

Autonomous Receivables Solutions for Order to Cash in **Consumer Packaged Goods** Companies.

Overview of Autonomous Receivables Solutions for CPG Companies



Cash Application

95% auto-cash posting for high invoice volumes

100% auto reason code mapping for big box retailers

Auto-capture of remittances from emails, check-stubs, EDIs, portals



98% Payments applied by the system automatically



Deductions

Auto-capture of claims, PODs from customers & carrier portals

Faster, automated trade promotion settlement

Improved net recovery rate for invalid disputes with AI



58% Reduction in open deductions



Collections

AI-based prioritization for small & large customers

100% automated dunning via emails, web portals



\$6.4M Increased Cash Flows through Reduction in DSO

Other Autonomous Receivables Solutions



Credit

3x faster customer onboarding and real-time credit risk visibility with proactive credit reviews



EIPP

Electronic invoicing through web, email, fax, print + mail and easy payments globally through self-service payment portals

135+ customers across Food & Beverage, Apparel & Footwear, Household Products, Agriculture, Consumer Products, Tobacco & Liquor companies trust HighRadius for their Accounts Receivable automation.



How HighRadius Addresses CPG Industry-Specific Challenges



Cash Application



Deductions



Collections

Challenge

Manual Cash Application for a High Invoice Volume

CPG companies experience a high volume of open invoices. Their cash application teams struggle to manually identify the appropriate invoice for every incoming payment while handling short payments and other exceptions such as missing or truncated invoice numbers and no remittance scenarios.

Solution

95% Automated Cash Posting with HighRadius Cash Application Software

HighRadius Cash Application Software auto-matches the incoming payments with open invoices even in exceptional scenarios such as incomplete or inaccurate invoice numbers. With AI capabilities, Cash Application Software can apply cash accurately even when the customer uses non-invoice reference numbers such as Sales Order #, Purchase Order # in the remittance.

Challenge

Repetitive Identification & Mapping of Parent-Child Entities While Posting Cash

CPG companies encounter complex parent-child scenarios, such as the big-box retailers paying for their various store locations; for example, Walmart US might pay for the multiple store locations across the US.

While applying such payments, analysts have to repeatedly identify the parent and the child entities and their alternate payer relationship from the customer master which delays the overall cash posting.

Solution

Automated Invoice Matching in Complex Parent-Child Scenarios

HighRadius Cash Application Software auto-identifies the parent company against multiple child entities with the help of a predefined library of parent-child scenarios in the customer master. So, CPG A/R teams no longer need to identify the parent and child organizations while applying cash manually.

Challenge

Manual Deduction Coding for Big Box Retailers

CPG companies experience a high volume of deductions, for which the customer adds their specific reason code. For instance, Kroger refers to 'shortage' as O8, while Danone refers to it as 'SR.' So, for every deduction, the cash application teams have to map the customer-reason codes to their ERP-specific reason codes manually, which ends up becoming a repetitive activity.

Solution

Automated Reason Code Mapping with Cash Application Software

HighRadius Cash Application Software automatically identifies short payments and maps the customer reason codes into internal ERP-specific reason codes. In case of discounts, Cash Application Software automatically verifies whether the discounts are earned or unearned based on the payment terms, promotions/commitments from the Trade Promotion Management System (TPM).

Challenge

Manual Remittance Capture from Check-Stubs, Emails, EDIs, & Web Portals

CPG companies receive remittances from various sources. While mid-to-small-sized businesses send check-stubs or email remittances, large enterprises send remittances through EDIs or web portals. While applying cash, the cash application analysts have to manually aggregate the remittances from check-stubs, emails, EDIs, and customer web portals.

Solution

Automated Remittance Capture from Emails, EDIs, Checks, Customer Portals

HighRadius Cash Application Software leverages AI-based multiple Optical Character Recognition (OCR) engines to capture check remittance data accurately.

With automated email & EDI parsing engines, analysts can automatically extract remittances from emails (email body and attachments) and EDIs. Cash Application Cloud leverages web bots to log into various customer portals and download web remittances securely.



Challenge

Manual Capture of Claims from Emails, Customer Portals; Proof of Deliveries from Carrier Portals

CPG deductions teams spend a lot of time extracting claims from emails, postal mails, and customer portals. They have to download proof of deliveries, bill of lading from carrier portals such as FedEx, UPS, etc.

Moreover, for trade deductions, they have to log into the Trade Promotion Management Systems (TPMs) to extract deals & commitment information.

Solution

Automated Capture of Claims, Proof of Deliveries with HighRadius Deductions Software

HighRadius Deductions Software auto-aggregates claims from emails, customer portals, postal mails and can capture line-item level data from the claim documents. Proof of deliveries, bill of lading, freight bills are automatically aggregated from carrier portals.

Deductions Software integrates with the TPM system to auto-extract all the deals and commitment information and stores every document in a single repository to ensure faster research & resolution.

Challenge

Highly Manual Deductions Research for Trade Deductions

Trade deductions dominate the deductions landscape in CPG companies. For example, 85% of Danone's deductions were trade deductions.

The research for these trade deductions is a manual process - the analysts have to identify and match the promotions and product-level deals against every claim.

Solution

Automated Trade Promotion Settlement with Deductions Software

HighRadius Deductions Software integrates with Trade Promotion Management Systems (TPMs) to match claims with their respective promotions and product-level deals automatically. After matching claims to the promotions and deals automatically, settlement information is passed to the TPM.

Challenge

Revenue Leakage Due to Lack of Dispute Prioritization and High Write-Off Threshold

Deductions teams struggle with validating & resolving a high volume of deductions. Due to the lack of a pre-defined strategy for dispute prioritization, they end up writing off the disputes within the write-off threshold.

For instance, Danone's deduction teams used to write off trade deductions below \$250 without any research. The rest of the deductions are manually researched by the analysts. However, even after thorough research, only 20% of disputes might turn out to be invalid. This means 80% of the deductions team's efforts have resulted in writing off the valid disputes instead of recovering the trapped working capital from the invalids. Identifying an invalid dispute becomes equivalent to finding a needle in the haystack as there is no way of prioritizing the invalid disputes over the valid ones.

Solution

Improved Net Recovery Rate for Invalid Deductions with AI-Based Dispute Validation

HighRadius Deductions Software leverages AI capabilities to automatically predict invalid disputes by analyzing the past resolution trends and deduction volume. Analysts can now prioritize the resolution of high dollar value invalid deductions.

With Deductions Software, deductions analysts can auto-send denial correspondences within the retailer's allowed timeframe to ensure recovery.

Deductions Software also triggers a workflow to notify the collectors about invalid disputes. This will lead to a higher net recovery rate for invalids.



Cash Application



Deductions



Collections

Challenge

Manual Prioritization of Customers for Past-Due Recovery

CPG collections teams usually struggle with identifying and prioritizing high-risk customers across their global customer base. They end up manually reviewing the various aging buckets or the invoice dollar value to prioritize customers.

However, this manual approach doesn't give them a 360-degree view of the customer's credit risk, payment commitment history, and payment posting status. Being unable to differentiate between high-risk and low-risk customers, the collectors might end up reaching out to the low-risk customers, who would have paid anyway.

Solution

AI-Based Prioritization of At-Risk Customers with an Automated Collections Worklist

AI-powered Collections Software helps the collectors prioritize high-risk customers with an automatically prioritized worklist. Every day, before the collector logs in, Collections Software automatically generates a prioritized worklist based on the following parameters:

AI-predicted payment date for the customer

Customer's credit risk

Aging analysis

Payment commitment history & trends

Additionally, the collectors can access AI-recommended collections strategies for each customer to ensure faster past-due recovery.

Challenge

100% Manual Dunning for All Customer Portfolios

As the collectors manually prioritize customers for past-due collections, they cannot identify and prioritize high-risk customers over the low-risk ones. Due to the manual efforts in prioritization, they are not left with adequate time to craft specific collections strategies for the at-risk customers. As a result, they end up implementing a 'same-size fits all' dunning strategy for all customers - treating every customer portfolio with a similar dunning strategy.

Collectors have to send emails to their global customer base manually, and this manual dunning process not only impacts the collector's productivity but doesn't guarantee a faster past-due recovery.

Solution

HighRadius Enables 100% Automated Dunning for All Customer Portfolios

With Collections Software, collectors can automatically send dunning emails to their whole customer base. They can automate correspondence via emails, fax or push it to the customer's AP portals.

The collectors can choose from hundreds of pre-defined dunning templates, edit them based on the collections strategy and send correspondences to thousands of customers with a few clicks.

HighRadius Partners with Industry-Leaders to Deliver Successful A/R Automation for the CPG Companies



Join the League of 135+ CPG Industry Leaders & Automate Your Accounts Receivable Process

TALK TO AN EXPERT

HighRadius Autonomous Software for the Office of the CFO

Data-driven AI software platform to lower DSO, optimize working capital, fast-track financial close and improve productivity.



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