Accounts receivables outsourcing
Cash application, accounting, and reporting

Managing accounts receivables: improving process efficiencies and business visibility

HP Business Process Outsourcing offering
Business process outsourcing (BPO) is a major transformational challenge for any organization. It requires a partner that understands its clients’ business requirements, has experience managing processes at world-class performance levels, and has the capability to respond to its clients’ specific needs.

Over the past 15 years, HP’s BPO business has developed business expertise to help clients with their transformational challenges.

HP works with some of the world’s leading organizations, supporting outsourcing and transformation requirements across finance and administration activities as well as specific process areas, including the following:

- Procure-to-Pay (e.g., purchase order processing, vendor management, payments processing)
- Order-to-Cash (e.g., order processing, rebates and contracts management, accounts receivables, cash application)
- Acquire-to-Retire (e.g., fixed assets and project accounting, asset management)
- Record-to-Report (e.g., general ledger accounting and close, inter-company accounting, tax and treasury accounting, reporting)

Accounts receivables outsourcing solution
As part of its Order-to-Cash services, HP supports these accounts receivables activities:

Cash application and exception handling
HP uses automated tools to receive and upload payment details from banks and to execute cash applications/clearing sessions against receivables outstanding. HP handles generated exceptions, per client-defined guidelines, as well as regulatory requirements (e.g., U.S. Generally Accepted Accounting Principles, Sarbanes-Oxley). Exception handling can involve conducting due diligence around remit advices, collections reports, bank reports, and customer comments.

Business reporting
HP offers receivables reports, per client-defined guidelines, and other regulatory requirements (e.g., Sarbanes-Oxley). HP also offers Web-based, customized reports for the collections team (e.g., payments outstanding, credit risk feedback), treasury operations team (e.g., expected cash-flow), and the controllership organization (e.g., month-end close performance, days sales outstanding—DSO).

Solutions for the adaptive enterprise.
HP’s accounts receivables outsourcing value proposition

Gained efficiencies
Using Global Business Centers as back-office processing hubs, HP leverages economies of place and scale to reduce processing costs.

HP has also invested in process standardization (e.g., customer correspondence, partial payment handling), automation (e.g., cash application, account reconciliation tracking), and self-service to improve productivity.

Also, HP’s established workforce development systems, performance management approaches, and focus on Six Sigma tools help drive a culture of continuous improvement.

Improved controls
HP applies Six Sigma rigor to compliance with defined policies and reporting templates as well as ongoing performance monitoring to meet regulatory (e.g., Sarbanes-Oxley, Basel II) and internal compliance standards.

HP protects against wrongful access as well as compromising of data security through control frameworks around access and enforced authorizations.

HP enforces privacy by protecting company, employee, and customer data from misuse through advanced fraud and error detection tools.

HP facilitates business continuity and avoids service disruptions by planning for external (e.g., floods) and internal (e.g., labor strikes) disturbances.

Business value and decision support
HP conducts analyses around outstanding payments by customer and product segments. This allows HP to provide decision support to clients on credit-rating effectiveness, DSO, as well as collections effort prioritizations.

Client case study
Accounts receivables outsourcing
A Fortune 100 company’s accounts receivables activities, which consisted of disparate processes and systems, were dispersed across country and regional operations. The client wanted to streamline processes and improve efficiencies.

As a starting point, HP separated the back-office activities from the various business units, standardized and consolidated the activities into HP’s Global Business Centers, and moved all systems onto a single platform.

The BPO solution included these features:
- Automated tools for product information reference, cash applications, account reconciliation tracking, and dashboards
- Highly experienced employees equipped with defined templates and process manuals for exception handling and payment processing
- Dedicated Customer Response Center to handle voice and non-voice queries

Today, HP’s BPO operations reconciles more than 500 accounts for the client and supports cash applications for 60,000 invoice line items (USD 4 billion) per month. Cash applications are managed across multiple payment modes (e.g., checks, bank transfers, direct debits, credit cards, bills of exchange).

Benefits achieved
- Significant reduction in processing costs, reaching world-class levels, through economies of scale and place
- Reduction in turnaround time for month-end close to within one working day as a result of automated workflows and focus on continuous improvement
- Days sales outstanding at world-class levels of ~36 days with real-time monitoring, categorized reporting, customer dispute resolution, and credit feedback

The HP advantage
HP’s significant experience in BPO allows its teams to leverage best-practice processes and technologies, control frameworks, and economy of scale to support clients’ outsourcing requirements.

With over 5,500 skilled employees across 56 local front-office operations, 7 regional centers, and 8 Global Business Centers, HP offers a front-office/back-office hybrid model, supporting more than 30 languages and currencies while managing compliance with local regulations.

For more information
To learn more about HP Business Process Outsourcing services, please visit www.hp.com/hps/process or e-mail us at bpo_info@hp.com.