



Industry
Travel and Logistics

Process
Order-to-Cash

Plugging Revenue Leakage of over USD 11 Million for a Leading Transportation and Logistics Solutions Provider

Client Profile

The client, a Fortune 500 company, provides transportation, logistics and supply chain management solutions to customers in North America, Mexico, Europe and Asia. WNS has been a trusted partner for this client for the last five years providing support in the areas of Billing, Cash Application and Accounts Payable.

Business Challenge

The client has been facing challenges in the 'Order-to-Cash' cycle, specifically in relation to lack of timely customer on-boarding, ineffective customer credit reviews, escalating

bad debts, billing inaccuracies, inability to charge the lessor for repairs, maintenance and spares of / for leased trucks that come into their workshops. The problems arose due to faulty information gathering, frequently occurring payment disputes and increased cash aging.

A large amount of unapplied cash was negatively impacting the working capital of the client. The line of credit of any business with a bank, in part, depends on the amount of unapplied cash (the lower the better). While the industry is able to apply 90 percent cash on the day of receipt itself, the client was able to manage only 81 percent.

Value Innovation Program through the VISIONSM Framework

The WNS Solution

WNS used its proprietary business transformation methodology, Value Innovation Program through the VISIONSM Framework, to identify opportunities of reducing the operations' Cost-to-Serve.

An extensive six-week diagnostics of the client's revenue management processes by WNS's Six Sigma and process experts revealed significant performance gaps in the following areas:

- 1 Contract Management:** Only 60 percent of the customers were 'on-boarded' in two days from the date of signing a contract
- 2 Credit Review and Bad Debts Management:** The aggregate amount of write-offs had increased by 6 percent over the last two years
- 3 Billing:** Almost 36 percent of billing transactions were delayed by at least 15 days, costing the client USD 7.5 Million
- 4 Invoicing:** 25 percent of all monthly invoices never reached the customer
- 5 Cash Application:** Only 81 percent of the cash received was applied on the same day
- 6 Collections:** The Accounts Receivable team typically initiated collection efforts for payments pending beyond 40 days of due date

WNS recommended the following improvement strategies through the VISIONSM Framework:

- **Contract Management:**
 - Re-engineering workflow to standardize contract clauses
 - Contract database cleansing to ensure accuracy of historical records
 - Implementing a scanning solution along with real time monitoring of quality of inputs
- **Credit Review and Bad Debts Management:**
 - Updating the criteria to evaluate credit worthiness
 - Optimizing the Auto Credit review mechanism based on Dun & Bradstreet's credit database

- **Billing:**

- Conducting a Shop Work Order Management System Audit
- Centralizing pre-approval for repairs, maintenance and replacement of spares through a Shared Service Center
- Implementing a Shop Work Order Management System to supplement Accounting and Auditing controls

- **Invoicing and Cash Application:**

- Creating offline algorithms to 'auto apply' fallouts
- Utilizing the capacity generated from automated systems to investigate cases that would otherwise be escalated to specialist collections teams
- Splitting the collections team into two – one dealing with simple rule-based collections and the other facilitating complex collections
- Recommending outsourcing of the rule-based simple collections process

- **Collections:**

- Use of a 'Collections Analytics' team to assist in the creation, maintenance and deployment of a mature collection strategy
- Implementing a Collection Workbench ERP solution

Potential Benefits Identified

The Value Innovation Program through the VISIONSM Framework helped identify a revenue leakage of approximately USD 11 Million. Individual process level benefits include:

- **Contract Management:** Improvement in Days Sales Outstanding (DSO) by reducing delays in billing (as much as 15 days) and elimination of inaccuracies that resulted in a wasted processing effort of USD 1 Million
- **Billing:** Reduction of additional processing effort and elimination of write-offs to the tune of USD 3 Million
- **Potential savings of USD 1.5 Million driven by outsourcing opportunities**