Transforming Order to Cash and Accounts Receivable process via Process Mining

Key Challenges Faced

With today's growing customer expectations for instant access to their purchase and lower tolerance for late or incomplete deliveries, it has become more critical than ever to increase productivity and reliability of order operations.

This requires a new level of insight into daily processes and an increased ability to turn these insights into meaningful process improvements. With Process Mining, organizations streamline and remove friction from order management processes across systems and departments to **deliver on-time, increase productivity and improve reliability.** Generally speaking, order management (Order-to-Cash) refers to the business process of **quoting, receiving, fulfilling and billing for customer orders.**

One of the main challenges is delivery performance, especially **on-time and in-full delivery**, and **quality of goods**. It requires an innovative, holistic and connected approach to the Order-to-Cash process to address marketplace demands. The order management process involves a complex system of interconnected touchpoints and stakeholders. Some of the critical challenges for businesses include:

- Human error
- Order Backlogs
- Transportation errors
- Poor communication

These can all seriously negate customer satisfaction.

On the other hand, Accounts Receivable sits at the backbone of the finance organization and can unlock tremendous value. By using insights gained via process mining, you can take action to **reduce billing delays, receive earlier payments** and **mitigate fallout risk.**

Generally speaking, Accounts Receivable (AR) refers to the business process of **sending invoices, dunning and receiving payments.**

Solution via Digital Process Mining

A business-driven approach for order management along with process mining helps in aligning with company objectives and can improve profitability and business growth:

- It enables companies to drive revenue management and fulfillment productivity, optimize working capital and improve customer satisfaction
- Accelerating fulfillment in order ensure on-time and in-full delivery of goods
- Minimizing order returns through comprehensive quality control and order accuracy checks
- Optimizing working capital through reducing inventory costs and removing bottlenecks such as unnecessary credit checks
- Increasing productivity by utilizing automation and minimizing manual touches required on sales orders
- Reducing risk exposure by eliminating rogue negotiations and monitoring any approval steps
- Maximize customer satisfaction through timely communication and proper expectation setting
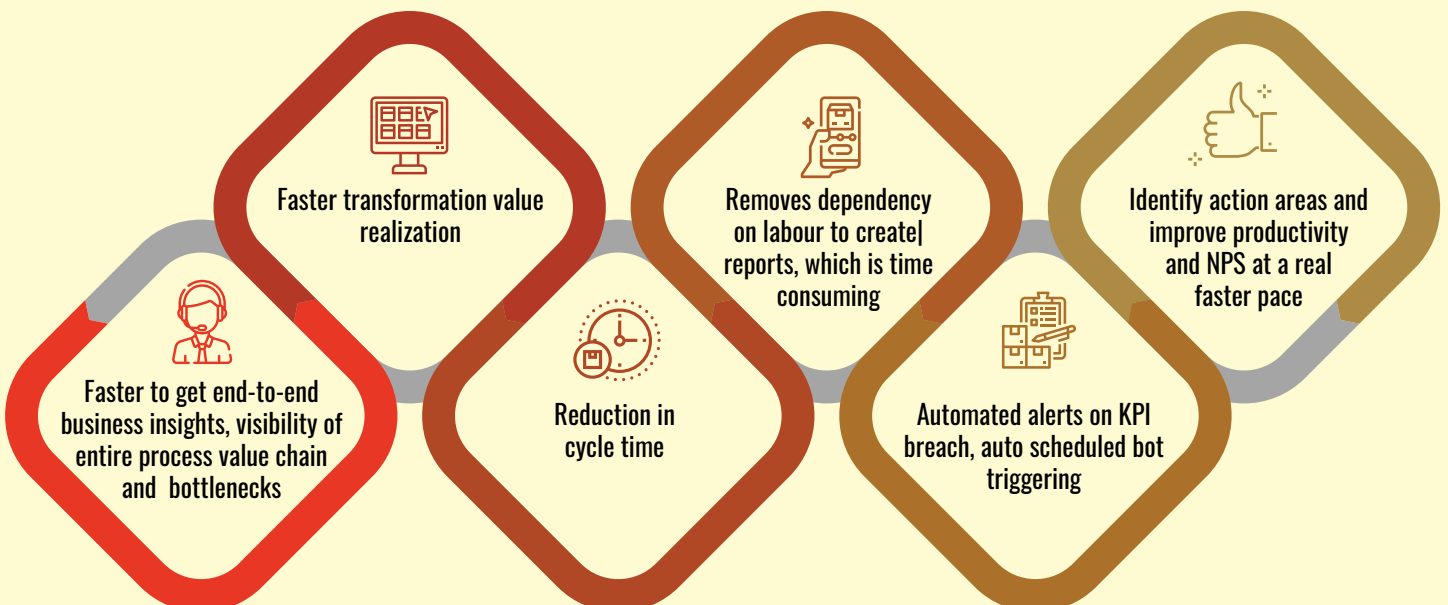
In Accounts Receivable, process mining monitors and tracks individual customer invoice positions. Accounts receivables are legally enforceable payment claims held by a company against its customers, e.g., for goods supplied. These payment claims are a crucial factor influencing the liquidity of a company. Therefore, the analysis and optimization of the AR process are essential for liquidity management.

- By identifying patterns of late payments, missed discounts and problematic suppliers, organizations can improve their billing accuracy, drive automation, and knuckle down on productivity to reduce late collections.
- Improving DSO (Days Sales Outstanding) by ensuring on-time payment and proactively monitoring overall customer payment behavior
- Accelerating internal throughput times to produce and send invoices in a timely manner
- Optimizing dunning and courtesy notices (regarding cash discounts) to drive payment behavior
- Recovering any unjustified cash discounts claimed and enforcing any late fees levied
- Minimizing changes and bundling invoices together to reduce the manual effort required
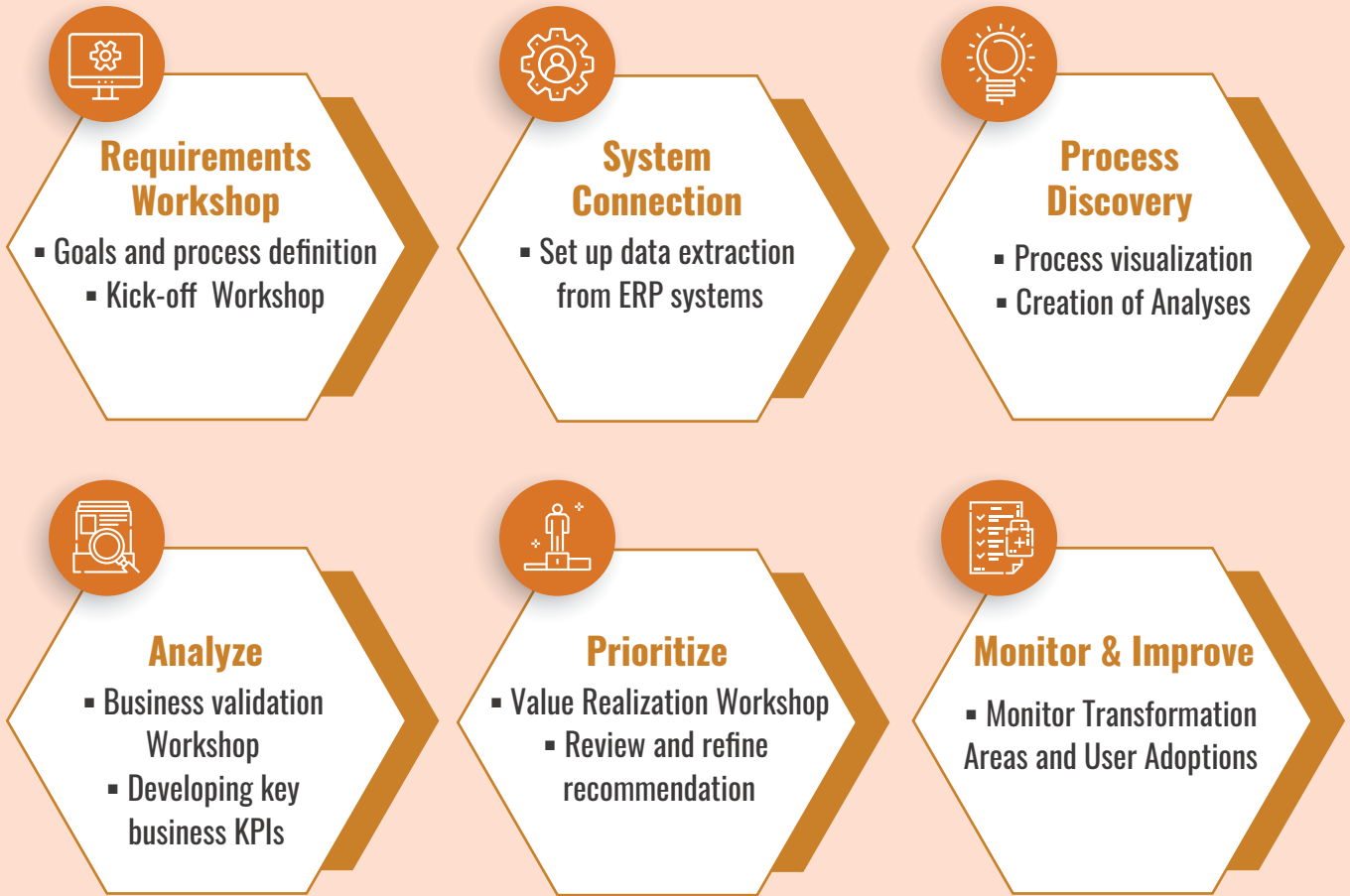- Providing full transparency into customer standing and behavior to inform intelligent credit limits

By enhancing the accounts receivable process, establishing transparent management processes, and consistently tracking KPIs, companies can streamline their operations and bring a working capital culture to the business.

Key Benefits of Digital Process Mining

It has brought the revelation on traditional process mining and data discovery world. Digital process mining is:

Faster transformation value realization

Removes dependency on labour to create reports, which is time consuming

Identify action areas and improve productivity and NPS at a real faster pace

Faster to get end-to-end business insights, visibility of entire process value chain and bottlenecks

Reduction in cycle time

Automated alerts on KPI breach, auto scheduled bot triggering

A typical Process Mining Implementation on an ERP system involves the following stages:

Requirements Workshop
- Goals and process definition
- Kick-off Workshop

System Connection
- Set up data extraction from ERP systems

Process Discovery
- Process visualization
- Creation of Analyses

Analyze
- Business validation Workshop
- Developing key business KPIs

Prioritize
- Value Realization Workshop
- Review and refine recommendation

Monitor & Improve
- Monitor Transformation Areas and User Adoptions

And it results in turning processes into extraordinary experiences for everyone and driving Accelerated transformation

Process Mining Delivers Following Outcomes

100% On-Time, In-Full Delivery	**90%** Automation in Invoice processing	**100%** Customer Satisfaction	**80%** Reduction in Return Order
90% Automation in Delivery processing	**<1%** Receivable in Dispute	**90%** AR Process Automation	**100%** Reduction in unjustified Cash discounts claimed

SAURABH CHATURVEDI, Lead Business Consultant - Tech Mahindra BPS

Saurabh Chaturvedi has 12+ years of industry experience in Business Process Consulting. He is currently working in Tech Mahindra BPS as Lead Business Consultant and prior to this he has worked with Accenture Consulting, Ernst & Young and Siemens. He is responsible to define transformation strategy and solution in areas of Process Mining, RPA and Intelligent ERP for large enterprises. He is a certified consultant in process mining as well as CRM area covering lead to order, order to cash and customer service.

RAHUL AGARWAL, Enterprise Consultant - TechM BPS

Rahul Agarwal is the Enterprise Consultant with the BTS team at Tech Mahindra BPS and responsible for managing telecom vertical along with driving BPM, Process Mining, RPA, Digital and IoT practice. He has an overall experience of 14+ years and has played multiple roles within the organization contributing towards business transformation and solution capability building.

About Tech Mahindra

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise™. We are a USD 4.9 billion company with 130,800+ professionals across 90 countries, helping 964 global customers including Fortune 500 companies. Our convergent, digital, design experiences, innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is the highest ranked Non-U.S. company in the Forbes Global Digital 100 list (2018) and in the Forbes Fab 50 companies in Asia (2018).

We are part of the USD 21 billion Mahindra Group that employs more than 200,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership. (*Figures as per Q2, 2020)

Connect with us on **www.techmahindra.com**