



How A Leading Logistics Company Used KredX Collections To Reduce Their DSO



Snapshot Of The Company

Industry: Logistics

Number of customers: 100000+

Revenue: 1600 Cr+

AR Team: 250+

THE CHALLENGES

No Central Resource Of Up-To-Date Data

The company employed a dedicated collections team, but the follow-ups were inconsistent because of the huge customer base. Due to selective access to the accounting software, the teams were dependent on stale and fluctuating excel sheets floating around the groups.

Long Working Capital Cycle/High DSO

The company is in its expansion phase and growing at a reasonable pace, but higher DSO increased its working capital cycle significantly, creating a roadblock in the expansion plan

Manual and Inefficient Proof Of Delivery (POD) System

At the pre-invoicing stage, GCN (Goods Consignment Note) and POD (Proof of Delivery) collection was manual, thereby causing significant delays. The DSO, which was expected to be around 45 days, ended up becoming 100 days.

Limited Data Visibility/ No Consolidated Dashboard

The ERP used by the company (Navigen ERP) does not have a consolidated dashboard for the collections team. As a result, the company's process included downloading outstanding MIS from the ERP and publishing it. The use of the hub-and-spoke model, with the head hub responsible for the collections, added to the complexity. It was a tedious process for the headquarters to compile data from each hub, analyze the reasons for delay, and ensure that credit control policies are followed properly.

Manual Processes Causing Invoicing Delays

The proof of delivery (POD) is held by truckers who are on the move. The hard copy of the POD was shared by truckers with the hub and then the hub scanned and sent emails to the headquarters to get the invoice generated. This caused significant delays and misses in invoicing the customer. Average invoicing delay was around 30 days which was a major contributor to the high DSO.



THE SOLUTION

The company implemented KredX Collections, which created the following solutions:

GCN Tracking Provides A Centralised Platform For Follow-Ups

KredX Collections customized Goods Consignment Note(GCN) handling in the AR module. As soon as GCN was created it would reflect in the CMS as well. GCN became the starting point for the entire AR journey. It came with an expected delivery date and hence follow-up with the hub for POD upload could be done when the delivery date was passed.

Digitized POD Collection

KredX Collections provided functionality to attach POD to the GCN from the delivery location so that the invoicing process starts immediately after delivery. This helped in any misses from the hub team, and reduced the lost PODs significantly. The POD availability on the centralized portal helped in automated tasks creation for the invoicing team to generate invoices.

Escalations on POD/Invoicing Delays

With the tracking of GCN, POD and Invoice generation, delay at any point was escalated based on company policy which ensured the adherence to the defined TATs and controlled the delays significantly.

Automated Invoice Delivery

CMS delivered the invoices to customers along with GCN and POD to ensure that all the supporting documents for invoices are shared timely. The delivery was on the email to the customer point of contact as well as on the customer portal where customers can login and get all the invoices and their supporting documents immediately. This helped in reducing the to-and-fro between the logistics company and their customers for different documents for invoice approval.

Collector's Worklist Prioritization

The KredX Collections module's worklist prioritization feature helped the collections team to focus on the customers which are more likely to delay or have higher outstanding than following up with everyone randomly. The prioritization algorithm is adaptive in nature and takes into consideration the past paying behavior of the customers to categorize the customers into different segments and accordingly assign the priority.



Collection CRM For Teams

The Collection Management dashboard provides the collections and sales teams with accurate data. It captured the notes from the collections team and logged all the calls made to the customers for collections. This data can be tracked by the supervisors and headquarter to check the progress of collections easily. This data was also fed into the prioritization algorithm.

Automated Dunning

KredX CMS Collections module configured automated dunning workflow based on company's SOP. It helped in 100% reach out to the customers with reminders and soft collections emails. System picked different email templates defined by the customer to change the tonality based on the workflow.

Business Intelligence

The management got visibility of key metrics on a single click of a button in real-time. The people at different levels can track the data of their team/region on the customized dashboard. All the reports and analytics like aging buckets, delaying customer segments, collections agent performance etc can be viewed and drilled down to granular level.



Credit Policy Adherence

The automation of dunning and other workflows of GCN and POD helped the credit controller to ensure the credit policy is followed across the different hubs. The log of each activity with each document or customer was logged in the system which has visibility across the hierarchy based on RBAC.

THE RESULT

01

GCN and POD tracking reduced the pre-invoicing delays by 80% and thus contributed to approx 25% reduction in DSOs

02

Overall the company got a 45% reduction in DSO which improved the cash flow and working capital shortage and helped them accelerate the growth.

03

The invoice delivery, worklist prioritization and automated dunning ensured 100% customer reachout. It reduced the unnecessary follow-ups with the timely paying customers and thus improved the relationship with them. Prompt reminders and data availability increased the timely payments and improved the DSOs further by 20%

04

The finance and collections team efficiency increased by around 60%. They are supporting 2x business volume with about 15% fewer people in the team.



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.