

Automating Receivables to Improve KPIs

Find out how Yaskawa group leveraged technology to achieve zero bad-debt and reduce DSO by 5 ½ days

YASKAWA



With the kind of growth we were experiencing, with the demand for better cash flow and zero budget for additional headcount, we understood that without automating it was very difficult to attain our goals

Elizabeth Chamorro
Credit Manager Yaskawa America Inc

Company Overview

The American subsidiary of Japanese Yaskawa Electric Corporation, Yaskawa is the world's largest manufacturer of AC Inverter Drives, Servo and Motion Control, and Robotics Automation Systems.

Receivables Landscape

Dealing largely with distributors and Original Equipment Manufacturers, Yaskawa America, Inc.'s receivables team consisted of two senior credit and collections analysts and a cash application specialist reporting to a manager who in turn reported to the Corporate Controller.

Challenge: Disconnected A/R processes

To revamp their Receivables Operations, PrimeSource needed to effectively utilize technology to address the pain-points relevant to their existing process. They also recently centralized their A/R operations from a decentralized unit. The trouble areas which needed immediate attention were:

Collections:

- Prioritization of worklists was done manually by individual analysts.
- Information such as past due invoices and promises to pay was retrieved manually from excel files.
- There were inadequate tools for reporting and monitoring.

Payments:

- Often had late or no payments or credit card shipments.
- PCI DSS compliance to store credit card data was costly

Disputes:

- Disputes related information was scattered in siloes.
- There was no standard workflow for dispute resolution.
- Siloed processes resulted in time being wasted in collaboration

The Impact on A/R:

- Time wasted in manually resolving disputes instead of productive tasks like credit analysis.
- Small dollars were ignored resulting in monetary loss.
- Manager could not measure analysts' output.

COMPANY

Yaskawa America Inc

INDUSTRY

Industrial Manufacturing

REGION

North America

REVENUE

\$600 Million

PRODUCTS

Collections Cloud, Deductions Cloud

BENEFITS

- ✓ ~90% CEI Achieved
- ✓ Zero Bad Debt
- ✓ 60% Improvement in A/R Team Productivity

OBJECTIVES OF AUTOMATING COLLECTIONS & DEDUCTIONS

- DSO Reduction
- Lower write-offs
- Productivity improvements
- Process standardization and control
- Dispute resolution
- Performance recognition/management
- Performance recognition
- Increasing job satisfaction
- Improving customer experience

Successful Outcomes

5.5 Days reduction
In DSO value

60% Improvement
In A/R team
productivity

~90% Collectors
Effective Index
Achieved



Zero bad-debt
Write-offs eliminated



\$12,000 reduction
Annual credit card
fees

About the Solution

SAP FSCM Implementation

- Out of the Box Collections and Dispute modules
- 12 week Implementation Cycle
- Integration of business partners into FSCM posed the biggest challenge
- Two collection profiles, Three collection strategies
- Third party correspondence packages. No need to be a programmer. Create correspondences on the fly

Payments Cloud:

Payments integrated into SAP enabled Yaskawa to accept ACH, credit card, and debit card payments across SAP solutions. The PCI-DSS-compliant solution uses cloud technology to leverage processor tokenization services which eliminates the need to store credit card information. This minimizes risk and cuts down the effort and cost of achieving PCI-DSS compliance for the merchant. A low footprint, native SAP component speeds up deployment while eliminating the need for additional hardware.

How did Integrated Receivables help Yaskawa?

- Eliminate time spent on manual, administrative tasks
- Systematically build work queues (disputes, collection calls)
- Trigger follow up actions
- Automatically send mass correspondence
- Use Dispute Automation to:
 - Write off bad debt
 - Process refund checks request
 - Capture and comply with "Unclaimed Property" laws
 - Track shipments with wrong payment terms

Automated Correspondence Accelerator:

Based on their needs, Yaskawa decided to go with Automated Correspondence Accelerator. The accelerator gave the ability to send all correspondence from one centralized location and keep a track of the correspondence sent. They were able to create standard letters and rules for correspondence. Currently, no matter what department is communicating with the customer, they are doing it in a standard format, and it is visible to the other departments

Customized correspondence templates:

The solution has different types of correspondence templates for Yaskawa built-in. The business has complete control of the letter template. Changes can be made to the format without help from IT.

Auto-trigger based on invoice age:

The analysts are notified by the solution to send correspondence to customers based on reminders such as promises to pay and invoice age.

Record all account correspondence:

The system stores records of all the correspondence exchanges for the stakeholders to monitor.

Collections correspondence:

- Account statement / auto monthly statements
- Order pending (series of two letters)
- Past due reminders (series of three letters)
- Proactive letter (with and without copy of invoice)
- Final demand

Deductions correspondence:

- Credit balance and partial credit
- Deductions denied
- Document requests
- Sales tax letters
- Unclaimed property letters
- Write-off to bad debt
- Refunds to customers