Mining the O2C Goldmine: Lhoist’s Digital Transformation Journey

How Lhoist partnered with HighRadius to improve their employee productivity by 67%, by automating their cash application and collections process.

About Lhoist

Lhoist Group is a global leader in lime, dolime, and minerals. They are present in more than 25 countries around the globe. With more than 6,400 employees worldwide they have a turnover of more than $2.2 billion.

In the first year itself, we had total savings of over $70,000. We saw a DSO reduction of two days. With easier correspondence with customers, we were able to identify credit risk more easily. We were also able to touch all our customers within 15 days beyond the terms. HighRadius solution helped our team achieve a whooping 5X productivity increase.

Alicia Geades
Lead Manager, Financial Shared Services

Challenges

Lhoist had 2,000 active customer accounts comprising over 22,000 open and unattended line items. The cash application had three full-time analysts with over $5,000,000 unapplied cash. On average, Lhoist had about 700 line items of daily transactions per day and around 225 checks per day coming from lockboxes from 7 business units. Due to this, they had to process a high volume of payments with limited resources.

Benefits

- 5x Productivity increase
- $70k Saved per annum in total costs
- 100% elimination in lockbox fees
- Two days DSO reduction
- Credit risk reduction
- Improved accounts coverage
Challenges in Cash Application

Manual Processing of Check-based Payments & High Check-Volume

Lhoist has a large customer base. Due to this, they had to process many payments and invoices on a day-to-day basis. The team had three full-time employees working on over 700+ line items of daily transactions and 225 checks per day. Lhoist received over 70% of their payments via checks from seven lockboxes and all the bank files were being processed manually. Processing was a manual, time-consuming, and cumbersome task for them. Moreover, the seven lockboxes in place were directly resulting in additional cost and operating expenditure. This led to a significantly slower cash application in the case of checks.

Non-Standardized E-Payments

Over 30% of all payments received by Lhoist were in the form of e-payments. This had a significant impact on processing as the remittances were non-standardized – the team downloaded them from customer portals. In contrast, others were received in the form of emails. In many cases, remittances were missing and analysts had to work on them manually to find and match them with the invoice. The extra work resulted in limiting the benefits of e-payments.

High Deductions Volume

The large number of payments being processed every day naturally resulted in a high number of deductions being made and the team was not equipped to handle the volume. Each of the deductions had a reason code and the team had to manually work on each of them and convert them to the internal reason code. The manual reason code conversion process was time-consuming and cumbersome, leading to slower dispute resolution.

Overall Slower Cash Posting

The cash application team at Lhoist had to work back and forth with multiple internal teams. They did not have a standardized internal correspondence methodology, which made it very time-consuming. This resulted in a poor customer experience and, due to numerous dependencies at various levels, the overall cash posting was slower.

Challenges in Collections

High Volume of Open A/R

The Lhoist collections team had a shocking $25,000,000 past due A/R on 22,000 open line items by 2,000+ customers. Processing so many line items and following up with many customers was very clerical, with no standardized process in place.
Manual Correspondence

Customer collaboration at Lhoist was done manually outside SAP through mails and calls, which was time-consuming and had no means to log notes and promises to pay. Communication was not standardized, leaving room for error and unprofessional behavior due to dependency on the discretion of analysts.

Limited Resources

Since there were only 4 FTEs managing collections, customers within 1–30 days past-due were rarely contacted. This increased the past-due A/R and a large sum was written off since the collectors did not have the time and resources to correspond with all of their accounts.

How did HighRadius Help

AI-powered Cash Application Cloud and Collections Cloud helped Lhoist increase their employees’ productivity by over 67%. Automation helped the team eliminate clerical tasks and focus on high-priority tasks. They were able to navigate through their primary challenge, which was slower cash posting. Lhoist were able to implement reporting frameworks at employee and CXO levels using the solution. This helped create visibility for them by enabling them to track performance in real-time and get a reasonable idea of ownership of accounts.

“With Highradius’ solution, we no longer had small dollar accounts that were sitting untouched for 200 days, which eliminated the need to send those accounts to a collection agency saving $10,000. We were also able to significantly reduce overtime and eliminate the need to hire an additional FTE, saving an extra $60,000.

Alicia Geades
Lead Manager, Financial Shared Services

Cash Application Cloud

Elimination of Transactional Tasks using Automation

With Highradius Cash Application Cloud, Lhoist did not have to work manually on cash posting anymore; the system auto-matched invoices to payments.
Auto-Identification and Submission of Remittance in No Remittance Scenario

Leveraging AI, Cash Application Cloud helped the team to predict invoices as potential remittances. They could now automatically link predicted remittances to payments based on a preconfigured threshold.

Automatic Conversion of Customer Reason-Codes to Internal Codes

The solution eliminated the need to manually convert reason codes to internal codes with the Automated Deductions and Discounts Coding features within Cash Application Cloud, thus saving time.

Auto-Invoice Matching

The team at Lhoist was able to match invoices with payments automatically, even in exceptional scenarios like matching by non-reference numbers. It performs customer identification or payments through the MICR number, email domain, and alias.

Automated Remittance Data Capture

Cash Application Cloud enables Lhoist to auto-capture remittances across email body attachments and auto-identify customers through email domains. Lhoist could also deploy web bots to extract remittances through tokenized login credentials. This spared them the hassle of working manually on capturing remittances. This helped them save time which was previously spent on going through multiple portals and capturing remittance data.

Collections Cloud

Automated Correspondence

Collections Cloud provided the ability to automatically send collection correspondence such as past-due letters and invoices via email and fax en-mass directly from SAP. They now had the ability to link an email remittance into the payment itself. This led to the elimination of high touch and repetitive work for the team. They also got a library of best practice collecting & dispute letters, plus an end-users’ ability to create individual correspondence letters dynamically in SAP without requiring smart form development by IT.

Tracking the Collections Process

Lhoist now had access to a centralized history of call logs to track all correspondence and view each correspondence package in its original form. With AI-enabled Cash Application Cloud and Collections Cloud, Lhoist built a scalable solution that helped them eliminate manual and repetitive tasks, utilize their resources strategically, make
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. We also serve 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.