

20% Reduction in Bad Debt : Collections Automation Journey with AI

How Staples automated their Collections Process and successfully managed to reduce Bad debt



About Staples



Our CFO's objective was the reduction of Bad Debt by 20%, while the management wanted to maintain a similar ROI, with 2 FTEs retiring.

George Uko,
Manager Credit and Collections

Staples is The Work Life Fulfillment Company, helping businesses of all sizes be more productive, connected and inspired — however and wherever they work today. With dedicated account teams, category professionals, innovative brands and a curated product assortment for business, Staples provides customized solutions to help organizations achieve their goals.

Order-to-Cash Landscape

With a team consisting of just 12 people, 2 handling Cash Application & the rest managing Credit and Collections, work was hectic, to say the least. The work division across Staples had 7 collectors managing 900-1000 accounts on an average individually, with aging buckets ranging up to 1000 days and they had to gather information from 20 different Customer Portals manually, which was time consuming and wasteful effort wise.

Company name

Staples

Headquarters

Framingham, Massachusetts

INDUSTRY

Business Supplies and
Equipment

REGION

North America

REVENUE

\$17.9 billion

PRODUCTS

Collections Cloud

Benefits

- 20% Reduction in Bad Debt
- 5-6 Days Reduction in DSO
- 27% Reduction in Past Dues
- 8% reduction in 60+ days aging buckets

Challenges

7 Collectors Struggling with 900-1000 Accounts Individually

These accounts comprised mainly multiple parent-child scenarios which further complicated the situation due to lack of visibility across critical accounts and minimal transparency across the ones that were outsourced.

Paper-Based Aging & Manual Prioritization

- A report was generated at the beginning of every month to prioritize all the accounts.
- Dollars were stuck in 1000+ days aging buckets: making them extremely difficult to recover

Manual Invoice Tracing from Customer Portals

Collectors were stuck with manually tracking missing invoices and updating invoice-related information from 20 different customer portals leading to lesser productivity.

Goals and Objectives

Freedom From the Paper-Intensive Work

Staples wanted to break away from manual correspondence with the help of automation to reduce the daily workload of their analysts, and eliminate the need for making notes or strategies on paper.

Increased Productivity And Efficiency

They wanted a way to automate low value tasks and incorporate worklists so they could have analysts focus on higher priority or strategic accounts. This would also help to centrally keep track of activity of high-risk and other customers.

Corporate Goal Alignment

They wanted to bring down their DSO and bad debt.

Results

Reduction in DSO by
6 days through
AI-enabled collections



27% reduction
in past dues

8% reduction
in 60+ days
aging buckets



About the Solutions

Collections Management

- The HighRadius solution generated a prioritized worklist that intelligently gathered data and performed task prioritization. With this feature, analysts could directly focus on the dunning process rather than aggregating information
- The solution was able to monitor payment commitments, reminder calls, reminder mails, and blocked orders
- Rather than collecting customer information from various sources, the solution displayed all the information in a consolidated worklist, making centralized access much more efficient
- In-built templates according to the dunning stage of the customer, for example, first past due, second past due, and demand notice were used in the solution
- The solution allowed monitoring metrics and tracking KPIs. It provided a graphical representation of the performance of the analysts

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.

