

How Danone Achieves 96% Accuracy in Long-Term Receivables Forecasting Over 6 Months

96%

Accuracy Achieved in Monthly Forecasts

30%

Reduction in Time Spent on Manual Tasks

6 Months

Daily Forecasts Generated



"After implementing the solution, we're now able to make informed decisions with increased accuracy in forecasting. The detailed insights into customer and invoice-level forecasts have significantly enhanced our proactiveness in collections."

Jacob Whetstone

Director Credit & Accounts Receivables

Problem Statement

With 1000+ accounts across North America, timely and accurate forecasting was challenging which led to delayed forecasts, impacting cash flow.

Limited visibility into transactions and accounts made year-round cash visibility and liquidity planning for this multibillion-dollar business difficult.

Key Challenges

- A/R forecasting was done manually, which incurred discrepancies and inefficiencies, which led to complexities in moving cash.
- Monthly forecasts were done only twice a year, which restricted A/R visibility and affected accuracy.
- Generated invoice-level reports only, which made understanding customer payment patterns difficult.



Industry
Food & Beverages



Revenue:
\$24.3 Billion



No. of Employees:
100,000+

Solutions

- Automated forecasting and data gathering through bank and ERP integration for easy cash movement
- Forecast horizon window was increased from 1 month to 6 months with improved accuracy.
- Customized models were introduced to simulate scenarios with and without early payments.

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CHALLENGES DEEP-DIVE

Multiple Systems And Sheer Volume Of Accounts Led To Complex Cash Forecasting.

As one of North America's largest food and beverage companies, Danone NA found it increasingly difficult for the cash management team to collate information from multiple systems.

Additionally, the manual approach made this even more challenging, as collecting information from various data sources and teams was tedious and prone to errors.



Manual Forecasting And The Use Of Legacy Systems Restricted A/R Visibility.



At Danone NA, cash flow forecasting was done predominantly on MS Excel, which limited the use of multiple variables, such as customer and invoice-level variables. This was a major challenge for Danone NA as it restricted the team from capturing trends and tracking specific nuances.

The absence of accurate and precise A/R data increased the woes by constraining forecasting abilities, reducing monthly forecasts to only twice a year, and limiting accounts receivable visibility.

Low Accuracy Reports Made Predicting Payment Patterns Increasingly Difficult.

Manual verification of invoices at Danone NA led to slow tracking and poor variance analysis, making it difficult to identify overspending or underperformance which became a challenge for cash flow enhancement efforts.

Additionally, generating only invoice-level reports on demand resulted in low accuracy, making predicting customer-specific payment behavior challenging.

WHY HIGHRADIUS?

Scaling up Receivable Forecasting at Danone North America with HighRadius' AI-Powered Cash Forecasting Solution

Danone NA had a bold vision. To better understand customer payment patterns and accurate variance analysis, they aimed for a holistic solution to optimize cash flow forecasting. They wanted a solution that could:

- Auto generates weekly and monthly forecasts to assist with potential cash flow issues.
- Expanding the forecasting horizon window across all units to enhance decision-making, better manage cash, and minimize risk.
- Include tailored models to calculate early payments to maintain a healthy working capital ratio.
- Effortlessly monitor outstanding invoices to boost collections and meet targets.

SOLUTION IMPLEMENTED

Achieving an Accurate Picture of Cash Flow by Automating Cash Flow Forecasting

The HighRadius Cash Forecasting software helped Danone NA in timely and accurate forecasts by aggregating data from various sources. With the already existing integration, it was easy to automate data extraction from sources like banks and ERPs using APIs and Robotic Process Automation. It automatically identifies evolving trends and calculates cash flow by analyzing best and worst-case situations using the manual override function. This feature enabled the treasury team to precisely monitor scenarios in real-time, to plan cash flow effectively, and to meet their obligations.

Reducing Forecast Variance with Artificial Intelligence

The cash forecasting solution helped Danone NA generate low variance forecasts by understanding the historical patterns associated with complex cash flow categories and payment patterns.

To increase the accuracy, the AI-based application further revises the forecast by tweaking the algorithm and fine-tuning the forecast model.

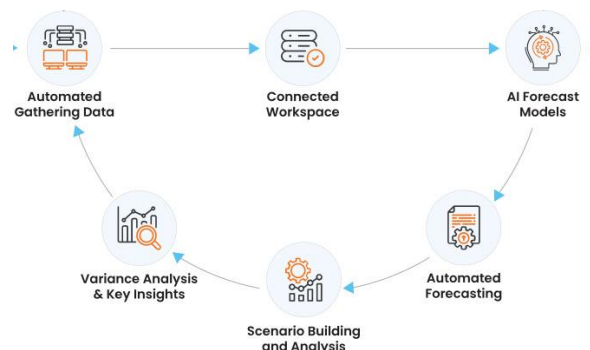
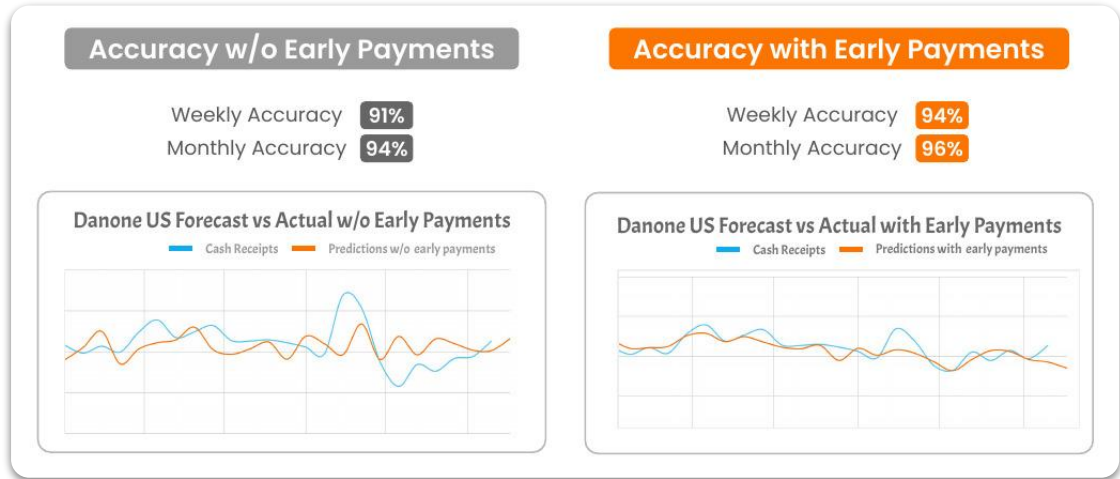


Fig. 1 - Closed-loop ML feedback system ensures accuracy

SOLUTION IMPLEMENTED

The closed-loop feedback model also helped in reducing the variance eventually by analyzing the historical forecasts and understanding what caused the spike in variance and improving accordingly.



Enabling Credit Analysts to Shift Focus to Improve Collections and Credit Management

Credit analysts were able to handle early payments and deductions by identifying changes in customer behavior and automating repetitive and tedious tasks. The intuitive forecasting dashboards helped the team to switch between cash flow categories and drill down.

The interconnected spreadsheet-like work environment was an added advantage for the analysts to collaborate without the fragility or errors of a spreadsheet easily. This helped them focus more on value-added tasks like managing credit and collections.



About

HIGHRADIUS TREASURY AND RISK SUITE

View, manage, analyze, report, forecast, and get complete control over your cash without the guesswork, hassle, and complexity.



	Cash Forecasting	Cash Management	Treasury Payments
Business Outcomes	<ul style="list-style-type: none">50% Reduction in Idle Cash70% Increase in Forecasting Productivity	<ul style="list-style-type: none">70% Increase in Forecasting Productivity	<ul style="list-style-type: none">30% Reduction in Bank Fees30% Increase in ProductivityElimination Fraud & Error Costs
Operational KPIs	<ul style="list-style-type: none">95% Forecast Accuracy in Global Inflows95% Forecast Accuracy in Global Outflows100% Bank Integration Automation98% Cash Flow Category Tagging Automation	<ul style="list-style-type: none">100% Bank Integration Automation98% Cash Flow Category Tagging Automation	<ul style="list-style-type: none">98% Payment Execution on Time30% Savings on Average Cost Per Payment90% Automatic Detection of Payment Errors, Sanctions and Frauds

ABOUT HIGHRADIUS

HighRadius is the leading provider of the Autonomous Finance Platform for the office of the CFO. More than 850 of the world's leading companies have transformed their order to cash, treasury, and record-to-report processes with HighRadius. The HighRadius Treasury & Risk Suite helps teams achieve touchless cash management and accurate cash forecasting. It enables teams to view, manage, analyze, report, forecast, and get complete control over their cash without the guesswork, hassle, and complexity.

LEARN MORE ABOUT HIGHRADIUS TREASURY AND RISK SOLUTION