

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.

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Company Overview

It is the world's sixth-largest consumer health company. The world's largest medical devices and diagnostics company and 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

Challenges

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.

Challenges with 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

COMPANY

Johnson & Johnson

INDUSTRY

Healthcare & Pharma

REGION

North America

REVENUE

\$82.1 billion

PRODUCTS

Cash Application Cloud

BENEFITS

- ✓ 95%+ cash application hit-rate
- ✓ 3 months to go-live
- ✓ ~800,000 remittance lines annually

Successful Outcomes



95% auto application



3 Months To Go-Live



~800,000 remittance lines annually

About the Solution: Cash Application Cloud



Lower operating costs for accurate, same-day, on-invoice cash posting.

Cash Application Cloud automates remittance aggregation from different sources/formats, payment linking, invoice matching, deduction coding, and ERP posting.

Auto Identification of Customers

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 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.

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.

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.