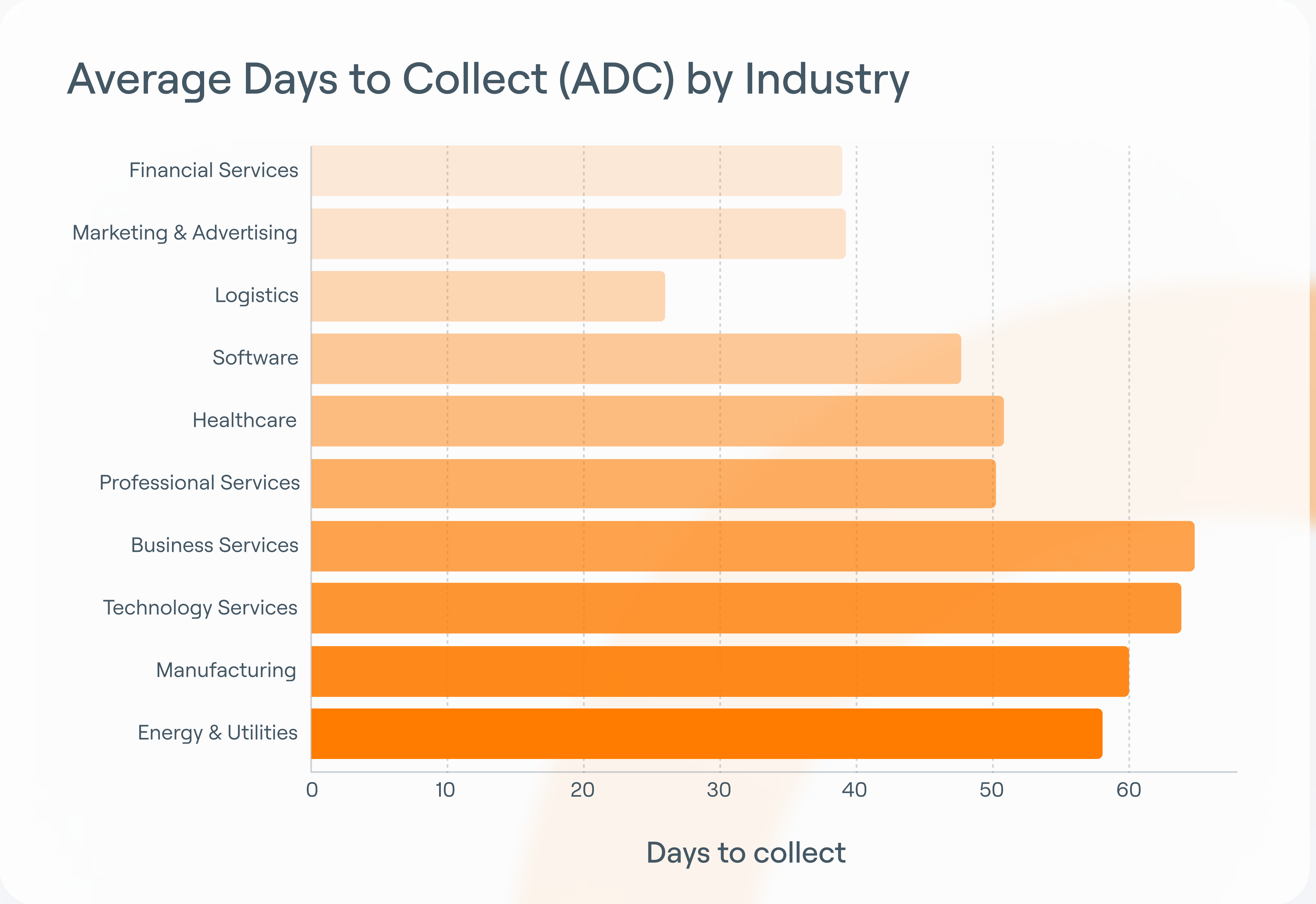
1. **Average Days to Collect (ADC)** — A proxy for operational speed.
2. **Percent of Open AR Overdue** — A snapshot of overall collections discipline.
3. **Severity of Open AR Aging (%120+ days)** — A leading indicator of write-off risk.

Visualizing the Risk Landscape

Average Days to Collect by Industry

Methodology:
We calculated the weighted average number of days it takes for each company/industry to collect payments after invoicing, based on Tesorio platform data from Q4 2024.

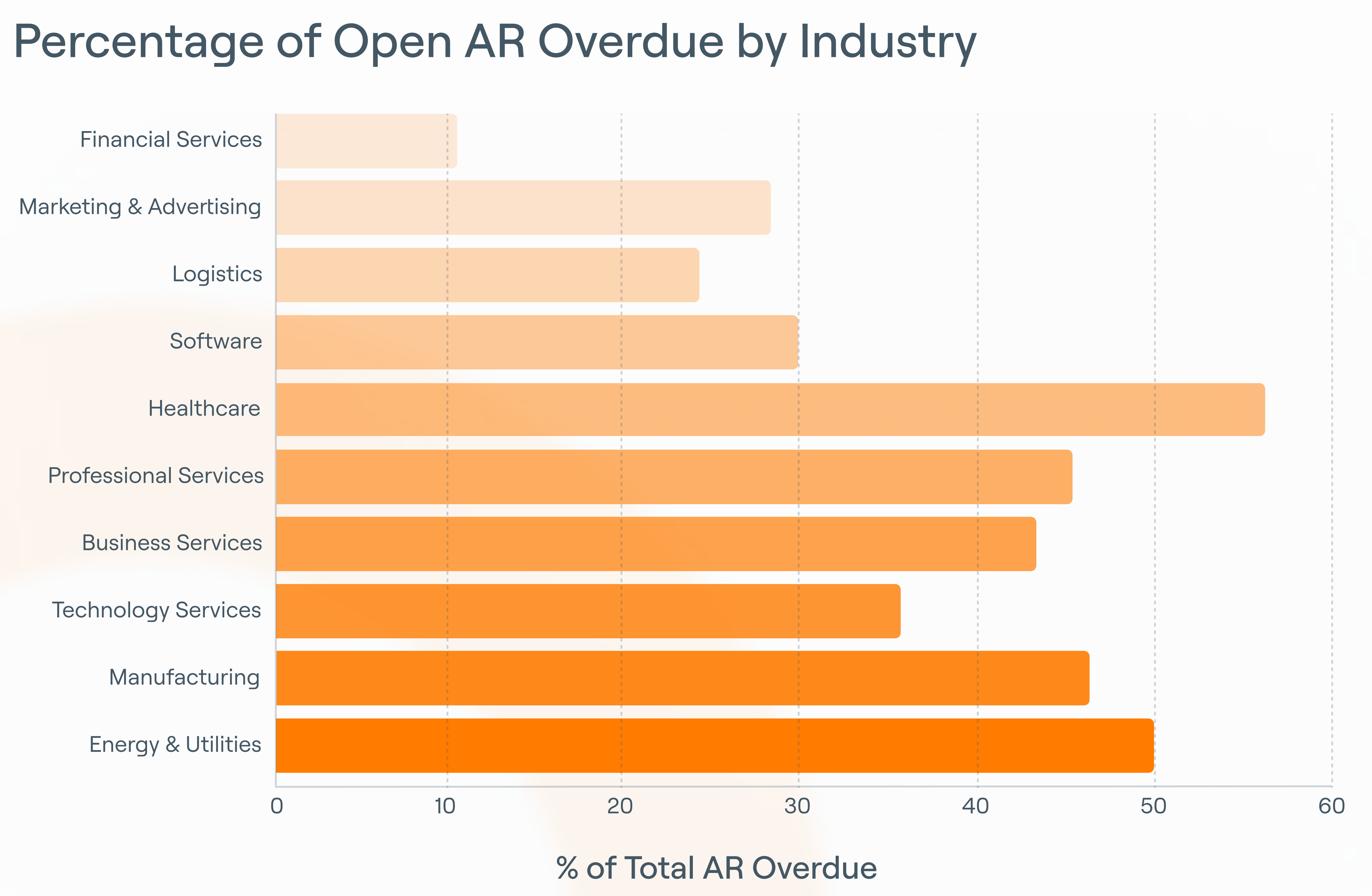
Key Takeaways:
Collection speed varies widely by industry. Logistics leads the field with an impressive 26-day ADC, followed closely by Marketing and Financial Services—indicating clean, repeatable billing and fast customer turnaround. On the other end, Business Services and Tech Services average over 60 days to collect, suggesting operational lag or misaligned payment terms. For most companies, reducing ADC is one of the most direct lever to improve cash flow velocity.



Percent Open AR Overdue

Methodology:

We measured what portion of total accounts receivable was past due at the end of Q4 2024. This includes all invoices beyond their payment terms (1+ days late).



Key Takeaways:

A high overdue rate can be a sign of customer strain, unclear payment terms, or weak follow-up. Another big reason for payment delays/overdue invoices is manual input errors. Billing errors account for 60% of late payments, while 61% of invoices contain at least one error.

Energy & Utilities and Healthcare top the list, with 50% and 56% of AR overdue, respectively. Even some traditionally stable sectors like Manufacturing and Business Services hover around 40%+. Financial Services, again, is the model—just 11% of their AR is overdue. This metric is essential for identifying where future write-offs may begin to accumulate.

Severity of Open AR Aging (%120+ days)

Methodology:

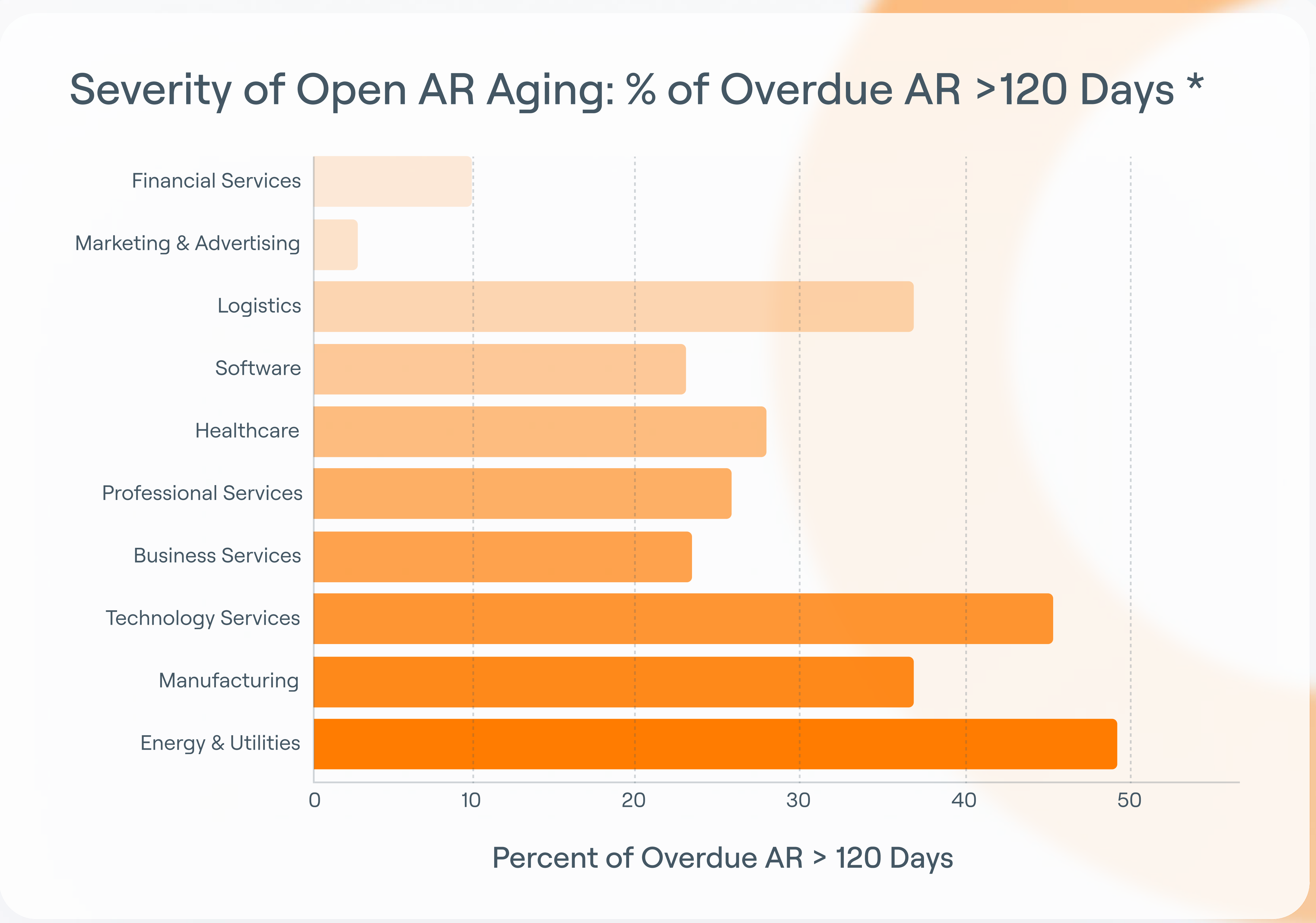
We measured how much of each industry's Overdue Open AR was seriously aged (more than 120 days past due) as a percentage of Total Overdue Open AR.

This reveals long-tail exposure and bad debt risk.

Key Takeaways:

Marketing & Advertising (3%) and Financial Services (10%) show exceptional performance, while Software, Professional Services and other verticals remain within a manageable range. These industries show more effective credit and collections practices.

However, Energy & Utilities, Technology Service and Logistics present a sharp contrast, with overdue AR aged beyond 120 days between 37% and 49%. This points to substantial long-tail exposure and potential cash flow risk, where write-offs become an unpleasant reality for Finance teams.



* How to read it: in Energy & Utilities, 49% of All Overdue Open AR is over 120 days or older

AR Risk Scorecard

Industry	Avg Days to Collect	Percent Open AR Overdue	Severity of AR Aging (%120+)	Comments
Financial Services	39	11%	10%	Top performer: fast, clean, and low risk.
Marketing & Advertising	39	28%	3%	Agile and disciplined. Strong cash control.
Logistics and Supply Chain	26	24%	37%	Very fast to collect, but risk exists.
Software	48	30%	23%	Healthy ops, but longer tails.
Healthcare	51	56%	28%	Payer-driven friction impacts collections.
Professional Services	50	45%	26%	Volume-heavy; aging risk is active.
Business Services	65	43%	23%	Volume-heavy; aging is spread.
Technology Services	63	36%	45%	Slower to collect; aging risk is rising.
Manufacturing	60	46%	37%	Capital intensity + friction = long tail.
Energy & Utilities	58	50%	49%	Worst performer: half overdue, severely aged.

Insight: The Hidden Cost of Severely Overdue AR

20–30% of receivables aged more than 120 days are ever collected. The rest? Delayed, disputed, or written off entirely.
Euler Hermes, a global trade credit insurer, historically cites that:

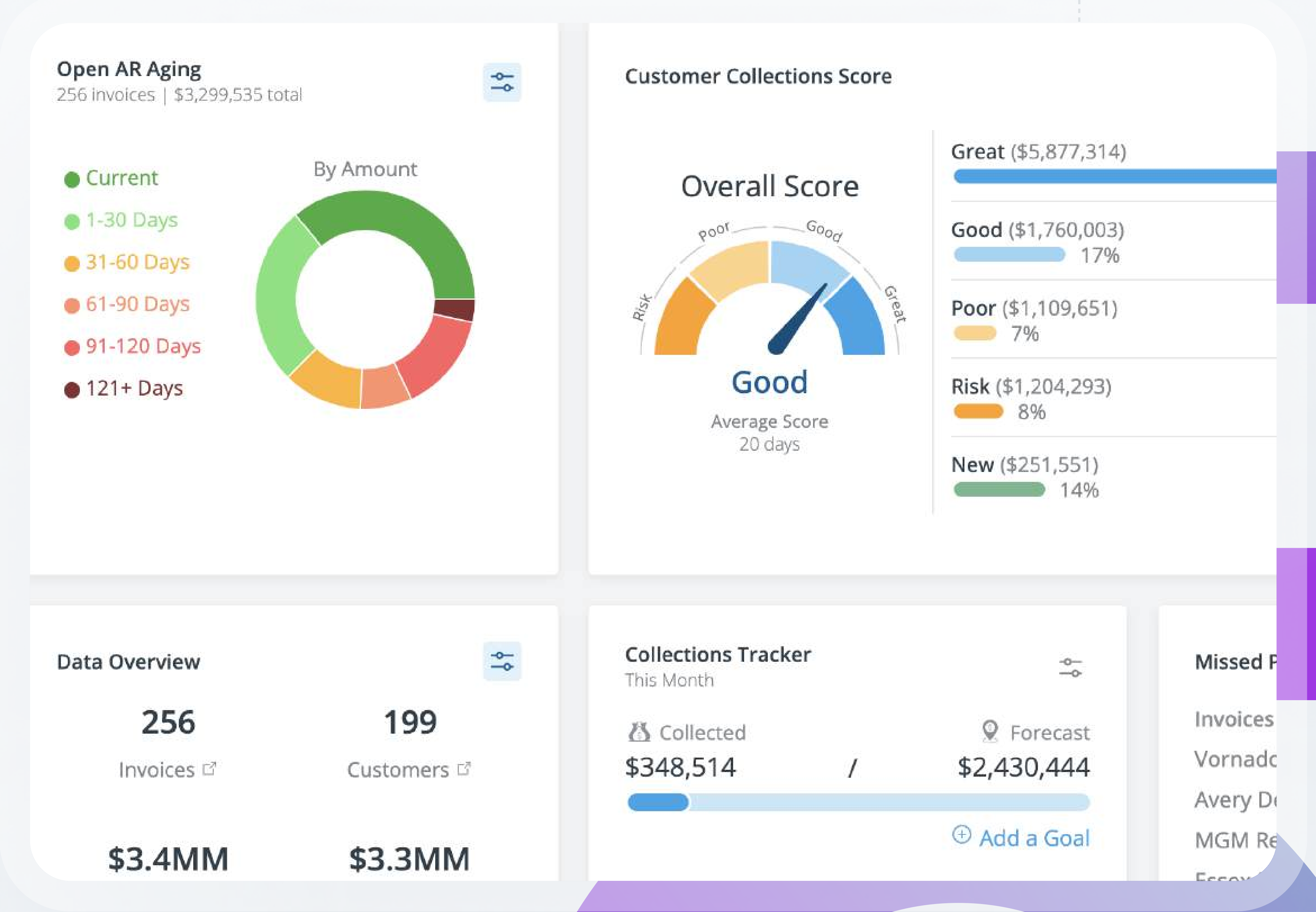
"Accounts over 90 days past due are collected only 20–30% of the time on average." So once you hit 120, things aren't looking great.

Once an invoice crosses the 120-day mark, it enters a danger zone: collections success drops sharply, customer engagement wanes, and the likelihood of recovery falls off a cliff. For many companies, this aging tail represents millions in unrealized cash and a creeping threat to working capital.

This is exactly what Tesorio is built to prevent.

By automating outreach, segmenting customers by risk, and accelerating follow-up before aging sets in, our customers keep AR flowing—and prevent invoices from rotting in the >120 bucket in the first place.

Don't just measure what's overdue. Stop it from aging out.



The AR Health Index

To simplify performance into a single benchmark, we built the AR Health Index, combining:

- Average Days to Collect *(lower = better)*
- Percent of Open AR Overdue *(lower = better)*
- Severity of Open AR Aging >120 Days *(lower = better)*

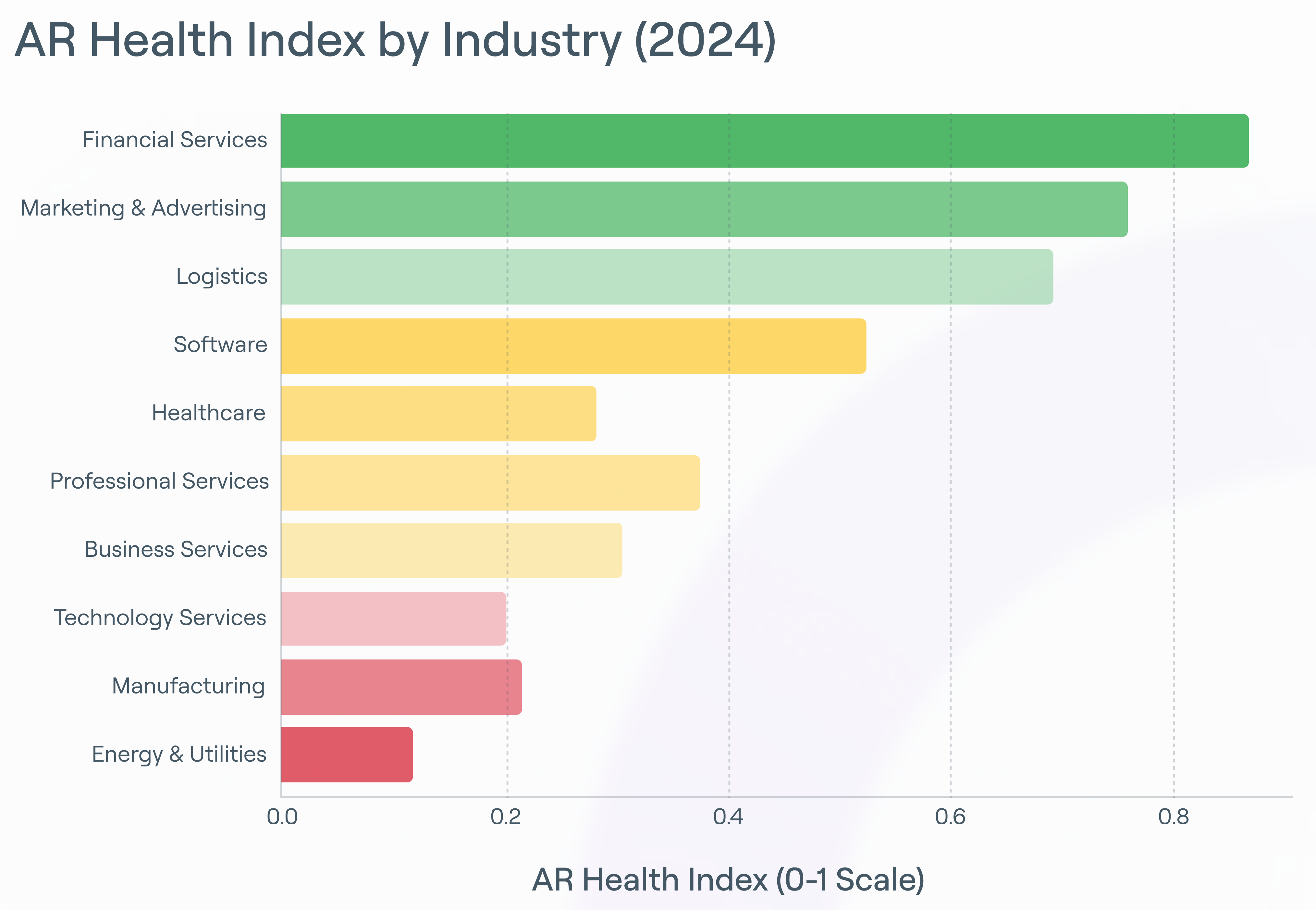
Each metric was normalized and averaged to produce a 0–1 score.

Key Takeaways:

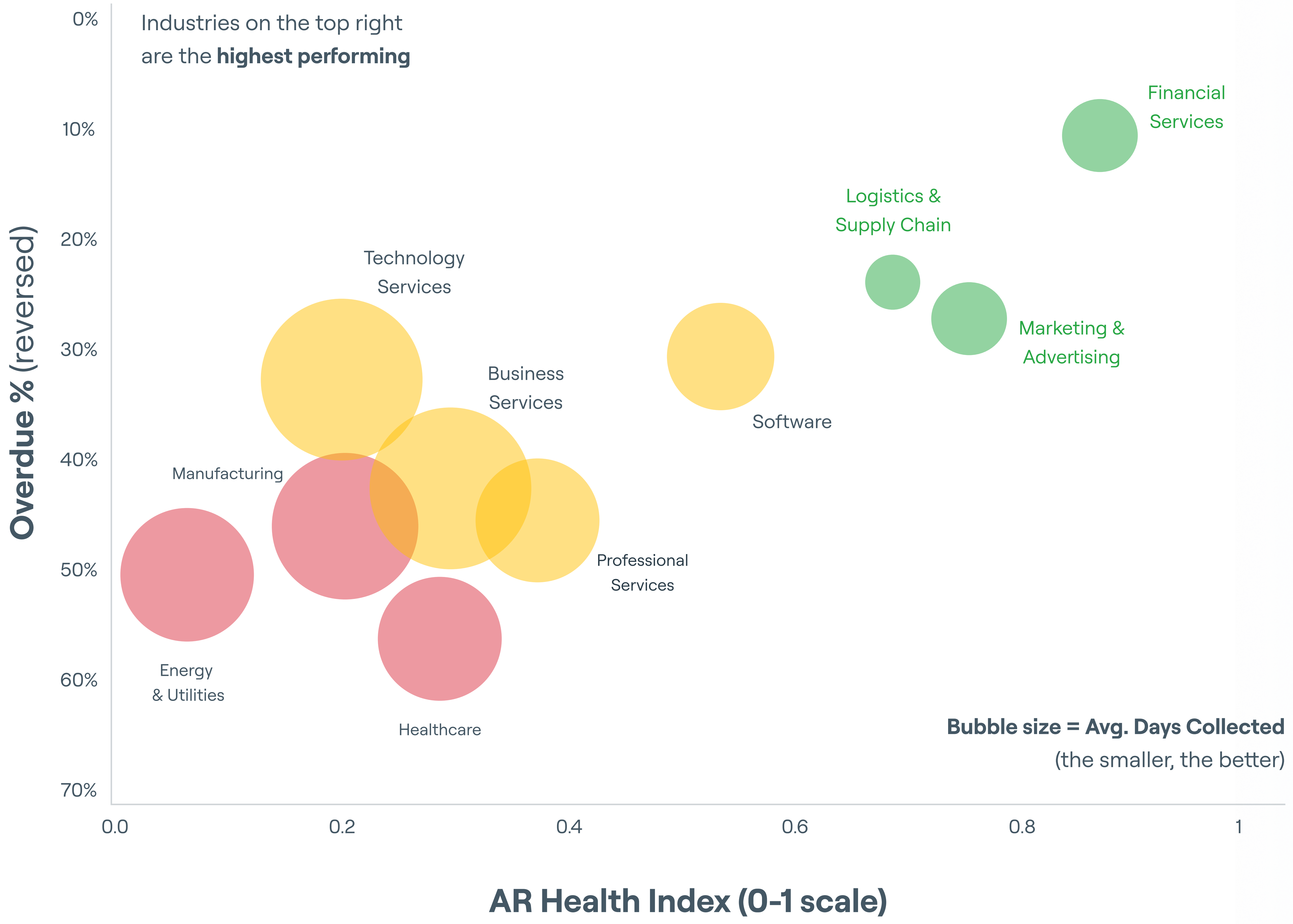
The AR Health Index distills operational speed and risk into one clean view. **Financial Services** leads with a score of 0.84, reflecting excellence across all three metrics. Marketing & Ad (0.76) and Logistics (0.67) also beat market norms. Industries like Tech Services and Manufacturing lag behind due to high tail risk and sluggish collections. The gap between Tesorio top performers and the market shows that **automation, predictive insights, and real-time visibility are more than buzzwords—they're performance multipliers**.

Aging Insight:

Outperforming companies/industries focus on these three fronts: **speed, discipline, and depth of control**.



The AR Health Index



Rank	Industry	AR Health Index
1	Financial Services	0.84
2	Marketing & Advertising	0.76
3	Logistics & Supply Chain	0.67
4	Software	0.53
5	Professional Services	0.38
6	Business Services	0.29
7	Healthcare	0.27
8	Manufacturing	0.21
9	Technology Services	0.20
10	Energy & Utilities	0.12

Conclusion

AR as a Strategic Lever in the Age of AI

AR performance is no longer just about speed. It's about resilience, responsiveness, and readiness. The industries that rise to the top of this benchmark report are not only collecting faster, they're doing it as a result of operating with **consistency, risk awareness, and process intelligence**.

Across our dataset, we found wide variance:

Some industries (like Financial Services and Marketing) **collect 10–15 days faster than peers**.

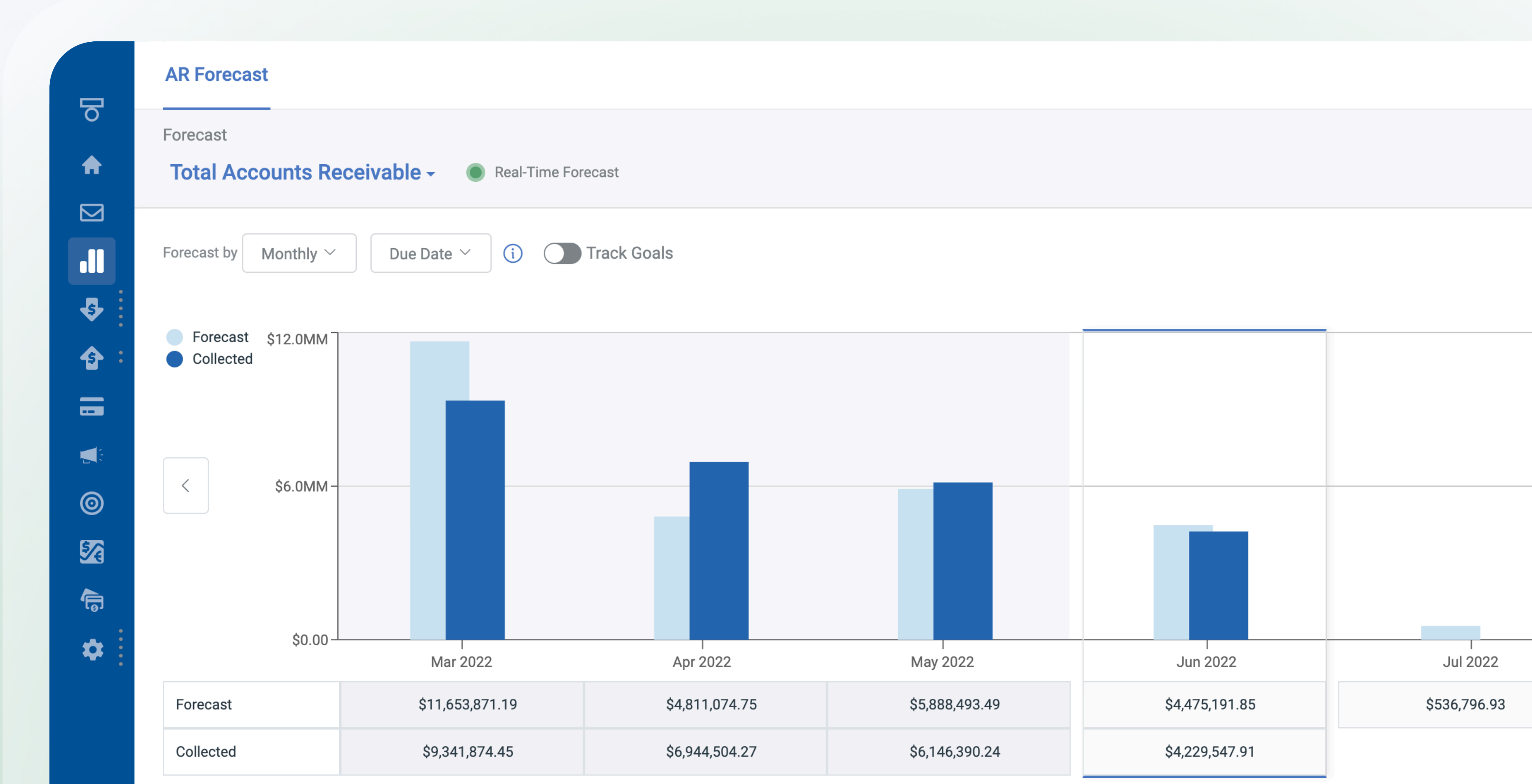
Others (like Energy and Healthcare) carry **twice the overdue risk** and dangerously high aging tails.

In several verticals, more than **25% of overdue AR is already >120 days old**—a zone where recovery becomes unlikely, and cash flow turns speculative.

Meanwhile, the broader finance function is under pressure:

- Sales, marketing, and operations have already embraced AI to move faster.
- Cash flow forecasting and working capital planning depend on real-time, clean AR data.
- As the pace of business increases, manual collections processes are liabilities.

This is why Tesorio exists.

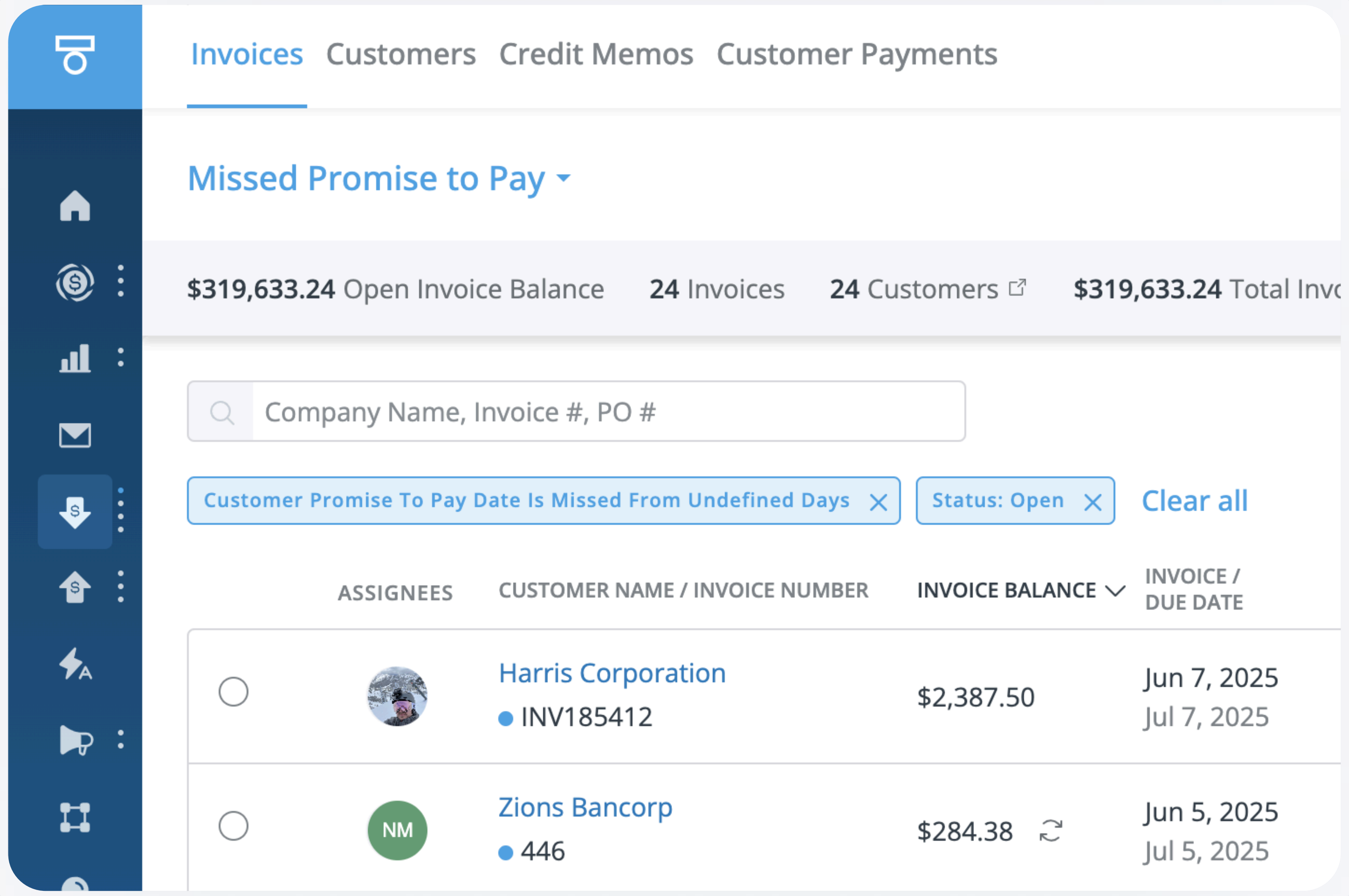


Trusted by the world's greatest finance teams

Companies that implement Tesorio's AI-powered AR workflows typically see:

- **33 days average DSO reduction**
- **50% reduction in 90-day aged accounts**
- **Clear visibility across AR aging, collection activity, and forecasted inflows**

These aren't theoretical gains—they're compounding advantages in a world where every department is being AI-ified, and finance can't afford to lag behind.



The Call to Action for Finance Leaders

- Track % overdue and aging severity with the same rigor as DSO.
- Recognize that AR health is a leading indicator of financial performance in 2025 and beyond.
- Put AR on autopilot with AI now.

Tesorio™

Experience the Power of Tesorio's Connected Financial Operations Platform

Learn more about Tesorio