



Being Future Ready by Championing Electronic Payments Across Borders

Learn how Coty utilized technology for Electronic Payment Processing and to Support Business Growth



HighRadius is very accustomed to work with SAP, we are learning from HighRadius partnership in how we can change the way we process cash and make the process even faster

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Company Overview

Coty, Inc., is a North American beauty products manufacturer based in New York founded in Paris, France, by François Coty in 1904. Its main products are fragrances, cosmetics and skin/body care products.

Challenges

Receivables at Coty is based from a Shared Services Center in Sanford, NC. It consists of a 25 person team. It serves operations in Coty US, Coty Canada and Coty Puerto Rico. Responsibilities include Collections, Deductions, Claims Investigations, Cash Application and Credit Management.

Complexities of Inorganic Growth

Inorganic growth implies that businesses are more prone to facing complex processes due to diversity of IT platforms, different business models and cultures.

The continuous rise of electronic payments

Almost 50% of B2B payments are electronic and growing. Hence the A/R process needs to be equipped to process huge volumes of electronic payments efficiently

- Growth in business = more cash application
- Cash application teams need to process more and faster to support sustainable growth
- Cross-platform process integration
- Geographically distributed business operating on different platforms restricts the scope for central integration

COMPANY

Coty Inc

INDUSTRY

Beauty & Cosmetics, CPG

REGION

North America

REVENUE

\$9.4 billion (2019)

PRODUCTS

Cash Application Cloud

BENEFITS

- ✓ 87% Payments processed automatically without any manual intervention
- ✓ 95% Deductions pre-coded automatically for faster claims investigation process

Issues with Manual Process

1. **Slow process:** There was delay in realizing revenue. It was impossible to run accurate reports on true activity and track transactions.
2. **Inaccurate cash posting:** Manual dependency brought about transaction volume inaccuracy
3. **Slowing down claims investigation process:** A highly manual process led to slowing down of dependent business processes.

Payment Processing at Coty

The Cash Application team manually posted cash and coded deductions. Their responsibilities also included aggregating remittance information from sources such as check stubs, Bank Lockbox files, Emails, EDI, Website portals, as well as collecting customer payments.

All postings took place manually by on-invoice posting and on-account posting. For coding deductions, the analysts had to first identify the deductions and then assign reason codes. Due to lack of a coding system, cheat sheets were created for the cash application processors for coding deductions.

Post Cash Application

Once the Cash Application process got over, remittances with deductions from cash application were forwarded to the claims investigation team. Due to incorrectly marked deductions caused due to manual errors, the analysts spent more time finding out what the claims truly were instead of resolving them. Many checks had to be reversed and reposted. The Bottom line is that the claims investigation had large dependency on an error-prone cash application process.

Successful Outcomes



87% Payments Processed Automatically

Without manual intervention

Before



Team Size: 5 BU Served: USA



95% Deductions Pre-Coded Automatically

For faster claims processing

After



Team Size: 2 BU Served: USA, Canada, Puerto Rico

About the Solution: Cash Application Cloud

Business-wise Coty has been growing significantly. From a USA-centric business to expanding to the whole of North America, it has on-boarded various business units having different ERP systems. It was necessary for them to upscale their A/R operations along with their business growth.

Hence, they needed a solution that could be deployed seamlessly across geographies and provide standardization in their overall receivables platform.

Remittance Processing across Formats

Auto-aggregation of remittance from various sources and formats such as check stubs, emails, EDIs, web portals with **zero manual intervention**.

Ease of Deployment

As opposed to on-premise solutions, Cloud based solution is easy to deploy and seamlessly integrate across ERPs. It causes no disruption to regular business services and has minimal impact on internal IT landscape. Business owners are more directly involved than IT.

Business Challenges

North America Business Units of Coty is distributed in USA, Canada and Puerto Rico. Due to business units spread across borders, they had location-specific teams. This resulted in inconsistencies between business units. There was no alignment in training of the analysts; and processes such as coding of claims, type of documents used, varied across geographies.

With hard to assess team structures and inaccurate transaction details, it was difficult to scale individual teams across locations with the growth in business.

They needed a solution that could be replicated, not only in other units but also adoptable to future acquisitions with different ERP solutions.

Comprehensive Business Rules

1. Pre-Coding Deductions:

Extensive pre-built deduction and dispute code library allows the analysts to focus on resolving deductions rather than finding out what the claims are. It eliminated the need to inquire customers frequently about their claims. Customer codes are automatically mapped to internal codes which are standardized across business units.

2. Customization across Business Units

Highly configurable business rules can be assigned along with the ability to customize based on individual business requirements. If same customers exists across units, it is easy to replicate the rules but also adapt it to local unit requirements such as currency exchange, business models.