



# ENSURING PAYMENT ON TIME AND FINDING A GOLD MINE

## Abstract

It was during the start of the pandemic when Jason Smith, Head of Finance at a multinational manufacturing company, reached out to Infosys BPM to help evaluate the payment terms for their vendors. Thanks to automation and robust process improvements, what started as a project to be statutorily compliant, resulted in improving on-time payments from ~50% to 90% and a cost reduction worth over \$40K per annum.

## Through the red mud

The onset of the pandemic was particularly challenging for Jason Smith. He was heading the Finance team at a multinational manufacturing company. The company had a vast global operational spread with a presence on 6 continents and in more than 35 countries. Midst it, it was Jason's duty to ensure that all their vendors were being paid on time and within the agreed payment terms.

To support the small and medium enterprises (SMEs) and the indigenous/local vendors during the pandemic, the Australian Government put up a statutory requirement. The guideline included

shortening the payment terms from an average of 45 days to 20 days and making them more transparent as part of the Payment Times Reporting Scheme.

This became a cause for concern for Jason. Their current systems and processes were not equipped to manage this change. Over the past few years, they were only able to pay ~50% of their vendors on time for the 20-day payment term. He knew the invoice management process that his company was following needed an overhaul to meet the industry standards, as they had not been utilising the available technology

in the market that could give them big efficiencies.

Jason was stressed about not meeting the government guidelines. The final straw was when he realised they were not optimally using available resources either. He was now convinced he needed an experienced partner to meet statutory requirements. He also felt this was the right time as the market was only getting competitive with each passing day, and it became imperative to deliver faster and more reliable yet profitable services to the end customers.

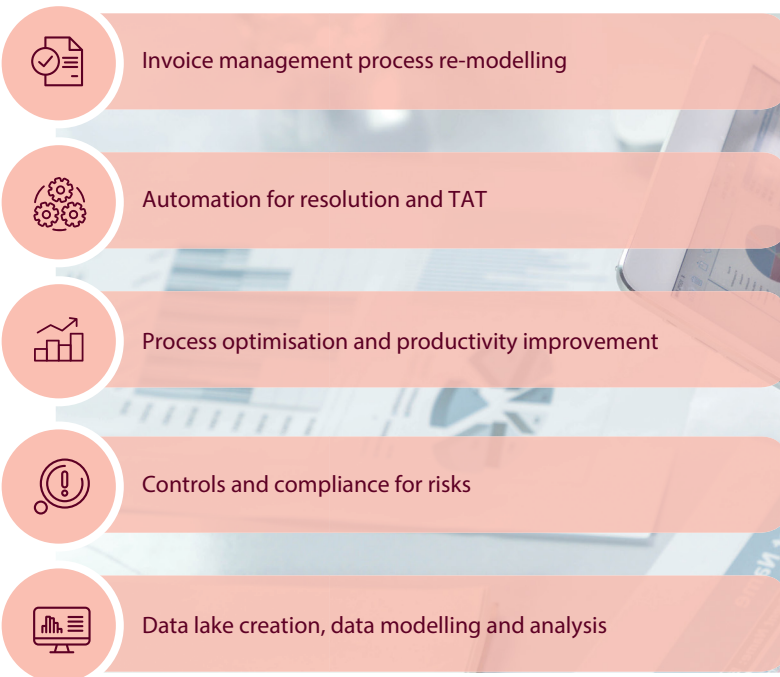
## Mining for gold

Jason decided to reach out to Anthony Miller from Infosys BPM – they had been successfully supporting their sourcing and procurement function for over a decade.

Jason quickly met Anthony to explain his concerns and get his recommendations. After a thorough understanding of the situation, Jason and Anthony realised

that they need to transform their current invoice management process, as it would also help in being compliant with the statutory requirements.

## Approach summary



They decided on three main goals for the transformation, which included:

- Achieving 'best in class' customer experience through faster resolution and improved turnaround time (TAT) by leveraging automation
- Gaining insights through data analytics and process benchmarking to optimise processes and improve productivity
- Identifying and eliminating risks by establishing controls and compliance.

Soon, Anthony worked out the finer details for remodeling the invoice management process. From applying process improvement methodologies, leveraging

the right tools, to setting up robust daily governance to monitor progress – Anthony took it upon himself to ensure Jason's concerns were being addressed adequately.

While implementing the solution, Anthony enhanced the capability of the existing invoice management platform, to make the scanning and indexing of invoices much faster. His team also leveraged a cloud-based data warehouse to create data lake which significantly improved data quality and helped in data modeling and analysis. This further helped analyse payment on-time (POT) and track invoices dynamically.

While Jason and Anthony successfully implemented the solution, they missed technological support and faced resistance from the tech teams initially. To mitigate this, they set up a governance framework to create a collaborative environment. This included prioritising payments, assigning a dedicated team to work on the shorter payment timeline, a helpdesk to coordinate between business and vendor, discussing any challenges, and working through solutions. Crossing all the hurdles, Jason and Anthony were able to implement the identified improvements and smoothly managed the sustenance of key performance measures afterward.



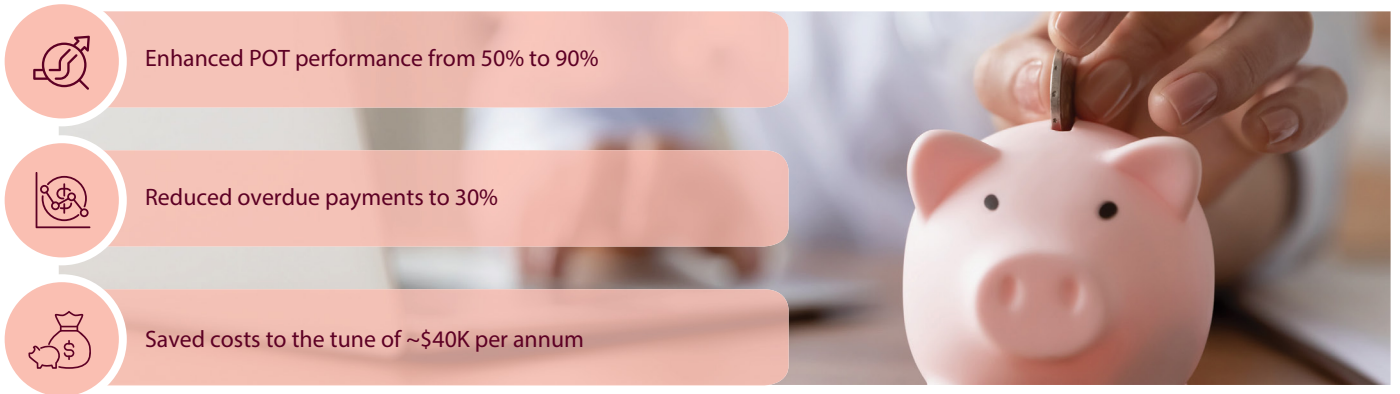
## A crock of gold

Demonstrating a socially responsible behavior, Jason and Anthony together were able to assure a sustainable on time payment to vendors, ramping up the POT

performance from ~50% to over 90% in the new and reduced payment term of 20 days. Jason's organisation was now operating at par with the industry benchmark. They

were able to fully adhere to local laws and fulfilled all the statutory requirements of early payments.

## Key benefits



Even though it had started out to help be compliant with government guidelines, the solution ended up giving Jason so much more than he had anticipated. With quicker material delivery, he was also able to bring down the total overdue payments to below 30% globally. The revamped invoice management system resulted in a cost reduction to the tune of ~\$40K per annum.

Furthermore, with the shorter payment terms the need for additional resources was addressed and Jason was able to save on those costs as well.

Even when the situation worsened due to the pandemic, especially in the mid of 2021, Jason was able to support the vendors and was committed to paying

them on time. His client base has only increased from then on, with an ever-growing active SME vendor in the Australian region. The pandemic may have turned the tide for many businesses out there, however, for Jason's organisation, the path that lay ahead of them – was the right one.

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

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