



NO LONGER AGEING

Releasing working capital worth ~\$15 Mn through data-driven insights

Abstract

Abigail Matthew, Finance Director of a leading technology firm needed to free up working capital locked up by ageing invoices, and collections processes that weren't streamlined. Read this case study on how an offshoring arrangement with Infosys BPM yielded an interactive dashboard with key insights, enabling a significant 40% increase in collections performance while releasing ~\$15 Mn in working capital.



A problem of ageing

Abigail Matthew is the Finance Director at a leading technology firm that has a sharp focus on electronic components and enterprise computing solutions. As part of her role, Abigail is responsible for assessing the financial performance of the company as well as potential risks and investment opportunities.

Going through her quarterly financial reports one day, Abigail sighed over the high metrics for days sales outstanding (DSO). It seemed that with each passing quarter, a larger number of the company's buyers were defaulting on making their

payments on time as per agreed-upon terms, significantly impacting the billing to collections cycle time. In fact, of the \$37.3 Mn in accounts receivables, ~\$27 Mn lay in the >90 days ageing bucket. Abigail realised that the dismal situation could be largely attributed to suboptimal collections processes that were not streamlined. However, the high on-account balance was impacting much needed cash flow, and poor reporting processes meant that the stakeholders did not have visibility on the aging and priority accounts. Something needed to be done about the situation, and soon.

Seeking to release working capital, Abigail decided the best course of action would be to get help from an expert service provider for her accounts receivable processes. Abigail decided to reach out to Infosys BPM, her trusted service provider, to manage her operations through an offshoring arrangement. After the deal was finalised and signed, Abigail met Ronnie Dasgupta – Infosys BPM's project lead, assigned to ensure the success of the transition and briefed him on the challenges.

Getting into a new age

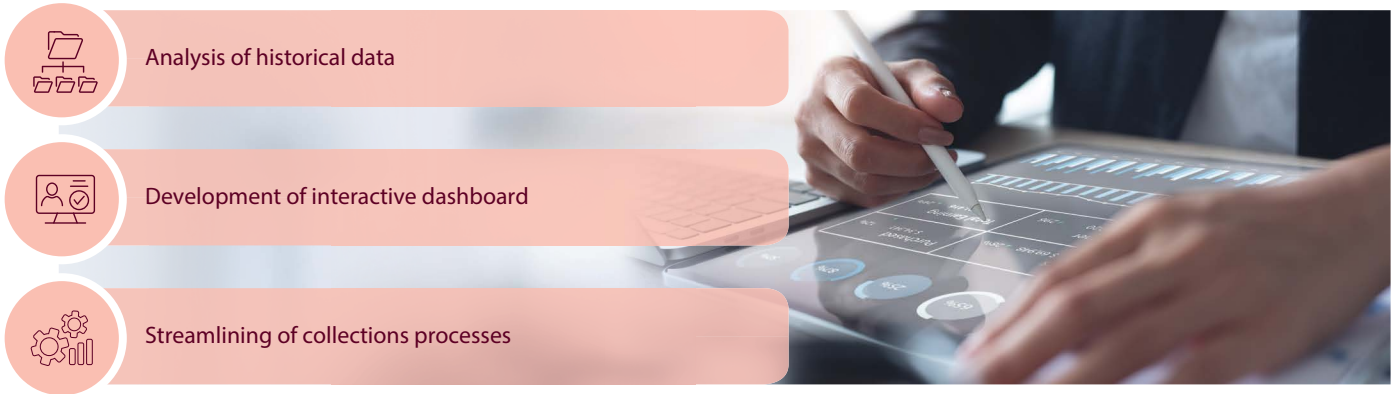
To resolve Abigail's challenges, Ronnie kick started the ideation journey to map out a process improvement plan. Having analysed the on-account balance data, Ronnie found several disputes in it and suggested a 2-fold approach to resolve them. First, Ronnie tasked his team to develop an interactive Power BI dashboard that would provide

end-to-end visibility on the company's overall cash on-account and the underlying reasons for delayed payments.

To achieve this the team collected historical data from Abigail's AP processing teams, and then analysed it in-depth to identify the key metrics needed to build the dashboard. They then built the dashboard

utilising these key metrics, which included the percentage of on-account v/s billed amounts, the percentage of transactions pending with the collectors, and the percentage of on-account balance against the various operating units of the company.

Approach summary



Once built, Ronnie’s team deployed the interactive dashboard, and it soon began yielding several key insights. These included the top customers contributing to the high on-account balance, the high-value invoices contributing to the high on-

account balance, the top collectors having on-account balances, as well as the aging buckets for top customers and collectors. Even with the collection’s process being out of scope, using these insights, Ronnie

went above and beyond to ensure the collections team was able to prioritise and focus on the critical accounts to chase, and his cash application teams were able to apply remittance advices in a timely manner.

Reaping the energy of insights

The benefits of the offshoring arrangement did not take long to fructify and be recognised, with Abigail soon witnessing an exciting 40% improvement in her collectors’ performance.

Key benefits



The significant performance increase, powered by the dashboard's insights, led a ~95% reduction in on-account balance for the company's top customers. There was also a ~65% and ~40% reduction in on-account balance in the 121-180 days ageing bucket, 181-360 days bucket

respectively. In sum, all of this meant that the on-account balance greatly reduced by ~\$15 Mn – from the earlier \$37.3 Mn to \$22.7 Mn.

With the substantial working capital being released solely through streamlining

collections processes, Abigail is now a firm believer in the merits of offshoring and has begun leveraging the skills and expertise of Ronnie's team for any other finance specific challenges.

**Names have been altered to preserve the identities of the people involved.*

For more information, contact infosysbpm@infosys.com



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