kredX CMS
Cash Management Solutions

# How A Human Resource Contracting Company Achieved On-Time Book Closing

## Snapshot Of The Company

**Industry:**
**Human Resources Contracting**

**Number of customers:**
**1500+**

**Revenue:**
**1000 Cr+**

**AR Team:**
**100+**

# THE CHALLENGES

The human resources contracting service works with large IT companies and MNCs. Their business growth was impacted by the following issues:

## No Visibility of Deductions and Short Payments

There was no data to investigate the reasons for the deductions or short payments by the customers. The information rested in silos, with individual relationship managers, who would inform the finance team over email. The need for analytics, shared between all teams, was felt acutely.

## Multiple Systems to Reconcile

The company used SAP as its accounting software along with a third party timesheet management system. The invoices in SAP had to be matched with the timesheet data, plus the payments received in the bank account from the customers. Further, the payment needed to be mapped to remittance so that correct invoices can be mapped to process salaries. The multi-system reconciliation was a tedious task and needed to be completed in time to avoid revenue loss.

## Delayed Book Closing

Due to the tedious task of multi-system reconciliation, the invoice closure process became a lengthy task, where delays resulted in business disruption. From salaries getting delayed to wrong salary processing, the scope of errors which could lead to loss to business was immense.

## Business Disruption

Due to delayed reconciliation, delays in salary payment became recurring. This in turn resulted in a high attrition rate among the employees. The lack of resources led to business disruption and unsatisfied customers.

## High Overhead Cost for Timely Reconciliation

To ensure less attrition and timely salary payment the overhead cost, i.e. the cash posting team, was increasing significantly as the business grew.This was reducing the gross margins for the business.

# THE SOLUTION

## Customized Integration with Timesheet Management Software

The Cash Application module of KredX Cash Management Solutions was integrated with the timesheet management tool to automatically map the invoice with timesheet entries and perform automated matching of both with the payment received.

## Automated Credits Capture and Mapping

The cash application software was configured to receive daily bank statements in MT940 format and it parsed the statements to capture the credits and map the credits with the customers. It used fuzzy logic to map customers using details from the narration of the transactions.

## Automated Cash Posting

Once the remittances were digitized, those were mapped with the credits and invoices in the system to generate the cash posing entries automatically. The system was configured for the tolerances and within those limits all the matched entries were passed to ERP without manual intervention.

## Automated Remittance Capture and Digitization

The system collected all the remittances which were received on emails in a mailbox within the cash application. For a few customers who had provided the vendor portal for downloading the remittances, the RPA based scrapper was configured. The remittances from various sources were consolidated and digitized using the proprietary OCR engine.

## Exception Handling

The entities which were not matching properly were raised as exceptions and assigned to required people to take quick action. The full collection was done or the invoices were mapped with reduction reasons so that those can be analyzed later. All the information for short payment or write-off was recorded with audited approvals.

# THE RESULT

01 The OCR engine was 98% accurate and reduced the remittance manual entries by that margin.

02 The credit to customer mapping was reduced by 85% after 60 days of implementation.

03 About 70% cash posting was system generated and didn't require manual inputs.

04 The cash posting team's size was reduced by 60% even after doubling the business volume.

kredX®

## About KredX

KredX is a supply chain finance powerhouse which emerged in India, and now has an evolving global footprint. With a new-age plug-and-play ecosystem of working capital finance and cash management products, KredX provides innovative answers to the biggest problems faced by enterprises and their finance teams, around the globe. With outposts in 5 countries, more than USD 10 billion in transaction volumes, more than 500 corporates serviced, KredX is creating state-of-the-art products for India and the world.