

Customer Success Case Study- Ferrero

Find out how Ferrero reduced open deductions by 58% in less than one year and increased executive visibility

FERRERO

About Ferrero



Everything is integrated in modules which everyone can access. Everything is married to each other.

Kay Rogers,
Senior Credit & Deduction Manager,
Ferrero

Ferrero is an Italian manufacturer of branded chocolate and confectionery products, founded in 1946, and is the 3rd largest chocolate producer and confectionery company in the world.

Receivables Landscape

Ferrero's A/R department mainly focused on their Cash Application, Collections, and Deductions Management. With a relatively small team, tasks such as aggregation of documents and customer correspondence were performed manually, which became extremely time consuming.

Challenges

1 Time Lost in Manual Processing

A lot of time was lost due to the manual processes such as gathering of remittance & payment information and collection of claims and backup documents. Lack of prioritization in worklists also led to slow work.

Company name
Ferrero

Headquarters
Alba, Piedmont, Italy

INDUSTRY
Food & Beverages

REVENUE
\$13.8 Billion (2019)

PRODUCTS

- Credit Cloud
- Cash Application Cloud
- Collections Cloud
- Deductions Cloud

Benefits

- 85% Straight-Through Processing
- 40% Increase in Collector's Productivity
- 58% Reduction in Open Deductions
- 1 Day past-due orders put on hold for high-risk customers



2 Internal and External Collaboration

Lack of coordination between teams and the constant need for contacting customers for information on missing remittance also led to a dysfunctional workflow.

3 Limited Process Visibility

No visibility into other teams and processes led to repeated unnecessary interaction with customers and internal teams.

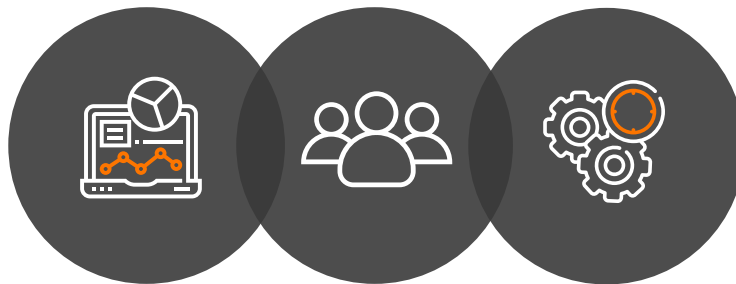
Challenges In Cash Application - The team had to manually extract data from various remittance sources and match it with the payment files sent by the Bank. Repetitive tasks took up about 55% of the employee's time, whereas, in an ideal scenario, it is supposed to be up to 5%, highlighting the non-value-adding part of work.

Challenges in Collection - The entire dunning process was performed manually, time consumed in manual dunning was more than expected with very low strategic value. Analysts were on their job without any prioritized worklist.

Challenges in Deductions Management - The company spent more than 40% of the time without any automation, and collaborations were getting limited, subsequently, resulting in slow dispute resolution and poor recovery. The team would manually match promotions to deductions, and correspond with customers for checking the validity of the claim. Even gathering said claims from customers was manual.

Goals and Objectives

A single platform
for all A/R teams



Managerial
visibility into a
all A/R processes

Visibility to broker
and key Account
manager teams



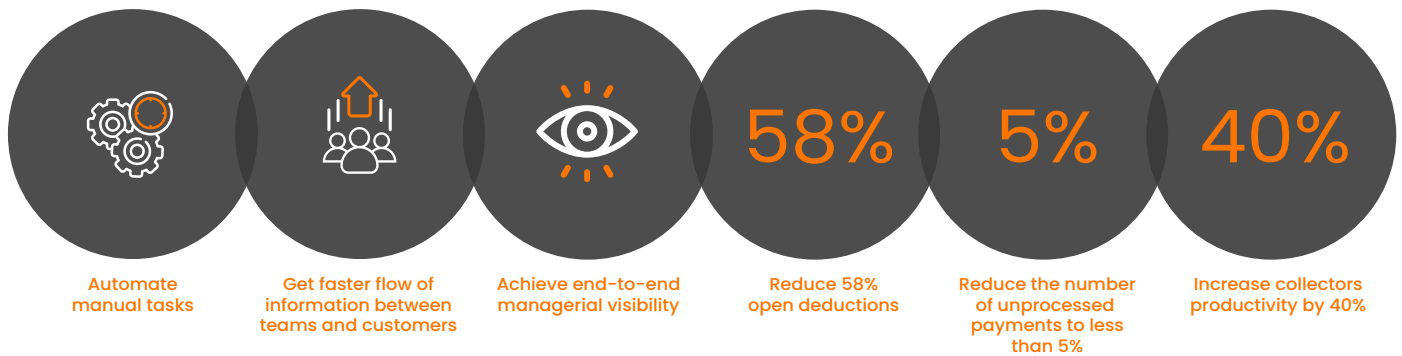


Sweet Results

Automation brought a seismic shift within Ferrero to subdue the hurdles faced in manual processes. It helped to reduce their DSO and DDO resulting in an overall efficient A/R process.

	Before	After
DSO	57 (Jan '15)	25
DSO	65 (Nov '16)	33

With the Solution in place, Ferrero was able to :



About the Solutions

Cash Application

Plenty of manual effort was spent aggregating remittances from various sources. This process was automated by aggregating remittances from:

Checks: The Cash Application solution has an OCR Engine which can capture remittance details from paper checks and automatically apply it to the system without any human involvement.

Email Attachment: With the help of an Email Parsing Engine, the solution can pull remittance details received in the form of Email Attachment.

EDI: The EDI Parsing Engine allows capture of remittance details from the EDI files sent across various formats.

There were some cases where the remittance did not include the Invoice Number as Reference Number. In those instances, the system was capable of matching it to the correct invoice with the help of certain rules.





Deductions

Claims Aggregation: All of the claim documents are automatically downloaded into the system, thereby eliminating the effort spent manually collecting claim documents from customers.
Capturing of Data: The system is able to capture the data from the claim documents such as disputed amounts.

Deductions Worklist: A prioritized deduction worklist is generated so that the high priority accounts can be resolved first. The claim documents related to the account are linked automatically with the deduction case.

Changing Deductions Processor: An option is also provided to assign the analyst working on a particular deduction.

Keeping a Tab on Deductions: Reports can be generated to gain insight on the performance of processors, such as generating a weekly report to identify deductions by processors and sharing the report with stakeholders to expedite resolution. **Pre-Deductions:** Pre-deductions can also be created based on certain assumptions so that the system is able to act on disputes which are yet to be received. All of the information and backup data on the pre-deduction is recorded on merging with the actual deduction

Collections

Prioritized Worklist: The system automatically creates a prioritized worklist. The system decides customer priority based on parameters such as Score, Risk Class, and Payment History. With the help of the prioritized worklist, analysts can act on high-risk accounts first.

Bulk Correspondence: The analysts no longer need to manually correspond with each and every customer. The analysts now only need to select the method of correspondence, the customers to be contacted from the customer worklist, and the built-in package that needs to be sent. It can then be sent with one click.



The fact it is a one-stop shop for all information is one of the biggest benefits

Kay Rogers,
Senior Credit & Deduction Manager, Ferrero

About HighRadius

HighRadius is a Fintech enterprise Software-as-a-Service (SaaS) company that leverages Artificial Intelligence-based Autonomous Systems to help companies automate Accounts Receivable and Treasury processes. Our products provide value to a wide range of customers and are especially relevant to industries like consumer products, manufacturing, distribution, energy, and others that sell products or provide a service to other businesses.

Our customers range from some of the largest global corporations including more than 200 Fortune 1000 companies as well as mid-size enterprises that don't have the IT resources to consolidate on an ERP platform but still want to automate and streamline their receivables and treasury processes.