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On Demand Business Collaboration

## Houghton International. Inc.

**coAction.com Receivables platform drives improved cashflow and  
collections efficiency**



## Abstract

Houghton International, Inc. was looking to improve their receivables management, thus reducing their DSO and improving their cash flow. To this end, in late 2009 Houghton selected the coAction Collections Manager SaaS platform as well as Dun and Bradstreet™ commercial credit risk scoring. Leveraging the platform's strategy automation engine as well as collaborative tools such as template driven email, Houghton was able to see significant efficiency gains in their credit and collections department. Return on Investment (ROI gains) include reduced DSO, reduced staffing needs, increased customer service, and overall improved cashflow.

## Background

Houghton International is the world leader in industrial fluids, providing both high-tech metalworking and hydraulic fluid products, and fluid management services almost since oil was discovered in Titusville, Pa., in 1859. Houghton's global vision is to be the most successful and respected specialty chemical company in the world, actively partnering with customers to provide innovative and sustainable technical solutions that help increase productivity, reduce costs and minimize risks.

- Founded in 1865; launched its first commercial product (a rust preventive) in 1867
- Manufactures specialty chemicals, oils and lubricants
- Provides turnkey support with fluid management services
- Privately held and headquartered in Valley Forge, Pennsylvania, USA
- Offices, manufacturing and research facilities in more than 50 locations around the world
- Partners with leaders in metalworking, automotive, steel and many other industries
- The 2010 Kline & Company Metal Working Fluids Report shows Houghton to be the world's largest metal working fluids company

## Challenges

During our initial analysis and discussions with Houghton, we identified several key pain points that were directly affecting Houghton's cash flow and customer service. Some highlights of these challenges were:

- High DSO and reduced cash flow due to lack of any formal collections processes
- Inefficient usage of credit team - relatively large collections staff for the size of Houghton's portfolio was not achieving the desired results
- Lack of insight into potential account risks or problems in credit and collections increased the difficulty of collecting outstanding balances as well as bad debt risk
- Excel-based work lists and no collaboration tools between collectors made it hard to keep track of collections activities

## Solution

To resolve these challenges and improve their cash flow, Houghton International chose to

employ coAction Collections Manager SaaS platform as well as DNBI Risk Management from Dun and Bradstreet. Over the years, Houghton has leveraged the features of the platform in the following ways to realize significant improvement in their credit and collections:

- Deployed system-driven assignment and workflow strategies to ease portfolio management and guide users to key delinquencies
- Integrated DNBI risk scores into strategies to intelligently identify and act on high risk accounts through risk-tailored collections strategies
- Strategy-driven tasks improve tracking of outstanding invoices and guide users on key next steps in the receivables management process.
- Automated initial collections emails ensure delinquent customers are contacted without the need for any user action, dramatically increasing the number of accounts that can be contacted
- Template-driven emails and other communications standardize the company “message” and reduce time spent typing, increasing overall collector efficiency
- Integrated group collections team email inbox automatically links incoming emails to the correct account and allows all members of the team to have access to the same emails.
- Credits and Unapplied Payment email templates allow faster, easier capturing of missing payment details
- Real-time dashboards provide managers with up to date insights on the performance of their portfolio and team

## Results

Usage of coAction Collections Manager since 2010 has resulted in significant Return on Investment in the form of measurable cash flow and bottom line gains for Houghton International, including:

- Reduced DSO by 30% (yielding a \$10m annual cash flow increase)
- Enabled reducing collections staff by 60% while achieving the above cash flow increase
- Elimination of reliance on Excel spreadsheets and ineffective legacy systems
- Improved customer service through more proactive contacts and a standardized message

## Conclusion

Houghton International was able to see significant efficiency gains and tangible ROI by leveraging the cloud-based tools of the coAction platform. Houghton is now looking to expand their usage and benefits of the tool in the following ways in the near future:

- Deployment of the platform to international markets starting with the UK and Mexico
- Increasing automation on the small dollar/high volume segment of their portfolio to further free up collectors to focus on the critical large dollar accounts
- Expand usage of the reporting engine for custom reports as well as scheduling regular email delivery of key reports to managers