



Huhtamaki

CASE STUDY

Huhtamaki automates over 84% of their AR reconciliation & posting with AlgoriQ



BACKGROUND

Huhtamaki PPL Ltd is a multinational company specializing in flexible packaging solutions. They are a market leader in flexible packaging and decorative labelling solutions built across modern technologies to enable consistent, safe, and memorable consumer experiences with suitable packaging. Huhtamaki has five lines of business that supply to clientele, including FMCG companies like Britannia, HUL, Mondelez, Ferrero, Perfetti Van Melle, etc.

Huhtamaki's primary outputs include cartons and containers for foods and other consumer goods, disposable tableware and films, and laminates for uses such as adhesives, plasters, and labels. It has 71 manufacturing units in 34 countries and a support staff of 15,800 globally.

PROBLEM STATEMENT

Huhtamaki faced challenges reconciling payments from their 1600+ customers and managing ERP posting manually.

OBJECTIVE

To optimize Huhtamaki's accounts receivable process by automating cash application with large institutional customers through seamless integration, automated tracking of outstanding payments, and expedited dispute resolution.

CHALLENGES

Manual Reconciliation

A fifteen-member team was deployed to manage all Account Receivable (A/R) reconciliation operations at Huhtamaki PPL Ltd. Manual Reconciliation, Deduction Mapping, and Billing Adjustments took more than two man-hours per payment received. The average number of payments in non-peak hours was 15 payments per hour and 56 payments per hour during peak hours.

Challenge in unapplied cash and delayed payment advice

Huhtamaki customers typically make payments without intimation, temporarily posted as unapplied credit in Huhtamaki's books. Once the payment is received, the Huhtamaki team had to follow up with the customer for the payment advice or remittance note. Payment advices took an average of two weeks to comprehend on account of missing information, manual reading, incomplete information, etc.

Clubbed Payments

The customer usually procures products from multiple Lines of Businesses (LoBs) and makes a single payment by clubbing 3-to-5 invoices leading to a challenge in reconciling on an invoice level across LoBs. This is further complicated since Huhtamaki has more than one ERP system across its LoBs.

Deductions and valuable time lost by the Sales team

The reasons for deductions made by the customers are written in natural language in the payment advice which is hard to detect and codify. Each deduction is treated differently by different teams within Huhtamaki. The sales team's time is consumed in assisting the accounts team with collection-related activities. Due to a lack of resolution, approximately 5.2% of the amounts claimed in deductions are written off every quarter.

SOLUTION PROCESS

Huhtamaki engaged with Global PayEX to deploy AlgoriQ – its machine learning A/R reconciliation product to enable an end-to-end digital reconciliation process.

1

Document Data Engine

Once the customer sends the payment advice, PayEX auto-reads the data irrespective of the format and initiates the reconciliation process in real-time. This ensures document reading is fully automated, freeing up Huhtamaki's Accounts Receivable manpower.

2

Intelligent Fund Allocation (IFA)

AlgoriQ matches the payment & the payment advice against outstanding obligations pulled from Huhtamaki's ERP. The ML-based engine is programmed to learn from recon paths and continuously improve its accuracy. The reconciliation is done at the LoB level and the posting is done automatically in the respective ERP.

3

A/R Dunning and Payment Advice Follow Up

AlgoriQ sends intelligent reminders for payment based on "most optimum time" – an in-house heuristic algorithm. AlgoriQ also sends reminders when Payment advices are not received from the customers.

4

Smart Dashboard

For instances where AlgoriQ cannot find a match, a dashboard is provided for users to input how the obligation is resolved (offset with Credit Note, Trade Discounts, Raise Dispute, etc.). AlgoriQ learns from these inputs and automates similar instances after a particular threshold. Thus, continuously improving automation and reducing manual intervention.

5

Live MIS across Business Functions

Live MIS dashboards are provided to Finance and Sales teams at various levels to view their respective customers' outstanding obligations and payments in real-time.

RESULTS

PayEX has facilitated Huhtamaki to eliminate a significant amount of manual effort and intervention by automating the reconciliation process end-to-end. The time taken to reconcile payments was reduced from over 15 days to less than seven days within the first quarter, thereby reducing the amount of unapplied cash in the system at any given time. Thus, PayEX has helped Huhtamaki with a platform to grow their business by improving sales productivity and working capital efficiency.



85% AR Recon process automated



50% faster recon and ERP posting



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