MORE is better than less.

Dear Friends:

The Szabo staff, led by Sandi Henderson, held a support drive the week of August 13th for Operation Gratitude, which sends care packages to soldiers, sailors, airmen, Marines, and Coast Guardsmen deployed overseas, to their children left behind, and to first responders, new recruits, veterans, wounded heroes, and their caregivers. Each package contains snacks, hygiene products, entertainment, and handmade items, as well as personal letters of support. My heartfelt thanks to the Szabo staff and friends of Szabo who donated over $9500 in cash and goods to support those who protect and serve our country!

We hope you find this issue's feature informative and helpful in dealing with your organization's disputes and discrepancies quickly and successfully. Our fall calendar of events includes Breakfast with MFM/BCCA, October 18 in Atlanta, Georgia; the Georgia Association of Broadcasters' GABCON 2018, October 19-21 in Savannah, Georgia; and the 2018 BCCA Media Credit Seminar, October 25 in New York, New York.

Best wishes for a fine fall season,

Robin Szabo, President
Szabo Associates, Inc.

Discrepancies and Disputes?
Identify, Manage, and Resolve!

Imagine a professional life without invoice disputes. Now, quit dreaming. Disputes, one of the more vexing problems that credit and collections must deal with, are here to stay. In fact, with the growing complexity of digital advertising buys, disputes and discrepancies (the other evil twin) are inevitable parts of doing business.

Thankfully, strategies exist for reducing the occurrence of disputes in the first place, and for resolving them quickly when they do occur. The first depends on the accuracy of your customer data, efficiency of your billing system, and timely collection of accounts receivable. The second relies on clearly delineated responsibilities and processes for clearing the mess up quickly and getting paid. As always, making all that happen depends largely on interdepartmental communication and external communication with business partners.

Setting the Stage.
The first step in preparing for successful dispute resolution is analysis of your organization's strengths and shortcomings. How do you manage communications between sales, accounts receivable, and customer/service representatives? Each must understand where every invoice stands at any time. Interactive campaigns require a knowledge of their different processes, systems, and technologies. Make sure all employees who deal with interactive campaigns, including shared services finance departments, understand the unique issues related to impression counting, billing, and reconciliation.

Data Rules the Day.
Correct customer data can prevent a world of hurt. Deloitte, in its "Strategies for Optimizing Accounts Receivable," asserts that terms assigned to an account (credit limits, payment terms, discounts, etc.) must be reflected in your billing and collection systems. Likewise, contact information (billing address, party responsible for payment, etc.) must also be current and accurate. The simplest data entry mistake, such as an incorrect address, can severely slow down the payment process.

The Interactive Advertising Bureau (IAB) published "Interactive Billing Methods Best Practices" to decrease the operational inefficiencies surrounding the billing and discrepancy resolution processes in interactive advertising. Many of these practices can apply to traditional advertising as well. The IAB recommendations involve two general areas it considers crucial to material improvement: communication (both internally between departments and externally with business partners) and systems and processes that support data integration and analysis (again, with clear communication between partners).

Communication. Schedule regular meetings to review every open invoice and identify the department best suited to address the issue with each. Assign a central coordinator or create a system to track all communication between the customer and the team. The system should allow

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access to all key employees. Document any change to a customer's profile and communicate it to the person in charge of maintaining customer data. In order to limit data tampering without proper sign-offs, provide read-only access to staff members. To minimize errors, your company should conduct regular audits to identify customers with unusual credit limits, payment terms, or discounted rates.

Post a permanent email address for your company on your website. The address should always forward to either a current, appropriate employee or a team mailbox within Accounts Receivable. This measure helps ensure that an agency or customer can always reach your company if specific contact information is not available.

If a team mailbox is used, develop a process to ensure that the team checks the email throughout each day. All incoming email requests should be forwarded by the receiving team or employee to the appropriate team or employee handling the invoice in question. If the email forwards to a single person, develop a process to ensure that the email is forwarded to a substitute when the responsible employee is away.

Conduct regular agency/media visits or calls to make sure both parties understand the billing and approval process as well as expectations on both sides. Take this opportunity to check that key contacts are current.

Systems. The disconnect between media's and agency's understanding and/or tracking of a campaign's many revisions is a common cause of payment delays. Because of the complex nature of interactive advertising, the IAB suggests that publishers strongly consider enabling automated data entry and data exchange. A centralized system that keeps electronic track of revisions, including sign-offs and pre- or post-launch order changes, as well as all customer communications, can help solve the disconnect between agencies and media. All appropriate teams within your company should have access to the system.

Each time a new order is finalized, request updated agency billing information. This information, along with the insertion order (IO), should be stored in the order management system to ensure easy and quick access to the correct agency contact.

The IAB recommends using a system that allows for media and third-party tallies to be stored together for each IO, even if the third-party number is not used for billing. Sharing this information can lead to better agency and media processes as patterns and sources of discrepancies are identified and understood.

Additionally, integration of your systems (inventory, ad serving, and finance) is an extremely important factor in process improvement, according to the IAB. The decrease in manual data entry that integration facilitates leads to a decrease in human errors in IO processing, revision tracking, discrepancies, invoice creation, etc. Since many publishers' systems are lacking in this department, requests for improved application programming interfaces (APIs) should be a priority.

Media and agencies should be diligent in checking each others' campaign numbers. Agencies should check media partners' numbers throughout a campaign to ensure that discrepancies and campaign entry errors have not occurred. Detecting these errors is essential to avoiding discrepancies at invoice time. Likewise, media should regularly monitor third-party numbers from agency systems on high-priority (if not all) campaigns. The IAB recommends contacting the agency or third party when material discrepancies occur. IAB/4A's Terms & Conditions identify 10 percent as a material threshold, but media organizations should determine their own strategies for identifying and calculating what is "material." Resource allocation should be based on a cost/time/benefit analysis. The IAB also recommends escalating the issue with a partner when large discrepancies are chronic.

Pre-invoice process. Monitoring numbers and using concise billing language in your IO terms can prevent discrepancy issues at the invoice stage.

According to the IAB, problems often occur when a third-party tag ordered for a single placement is trafficked in multiple placements by media. The result can be invoices that are based on a one-to-multiple relationship and that show more placements than were ordered, with impression numbers that do not match the insertion orders. To combat the problem, request new tags from agencies when optimization to improve ad performance occurs.

Clarify billing details, such as required pacing. Can you overdeliver one month and underdeliver the following? If an agency assumes that pacing will be absolutely even throughout a campaign and funds are released to them by their clients according to that assumption, you may get short paid for an over-delivery month and paid only for the impressions delivered in the under-delivery month.

Require written documentation when a change (revision, reallocation, optimization, cancellation) is requested. Dollar amounts, start and end dates, types of creative, etc. should be included in the documentation. The IAB recommends that changes be conveyed by email only on a case-by-case basis, and the changes should be limited to those that do not affect the dollar value or other material aspects of the insertion order. When email alone is used to communicate changes and approvals, Accounts Payable often fails to receive the entire IO history.

Invoice process. The IAB Ad Ops Council has developed a recommended data set for all paper and electronic invoices. Including this information on all invoices helps agencies quickly compare invoice information with both third-party systems and the signed insertion order. In addition to billing and tracking data in the invoice and insertion order fields, the IAB recommends additional fields for each placement. For the complete list, we recommend viewing the "Appendix A" section of the "IAB Billing Methods Best Practices," available on the organization's website.

Save all invoices electronically. The "I never got the invoice" excuse can be quickly addressed by recreating and resending the original. You might consider providing a system for customers to view all of their invoices online through a login.

Invoices should comply with the terms of the IO. The amount should be based on the actual delivered impression count and should not exceed the contracted monthly or periodic amount. Many agencies automatically reject invoices for amounts over contract. The result may be a short pay, a long reconciliation process, and most likely a request for a new invoice.

Post-invoice process. Anticipate discrepancies and proactively contact agencies shortly after the invoice is delivered. You should know, through third-party monitoring, when an invoice's count will be considered discrepant. This step is simply a continuation of your monitoring and communication processes. Begin the resolution process now, and finalize payment as soon as possible.

Faulty cash application procedures can also cause trouble, according to Deloitte. Payments must be applied not only to the right customer but also to the right invoice. Some companies simply apply payments to the account or to the oldest invoices, but doing so can make reconciliation difficult to impossible.

The Changing Landscape.

The proliferation of video content created the need to expand recommended practices to address the complex nature of measurement peculiar to video advertising. In June, the Media Rating Council (MRC) released an updated version of the "IAB Digital Video Ad Impression Measurement Guidelines," authored by MRC in consultation with the IAB Tech Lab's Modernizing Measurement Task Force. The guidelines update the requirements for counting video ad impressions, more fully aligning video ad counting practices with those for digital display ads, and more fully addressing video-specific issues. The MRC is allowing a one-year grace period for currently accredited measurement services to achieve compliance with the new guidelines, after which they will be considered mandatory to maintain MRC accreditation.

In March, the IAB and 4A's released their final version of the "Standard Addendum for Digital Video Advertising in TV Long-Form Video," or "LFV Addendum."

The addendum amends and supplements the standard internet advertising terms and conditions, last modified in 2009, to address the technical and business issues specific to advertising within long-form digital video.

Long-form video refers to professionally-produced video content that is eight minutes or longer in duration and distributed either via linear television or as a digital original via digital platforms only. It also refers to programs consisting of multiple episodes, each of which is eight minutes or longer. Advertising in TV long-form video is typically purchased in unified TV buys, and in the upfront and scatter markets. The addendum specifically addresses the measurement of demo-guaranteed campaigns as well as the terms that would apply to unified linear TV and digital platform buys. Adherence to the standard is voluntary, and companies may choose to use it in its entirety or as a starting point while negotiating points of disagreement. Either way, the new standards can go far in reducing delays and expense inherent in preparing multiple, custom agreements. Additionally, they can substantially reduce discrepancies and disputes by defining billing metrics, controlling measurements, and methods to address discrepancies when they do occur.

It Happens.

We all know the old saying about the best laid plans. Your stage is set, your processes are in place, and now you have a dispute to resolve anyway. Automated systems and common standards can go a long way to reduce the number of disputes and discrepancies and to reduce the time to resolve those that do occur, but there will always be some that require additional effort.

In addition to being an accounts receivable issue, dispute resolution is a customer satisfaction issue. For that reason, it is a cross-functional issue and may require participation by several departments. Some organizations use a coding system to identify types of disputes. Doing so can call attention to internal issues as well as help determine the
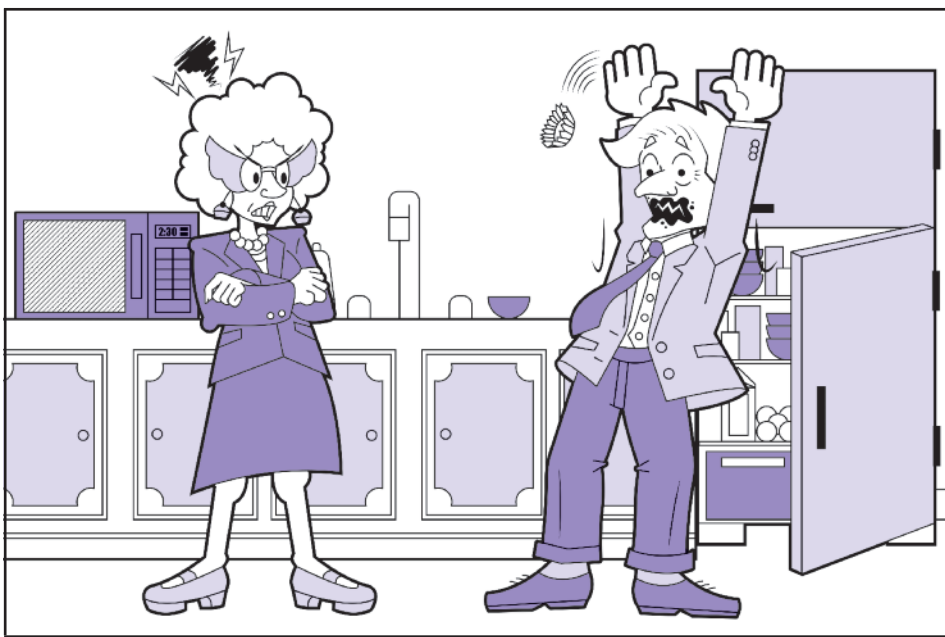
"Here's the way I see it. I had two chocolate cupcakes in the fridge and one is missing. The 'discrepancy' is between the number I had and the number I have left. The 'dispute' is between me and the sorry thief who took it."

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best approach. A dispute should be researched by the department and person best positioned to resolve it.

An end-to-end process should be in place that routes and tracks the dispute until it is cleared from the accounts receivable ledger. One of the biggest mistakes organizations make is waiting until the invoice is severely past due before they start trying to figure out why they have not been paid.

If all of the recommended processes and procedures are in place and followed without exception, there is a likelihood that the dispute lies somewhere apart from the invoice itself. *Collective Wisdom,* March 2013, available in the newsletter section of our website, szabo.com, offers strategies and tactics for resolving such disputes.

Successful discrepancy and dispute resolution requires a comprehensive approach that relies heavily on communication, both internally between departments and externally with customers and partners. Beyond that, automated systems and agreed-upon standards between parties can help identify and rectify problems well in advance of impacting your DSO. ♦