



How a Leading Food Brand Leveraged A/R Forecasts with 96% Accuracy to Track Open-Invoices of 1000+ Customers and Improve Collections

Problem Statement

With over a thousand accounts across North America, timely and accurate forecasting was challenging. Delayed forecasts from multiple regions affected cash at global-level.

The DSO of these customers was manually calculated to identify changing payment behavior and follow-up on collections.

Year-round visibility into cash was absent due to large transaction volume and limited account and transaction-level insight.

With poor future cash visibility, liquidity planning for this multibillion-dollar business was a challenge..

Previous Process

- Open invoices were downloaded from ERP to calculate ADP and ADD
- Invoices were forecasted and updated daily using data from the **HighRadius Cash Application Cloud**
- A/R forecasting process was heavily dependent on a single Analyst
- Forecasts were created manually using Excel and shared via email to upper management
- Forecasting was only done for the months of June and December to meet half-yearly targets
- Daily and weekly forecasts were done on a need basis and had low accurate
- A/R team used forecasts to push early payments and meet revenue targets every 6 months
- Generated only invoice-level variance analysis reports to identify payment patterns

Industry

CPG

Region

United States & Canada

Revenue

\$25.3 billion

Product

Cash Forecasting Cloud

Benefits

- **0 Days** wait time for go-live due to existing integration
- Auto-generated weekly and monthly forecasts
- **Up to 6-Month** forecast horizon across all business units
- Customized forecast models to calculate early payments and deductions
- Enabled Analyst to shift focus to improve collections and credit management

Challenges



Manual and Tedious Process of Forecasting

- A/R forecasting required open invoice data of 1000+ customers
- Analyst aggregated data in Excel for forecasting
- Forecast reports were sent manually over email

Low Visibility into A/R across Multiple Horizons

- Monthly forecasts generated twice a year restricted cash visibility
- Inefficient processing of A/R data affected collections

Difficult to Identify Customer Behavior Change

- Analyst had to manually calculate DSO to identify payment patterns
- Early payments and deductions were difficult to handle

Limited Forecasting Capabilities

- Forecasts were majorly done only twice a year, in June and December
- Short-term A/R forecasts were inaccurate due to unavailability of relevant data
- Only ADD and ADP were used to forecast receivables

Poor Variance Analysis Lacked Insights

- Analyst had to manually check which invoices are pending
- Root-causes of variances were time taking to track and address

Additional Challenges

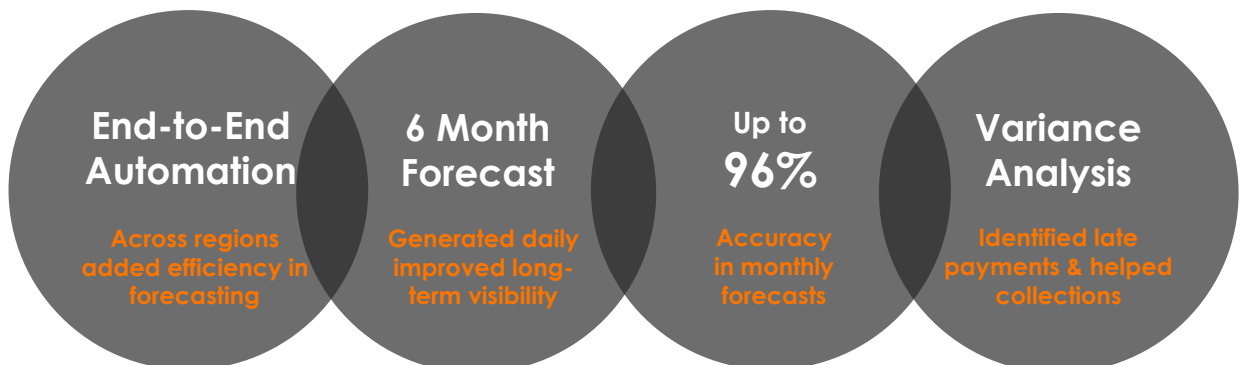
- A/R forecasts had to be timely and accurate to manage and move cash at a global-level
- Collaboration with other departments was a time-consuming process

Current Process

- Achieved end-to-end automation in forecasting
- Improved accuracy of short-term and long-term forecasts
- Forecast horizon increased from 1-month to 6-months
- Customized models to create scenarios with and without early payments

- Integration with banks & ERP for automated data gathering
- Detailed variance analysis identifies root-causes of variances
- Easier to track open invoices resulting in improved collections & meet targets
- More time with Analyst to shift focus to higher value tasks

Results





About the Solution

Connectivity with Sources

Our integrated system can automate data gathering from your ERPs, banks, and other financial systems, as well as support direct file upload to get started quickly.

Category and Company-level Forecasts

Using your own rules, or off-the-shelf algorithms for every category at every company, forecasts across multiple horizons can achieve up to 95% accuracy .

Variance Analysis

Compare forecasted cash flows for a period to the actual cash flows that occur during that period to identify the variance and evaluate the accuracy of the forecast over time.

Business Intelligence

Out-of-the-box dashboards for insights into cash forecasts. Users can access reports such as the 'Expected Invoices Forecast Report,' which will provide payment predictions at the invoice and account level.

Tailored Forecast Models

The cloud solution designed for cash forecasting features a familiar spreadsheet interface with formula or manual data entry allowing users to build their models or customize existing ones.

Key Analytics

The analytics engine automatically recalculates forecasts, and variances, and saves copies as snapshots which are then used in reports and dashboards to support faster decision-making.

Scenario Analysis

Model various scenarios and understand the impact on cash flows, plan for different business possibilities, create best and worst-case scenarios, and others as desired for your business, helping you factor in unexpected events and plan future cash flows.

Treasury Management Platform



Cash Forecasting

- High Accuracy Forecasts with Variance Analysis
- Real-time Collaboration and Reporting
- End-to-end Automation and Integration
- Artificial Intelligence powered Forecasting



Cash Management

- Daily Updated Cash Positions
- Continuous Global Cash Visibility
- Prior Day Cash Reconciliation
- Automated Transaction Categorization

About HighRadius

HighRadius is a Fintech enterprise Software-as-a-Service (SaaS) company which leverages Artificial Intelligence-based Autonomous Systems to help companies automate Accounts Receivable and Treasury processes. HighRadius Treasury Management Applications help teams achieve touchless cash management and accurate cash forecasting.

Click here to visit highradius.com/treasury for more

