



CASH APPLICATION

Fletcher Steel™

OVERCOMING THE STRESS & CHALLENGES OF MANUAL CASH ALLOCATION WITH AUTOMATION

By implementing Esker's Cash Application solution, Fletcher Steel has automated its payment allocation process and eliminated month-end closure headaches.

ESKER®

AT A GLANCE

Fletcher Steel



Building materials



Established: 1923



Headquarters:
Auckland, New Zealand



200 to 1,000
transactions a day



Approx. 8,000 customers
across 4 business units



Infor BPCS ERP

CHALLENGES

Collections team bogged down by inefficient, manual processes

Fletcher Building is a leading player in building products and distribution, with operations across New Zealand, Australia, and the Pacific Islands. Fletcher Steel is Fletcher Building's steel distribution division and encompasses the Easysteel, Fletcher Reinforcing, Fletcher Wire Products, ColorCote, Dimond Roofing, Dimond Structural and CSP Pacific businesses, operating distribution and manufacturing sites across New Zealand.

Processing between 200 and 1,000 transactions a day with a goal of processing all transactions before 9 a.m. on non-peak days and 11 a.m. at end-of-month, the team members were swamped by the number of tasks they had to perform. Retrieving and processing information from multiple payment sources (bank statements, remittances, ATBs) and formats (paper, email, EDI, etc.), not to mention the different levels of data in each document, was a real pain point for the team trying to allocate cash in an accurate and effective manner. Increased volumes and time-consuming processing of complex remittance advices with hundreds of lines meant a 5:00 a.m. start for the team, so that end-of-month hard-stop deadlines of 11:00 a.m. could be met.

What's more, missing remittances resulted in large amounts of unapplied payments, putting additional pressure on the team at month-end, shifting them from cash collection to cash allocation at a crucial time. It was extremely time-consuming to resolve issues, with the team often toggling between multiple screens to process customer payments.

This highly manual cash application process not only impacted team productivity, efficiency and morale, but also resulted in inaccurate customer accounts. This motivated Fletcher Steel to seek out a solution that could simplify and speed up the labour-intensive cash allocation process.

OBJECTIVES



Eliminate low-value & routine tasks



Auto-match all types of incoming payments to open invoices



Ensure fast & accurate cash allocation for real-time account balances



Free up team members to focus on high-value tasks & exceptions



Simplify & speed up month-end closure process



Improve team's well-being by reducing stress at month-end



Esker has changed our lives in terms of cash allocation. We were successful in this transformation with the support from the amazing team at Esker and our Fletcher teams."

Mozima Mohammed

National Credit Manager, Fletcher Steel

SOLUTION

Removing effort & errors from reconciliation with centralised data

In April 2021, Esker's Cash Application solution went live, streamlining the manually intensive process of matching payments received from multiple sources and providing increased efficiency during the first month post go-live.

Esker automated every step of the cash allocation process — from the remittance capture to the reconciliation of matched invoices into the ERP — not only optimising the allocation of the incoming cash but also downstream processes such as collections. By centralising all the payment information, the team no longer wastes time gathering and collecting payment data from the remittances and banks. The solution allowed Fletcher Steel to quickly eliminate routine tasks by accurately extracting data from payment files and remittances and auto-matching incoming payments to open invoices. Where auto-allocation is not possible or remittance is not included, Esker Synergy AI proposes intelligent suggestions to the user at a line-item level.

According to Mozima Mohammed, National Credit Manager at Fletcher Steel, the intuitive and easy-to-use interface makes it easy to search for information and match remittances — saving time and allowing the team to focus on higher value tasks such as making collection calls. The intelligent dashboard provides direct access to cash application performance — displaying real-time KPIs to monitor the cash allocated. "We now have a full view of payments received and remittances to validate," remarked Ms. Mohammed. This visibility proves to be



especially helpful during remote work. "It is so easy to make decisions just by looking at the main screen. If I see there are too many transactions to process, I will ask another member of the team to jump in," she commented.

According to Ms. Mohammed, the way Esker's Cash Application solution represents the whole process and the sequence of activities, is quite straightforward and logical, making it easy to train new users who are unfamiliar with the solution. "It is simple to bring folks on board and teach them how to use Esker's solution, even virtually. It is very well-embraced and everyone is happy with it."

RESULTS

Automation creates smooth month-end closure operations

Esker's Cash Application solution has helped Fletcher Steel bring unprecedented control and transparency to the cash allocation process. With all payment information visible from one interface, Fletcher Steel has gained full visibility on allocated cash. According to Ms. Mohammed, as soon as Esker's Cash Application solution was implemented, business benefits were evident: a 20- 30% reduction in unallocated payments and a 40% reduction in processing time at end-of-month. What this translates to is accurate customer statements, reduced customer enquiries, improved DSO and happier customers and employees.

The team embraced the solution from day one and is under much less pressure to complete payment allocations each day. Previously, the team would spend 2 hours on average on processing large remittances comprising 800 or more line items. With Esker's Cash Application solution taking the burden of manually allocating payments off the team's shoulders, they can now process the same in 10 seconds, given the remittance details are correct.

"The banking team is under much less stress getting the banking in on time thanks to Esker," said Ms. Mohammed. Prior to implementing Esker, the daily banking would take 5 hours on a non-peak day and 16 hours on a peak day. Now that they have Esker, the time has been considerably reduced to less than 1 hour on a non-peak day and 7 hours on a peak day. The team can now focus on exceptions and incoming payments without a remittance thanks to an easy-to-use interface and intelligent suggestions.

Esker has not only improved the cash allocation process for Fletcher Steel but has also optimised the downstream processes, such as credit and collections processes. The labour-hours saved thanks to automation are now applied to more important, value-generating tasks within the company, such as making collections calls to customers, resulting in being more likely to get paid on time. "Esker has allowed my team to put their energy into where it's needed and focus on collections," said Ms. Mohammed.

"This was all possible due to the effective collaboration between Fletcher Steel and Esker," she concluded. Fletcher Steel will continue to leverage automation technology to bolster its long-term commitment to process improvements.



Decreased unallocated payments by 30%



Sped up remittance processing time by 95%



Reduced processing time by 40%



Freed up team members for other tasks



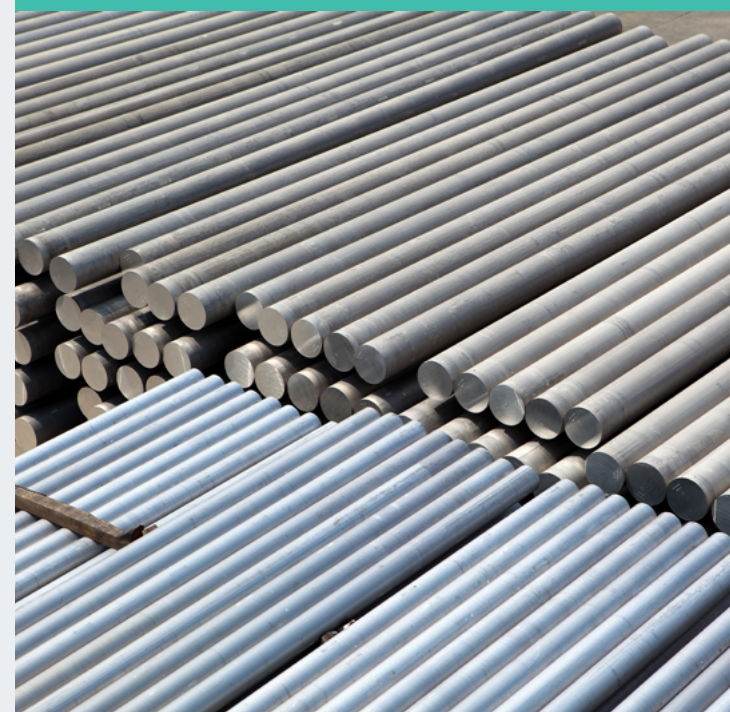
Increased staff well-being



Esker has significantly reduced processing time for large remittances with 800+ line items from 2+hours to mere minutes."

Mozima Mohammed

National Credit Manager, Fletcher Steel



Want to automate your cash allocation process like Fletcher Steel?

Our team is at your service.

GET IN TOUCH WITH ESKER

ABOUT ESKER

Esker is a global cloud platform built to unlock strategic value for finance and customer service professionals, and strengthen collaboration between companies by automating the cash conversion cycle. Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. Our customers use our cloud solutions to increase the efficiency, productivity and visibility of their Procure-to-Pay (P2P) and Order-to-Cash (O2C) processes.

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