



CASH APPLICATION + DEDUCTIONS MANAGEMENT + COLLECTIONS MANAGEMENT

A CPG Credit and A/R Success Story

Learn how Danone automated complex CPG receivables processes using Integrated Receivables to boost resource productivity, collect faster and reduce DDO by 25 days

We knew in order to be best-in-class we had to invest in A/R automation

Dennis McDonald, Director - Sales Control, The Dannon Company

The Challenges of CPG Credit and A/R

Challenges in Cash Application

- Very large customer base
- High volume invoicing and payments
- Geographically distributed operations
- Complex customer parent-child relationships
- Complex receivables processing with high percentage of short-payments

De-coupled electronic remittance and payments require lots of manual effort to post. Increased process complexity was added due to multiple remittance and payment formats.

Challenges in Deductions Management

Deductions Management at Danone was a fully manual process. Looking at the deductions

- 85% of all deductions were trade deductions
- Almost 90% of deductions turned out to be valid

Hence lots of manual efforts were put in for 10% of the invalid deductions. Moreover, Danone had a very high DDO of 45 days due to the highly manual deduction resolution process

Challenges in Collections Management

The collections management process again was highly manual. The team was involved in a lot of non-value add activities; this prohibited them from:

- Focusing on the really critical accounts that needed dunning
- Updating the ERP system in a timely manner with the information needed for escalation or de-escalation on various accounts.

As a result, Danone suffered from poor visibility into how collection tasks were being done. Additionally, the process was time consuming and auditability was poor because dunning processes were not standardized.

About Danone

Danone is a French multinational food-products corporation based in Paris and founded in Barcelona, Spain.

Headquarters: Paris, France
Industry: Food Processing
Revenue: €21.9 billion (2016)
Founded: 1919; 98 years ago

Receivables Landscape

Shared services for A/R is present across multiple business units across different geographies.

Danone consists of a team of **21** Full-Time Employees managing operations related to Receivables.

The responsibilities of the A/R team includes processing Cash Application, Deductions and Collections. Most of the tasks are done through manual intervention.



Results Across the Board



75% Reduction
of FTE



80%+ Cash Processing Rate
in 90 days implementation



25 days Reduction
In Days Deduction Outstanding

- 94.80 increase in cash processing rate for Danone Canada

About the Solution

Cash Application

Automatically process multiple remittance formats

The solution is capable of capturing remittance details through various formats without any manual intervention. It is performed with:

Email Remittance Capture: Performs digital processing for high quality capture. No email management is required.

Checks AI-OCR Capture: It fully captures paper check remittances and map them to customers.

Web Portal Remittance Capture: It fully integrates website remittance capture without the need for any manual effort

Automatically code deductions based on internal codes

The solution is capable of identifying, matching and coding deductions from customer deduction codes to Danone deduction codes. It also merges multiple deductions to a customer.

Handle complex parent-child customer relations

As per the Business Requirements of Danone, the solution closes invoices at a parent account level and post disputes at the customer level.

Scalable across business units

The implementation time for Danone was reduced by ~50% for external implementations.

Deductions Management

Automatic Claims and POD aggregation

- Automates the collection of claims from the retailers website
- Automates the collection of PODs from the carrier website
- Interprets the POD and claims information
- Extracts the Deductions/Claims information from the financial systems and matches it to the right document
- Gathers the required information from order management system for additional details.

Automate processing of trade deductions

The whole process from receiving the backups to closing the trade deductions was automated. The automation solution is also able to break down the deductions at a pack-group level and match the data to the correct deals.

Live-tracking deduction case status

Provides visibility into the status of each deduction case and the progress of every dispute case in the pipeline

Automated Correspondence

It allows to easily setup templates, automatically append backup documentation and send communication across multiple cases with the click of a button.

Collections Management

Worklists, activity tracking

Analysts lost a lot of time in extracting data from the ERP system, creating the worklists and then pushing data back into the ERP system.

The collections cloud eliminated this by:

- Creating prioritized worklists for each analyst
- Providing a single interface for them to record tasks including promises-to-pay
- Synching the data back into ERP automatically

This eliminated non-value add tasks of interfacing with multiple systems.

Standardized, strategic collection processes

Customers were prioritized into various buckets by splitting them by risk class.

Automated Correspondence

Analysts don't have to spend time in correspondence. The solution has a built-in feature which makes single-click correspondence possible through email, fax and mail.

"We have eliminated disconnected systems from our credit and A/R shared services landscape and deployed HighRadius cloud solutions. It is more than just the ease of working with a single vendor. Everything is connected and you have a single source of truth. The HighRadius team is excellent and I am excited about our ongoing partnership using the Integrated Receivables platform."

Michael Pettyjohn, Director of Customer Financial Services, Danone North America