



# RAISING THE BAR WITH INTELLIGENT AR AUTOMATION

## Abstract

Mika Tanaka, managing global accounts receivables at a Japanese multinational electronics giant, struggled each month with over 50% unmatched customer payments due to manual cash application processes. With Infosys BPM's help she implemented a cloud solution that delivered her 28% increased productivity as well as \$3 Mn savings on bank fees, among many other benefits.

## Losing money, credits, and more

Mika Tanaka is the Global Process Owner for Accounts Receivables (AR) at a Japanese multinational imaging and electronics company. Responsible for managing collections and cash applications, a few years ago she was troubled by the extensively manual processes used by her teams, especially when it came to cash applications.

The company's lockbox statements from three different banks listed numerous credits from client customers, including over 14,000 non-strategic accounts. Due to many exceptions relating to deductions and check payments, she saw a low cash application auto-match rate – just 16%

for electronic fund transfers (EFTs) and 65% for checks. She also noticed that her teams were spending too much time working around the outside of ERP solution to make the process fit for purpose. The time-consuming nature of managing cash application tasks was severely impacting the day-to-day operations.

Because of this, the teams had limited details on short payments and overpayments, leading to a high volume of unapplied credits on customer accounts and impacting their credit limits negatively. To add to Mika's concerns, the banks were not properly archiving the images of the checks presented, leading to challenges

later when rectifications needed to be made. And so, realising she needed a digital workflow solution to streamline and automate her cash application processes, Mika began a search for an expert service provider to help her with implementing that vision.

After a long RFP process, Mika finalised a partnership with Infosys BPM in 2018 and signed a workorder for AR collections, cash application, and research services for the North American and Canadian regions. Once on board, Infosys BPM assigned Chris Sheeran, heading a team of 36 finance and accounting experts, to implement a suitable digital workflow solution for Mika.



## Automating to tackle the money puzzle

Chris and his team first launched a deep dive exploration of Mika's existing cash application processes to understand her challenges in detail. They discovered numerous unapplied and over applied cash receipts relating to lockbox and EFT payments, because the lockbox data files were being manually segregated by accounts. Chris also discovered that Mika's teams had a high dependency on the banks' feeds for keying in lockbox information and that the company was

paying high charges for the additional service.

Next, Chris studied Mika's processes for intercompany transactions, refunds and adjustments, unclaimed property resolutions, and reconciliations. This led to several insights such as the existing Oracle systems having limited out-of-box functionality for invoice matching rules, and thresholds being not set for consolidated invoices all of which led to

auto-matching failures.

Customers also were not providing the required details on short and overpaid invoices, while very few provided adequate remittance data such as PO numbers, department codes and so on. Thus, the cash application teams were unable to ascertain the accuracy of the auto matched data, and the bank errors of 5-8% were only discovered later during research in response to customer queries.

### Approach summary



Chris presented his findings to Mika and having sought her approval, proceeded to implement a cash application cloud solution developed by Infosys BPM's alliance partner HighRadius. Preparing for the implementation, Chris collected sample ERP data from Mika's systems and conducted simulations to determine the matching rules. He also closely collaborated with Mika's teams to understand their ERP configurations, the banking relationships, and to discuss the IT requirements and testing strategies.

Finally, having finalised on the future state design together with Mika, Chris's team carried out the configuration build activities and end-to-end scenario testing. They also carried out training activities for Mika's operations team prior to launching the solution, and provided consulting support after launch to stabilise the application and increase its adoption.



## Tallying up the benefits

Chris's cloud-based solution was completely integrated with the bank lockbox interfaces, and automatically handled all manner of remittances including EDI's, emails, websites, checks, and ERP interfaces. Once launched, the Infosys BPM team closely monitored the system's auto-match results and tweaked the rule configurations to increase their accuracy which was initially low. Within two-three months, as the solution started delivering results, Mika's teams increasingly began adopting the tool.

### Key benefits



Not too long after, Mika was already pleased with the outcomes of her initiative. Not only was there a significant reduction in the amount of unapplied cash but using the cloud workflow saved her around \$3 Mn in bank fees each year. Also, the automated remittance inputs and linking of payments, improved her teams' invoice level hit rate from 45% to 85%,

and freed up 80% of her research analysts' bandwidth. Importantly, the new solution eliminated the need for laborious, manual workarounds outside of the system, as well as the need for additional support for the company's customers.

As she told Chris one day, she stood to gain 28% just in productivity benefits over

five years along with more than 40% in cost savings. Chris was also happy to hear, that the outcomes of the collaboration with Infosys BPM had won Mika numerous accolades and appreciatory mails from her bosses and other colleagues in the company.

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

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