

AUGUST 19, 2021

RADIANCE ON THE ROAD

HOUSTON

# Wesco's Order to Cash Transformation Deep-Dive: *Challenges, Solutions and Results Achieved*



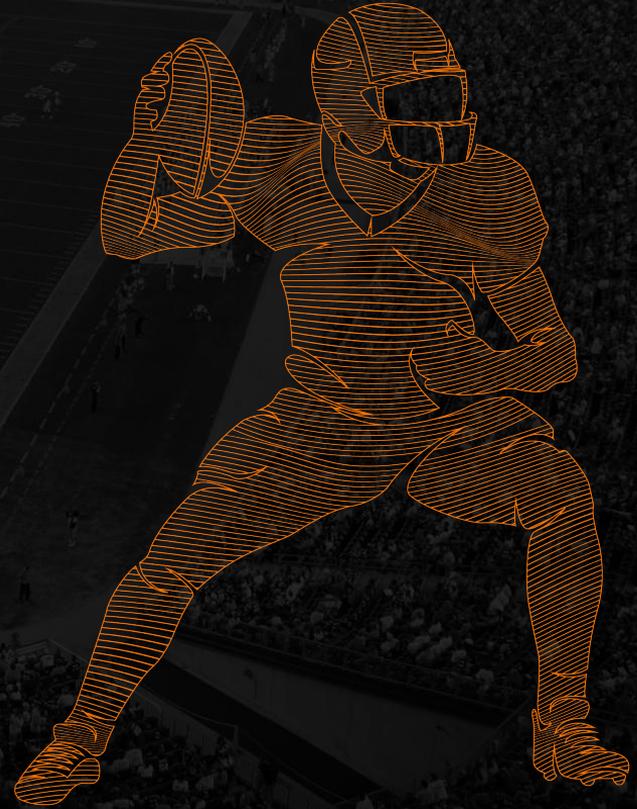
**Timothy Murray**

Global Director- A/R Risk Management



**Jennifer Baca- Johns**

Assistant Vice President, Invoice-to-Cash



# How can I register my vote during polling sessions?

1

Tracks

Full Agenda My Agenda

2021 Thu 19 Aug

10:50 am

10:50 AM The Future of Enterprise Finance Software  
Speaker: Sashi Narahan

11:20 am

11:20 AM Lunch+ Networking

12:20 pm

12:20 PM **Proven Strategies to Ensure the Success of Your Finance and A/R Transformation ...**  
Speakers: Shawn Ryan, Jennifer Johns, Snidhar Loke

12:20 PM Are Treasury Managers Future-Ready? Must-have Skill Sets in the Age of AI  
Speaker: Taylor Heron

12:55 pm

12:55 PM FP&A is Falling Short of CFO Expectations: Bain's Strategy to Become Best-in-Class  
Speaker: Stephen Beam

12:55 PM Where's My Cash? Fundamentals of Building a Global Forecast  
Speaker: Jeremy Reedus

1:30 pm

Home Agenda Attendees Community Messages

2

Proven Strategies to Ensure t...

Proven Strategies to Ensure the Success of Your Finance and A/R Transformation Project

Thursday, 19 August, from 12:20 pm to 12:50 pm

Order-to-Cash

+ Add to My Agenda

15 attending

Q&A Polls

Like Chat

Session Overview

To answer the poll question, click here...

See More

Personal Notes

Take Notes

See More

3

Proven Strategies to Ensure the Su...

To answer the poll question, [click here](#)

click here

# About WESCO



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

## WESCO|Anixter

We build, connect, power and protect the world.

**With nearly 100 years of excellence, we have the expertise to understand customer needs, the broad product and services portfolio to meet them, and a customer-first approach to ensure their long-term success.**



**Electrical and  
Electronics Solutions**



**Communications and  
Security Solutions**



**Utility and  
Broadband Solutions**



**Single Source for All of  
Your Product Needs**



**Technical Excellence  
and Specialization**



**Global Reach, Local  
Expertise**



**Comprehensive  
Value-Added Services**



**Smart, Digital  
Solutions**



**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*

# Cash Application Hit Rates For Various Payment Types

Payment Format	Auto-Cash Posting Hit-Rate Pre-HRC	Challenges
Electronic Funds	11%	<ul style="list-style-type: none"> <li>Using MS Outlook folders and auto-forward rules to organize remittance by customer; reached capacity</li> <li>Customer shifting to ERS – Evaluated Receipt settlement and not referencing Invoice numbers</li> </ul>
Credit Cards	33%	<ul style="list-style-type: none"> <li>Consolidating remittances from decentralized processing</li> </ul>
Checks	93%	<ul style="list-style-type: none"> <li>Fear of switching to new system; did not want to lose efficiency due to repeating 6-digit invoice number across locations</li> <li>Still some manual work to maintain templates / “rope and zone”</li> </ul>

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

# 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

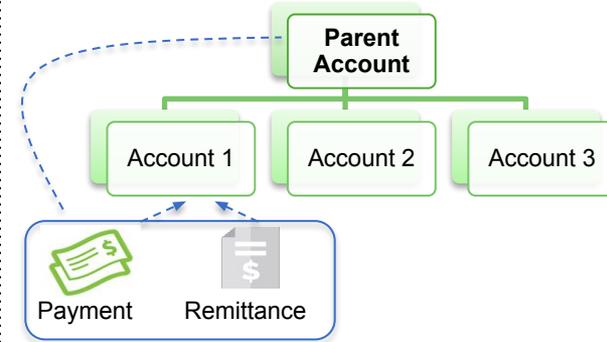
## Automatically Code Deductions Based On Internal Codes

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

# 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”**

# 2021: A/R Automation Expansion at WESCO



# 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**

slido



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

① Start presenting to display the poll results on this slide.

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

# 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

# The Overall Transformation Roadmap

## Process Standardization

- Standardizing process and policies across business. Some business are using the WESCO Anixter policies and others are using their own.

1

## Target Operating Model

- Re-evaluate the existing target operating model roles and responsibilities, job titles, Segregation of duty (i.e., Currently doing cash applications, collections, credit, and some AP function)

3

## Standardizing Metrics

- Global design for standardizing metrics and agree on a standard performance framework, with consistent and interlinked KPIs across business units (i.e., DSO, target settings, collection effectiveness)

2

## Promise to Pay

- RPA deployment to retrieve status of the invoice and promise to pay information from customer's portal.

4

## Parent child linkages

- Establish uniform hierarchy across all accounts and business units.

5

## Lock Box Alignment

- Align customers that pay by check to the closest Lockbox.

7

## Dispute Coding

- Standardize dispute codes across all business unit
- Identify top offenders by reason, customer and branch
- Establish parameters and guidelines to proactively mitigate potential risks.

9

## Remittance Standardization

- Work with banks to align on standard remittance requirements

6

## Compliance Standardization

- Review of existing controls after HRC implementation to ensure compliance

8

# 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?**

# NEXT SESSIONS



O2C

## Natural Language Processing in Finance

09:35 AM CT | Main Stage



TREASURY

## Future of Treasury Powered by AI

09:35 AM CT | The Cantina

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# 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.