Sonepar Case Study

coAction.com Platform Enables Sonepar to Modernize Order to Cash Activities and Address Key Strategic Challenges

Abstract

Sonepar Canada uses the complete coAction Order to Cash platform in this complex multi-company, multi-currency dual language environment for Receivables Management, Payments Management, Order Release and Customer Portal. Improvements to internal collaboration between AR teams, branch offices and sales teams increase customer service and collaboration. Merging separate portfolios onto a single platform combined with extensive reporting provides management with levels of clarity not previously available.

Background

Sonepar is a global Business-to-Business electrical distributor with over $20 billion in revenues. Sonepar Canada is Canada's largest privately-held B-to-B electrical products distributor and supplier of safety, facilities maintenance and MRO (maintenance, repair, and operations) products and related services. Sonepar Canada has over 1800 employees working out of 106 offices and is responsible for $1.5 billion in sales amongst 7 different operating companies (OpCos).

The operating companies use dated, COBOL-based billing systems and unix green screen ERP systems. Some OpCos share a common system but have separate databases while others use entirely different ERP systems.

Challenges

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

- The credit and cash departments were working on multiple, disconnected legacy billing systems which lacked the ability to present the necessary information in a clear, concise manner
- Receivables and cash management was largely spreadsheet driven, with little collaboration between agents, and minimal clarity into the process available to managers
- Inconsistent collections processes and lack of effective tools within OpCos lead to high DSO
- Lack of coordination and establishment of best practices across OpCos decreased efficiency
- Application of received payments was taking an inordinate amount to time, leading to customers at times being contacted for payments which had already been made, but had not yet processed
- Ineffective dispute handling lead to large balances of uncollectable receivables
- Payments and remittance management manual and paper based

Solution & Benefits

Leveraging the features of coAction platform, we were able to directly address and solve Sonepar's major operational challenges through the following:

- Combining multiple legacy source systems/databases into a single platform while still maintaining role-based data segregation
- Moving the diverse business units (OpCos) onto a single platform encouraged unprecedented collaboration on processes and best practices into a more effective approach across the board
- Taking advantage of coAction's highly configurable, flexible platform provided a consistent, easy-to-use interface that was customized to meet each OpCo's unique business needs
- Configurable management dashboards and analytics provide real-time insights to managers, enabling rapid response to emerging issues and process adjustments
- Rules-based workflows automatically assign the revenue portfolio to the correct team members, send collections emails and prompt users when manual intervention is required across order to cash objects
- Transitioned manual paper and fax-based letters (for dunning, payments, customer notifications, etc.) to automation-driven email and electronic fax delivery significantly saved on both mailing and labor costs
- Analytics-based receivables and cash processes provide a direct impact in the form of decreased DSO and increased cash flow
- Real-time review and release of orders on credit hold improves customer service and collaboration with sales teams
- Powerful web-based tools provide significantly improved payment processing rates
- Reduced credit card and bank lockbox payment processing speed through shifting from unsecure manual process to secure direct online payments within coAction platform
- Improved gathering and processing remittance advices by placing cash apps and customer-facing credit team and customers on the same platform,
- coAction dispute management tools combined with automatic communication of disputes with the sales teams led to decreased dispute resolution times and a reduction of the overall dispute balance
- Improved internal communications between the back office and sales teams through automatic emails, scheduled reports, and limited rights platform access
- Increased customer collaboration and company branding via leveraging branded communication templates for professional communications
- Improved invoice and statement presentment and payment capture through customer self service portal

Deployment Profile

- Approximately 5 million transactions per annum (invoices, payments, orders)
- 7 Operating Companies
- Automated real time and batch interfaces across 30+ objects with multiple back end ERP systems
- Internal Users: 50
- Portal Users: 10,000+

Results

Implementation of the coAction platform has resulted in significant, measurable cash flow and bottom line gains for Sonepar, including:

- Analytics-based automated collections processes provide a direct impact in the form of decreased DSO and increased cash flow
- Sonepar was able to reduce the size of their revenue management staff while improving their overall customer service ratings and grow transaction volume
- All order to cash activities are now performed on a single platform, which improves management oversight while providing a scalable platform for future growth
- Automated electronic communications delivery reduced both mailing and labor costs
- Customer-facing portal yields improved customer collaboration and payment capture rates

Conclusion

Through deployment of the advanced collaborative features of the coAction platform, Sonepar has realized significant Return on Investment while resolving several key challenges for their receivables and cash management teams. Among the strategic goals achieved are a reduction in DSO, an increase in cash flow, and decreased staffing requirements in both the credit and payment processing departments. Both internal collaboration and external customer communications were enhanced significantly and management has a better picture of the health of the receivables portfolio than ever before. Future initiatives include Automated Credit Processing, expanded automated management reporting as well as continued process improvements to further enhance cash flow.