



REINVENTING INVENTORY & FINDING MILLIONS

Abstract

Vince Johnson, Head of Finance at a global entertainment giant, manages their entire finance operations. The firm was in the process of implementing a new inventory system in order to reduce costs. However, the implementation process was far from smooth, creating dissatisfaction and friction with customers. This case study details how Infosys BPM analysed and helped fix the new inventory system's implementation, delivering overall benefits worth over \$2.4 million.

A challenging implementation

Vince Johnson is the Head of Finance Shared Services for a global entertainment giant, responsible for managing its finance and accounting activities. The firm had a partnership with Infosys BPM, with Infosys BPM's offshore teams catering to three major service lines in finance and accounting – accounts payable, accounts receivable, and general ledger.

In recent months, the finance leaders in the company had rolled out a new inventory management system to reduce costs and keep their accounts and finances in check. However, the implementation of the new system was not smooth as it progressed, and with results not along the expected lines, there was significant dissatisfaction among customers and vendors.

In order to tackle this problem, Vince connected with Ben Anderson, who headed Infosys BPM's offshore teams. Vince tasked him with undertaking user acceptance testing (UAT) at the end of the implementation which would help identify key issues and the necessary steps to rectify them.

Getting the logic right

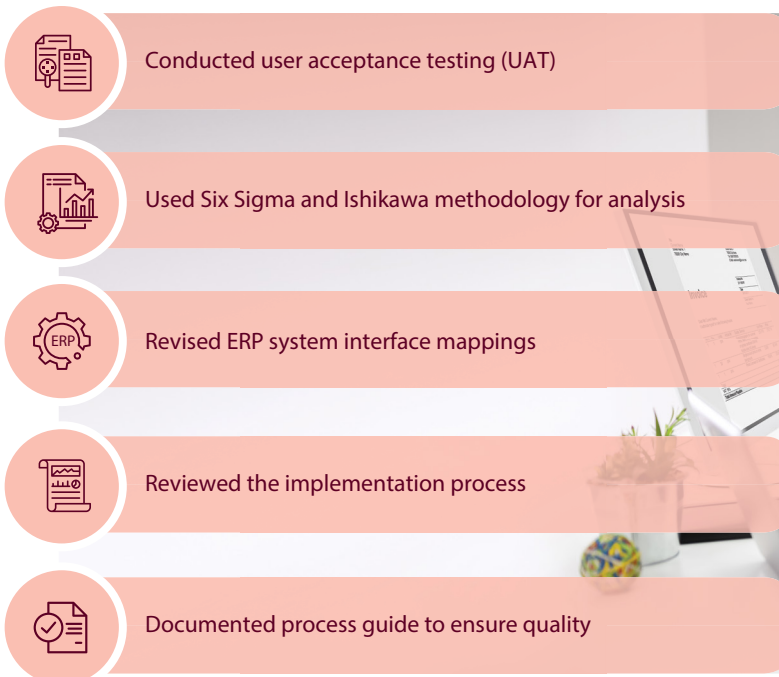
When Ben and his team carried out the UAT of the inventory system's implementation, they identified several issues impacting the downstream processes. For instance, they noted that improper payment terms were being used on invoices to customers which was the leading cause of dissatisfaction. Secondly, discounts were being applied incorrectly. The new system also suffered from incorrect accounting due to interface mapping and logic issues. Some examples

of issues this caused were payment delays for vendor invoices to the tune of over \$1 Mn, and credits worth \$25k issued to customers as invoices. Lastly, customer payment credits were also not being issued in a correct and timely manner.

Ben discussed all these issues with Vince and the directors of the processes. After due deliberations, they set up a project team comprising domain experts from Infosys BPM to validate and review the

business rules already configured, as well as those yet to be set up in the system. The goal of this project was to clearly identify, document, prioritise, and address the system issues impacting the customers. The mandate was critical given that business relationships with top clients of the company were being negatively impacted.

Approach summary



To tackle the challenges, the team used the Six Sigma methodology, which helped to frame a structured, data-driven approach to determine the areas of improvement and measure the success of the improvements. The team also relied on and utilised process flow maps in order to better understand the flow of production, and tools such as Ishikawa for root cause analysis.

Using these tools, the team analysed and identified the issues in the interface from the new inventory system to ERP which

were leading to incorrect accounting entry postings. Due to the high number of incorrect interface mappings, Ben requested Vince to stop the interface into ERP, to which Vince agreed, stopping it for ten days. Then, during the stoppage, the team worked on the interface file and created revised interface mappings, while also conducting a daily cadence with key stakeholders to discuss and address the issues. The team also directly mapped customer payment credits in ERP to avoid transactional errors.

Finally, the team again performed a UAT of the revised system to ensure that the new mappings were performing as expected and that the end financial posting was reflecting correctly in ERP. Ben also documented the interface mapping and testing procedures for future reference, and further, created a stepwise process guide to control quality and generate awareness of possible errors effectively.






Not just a quick fix

Ben's system design, interface mapping, and defining of accounting entries transformed the inventory system and led to major benefits being realised by the company. This project helped Vince

to offset chargebacks worth \$2.4 Mn with credits, which would otherwise have to be written off. Also, the new implementation eliminated the earlier implementation's issue of over 500 invoices being posted to

customers with incorrect due dates. This helped to prevent the impact of customer dissatisfaction and potential business loss.

Key benefits

-  Avoided chargebacks write-off of \$2.4 Mn
-  Interface fixed for over 300 customer accounts
-  Cleared credit entries amounting to over \$100k



Moreover, the interface was fixed for over 300 customer accounts and cleared more than 800 credit entries amounting to \$100k for customer payment credit balance. The system also successfully tackled the

challenges of over \$25k worth of credits being wrongly posted as invoices or debits, reducing these instances to zero.

In the end, the solution delivered by Ben and his team checked all the right boxes

and ensured that the media giant was able to satisfactorily reinvent its inventory processes.

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

For more information, contact infosysbpm@infosys.com



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