



CASH APPLICATION | DEDUCTIONS MANAGEMENT | COLLECTIONS MANAGEMENT

A CPG Credit and A/R Success Story

Learn how Danone automated a complex CPG receivables process 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

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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: €22.4 billion (2015)
Founded: 1919

Receivables Landscape

A/R shared services are present across multiple business units around the globe.

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

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

Credit and A/R Challenges in CPG

Challenges in Cash Application

- **1000+** customer base in US & Canada
- **100%** manual cash application
- Multiple lockboxes spanning across geographies
- **24** different portals for remittance aggregation
- Complex receivables processing with a high percentage of short-payments

Decoupled electronic remittance and payments required enormous manual effort to post. There was increased process complexity due to multiple remittance and payment formats.

Challenges in Deductions Management

Deductions Management at Danone was a completely manual process.

- Deductions summary:
- **85%** of all deductions were trade deductions
 - Almost **90%** of deductions turned out to be valid

Huge manual effort was required for the 10% invalid deductions. Moreover, Danone had a very high DDO of 45 days due to the highly manual resolution process.

Challenges in Collections Management

The collections management process was also highly manual. The team was involved in a lot of non-value add activities, which 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 standardised.

Results Across the Board



Improvement in Productivity



Increase in Auto-Cash Posting Rate



Days Reduction in Days Deduction Outstanding



No-Touch Cash Posting

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 maps 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 posts 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 the 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 for each 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 analysts to easily set up templates, automatically append backup documentation, and send communication across multiple cases

Collections Management

Worklists, activity tracking

Analysts lost a lot of time 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
- Syncing data back into ERP automatically

This eliminated the 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 do not have to spend time in correspondence. The solution has a built-in feature which makes single-click correspondence possible through email, fax, and mail.

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