
Overview of Autonomous Receivables Solutions for CPG Companies

### Cash Application
- 95% auto-cash posting for high invoice volumes
- 100% auto reason code mapping for big box retailers
- Auto-capture of remittances from emails, check-stubs, EDIs, portals
- 98% Payments applied automatically

### Deductions
- Auto-capture of claims, PODs from customers & carrier portal
- Faster, automated trade promotion settlement
- Improved net recovery rate for invalid disputes with AI
- 58% Reduction in open deductions

### Collections
- AI-based prioritization for small & large customers
- 100% automated dunning via emails, web portals
- FERRERO $6.4M Increased Cash Flows

### Other Autonomous Receivables Solutions
- Credit
  - 3x faster customer onboarding and real-time credit risk visibility with proactive credit reviews

- EIPP
  - Electronic invoicing through web, email, fax, print + mail and easy payments globally through self-service payment portals

135+ customers across Food & Beverage, Apparel & Footwear, Household Products, Agriculture, Consumer Products, Tobacco & Liquor companies trust HighRadius for their Accounts Receivable automation.
# How HighRadius Addresses CPG Industry-Specific Challenges

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<th>Challenge</th>
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<td><strong>Manual Cash Application for a High Invoice Volume</strong></td>
<td><strong>95% Automated Cash Posting with HighRadius Cash Application Software</strong>&lt;br&gt;Cash application teams struggle to manually identify the appropriate invoice for every incoming payment while handling short payments and other exceptions such as missing or truncated invoice numbers and no remittance scenarios.</td>
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<td><strong>Repetitive Identification &amp; Mapping of Parent–Child Entities While Posting Cash</strong></td>
<td><strong>Automated Invoice Matching in Complex Parent–Child Scenarios</strong>&lt;br&gt;CPG companies encounter complex parent-child scenarios, such as the big-box retailers paying for their various store locations; for example, Walmart US might pay for the multiple store locations across the US. While applying such payments, analysts have to repeatedly identify the parent and the child entities and their alternate payer relationship from the customer master which delays the overall cash posting.</td>
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<tr>
<td><strong>Manual Deduction Coding for Big Box Retailers</strong></td>
<td><strong>Automated Reason Code Mapping with Cash Application Software</strong>&lt;br&gt;CPG companies experience a high volume of deductions, for which the customer adds their specific reason code. For instance, Kroger refers to ‘shortage’ as O8, while Danone refers to it as ‘SR.’ So, for every deduction, the cash application teams have to map the customer-reason codes to their ERP-specific reason codes manually, which ends up becoming a repetitive activity.</td>
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<td><strong>Manual Remittance Capture from Check-Stubs, Emails, EDIs, &amp; Web Portals</strong></td>
<td><strong>Automated Remittance Capture from Emails, EDIs, Checks, Customer Portals</strong>&lt;br&gt;CPG companies receive remittances from various sources. While mid-to-small-sized businesses send check-stubs or email remittances, large enterprises send remittances through EDIs or web portals. While applying cash, the cash application analysts have to manually aggregate the remittances from check-stubs, emails, EDIs, and customer web portals.</td>
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### Challenge

**Manual Capture of Claims from Emails, Customer Portals; Proof of Deliveries from Carrier Portals**

CPG deductions teams spend a lot of time extracting claims from emails, postal mails, and customer portals. They have to download proof of deliveries, bill of lading from carrier portals such as FedEx, UPS, etc. Moreover, for trade deductions, they have to log into the Trade Promotion Management Systems (TPMs) to extract deals & commitment information.

### Solution

**Automated Capture of Claims, Proof of Deliveries with HighRadius Deductions Software**

HighRadius Deductions Software auto-aggregates claims from emails, customer portals, postal mails and can capture line-item level data from the claim documents. Proof of deliveries, bill of lading, freight bills are automatically aggregated from carrier portals. Deductions Software integrates with the TPM system to auto-extract all the deals and commitment information and stores every document in a single repository to ensure faster research & resolution.

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### Challenge

**Highly Manual Deductions Research for Trade Deductions**

Trade deductions dominate the deductions landscape in CPG companies. For example, 85% of Danone’s deductions were trade deductions. The research for these trade deductions is a manual process – the analysts have to identify and match the promotions and product-level deals against every claim.

### Solution

**Automated Trade Promotion Settlement with Deductions Software**

HighRadius Deductions Software integrates with Trade Promotion Management Systems (TPMs) to match claims with their respective promotions and product-level deals automatically. After matching claims to the promotions and deals automatically, settlement information is passed to the TPM.

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### Challenge

**Revenue Leakage Due to Lack of Dispute Prioritization and High Write-Off Threshold**

Deductions teams struggle with validating & resolving a high volume of deductions. Due to the lack of a pre-defined strategy for dispute prioritization, they end up writing off the disputes within the write-off threshold. For instance, Danone’s deduction teams used to write off trade deductions below $250 without any research. The rest of the deductions are manually researched by the analysts. However, even after thorough research, only 20% of disputes might turn out to be invalid. This means 80% of the deductions team’s efforts have resulted in writing off the valid disputes instead of recovering the trapped working capital from the invalids. Identifying an invalid dispute becomes equivalent to finding a needle in the haystack as there is no way of prioritizing the invalid disputes over the valid ones.

### Solution

**Improved Net Recovery Rate for Invalid Deductions with AI-Based Dispute Validation**

HighRadius Deductions Software leverages AI capabilities to automatically predict invalid disputes by analyzing the past resolution trends and deduction volume. Analysts can now prioritize the resolution of high dollar value invalid deductions. With Deductions Software, deductions analysts can auto-send denial correspondences within the retailer’s allowed timeframe to ensure recovery. Deductions Software also triggers a workflow to notify the collectors about invalid disputes. This will lead to a higher net recovery rate for invalids.
### Challenge

**Manual Prioritization of Customers for Past-Due Recovery**

CPG collections teams usually struggle with identifying and prioritizing high-risk customers across their global customer base. They end up manually reviewing the various aging buckets or the invoice dollar value to prioritize customers.

However, this manual approach doesn’t give them a 360-degree view of the customer’s credit risk, payment commitment history, and payment posting status. Being unable to differentiate between high-risk and low-risk customers, the collectors might end up reaching out to the low-risk customers, who would have paid anyway.

### Solution

**AI-Based Prioritization of At-Risk Customers with an Automated Collections Worklist**

AI-powered Collections Software helps the collectors prioritize high-risk customers with an automatically prioritized worklist. Every day, before the collector logs in, Collections Software automatically generates a prioritized worklist based on the following parameters:

- AI-predicted payment date for the customer
- Customer’s credit risk
- Payment commitment history & trends
- Aging analysis

Additionally, the collectors can access AI-recommended collections strategies for each customer to ensure faster past-due recovery.

### Challenge

**100% Manual Dunning for All Customer Portfolios**

As the collectors manually prioritize customers for past-due collections, they cannot identify and prioritize high-risk customers over the low-risk ones. Due to the manual efforts in prioritization, they are not left with adequate time to craft specific collections strategies for the at-risk customers. As a result, they end up implementing a ‘same-size fits all’ dunning strategy for all customers – treating every customer portfolio with a similar dunning strategy.

Collectors have to send emails to their global customer base manually, and this manual dunning process not only impacts the collector’s productivity but doesn’t guarantee a faster past-due recovery.

### Solution

**HighRadius Enables 100% Automated Dunning for All Customer Portfolios**

With Collections Software, collectors can automatically send dunning emails to their whole customer base. They can automate correspondence via emails, fax or push it to the customer’s AP portals.

The collectors can choose from hundreds of pre-defined dunning templates, edit them based on the collections strategy and send correspondences to thousands of customers with a few clicks.
HighRadius Partners with Industry-Leaders to Deliver Successful A/R Automation for the CPG Companies

Join the League of 135+ CPG Industry Leaders & Automate Your Accounts Receivable Process

TALK TO AN EXPERT
HighRadius Autonomous Software for the Office of the CFO

Data-driven AI software platform to lower DSO, optimize working capital, fast-track financial close and improve productivity.

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