CASH APPLICATION WITH 95% HIT-RATE IN 3 MONTHS

An Automation Prescription for Straight-Through Cash Application

How Johnson & Johnson Consumer Inc. Secured 95% Invoice Hit-Rate for their Cash Application Operations in 3 Months with a Cloud Solution

> *Experienced, organized, and professional Project Team with dedicated and knowledgeable resources and a strong commitment to timelines.*

Sandra Roth, Manager, Trade Financial Management, Johnson & Johnson Consumer Inc.

Solution Deployed

Cash Application Cloud

Challenges in Cash Application

- **Issues with non-standard remittances**
  J&J Started with FEDI (Financial Electronic Data Exchange) partnership but had multiple implementations with no end standardization due to no standard remittance format

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

- **IT issues**
  Cash Application became an expensive and lengthy implementation with costly maintenance where patching and updates were required periodically. There was a genuine lack of Compliant and IAPP requirements satisfaction

About Johnson & Johnson

- ❖ It is the world's sixth-largest consumer health company

- ❖ The world's largest medical devices and diagnostics company

- ❖ The world's eighth-largest pharmaceuticals company & sixth-largest bio-tech company

- ❖ Johnson & Johnson has more than 275 operating companies in 60 countries employing approximately 128,000 people

Receivables Landscape

The A/R team started with FEDI partnership for ACH and EDI 820 payments but had multiple implementations due to no standard remittance format. They then decided to opt for a mainframe exit strategy and look for a solution with sustainability and standardization, risk mitigation and business continuity along with cost avoidance.

Johnson & Johnson

Cash Application with 95% Hit-Rate in 3 months

Results Across the board

95% auto application

3 Months To Go-Live

~800,000 remittance lines annually

About the solution

Overview

➢ Automated identification of customer based on remittance information
➢ Automated cash posting to ERP
➢ Automated short-payment identification and coding
➢ Low IT involvement – due to cloud

Automated Identification of Customer

The solution leverages automation to identify customers based on remittance information provided by the customer. It eliminates the time-consuming manual process of identifying customer before applying cash.

Automated Cash Posting to ERP

The solution enables a centralized cash application process across all operating companies with better visibility and access to real time data. It sends EDI remittance report daily which has balanced payment information in a user friendly format. It also provides the ability to download a full days file versus a check by check file.

Automated deductions coding

The cash application solution identifies and auto-creates deductions, captures deduction information such as claim number, reason codes and maps customer reason codes to ERP specific reason codes. It eliminates the time and resource lost to manual identification and coding of short payments and helps in faster and more accurate resolution of deductions.

Minimal IT involvement and investment

The cloud-based SaaS solution integrates seamlessly with the system and works on a plug-and-play model with minimal intervention with the existing process and near-zero dependence on internal IT team. Users can scale the services to fit their needs and enjoy a subscription-based service that's kind to their cash flow since pay-as-you-go models allow businesses to pay for only what they are using and not pay heavily on un-used licensing.