



Consumer Packaged Goods

A brand creates \$500MM opportunity by applying advanced analytics to "Order to Cash"

Big Picture

A CPG major in the US struggled with low cash flow and delays in realizing payments. Disparate data sources, multiple local reports, and a lack of analytical approach caused the organization to have a weak collections strategy. This resulted in inefficiencies and delays, hurting the overall cash flow.

Fractal's working capital optimization solution helped the organization successfully transform its collection operations and reimaged the process. With new finance metrics, a greater financial discipline was instilled, reducing payment write-offs, non-compliant contracts and revenue leakage. The solution created an optimal cash flow by managing invalid discounts, invalid deductions and leveraging on cash opportunity across multiple units of the organization in eighty-plus countries.

Transformative Solution

The client partnered with us to leverage advancement in technology, design and machine learning algorithms to transform accounts receivable. It helped them track performance more effectively across all segments, geographies and legal entities and better identify the cash flow problems. It further facilitated a process to indicate future propensities to transact and interact by updating every new data point in an automated manner.

Fractal led the team to develop and implement a solution in MS Azure using data lake, data bricks, PySpark, ML studio, Azure Analysis Services, Azure Logic Apps, Azure Active Directory, and Power BI.

The solution was implemented with multiple variable parameters in a phased manner across 100+ brands, ~200 legal entities, and multiple segments.

The key features of the solution included:

1. Convert data into one-point view and intelligent information
2. End to end working capital solution with
 - Prebuilt reports
 - Automated insights
 - Benefit estimators
 - Predictive analytics
 - Workflow to track action on insights
 - Detailed view of each KPI to the lowest transaction level
 - Multi-dimensional drill down opportunities

The overall solution's focus was to connect the business silos and drive focused customer contacts and smart auto cash posting systems. The solution was highly effective in integrating all systems into a single platform, automating insight generation, and capturing those insights.

The Change

The company moved from basic ad-hoc reports for measuring just average days to pay (ADP), to a complete end to end automated system with live data for strategic decision making. A one-stop solution for all the accounts receivable need for optimal working capital management -

- Aging and cycle time analysis
- Customer segmentation to have a targeted customer connect
- Invoice categorization - on time, late, risky invoices
- Collection prioritization
- Revenue leakage with controllable and un-controllable factors
- Paid on time analysis
- Non-complaint contracts
- Deduction management

Fractal enabled -

- Unlocking of working capital across various activities and delivered actionable insights on how to get the cash released.
- Reducing the cost of capital and bank overdrafts by providing better visibility of cash flow.
- Streamlining of multi-dimensional cash flow visibility for optimizing working capital.
- The tool identified areas to get more cash in hand and reduce the occurrence of non-compliant discounts.
- Improved business strategies to manage collections better, leading to payment term optimization.

Impact

- Identified a cash opportunity of \$500MM for the 2019-2020 year.
- Insights predicted a high-risk overdue amount of \$360MM for a quarter.
- Identified invalid discounts of \$420MM for 2019-2020, directly contributing to the company's revenue.