AUGUST 19, 2021

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Wesco's Order to Cash Transformation Deep-Dive:

Challenges, Solutions and Results Achieved

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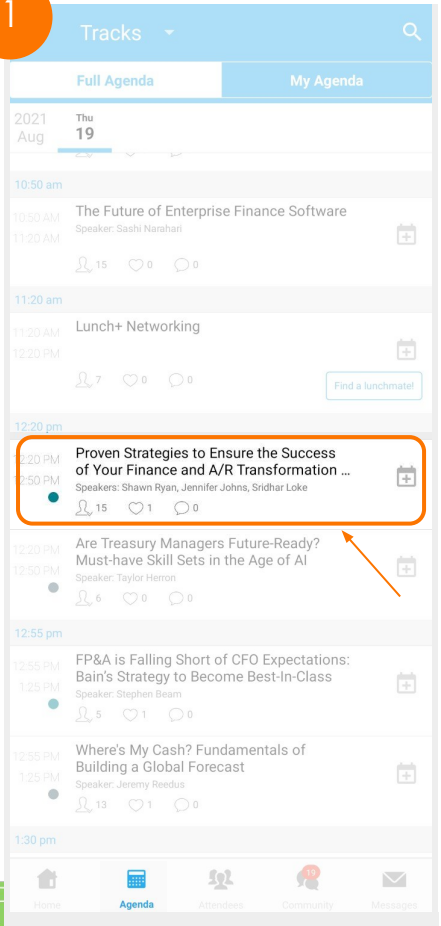
genpact

How can I register my vote during polling sessions?

1



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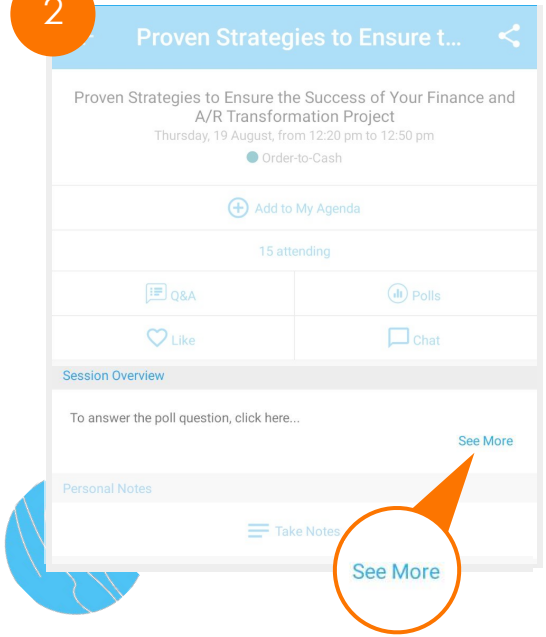

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About WESCO

WESCO International, Inc is a publicly-traded FORTUNE 500® company headquartered in Pittsburgh, Pennsylvania

800 branch locations in 50 countries.
Relationships with over 30,000 suppliers and serves more than 150,000 customers worldwide.

Taking The Leap With A/R Automation

As a lean organization, WESCO is always on the lookout for means to improve processes

- ***In 2015: WESCO started exploring A/R automation*** (specifically cash application and deductions automation)
- We wanted to work with a **vendor *which could help us build the right business case*** for executive buy-in
- Main goal: ***improve working capital and resolve our outstanding disputes faster***
- The ***HighRadius Cash Application Cloud*** was our solution of choice after exploring multiple options

Cash Application Challenges at WESCO Before HighRadius

- **Decoupled Remittance – Searching for remit for ACH Payments**
- **Manual keying of excel / electronic remittance data**
  - *Started transition with "spreadsheet upload to Oracle", but employee adoption lagged*
- **Multiple remittance and payment formats increased process complexity**
- **ERP systems were designed to match based on invoice number only**
  - *ERS remittances (referencing purchase orders, packing lists, etc.) were a huge challenge*

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Cash Application Hit Rates For Various Payment Types

Payment Format	Auto-Cash Posting Hit-Rate Pre-HRC	Challenges
Electronic Funds	11%	• *Using MS Outlook folders and auto-forward rules to organize remittance by customer; reached capacity* • *Customer shifting to ERS – Evaluated Receipt settlement and not referencing Invoice numbers*
Credit Cards	33%	• *Consolidating remittances from decentralized processing*
Checks	93%	• *Fear of switching to new system; did not want to lose efficiency due to repeating 6-digit invoice number across locations* • *Still some manual work to maintain templates / "rope and zone"*

- *Difficult to find qualified candidates with cash application experience*
- *Cash transactions don't stop during peak vacation, holiday and month-end close periods*

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Key Solution Features

1 Automatic Processing Of Multiple Remittance Formats

Check OCR Capture
- Paper check remittance fully captured and mapped for customers

Email Remittance Capture
- Digital processing for high quality capture
- No email management required

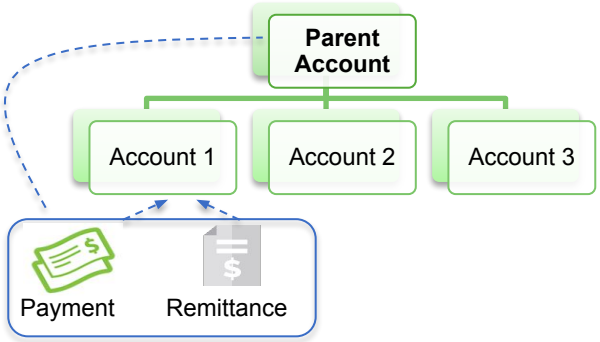
Web Portal Remittance Capture
- Full integration of website remittance
- No need for the team to intervene

2 Automatically Code Deductions Based On Internal Codes

Customer Deduction Code	WESCO Deduction Code
ABC123 (Trade Promotion 1)	Ded1
ABC1234 (Trade Promotion 2)	Ded2 (Trade Promotion)
XYZ789	Ded3

- Identifying, matching and coding deductions
- Merging deductions

3 Enable Configurations To Meet Specific Business Requirements



Business Requirement
- Close invoices at a parent account level
- Post disputes at the customer level

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Cash Application Results After Automation

Payment Format	Auto-Cash Posting Hit-Rate Pre-HRC	Auto-Cash Hit-Rate w/ HRC Automation
Electronic Funds	11%	**84%**
Credit Cards	33%	**86%**
Checks	93%	**96%**

A/R automation software acts like an "umbrella tool" that sits on top of multiple ERP systems

- **Oracle, AS400, etc.**
- *Improved labor management: Shift resources between payment types & ERP's*
- *Increased accuracy and timeliness of cash application*
- *Ability to match on multiple fields vs. invoice*
- *Increased visibility to customer remit across the organization (e.g., read-only access)*

"Umbrella over ERPs", "Decoupled Remit", "Building Block", "Speed/Accuracy", "Visibility"

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2021: A/R Automation Expansion at WESCO

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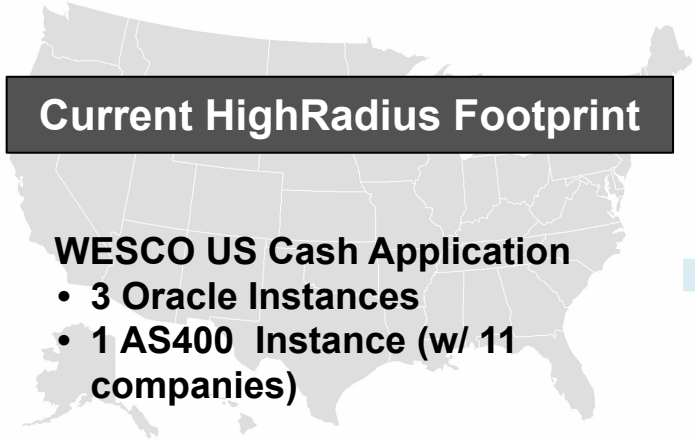
Our Automation Project Scope: Before & After

Before



Current HighRadius Footprint

WESCO US Cash Application
- **3 Oracle Instances**
- **1 AS400 Instance (w/ 11 companies)**

Solution:
- **Cash Application Automation (CAA)**

After

New Scope (Through Genpact)
Standardize A/R across 30 Businesses and 18 ERPs

- **WESCO Canada – Aug 2021**
- **Anixter US and Canada – Q4 2021**
- **Accutech – Q4 2021**
- **Anixter Power Solutions (APS) – Q4 2021**
- **WESCO US (11 ERP Instances) – Q1-Q3 2022**

Solutions:
- **Cash Application Automation (CAA)**
- **Collections Cloud (CLS)**
- **Credit Cloud (CRD)**

Key Reasons For the Expansion Project

- Improve Financial KPIs – Bank Key-In Fee Elimination; Reduced DSO
- Create automation which enables pivot to value added tasks
- Standardize Processes and Achieve Best In Class Status
- Enable Proactive Management by Predictive Analytics and Advanced Reporting

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slido

What do you see as the topmost challenge against A/R digital transformation in your organization?

ⓘ Start presenting to display the poll results on this slide.

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“We believe the approach to transformation is driven by an ideal mix of Domain & Digital - Process Frameworks and Digital Interventions”

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Roles Genpact Played In The WESCO Anixter Implementation

Project Lead

- Program governance, project execution and alignment (HRC > Genpact > IMO)
- Review and approve rollout strategy for the overall program post design (CLS/CRD)
- Review and approve training, testing and cutover strategy (coordinate with solution engagement role)

Change Management

- Creating visibility with a focus on sustainable adoption across the key groups
- Early involvement of Super Users, SMEs and engagement of user community
- Establish Employee awareness on the following:
  - How HRC integrates into daily work
  - Benefits for employees / downstream customers
  - Functionality and future possibilities

Genpact Design Team

Act as translator ensuring the terminology used and business requirements are understood by the business and technical team members

Design Lead

- Provide recommendations to enhance processes and build a BIC HRC solution
- Collaborate with client to identify and mitigate business requirements gaps to include raising Change request as needed.
- Provide required support for all stages of implementation
- Review and assess the alignment of leading practices and policies throughout the design process.
- 1st level approval of the design document PDD, Fit Gap, Testing Scripts etc.
- Co-Lead as is process gathering and development of current/future state process maps

Solution Engagement Leads

- Support all aspect to testing (SIT and UAT), SOPs documentation, training and hypercare
- Work closely with all members of the HRC implementation team to ensure key business processes are addressed and understood

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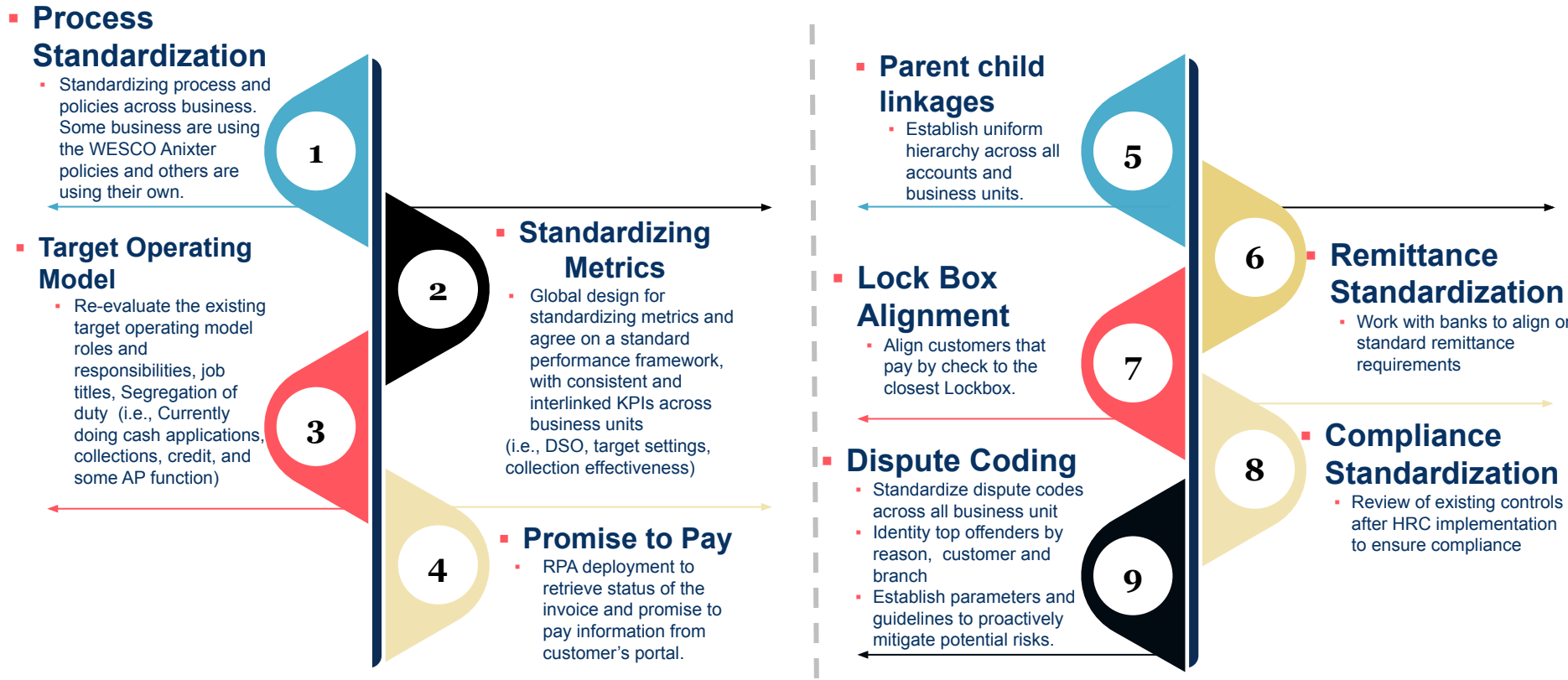
The Overall Transformation Roadmap



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Future State Expectations: Cash Application

Challenges

- High Bank Keying-In Fees
- No Automation for EFT Payments
- No automated Deductions Coding
- Need to perform complex matches manually

Process with HighRadius

- AI-enabled OCR engine to auto capture check remittance and eliminate bank fee
- AI-enabled technology to capture remittance from electronic sources
- Automated deduction coding
- Ability to perform complex matching for multiple/ partial reference numbers.

Future State Expectations: Credit & Collections Cloud

Current Challenges

- No standardization for collections outreach
- Manual Correspondence
- Manual Aggregation of PODs from carrier portals
- Outdated Customer Onboarding Process
- Inability to execute periodic reviews

Future Process with HighRadius

- Automated Prioritized worklist
- Automated rule-based correspondence
- Automatically aggregate PODs
- Online Credit Application integrated to WESCO/Anixter website
- Real-time Credit Monitoring for all customers

QUESTIONS?
Yale
SHIPPING

NEXT SESSIONS

highradius

O2C

Natural Language Processing in Finance

09:35 AM CT | *Main Stage*

highradius

TREASURY

Future of Treasury Powered by AI

09:35 AM CT | *The Cantina*

Appendix

Our Automation Journey With HighRadius

We opted for the HighRadius Cash Application cloud to make our process more scalable and sustainable

HighRadius Key Benefits

- ✔ “Umbrella” system across multiple ERPs
- ✔ Efficiently handles “Decoupled Remittance”
- ✔ Cash App is key building block for future HRC deployments (Credit/Collections)
- ✔ Faster and accurate cash application at lower costs
- ✔ Payment and Remit visibility to all in the A/R Department

Future State Expectations: Cash Application

Current Challenges

- High Bank Keying-In Fees for Check Payments
- No Automation for EFT Payments with email remittance on Anixter side
- No Deductions Coding leading to downstream impacts
- Manually performing complex matching including multiple/partial reference numbers

Future Process with HighRadius

- Utilize AI-enabled OCR engine to auto capture remittance from check stubs to eliminate bank fee.
- Capture remittance details from electronic sources (body & attachments) , using AI-enabled technology for multiple formats with high accuracy rate
- AI capabilities to accurately auto-link payments with the open invoices and ensures automated deduction coding
- Ability to perform complex matching for multiple/ partial reference numbers.

Future State Expectations: Credit & Collections Cloud

Current Challenges

- No Standardization and excel based account prioritization
- Manual Correspondence
- Manual Aggregation of PODs from various carrier portals
- Outdated Customer Onboarding Process
- Inability to execute periodic reviews

Future Process with HighRadius

- Automated Prioritized worklist using predictive analytics and rules to handle end to end collection activities
- Automated rule-based correspondence
- Automatically aggregate PODs using RPA and attach to dunning notices
- Online Credit Application integrated to WESCO/Anixter website
- Real-time Credit Monitoring for all customers by tracking information regarding – credit ratings, industry trends etc.