



GLOBAL PAYEX



## CASE STUDY

Seamless collections through digital ACH payments

### PROBLEM STATEMENT

GSK depended on cheques for their invoice payments, including error-prone manual processes and unsuccessful cheque clearance posed a problem for releasing locked credit lines. They employed a team within finance to track end-to-end collections and would find it challenging to share payment-related information to dealers through regional CFA's. Concerns with their receivable's reconciliation would bring down working capital efficiency.



### BACKGROUND

GlaxoSmithKline Pharmaceuticals Ltd is an Indian subsidiary of GlaxoSmithKline plc, one of the world's leading research-based pharmaceutical and healthcare companies. It is one of the oldest pharmaceutical companies in India. GSK Ltd. has a vast network of dealers and distributors across the country, and they ventured into payment collection automation for their distribution partners within Vx and Rx divisions to improve working capital.

### OBJECTIVE

To automate their accounts receivables within their dealer and distributor network through the ACH mechanism, allowing them to track upcoming payments and avail cash discounts for early payments.

### CHALLENGES

#### Cheque collection and in-transit

CFAs were responsible for collecting and maintaining cheque details along with the history of payments for GSK payments. Cheques in transit would often pose a problem around credit limit releases.

#### Payment failures due to cheque bounce

Cheque bounce would lead to immediate locks on credit limits until an alternate payment collection method is provided. There were delays in settling invoices on their ERP. GSK dealers and regional CFAs had to track payment history manually.

## Follow up and reconciliation errors

Regional CFAs would chase dealers for payments and with tedious tasks associated with a cheque payment process, the GSK team would find reconciliation a significant challenge. Corrective measures would include heavy manual intervention.

## Dispute resolution and settlement issues

Multi-level escalation would hamper dealers' experience around GSK invoice payments. The resolution would involve different sales and finance members communicating with the dealer.

# SOLUTION PROCESS

Global PayEX's electronic invoice presentment and payment (EIPP) solution, FreePay is deployed to automate and overcome challenges associated with invoices, payments and most importantly, reconciliation

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### Technical implementation

Global PayEX replicated cheque payment mechanisms through ACH mandates which are processed through GSK banks. SFTP integration allows the exchange of outstanding data and enables real-time payment updates for every dealer using the platform.

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### Dunning

Dunning enabled through SMS for upcoming invoice payments. Periodic reminders are sent to dealers informing them about due dates and invoices amounts allowing dealers to keep their bank account well-funded.

3

### Early payment discount

Cash discounts are easily configured and prompted through FreePay, encouraging dealers to avail of these through the platform. This is an intent-based feature that enables GSK to collect payments faster from their dealers.

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### Invoice Deferment

The payment deferment feature is enabled on FreePay for dealers with insufficient funds to pay for the upcoming invoices. A multi-level authentication process through a dashboard allows the GSK team to approve deferment requests from dealers and reschedule the payment to a future date.

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## Payment history

FreePay allows GSK dealers to access historical payment information for all invoices paid through the platform. Details of cash discounts as well as deferment are available for the GSK team through a report downloaded from the actionable dashboard.

# RESULTS

Global PayEX's solution enabled GSK to streamline their accounts receivables processes and increase their success rate of ACH debits to 65 % within the first three cycles. They were also able to reduce the time taken for dispute resolution. Further, by integrating Global PayEX's solutions, GSK elevated its customer experience and set up a platform to expand and onboard other non-direct debit customers.



**3 Day: Reduction in Daily Sales Outstanding (DSO)**



**92% reduction in reconciliation time**



**74% success rates in weekly debits**



**300+ Active Dealers on FreePay**



**\$35 Million: Amount transacted through FreePay**



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