

Royal Cup Case Study

Situation

Faced with robust business growth, the only way its Accounts Receivable (A/R) Department could keep pace was to add headcount at a rate higher than the rest of the company. In fact, cash application and deposit were running three days behind on average. This model was costly and did not allow the group to meet performance objectives.

Goal

Royal Cup executives started an exhaustive search for a solution provider that could enable their A/R Department to achieve two important metrics. First to provide the team with tools to help them to achieve same-day posting and deposit. Secondly, enable the company to reduce or maintain A/R headcount as business volumes continued to increase.

Solution

OPEN SCAN® Receivables Process Management Software Solution



About Royal Cup

Over the past 100 years, Royal Cup has grown from its small, hometown roots to become a major importer, roaster and distributor of premium coffees and teas. Serving customers in the food service, office, and specialty coffee markets, Royal Cup now reaches markets throughout the United States, Mexico, and the Caribbean.

Background

Previously, Royal Cup processed their receivables manually in-house. They handled approximately 16,500 payments (60,000 invoices) per month. This A/R process was managed by four (4) FTEs. When the mail arrived, the staff would:

- Open each envelope
- Separate the checks from the remittance pages
- Manually enter invoice line-item data into SAP
- Deposit checks through existing Check21 / Remote Deposit Capture (RDC) technology

Often, there was a deposit and posting delay of up to three (3) days due to sheer volume. On heavy days, additional resources were pulled from Credit & Collections to post cash.

In 2008, these inefficiencies within the process caught the attention of Royal Cup executives. Along with the staffing concerns, the existing process was severely impacting financial and sales performance in several key areas: artificially extending Day Sales Outstanding (DSO) and A/R aging, inaccurate credit holds, and erroneous collections calls.

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About OPEN SCAN

Open Scan Technologies Inc. offers automated accounts receivable (A/R) process solutions that help clients apply payments faster and with more accuracy. The company's solution delivers the convergence of electronic check deposit, remittance processing, forms processing and cash application. Corporations, financial institutions and government agencies realize the highest levels of automation, data accuracy and operational savings for their receivables processing environments.



The Solution

Open Scan Technologies, Inc. (OPEN SCAN®) develops enterprise receivables automation software for corporations. The software addresses the entire receivables function including: image and data capture, deposit, remittance processing, receivables matching, deduction identification, and cash application.

With OPEN SCAN, Royal Cup was able to retain its in-house processing infrastructure which they determined best supported their customer-centric service model.

The software reduced labor costs by automating the extraction of payment data from remittance advice in an efficient and “real-time” manner. This eliminated the need for manual keying of data by using proprietary point-and-click data capture.

This automation and the single screen user interface dramatically increased the overall speed and greatly improved the quality of the data exported into SAP. The automated deposit of checks through OPEN SCAN's RDC module allowed for accurate, timely, and reliable deposit in a large-batch fashion to the bank of their choice.

“If asked if I would ever go back to our old process, I'd say ‘Absolutely Not!’” said Tom Jordan, Credit and Accounts Receivable Manager at Royal Cup. “The OPEN SCAN system allows my cash application team to do their jobs and reconcile invoices more efficiently, while our collectors can now focus on their important work.” Jordan also noted that his department now fits the mold of a traditional credit and accounts receivable department with efficient processes and true separation of responsibilities.

According to Jordan, the reasons for selecting OPEN SCAN over other options included: clear ease-of-use-of the system, enhanced collections research capabilities such as integrated data and image review, highly accurate data extraction, and a clear ROI.

The Result

The OPEN SCAN project enabled Royal Cup to achieve its departmental performance objectives. With OPEN SCAN software in place, Royal Cup realized the following benefits:

- Cash application and deposit time reduced to same-day
- Substantial DSO and A/R aging reduction
- The quality of credit & collections data improved and has resulted in enhanced customer service
- Positively altered quality of work/life for the A/R staff
- FTE reduction and ROI are on track as projected
- Comprehensive activity & customer reporting

“As with any enterprise software project, there will be challenges with the implementation and stabilization process,” noted Jordan. “OPEN SCAN was very willing to resolve these issues as they arose.”