Improve your enterprise's financial position – cash collections management as an extension of customer services

Capgemini's Order to Cash services support the growth of a leading global Paper Products manufacturer through enhanced revenue collection and heightened customer satisfaction

People matter, results count.

Leveraging our Global Enterprise Model (GEM) to transform the Order to Cash process and enhance customer satisfaction:

Our industry-leading GEM transformation platform combines our assets and experience into an engineered approach to delivering the right outcomes for our clients' individual business needs. Our collaborative approach extends across our teams, which comprise highly trained and multilingual individuals equipped with the linguistic skills to communicate with our clients' customers seamlessly, in their native language. This enables the fostering of strong, sustainable customer relationships: an invaluable tool in the hyper-competitive Pulp and Paper industry.

Achieving growth objectives in the highly competitive Pulp and Paper industry often involves investing in research & development, introducing innovative products, and penetrating new markets – all of which require a strong cash position. When one of the world's leading Paper Products companies discovered that substandard cash collections were inhibiting its financial performance and affecting customer relationships, it turned to Capgemini for help.

An assessment of the process that was being used uncovered a number of factors affecting payments, including:

- Customers lacking sufficient payment data, such as missing invoices or PO numbers.
- Inadequate correlation between goods received and corresponding invoices.
- Insufficient customer-supplier payment terms and check runs alignment.

As a result, our customer had a waiting time of approximately 45.6 days prior to revenue collection; this caused unnecessary revenue leakage as well as numerous disputes.

Capgemini helped this global Pulp and Paper company transform its revenue collection process and boost customer satisfaction by decreasing the number of disputes, increasing timely payments and preventing revenue leakage. Working collaboratively, we ultimately improved our client's cash position, enabling it to free up funds for further investment in R&D, new product offerings and expansion into growth markets.

How did we do it?

In partnership with our client, we implemented an Order to Cash (O2C) solution that was calibrated to its specific needs using our Global Enterprise Model (GEM). The GEM transformation platform comprises seven levers that are deployed, as appropriate, to deliver the desired outcomes. These levers include:

1. Grade Mix – the right team structure to perform and supervise activities.
2. Location Mix – the optimum configuration of the Global Delivery Network to deliver services.
3. Competency Model – the ideal mix of skills and capabilities for service delivery.
4. Global Process Model© – best-in-class processes to enable transition and ensure consistently high performance.
5. Technology – a complete toolkit of pre-built application templates to drive improved efficiency and effectiveness.
6. Pricing – a comprehensive set of options to align performance with desired business outcomes.
7. Governance – a transparent three-tier structure to align strategy, reporting and operations that drives performance and outcomes.

Levers 1–3 were applied in conjunction with Capgemini's proprietary Rightshore® model to assemble the right team for delivering the services while taking advantage of geographies, time zones and language requirements. Lever 4, our Global Process Model©, was used to assess and transform the client's existing processes, leveraging our collective experience in delivering best-practice processes. Robust analytics tools were applied with Lever 5 to capture and utilize the most pertinent data efficiently and effectively. We also implemented appropriate pricing and governance models according to the KPIs and outcomes the client was looking to achieve.

The unique aspect of our O2C solution implementation was the delivery. The Capgemini team providing the services effectively became an extension of our client's customer services operation, rather than serving as traditional collection agents. This approach proved to be highly effective, particularly in managing disputes where customer relationships were at risk.

Dispute elimination

Disputes were the primary cause of revenue collection delays. To address the issue, our Capgemini team initiated contact with the client's customers at the moment a dispute occurred, to quickly provide all necessary information and documentation. This proactive communication helped optimize the flow of information and expedite resolution of the dispute. It also safeguarded payment and led to better customer service and retention.

A key tenet of the implementation being a success was recognizing that even with all payment terms and information at the customer's disposal, misunderstandings can still occur. Our highly trained team of multilingual and culturally sensitive professionals strove to ensure that our client's customers fully understood the payment terms, particularly when discounts, for example, could be misinterpreted. It also worked to guarantee that end customers recognized the detrimental effect late payments or unearned discounts could have on their credit score with our client. Our team's overall goal was to help our client's customers make timely payments, while ensuring they were satisfied with the complete customer experience and saw the dispute resolution as mutually beneficial.

Dispute avoidance

This is the truly unique and compelling element of our offer: we performed an extensive and thorough analysis of our client's payment terms and methods, adjusting them in agreement with the client to better meet its needs. Our customer service specialists conducted regular service calls with the client's customers prior to the payment due date, to ensure the customer had all the means necessary – such as understanding payment terms and/or discount policies – to make a timely payment.

Analytics, trends & data for credit management

We utilized our pool of experts to analyze our client's financial performance and also that of its customers. Our focus was on understanding our client's business as well as the industries in which its customers operated. We also placed emphasis on ensuring that our client knew which customers were making timely payments and could be granted more credit as a result, while also offering the best opportunities to their sales team. We also made the client aware of which customers were not paying on time and should potentially receive less credit. These insights enabled our client to determine whether its sales team should cease operations with those customers due to the threats they posed to company revenue.

The results

Our client, a global Pulp and Paper industry leader, realized significant financial gains as a result of Capgemini's O2C services:

- Overdue payments dramatically fell from 25% to 1%;

- Total collectible items for 2012: over $5.2m (18%). Total collected: $5.18m (99%);

- Reduction in unearned discounts led to the recovery of approximately €200,000 each year;

- Our enhanced collection processes not only enabled expedited revenue collection, but also strengthened customer relationships and positioned our client's brand as a brand of choice, while increasing its own customers' satisfaction.

The business outcome

Added value

As a Pulp and Paper industry leader, our client saw its financial position dramatically improve as a direct result of our O2C solution and related processes. The benefits realized included expedited cash collections and minimized account receivables disputes, which freed up additional funds for investments to reinforce the company's market position.

The partnership also empowered our client with the ability to react more quickly in a hypercompetitive market. Coupling this with increased and expedited AR collection rates helped contribute to the evolution of a viable business model that welcomes innovation and expansion while increasing our client's credibility.

Capgemini constructed the Working Capital Management Platform tool to enable the capture of all necessary policies and data required for accessing the documentation needed for revenue collection. Our client used this data in the decision-making process. Ultimately, this meant that we could assist our client in optimizing its investment strategies, and were able to leverage our O2C capabilities to unleash more of our client's potential by freeing up capital for R&D investment. Through adopting our advanced collection practices and O2C processes, the client was able to both expedite its revenue collection and strengthen its customer relationships by resolving disputes and discrepancies in a mutually beneficial way.

"The Capgemini team assumed the role of customer service specialist, shifting the focus from not only collecting overdue payments, but also offering support to our customers and enhancing their overall experience with us. This level of service exceeded our expectations and added a tangible layer of value to both our company and brand."

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About Capgemini

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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