



BRIDGESTONE CASE STUDY

€7 Million Unlocked in 9 months with FreePay



BACKGROUND

Bridgestone Corporation is a Japanese multinational auto and truck parts manufacturer founded in 1931 in Kurume, Fukuoka, Japan. As of 2021, Bridgestone is the largest manufacturer of tires in the world with 181 production facilities in 24 countries.



OBJECTIVE

To automate the manual collection & reconciliation process for Bridgestone's 5000+ dealer network

PROBLEM STATEMENT

The manual interventions in the collection & reconciliation process for its 5000+ dealer base brought down productivity and working capital efficiency in Bridgestone.

CHALLENGES

Invoice Processing and Sales team productivity:

Invoices were printed & sent through the transporter. The sales team's responsibility was to follow up with the dealer regarding delays and pending invoice payments. This, in turn, results in a loss of 25% of the productive time of the sales team.

Payment Reconciliation Challenges across LoBs (lines of business):

Passenger & truck tyre division payments were not allowed to be clubbed together nor were cross utilization of credit notes allowed across LoBs. Still, the dealers used to make combined payments which posed a challenge for the AR team to segregate these payments & make SAP accounting entries.

Partial Payment Request

Partial payments also led to delays in reconciliation. The time taken to figure out the partial payment often led to dealers' dissatisfaction and their credit limits being blocked.

Security Deposit Management

There were requests from dealers to convert part of their credit notes into a security deposit account which was a tedious manual process.

Lack of Account Visibility

Dealers lacked real-time visibility of their outstanding payments and credit notes which made them often call the sales team to help them with their account statements

SOLUTION PROCESS

EIPP Solution for Automatic Reconciliation & Collection process and Salesman app to improve sales productivity.

1

Integrated EIPP Solution with Payment Associated Rules:

PayEX teams worked closely with Bridgestone's banks to introduce unique virtual accounts for individual dealers to identify the source of payment and with Bridgestone's sales teams to roll out the mobile and web app for dealers to select the "context" of the payment – invoices, credit & debit notes, deductions, etc.

2

Direct ERP Integration:

FreePay is integrated directly with Bridgestone's ERP (SAP) to fetch and present the real-time invoice and credit notes to the dealers. The integration also helps post entries as soon as payment is received and reconciled against open items. This gives Bridgestone an accurate picture of their AR and cash flows at any time during the day.

3

Active Dunning and in-App Notification:

The active dunning & in-app notification in FreePay notify dealers of late payments, penalties and benefits of early payment cash discounts, with an option to schedule payment as per dealer cashflows.

4

Multiple Line of Businesses:

FreePay ensures that the mixing of payment does not happen across LoBs (line of business) and also provides a user-friendly interface that segregates the invoices across divisions/ LoBs to dealers. The postings are directly made by FreePay into SAP and are marked separately across LoB.

5

Adjustment of Credit Note as Security Deposit Payment:

FreePay allows dealers to adjust their credit notes (fully/partially) against invoices and security deposit payments.

6

Live Dashboard Accessibility:

Bridgestone Finance & Business team are given access to view the real-time update of payment records & status of payment of their respective dealers through the FreePay Dashboard.

RESULTS

Bridgestone was able to unlock 7 Million Euros in 9 months, accelerate their reconciliation by 2 times, ensure 98%+ straight-through reconciliation (STR), improve their DSOs by 6 days, and reduce non-electronic payment modes like Cheques.

As a result of automating the collection and reconciliation process, PayEX has helped Bridgestone channel its sales team to purely focus on sales and maintain an excellent dealer relationship.

The real-time reconciliation has helped Bridgestone to release distributor credit limits instantly. PayEX has helped Bridgestone with a platform that enables them to have accurate visibility of 99% of the working capital.



7 Million Euros unlocked



6-day Reduction in Daily Sales Outstanding (DSO)



98%+ straight through reconciliation (STR) – no manual intervention

TESTIMONIAL

"Our digital collections went from 22% before Covid-19 to 80% today," said Sharma. "We are expecting further efficiencies in our working capital as we look towards onboarding all of our dealers onto the platform. We have received great feedback from them on the seamless experience of their payment process so it's really a win-win for both parties."

According to the chief financial officer (CFO) Jyotsna Sharma, Bridgestone India has now reduced its days sales outstanding (DSO) – or the average time taken to get paid after invoicing – by six days, unlocking €7 million in cash flow over in 9 months.

FEEDBACK

Bridgestone India's digital collections went from 22% before Covid-19 to 80% in March 2021.

They unlocked around 5.9 million USD in cashflows over an 8-month period and 7.8M USD in 9 months by adopting FreePay.

Bridgestone has now reduced its day sales outstanding (DSO) and the average time taken to get paid after invoicing by 6 days.

Around 75% of Bridgestone India's 4500 dealers are extensively using FreePay.

Bridgestone has received great feedback from the dealers on the seamless payment process experience, which is an excellent win-win for both parties.



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