

C O T Y

CUSTOMER SUCCESS STORY

CASH APPLICATION

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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About Coty

Receivables Landscape

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.

Headquarters:
New York City, US
Revenue: \$ 9 Billion (2016)
Industry: Beauty
Number of employees: 20,000+

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 requires A/R processes to be equipped to process huge volumes of electronic payments

Cross-platform process integration

Geographically distributed business operating on different platforms restricts the scope for central integration

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 Process

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 were instead of resolving them. Many checks had to be reversed and reposted.

Bottom line: Large dependency on an error prone process.

Issues with Manual Process Slow process:

Slow process: There was delay in realizing revenue. It was impossible to run accurate reports on true activity and track transactions.

Inaccurate cash posting: Manual dependency brought about transaction volume inaccuracy

Slowing down claims investigation process: A highly manual process led to slowing down of dependent business processes

Coty's largely manual driven receivables process called for a solution that could:

- Reduce manual tasks for easily scaling output
- Automate all electronic remittance formats to account for future changes in remittance scenario
- Eliminate redundant validation from the claims investigation process
- Be implemented across ERP and IT landscapes

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 **adaptable to future acquisitions with different ERP solutions**.

Results Across the Board



87% Payments
Processed automatically without any manual intervention



95% Deductions
Pre-Coded automatically for a faster claims investigation process

Before



Team Size: 5



BU Served: **USA**

After



Team Size: 2



BU Served: **USA, Canada, Puerto Rico**

About the Solution

Cash Application Cloud

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

Remittance Processing across Formats

Email Remittance Capture:

Remittance information sent over email are captured automatically and stored in the system. Digital processing allows high quality capture of the details. Providing close to 100% automation for email remittance, no manual email management is needed.

Checks OCR Capture:

100% of the paper check remittances received are fully captured and processed by the OCR parsing engine. Once the remittance details are captured, it is mapped with the customers.

Website Remittance Retrieval:

Remittance files are automatically downloaded from customer portals and captured into the system.

Comprehensive Business Rules

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.

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.

Cloud-based Solution

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.

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