

The DSO under pressure

Trends and challenges for credit management in 2025

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Introduction

Here is a given fact: Last year brought significant economic challenges. From a tight labour market to the ongoing trade disputes, numerous organisations are noticing the consequences, notably with customers increasingly delaying payments. For finance professionals, this trend signals the need to scrutinise the credit management process and make improvements where necessary. After all, late payments can lead to an increase in Days Sales Outstanding (DSO) and liquidity issues. This, in turn, may create difficulties in meeting one's own financial obligations, with all the consequences that this entails. In this report, Onguard shares the insights of over 300 finance professionals regarding their most pressing challenges, as well as strategies for managing DSO and optimising their credit management processes.



DSO in trouble

Difficulty with payments

It is clear that many organisations are struggling to keep control over their payment processes. Indeed, the majority (**58%**) struggle with a DSO of over 30 days. And there is hardly any optimism regarding improvement: **57 percent** expect no change by 2025, and **18 percent** even expect the DSO to increase this year.

But why can't customers pay their bills on time? A third of finance professionals (**30%**) attribute this to the changing economic landscape. But there are also other reasons why customers do not pay invoices (on time):

Reasons why customers do not pay (on time):

31%	Cash flow problems among customers
23%	Bureaucracy/administrative delays
22%	Key contacts leave
21%	An incorrect invoice is sent

Financial impact palpable

Rising DSO is not without consequences. A quarter of finance professionals (**25%**) note the necessity for internal cost-cutting measures, and **20 percent** say that reorganisations were required to reduce costs. Moreover, the prevailing economic pressures are leading to a rise in customer bankruptcies: **18 percent** of finance professionals see this number increasing.

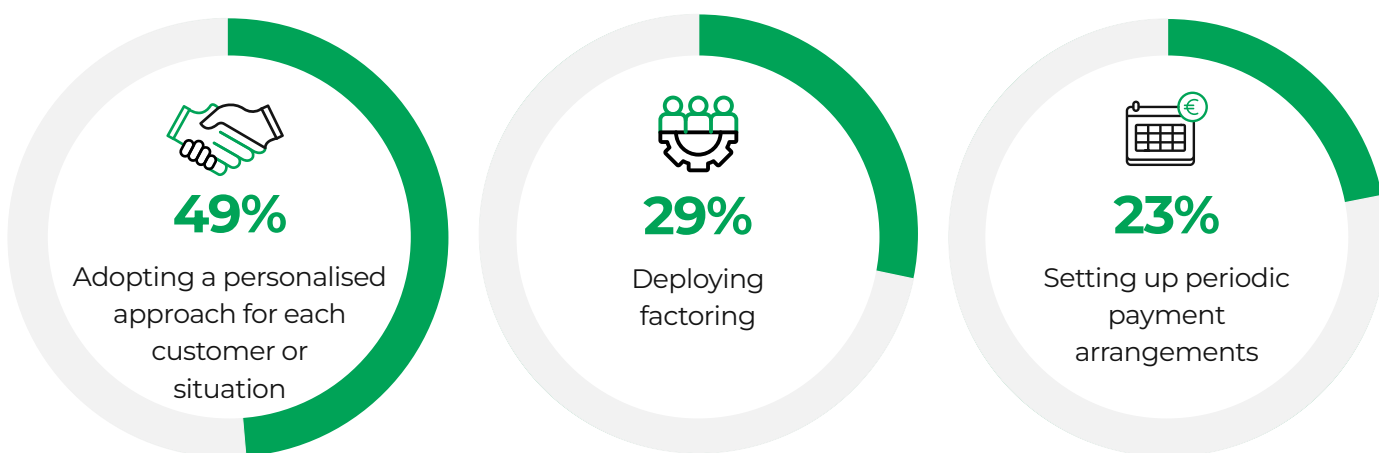
Furthermore, organisations face other consequences if they fail to ensure timely invoice payments. For example, **27 percent** of finance professionals highlighted the risk of compromising their organisation's financial stability. Likewise, **22 percent** indicate that not taking action could lead to additional costs, such as external funding to maintain cash flow. In short: a rising DSO not only affects the balance sheet but also works its way to the core of the organisation.

Tackle or “wait and see”

This is how organisations try to get paid anyway

Organisations are reaching for concrete solutions to deal with these risks. And these solutions do highlight the importance of a good credit management policy: **77 percent** of finance professionals recognise it has a major (or even the biggest) impact on their organisation's financial health. Many organisations adopt a personalised approach to ensure customers pay.

The top three measures taken by organisations are:



The high use of factoring in the second spot is striking. In fact, this is a measure that temporarily improves liquidity but does not address the underlying causes of high DSO.

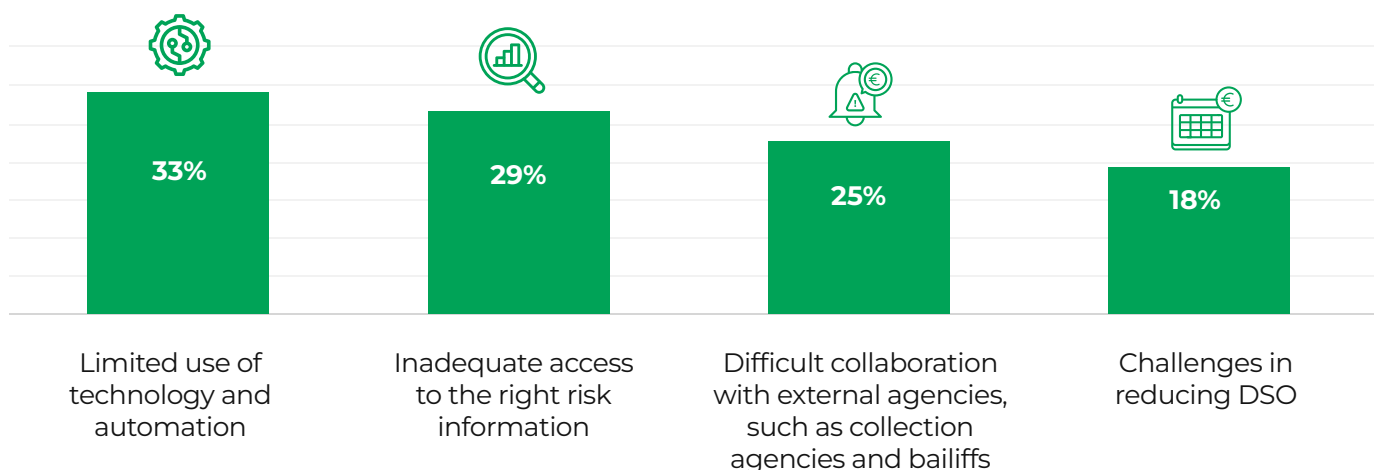
Meanwhile, one-fifth of respondents (**22%**) also offer customers a wide range of online payment options, while almost **40 percent** of organisations are expanding their current offerings for customers with payment problems. In light of the growing number of bankruptcies, **35 percent** of organisations are also focusing more on their customers' DSO.

Stumbling blocks

Weaknesses in the credit management process

Although organisations claim they are taking steps to encourage timely payments, **63 percent** have not taken steps to improve their credit management policies in the past 12 months. This is also reflected in the use of outdated systems: more than a quarter of organisations (**29%**) still rely on Excel or Google Sheets. These tools offer limited opportunities for automation, signalling and follow-up, making the handling of late payments less effective.

The four biggest challenges for organisations in improving their credit management process:



However, it's not just about technology and processes: people are often a challenge too.

For example, **22 percent** of finance professionals lack support from employees or management, while another **22 percent** struggle with customer communication when it comes to credit management policies.

Collectively, these bottlenecks hinder effective credit management and structural improvements to DSO.

Learning from frontrunners

Examples of successful adjustments

Despite the stumbling blocks mentioned, some organisations are actually taking steps. **56 percent** of organisations regularly evaluate the effectiveness of their credit management policies, and **48 percent** work with an adapted procedure for regular customers. Additionally, more measures are being adopted to enhance credit management:

Changes for more effective credit management:

32%	Utilising credit management software
29%	Applying different payment terms
16%	Accelerating follow-up on unpaid invoices
16%	Considering the financial health of organisations when examining them as potential customers

Opportunities aplenty

While organisations are well aware of the risk of rising DSOs, structural action remains limited. Instead, reliance on outdated tools and temporary solutions, such as factoring, is growing. True solutions lie in lasting improvements: technology, automation and real-time data can greatly enhance and future-proof credit management processes. For organisations aiming to strengthen their financial health and be prepared for economic uncertainty, now is the time to implement structural improvements. Don't wait until it is too late.

However, there is often a lack of the clear insight needed for effective improvement. How can we get started? A strategic starting point for today is to conduct a baseline assessment. Get a clear picture of where delays occur, which customers or invoices cause structural concerns and where internal systems fail. Armed with this kind of knowledge, you can take targeted action and make structural improvements. Now and in the future.

About the survey

Every year, Onguard surveys how finance professionals view current financial trends and developments, such as the deployment of new technologies and new payment methods. This survey, entitled the FinTech Barometer, was conducted for the eighth time this year. 319 finance professionals participated in the survey. Of these, 101 work as CFOs and 218 as finance professionals.

Over Onguard

Onguard speeds up payments and improves cash flow for companies through smart credit management. With our solutions, you gain insight into payment behaviour, minimise financial risks and improve communication about unpaid invoices. The result? Faster payments, fewer write-offs and lower customer turnover. As part of Visma, and with more than 30 years of experience, we facilitate optimised working capital and offer valuable time with your customers by handling daily activities.

Want to know more?

Do you have questions about this solution or how you can optimise the credit management process within your organisation? Please contact us, we're happy to help you.

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