

JOHNSON & JOHNSON'S AUTOMATION FORMULA

FOR HALF A MILLION REMITTANCES
THAT BEAT 2 SIX SIGMA PROJECTS



IMPACT ACHIEVED AT J&J:

95%
(hit rate) payments applied by the
system automatically

~43%
reduction in
Days Deduction Outstanding

6 Months
reduction in customer setup time in
cash application



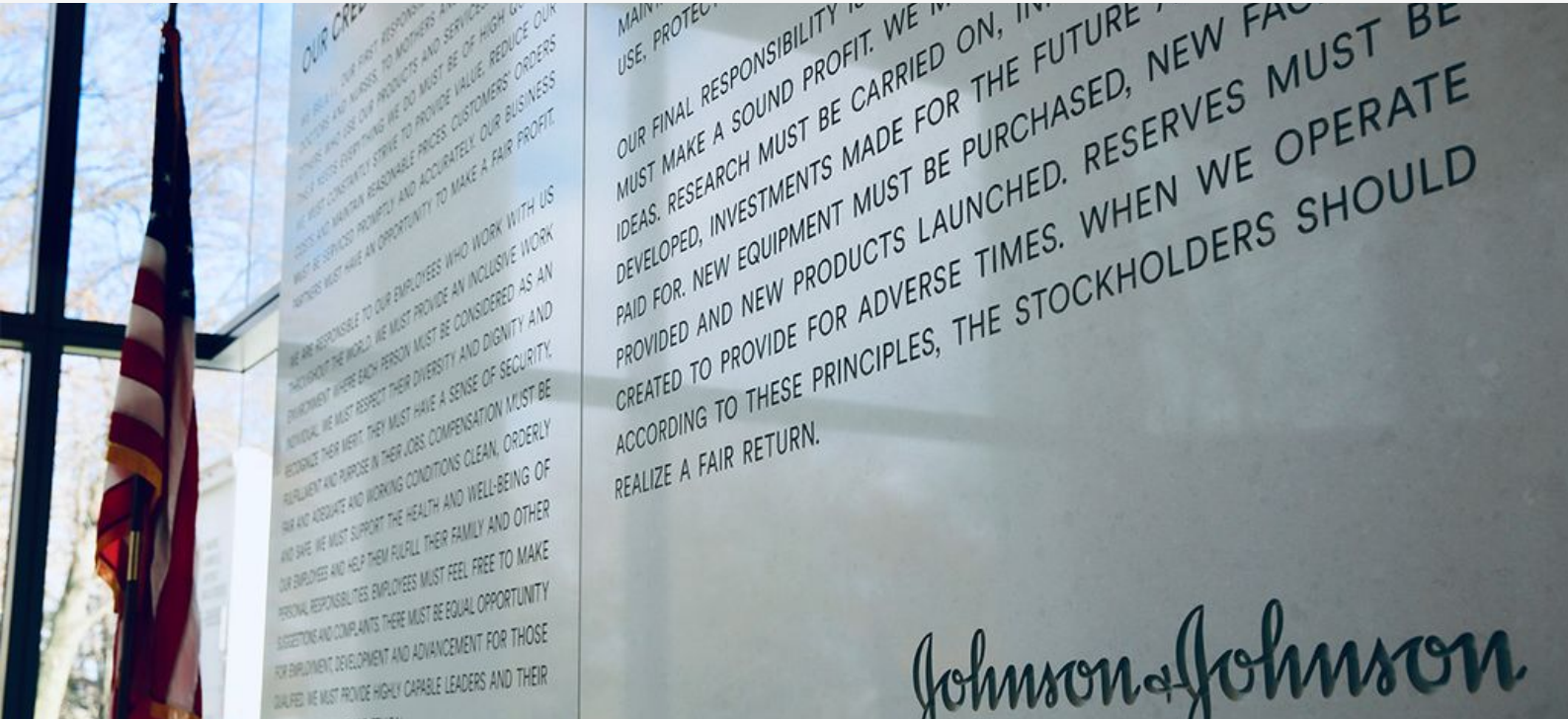
HighRadius, in a very short period, was able to flawlessly implement the cash application solution that gave us very consistent and reliable results.

Sandra Roth,
Manager- Customer Receivables Management,
Johnson & Johnson Consumer Inc.

ABOUT JOHNSON & JOHNSON

WORLD'S LARGEST MEDICAL DEVICES & DIAGNOSTICS

MANUFACTURER



\$82bn+

Total Revenue

130k

Total Employees

5

Business Units Across US
& Canada

Johnson & Johnson (J&J) is an American multinational corporation founded in 1886 that develops medical devices, pharmaceuticals, and consumer packaged goods.

It is the world's sixth-largest consumer health company, the world's largest medical devices, and diagnostics company, and the world's eighth-largest pharmaceuticals company.



94% OF THE TOTAL DOLLARS COLLECTED WAS APPLIED VIA FEDI, BUT...

The A/R team used the consumer mainframe-based FEDI (Financial Electronic Data Interchange) pre-processor for ACH and EDI 820 payments. It was an outstanding 1st implementation that yielded great results, but it did not last long.

...FOUR IMPLEMENTATIONS LATER, THE HEADACHES BEGAN...

After the 2nd, 3rd, and 4th implementations of FEDI, J&J realized that there were no standards for remittance formats. The FEDI processor would not identify relevant information from the remittance files that altered from trained formats.

...AND CONTINUED DESPITE 2 SIX SIGMA PROJECTS.

They started two six-sigma projects to focus on flexibility when enrolling customers on FEDI and conducting hands-free cash application.

But by the time these six-sigma projects began it would take J&J finance and IT departments six months to enroll a single customer. This was unacceptable for the A/R team.

MAJOR CHALLENGES FACED BY JOHNSON & JOHNSON

Issues With Non-Standard Remittances:

J&J Started with FEDI (Financial Electronic Data Exchange) partnership but had multiple implementations with no end-to-end standardization due to lack of standard remittance formats.

Cumbersome Template Management:

Identifying data sent by customers was a hurdle. The A/R teams were constrained by strict Critical-to-Quality(CTQ) requirements like customized templates for each customer.

High Cost and Extended IT Timelines:

Cash Application became an expensive and lengthy implementation with costly maintenance where patching and updates were required periodically



TIME FOR CLOUD-BASED AUTOMATION & HERE'S WHY

A Mainframe Exit Strategy :

J&J Corporate mandated that any application that resided on the mainframe had to be moved to the cloud quickly as they strongly believed it was time to evaluate other options. The main focus was on the cash application preprocessor that lived on the mainframe.

Phase Zero (Assessment) :

Workshops and discussions were held to understand the as-is processes. Internal SMEs helped stakeholders understand the cash application processes in SAP.

Benchmarking:

Conversations with peers from the manufacturing industry, who have moved to cloud platforms were conducted to identify the best automation solution available in the market.

J&J WAS LOOKING FOR AN AUTOMATION SOLUTION THAT WAS ...

- Perfectly aligned with J&J's Enterprise IT Architectural Strategy

- A reliable business platform that supports Automated Cash Application:

- Minimally dependant on J&J's internal IT and business support

- Having a wide variety of flexible deployment models

- Crystal clear in explaining the implementation and ongoing costs

- Providing out-of-the-box custom reporting



END TO UNMATCHED REMITTANCES & INVOICES

Johnson & Johnson chose HighRadius as its digital transformation partner.

OCR (Optical character recognition) engine and the auto-remittance capture feature embedded within the system, were able to proactively identify the electronic data from check remittances, excel, text, pdf files, emails, and others. And then transformed the captured data into recognizable system information.

The system could also auto-identify customer names based on past data and their remittance information, further minimizing the need for manual intervention.

It enabled a centralized cash application process across all operating bodies with better visibility and access to real-time data.



IMPACT ACHIEVED:

95%

Touchless Cash Posting for Half a Million remittance lines leaving minimal exceptions for human analysts to work on

~100%

An increase in team productivity enables them to focus the rest of their time on more strategic decision-making tasks.

INFLUENCE ON DEDUCTIONS

IDENTIFYING THE REASON FOR DEDUCTION WAS NEVER THIS EASY BEFORE

The cash application solution was able to automatically map customer reason codes with internal ERP-specific reason codes. It validated whether the customers' earned and unearned claimed discounts are based on payments terms or trade promotions.

~43%

Reduction in the deduction resolution time, minimizing revenue leakages

ZERO

Dependence on the internal IT team for cash application that lacked the expertise, agility, and efficiency

GOODBYE TO INTERNAL IT AND ITS ASSOCIATED COSTS

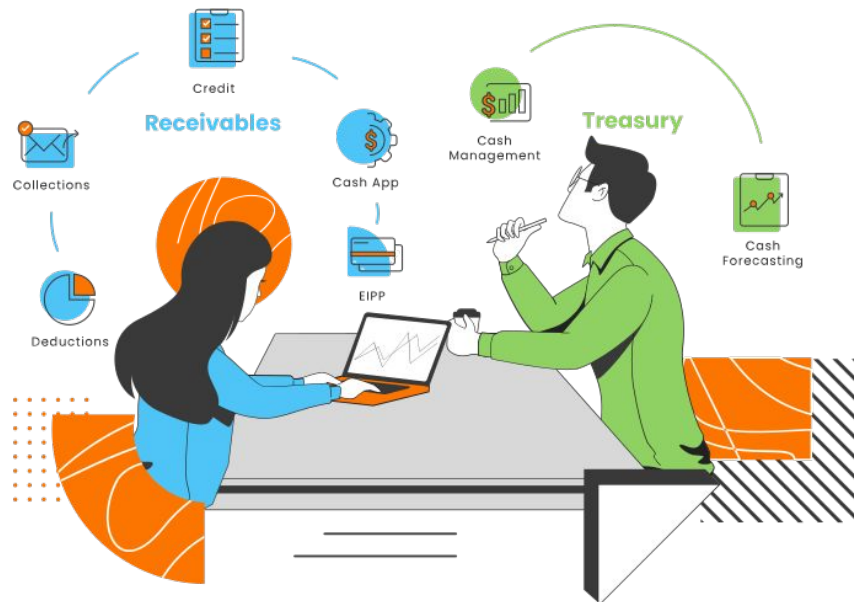
The automated system fast-tracked the enrollment of customers in the cash application process.

It became as simple as adding a new field into your current dashboard, making it a real-time process aligning perfectly with the increasing volume and scope of the business.

It could give your cash application process complete freedom from the time extensive Internal IT.

ABOUT HIGHRADIUS CASH APPLICATION SOLUTION

HighRadius Cash Application Cloud is the most comprehensive solution available for automating cash application across all payment and remittance formats. Driven by customer-specific business rules, automated on-invoice hit rates of 98%+ are typical with the solution. A cloud-based solution available as software-as-a-service, Cash Application Cloud is easy and cost-effective to deploy and maintain.



Discover More Benefits of HighRadius Cash Application Cloud

The AI-Powered Receivables Automation Platform Trusted by 700+ Industry Leading Companies

[LEARN MORE](#)