



GLOBAL PAYEX

3M CASE STUDY

3M supercharged its AR and improved DSO by 4 days with FreePay

PROBLEM STATEMENT

3M relied heavily on manual processes to reconcile their receivables. They had employed a large shared services team to complete their financial accounting and application processes. It took an average of 4 man-hours and several elapsed recon days to process from remittance to cash application, bringing down working capital efficiency.



BACKGROUND

Founded in Minnesota US conglomerate 3M is one of the largest innovative product manufacturers in the world. 3M has a vast and complex customer base including large institutional customers to smaller channel partners. The diversity in customers required 3M to innovate its revenue collection mechanism to improve its working capital efficiency.

CHALLENGES

Manual Deferment and Early Pull Request Mechanism: To request deferments or early pull on their invoice(s), the distributors had to send an email request to the shared services centre that managed all the credit-related activities. These emails did not receive a response in time and led to incorrect pulls.

Manual coordination with other Departments: Deferments and Disputes first landed in the accounts team, they had to manually follow up with the business team to resolve the same, the TAT for which was over a week in a few cases.

Manual Reconciliation:

The finance and shared services teams had to account for the successful debits and manually reconcile the invoices. They also had to account for the bounced transactions, providing reasons. This activity consumed two days after the debit date and got incredibly taxing during month/quarter/year ends. The two-day delay meant that credit lines were not opened for two days after the payment was received, leading to a massive loss of reordering opportunities.



OBJECTIVE

To automate the weekly direct debit, through ACH, from its distributors while eliminating manual errors and bringing in transparency.

No visibility to the distributors of their weekly dues:

Distributors did not have a live view of all outstanding obligations & credit notes; and hence couldn't plan their cash flow well.

Poor Distributor Experience:

This entire user experience of not accepting the deferment requests, disputes due to the manual process and time lag by 3M) and pulling amounts higher than anticipated led to a bad user experience for the CPs. Both, customers and corporate, also incurred substantial fees from their banks for bounces.

SOLUTION PROCESS

Global PayEX deployed its EIPP (Electronic Invoice Presentment and Payment) solution - FreePay

1 Portal for customers and automated reconciliation:

Customers now have FreePay to view invoices & credit notes. They can pay, dispute, and request deferment anytime from any place, 24*7. They have complete clarity on the status of their request, and their payments are automatically reconciled back into the ERP, leading to zero TAT in delays for clearing credit lines.

2 Digital Deferment Request Mechanism:

Distributors can see the auto-pull debit dates under each invoice and request deferment. The process is now more transparent with a real-time view of the request, increasing customer satisfaction due to an improved user experience.

3 Live MIS across Business Functions:

Finance and Business teams have live dashboards across hierarchies. They can now view the outstanding payments made by their respective customers in real-time. Actional dashboards are available across sales and accounts hierarchies for approval of requests and resolution of disputes based on the line of business, region, amount, etc.

RESULTS

FreePay was able to increase the success rate of weekly debits within the first four cycles and has been able to reduce reconciliation time significantly. It also meant a substantial reduction of the cost accrued in running the shared service centre for this activity.

By deploying FreePay, 3M was able to not only simplify and improve their existing accounts receivables processes but also set up a platform to expand and onboard other non-direct debit customers due to the superior customer experience offered.



4 Day - Reduction in Daily Sales Outstanding (DSO)



92% Reduction in Reconciliation Time

TESTIMONIAL

3M India has successfully deployed Global PayEX's FreePay solution to improve the efficiency in our collection and account receivable management. FreePay digitized our invoice presentment, automated payment processing and took care of our end-to-end customer account reconciliation. Our dealers have appreciated the solution for its completeness, ease of use and transparency in doing business.

Ranjan Choudhury
Credit Risk Manager - Asia
Global Credit Risk Management COE, Treasury
3M - India



US Address:
38 Tower Drive, Darien, CT 06820

India Address:
4th Floor, Unit No.42, B Wing, Vasudev Chambers, Old Nagardas Road, Andheri East, Mumbai-400069, Maharashtra



contact@globalpayex.com



+1 (240) 308-2036
1800-2099840