

# Improving the payables process

EXL client realizes incremental discounts and vendor credits



## Client

A leading industrial products and services provider.

## Business Case

During a period of unprecedented growth the client needed support moving to a shared service model.

## Scope

- › Invoice processing
- › Vendor reconciliation
- › Freight invoice audit
- › Vendor inquiry help desk
- › Duplicate payment analysis
- › Vendor master maintenance.

## Background

Following an intense period of M&A and joint venture activities by a leading industrial products and services provider, the firm found itself operating with disparate accounting and administrative systems. This created:

- › Inadequate general controls around the three-way matching process.
- › Significant exposure from duplicate payment and over payments.
- › Major variances in freight charges and surcharges due to market fluctuations and complexity of quotes.

The company decided to move the accounts payable process to a shared service model and needed a nimble and flexible F&A partner to help implement and maintain the process.

Visibility into invoices enabled **3 days**

**\$3.8 million**

Enabled visibility of invoices within

**\$2 million**

Average annual vendor credits collected

Reduction in time to pay fully audited freight invoices **55%**

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## The solution

EXL transformed payables by releasing working capital and improving visibility for more proactive decision-making.

The solution included:

- › Establishing standardized payment terms for more than 10,000 vendors across 16 business units.
- › Creating a three-way auto-match process and workflow exceptions.
- › Designing a standard freight invoice process from the disparate logistics systems.
- › Implementing independent past payment audit function to detect duplicate payments and over payments.
- › Rationalizing vendor contracts and payment terms to maximize vendor credits.

## The results

- › Improved cash flow and liquidity for day-to-day operations.
- › Reduced daily payables outstanding (DPO) by 25 to 30%, resulting in working capital reduction.
- › Better controls and transparency in large-ticket procurement items.
- › Correction of historical anomalies in vendor payment terms.

## About EXL

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