COTY

SINCE 1904

Customer Deductions Processing Gets a Makeover

ESKER

COTY

◇ **Perfume & cosmetics**

🏪 **Established in Paris, 1904**

📍 **Headquarters in London, U.K.**

⚙ **SAP ERP**

Challenges
Moving on from paper

Coty was established as a perfume manufacturer and today is home to over 50 cosmetics, skincare and fragrance brands. The business operates in three divisions: Consumer Beauty, Luxury and Professional Beauty.

While moving in such a wide range of markets and products created a successful company, the sheer vastness of Coty's portfolio also resulted in a considerable complexity when it came to processing orders and promotional debit notes. The +12,000 annual documents were processed through an internally developed 100% paper-based solution. Even emails and EDI messages were printed out and then manually entered into SAP.

This led to a lack of process visibility, delays and errors, inefficient allocation of advertising charges across product lines as well as an inability to assess time spent on individual tasks. As a result, the company was looking for a solution to reduce the complexity of these processes, with a particular focus on handling customer deductions.

Objectives

💰 **Reduce the complexity of deductions processing**

⚙ **Establish validation flows based on amount and type**

👁 **Increase process visibility**

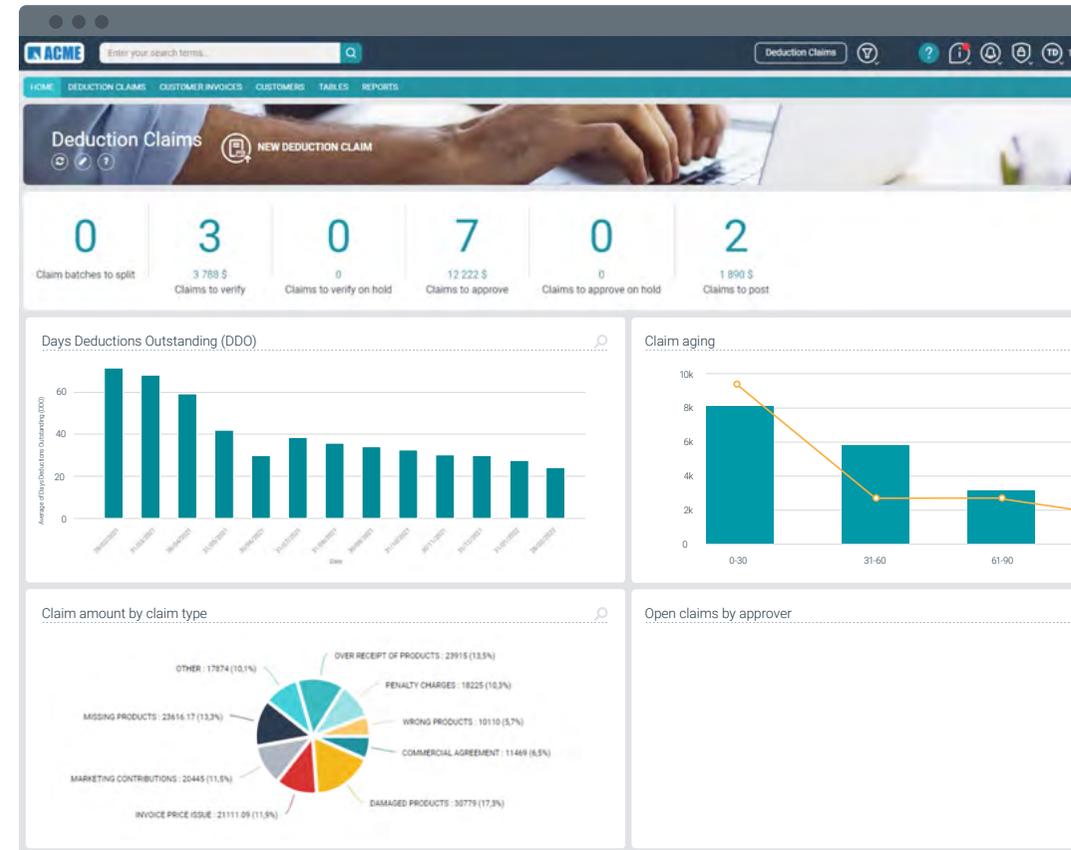⟳ **Implement workflows that fit the company's organisational structure**

Solution

Visibility is the key to everything

The Accounts Receivables (AR) and Customer Service (CS) departments initiated Phase 1 to implement Esker Claims & Deductions starting with the Luxury division. The goal was to automate the collection, identification and preparation of chargebacks for advertising charges, enabling accountants to allocate the correct cost centre in SAP.

Key steps included implementing workflows to simplify AR and CS processes and automating the extraction of deduction data against customer reference master data in SAP. Establishing relevant categories for chargebacks would allow for correctly allocating deductions in the ERP across product lines. Real-time statistics, metrics and reports of pending deductions by quantity and value translate into greater process visibility, fewer errors and more actionable data.

Phase 2 targeted the Consumer Beauty division, focusing on automating data collection for all types of deductions such as returns and promotions from multiple input channels like EDI and email. Esker Claims & Deductions utilises machine-learning technology to categorise deductions based on predefined keywords and customer-specific terms.

To utilise the solution to its fullest potential, workflows were configured using five types of criteria by deduction type: merchandise to be delivered or returned, price differences, returns, promotions and rebates. Automated validation flows speed up the process and eliminate paper-based tasks.

> **"Using Esker is like science fiction: The documents are automatically uploaded, read and the claim type detected according to the text and pre-established parameters."**
>
> **Irma Ruiz**
> Credit Control Manager, Coty

Results

The scent of success & efficiency

Esker Claims & Deductions provides each Sales Manager with personalised dashboards, enabling them to conduct their own analysis and make relevant acceptance or contest decisions. These dashboards are also visible to the Finance and CS departments, significantly streamlining the process and reducing Coty's Consumer Beauty division's collections period from 59.7 to 26.5 days.

The automation of advertising deductions has allowed the company to allocate costs across product lines according to established percentages, leading to a notable decrease in processing time and errors. Real-time statistics, metrics and reports provide visibility into pending deductions by quantity and value, ensuring accurate allocation and improved accounting efficiency.

Real-time statistics and reports at every process stage have enabled Coty to identify bottlenecks and launch corrective actions, achieving 100% visibility over the entire process. Automatic categorisation ensures that deductions are distributed to the appropriate AR, CS, or Sales team, thereby enhancing workflow efficiency.

With Esker's machine-learning technology processing times from receipt to resolution have been drastically reduced, from 60 days to just 1 day. The solution's ability to identify, categorise and allocate deductions has improved overall processing agility.

> **"When you open the solution you can see how many deductions there are, what type they are and what their status is. This has helped us reduce debt, DSO and improve all of our main indicators."**
>
> **Irma Ruiz**
> Credit Control Manager, Coty

> **"The great advantage of Esker is that it gives us visibility into the highly complex process of managing deductions."**
>
> Accounts Receivable Manager, Coty

Improved deduction controls, dynamic graphs and real-time status updates have enhanced visibility into approval workflows and processing stages. This has led to positive financial impacts, including the ability to preview actual sales at any time and achieve improved margins by quickly contesting and reconciling erroneous deductions.

The success of the project has prompted Coty to extend the implementation of Esker to other Coty divisions. The company is also implementing the Esker Anywhere™ mobile application, which allows the Sales team to assist in validating pending deductions or disputing and reconciling unjustified ones while on the go. Additionally, the company is exploring the possibilities of automating deductions in other business units.

Overall, Esker's solution has transformed Coty's deductions management processes, delivering significant improvements in efficiency, accuracy, and financial performance.

Highlights

- Reduced collections period by 57%
- Enhanced visibility over deductions for Customer Service and Finance teams
- Identification of bottlenecks
- Greater capacity for decision-making

Do you want to transform your deductions management like Coty?

Get in touch with Esker

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About Esker

Esker is the global authority in AI-powered business solutions for the Office of the CFO. Leveraging the latest in automation technologies, Esker's Source-to Pay and Order-to-Cash solutions optimise working capital and cashflow, enhance decision-making, and drive better collaboration and human-tohuman relationships with customers, suppliers and employees. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin

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