

# AFP® Annual Conference



ORIGINAL  
ESSENTIAL  
UNBIASED  
INFORMATION



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## Cleaning Up The Receivables Process: How Whirlpool Used Lockbox Remote Capture to Deliver Sparkling Results

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J.P.Morgan



# Agenda

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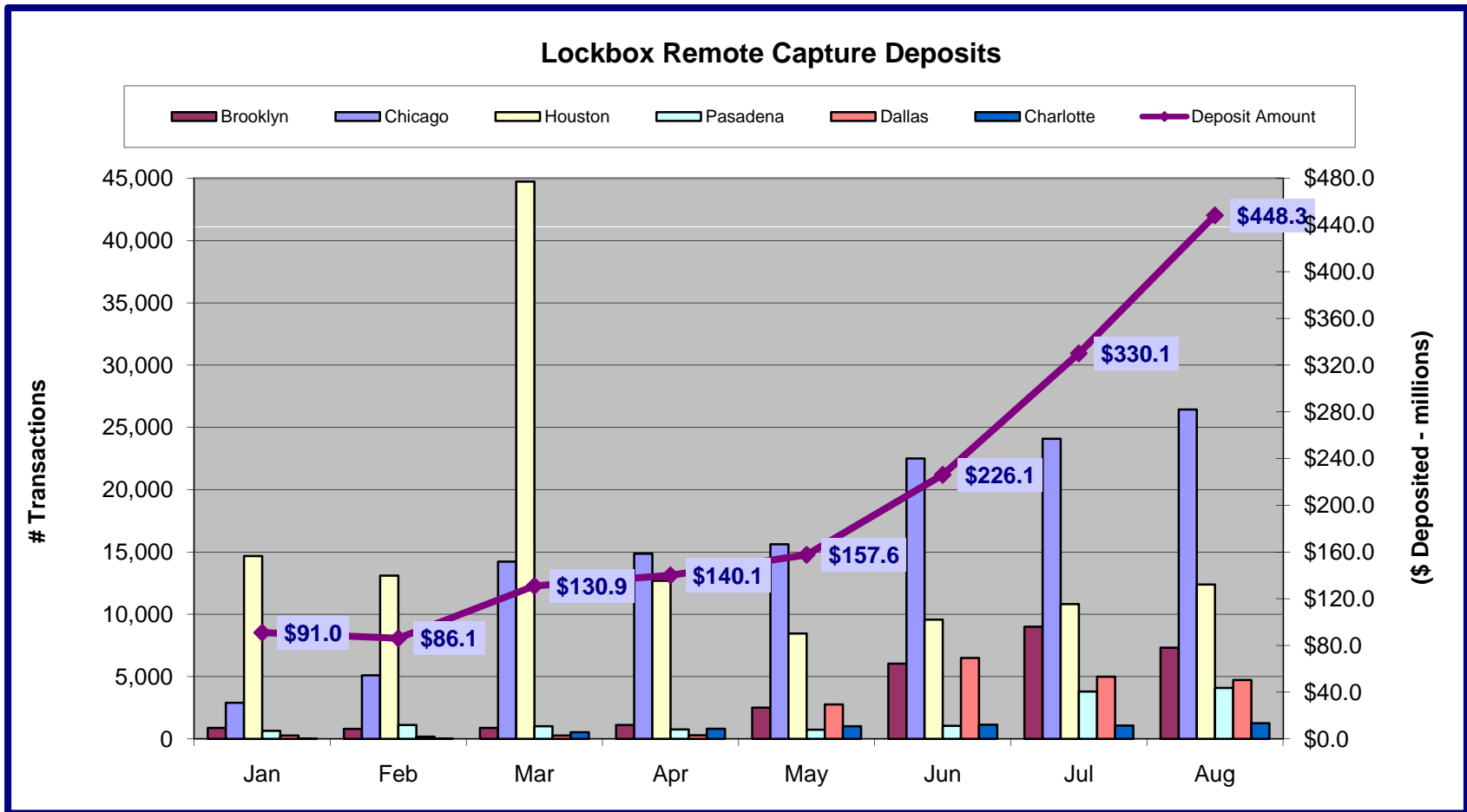
- J.P. Morgan Treasury Services Overview
- Trends in Remote Deposit Capture
- Achieving Greater Efficiencies in Receivables Management
- The Evolution of Whirlpool's Transition to Remote Deposit Capture

# J.P. Morgan Overview

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- J.P. Morgan Treasury Services is a full-service provider of cash management services
- 35,000+ clients in over 180 countries
- Receivables is a key business within J.P. Morgan Treasury Services
- 2<sup>nd</sup> largest lockbox provider in the U.S.

# J.P. Morgan's Lockbox Remote Deposit Trends



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# Whirlpool Corporation

Teresa Jenkins  
Shared Services Manager

# About Whirlpool Corporation

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- World's leading manufacturer of major home appliances with annual sales of \$19 billion
  - Brands include: Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana and others
- 68 manufacturing and technology research centers globally

# Road to Streamlining Receivables

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- Moved from a decentralized to a centralized processing approach in 2005
  - Consolidated 15 lockboxes to 3 (Chicago, Charlotte and Dallas)
  - Reduced headcount from 20 FTE to 10
  - Consolidated back-office operations into shared service center
  - Leveraged 2 remote credit departments

# Road to Streamlining Receivables

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- Shared Service Center, Benton Harbor, MI
  - Responsible for cash application for North America, Latin America and Canada
  - 10 full-time employees
  - YTD – processed 91,000 payments totalling \$9.2 billion



# Road to Streamlining Receivables

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Whirlpool's Goal:

To create a best-in-class receivables function that streamlines processing, saving time and money

# Road to Streamlining Receivables

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- Transitioned to Receivables Edge, an online receivables management tool, giving Whirlpool:
  - Improved posting time
  - Improved reporting
  - Improved exception management

# Road to Streamlining Receivables

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- Next step to becoming best-in-class – *deal with payments received in our offices*
  - Office received approximately 350 checks/month, valued at \$7 million
  - Paid \$400 monthly in courier fees to overnight them to the lockbox
  - Manually intensive process

# Road to Streamlining Receivables

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- Goals for Implementing Remote Capture Solution:
  - Expedite processing times
  - Improve cash flow
  - Reduce courier and processing costs

# Road to Streamlining Receivables

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- Cost Savings:
  - Cash flow impact: \$817,247 YTD
  - Lockbox processing: \$4,373 annually
  - Reduced courier fees: \$4,511 annually

# Road to Streamlining Receivables

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- Previous process for dealing with “exception” payments
    - Log into Excel spreadsheet upon receipt (audit requirement)
    - Deliver to assigned credit rep to identify customer and any associated remittance information
    - Forward checks daily via overnight courier to Chicago lockbox for processing
    - Checks processed and posted to Receivables Edge for application
    - **3-day process**
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# Road to Streamlining Receivables

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- In Q2 2009, J.P. Morgan informed us of a new remote capture product called Virtual Remit and asked Whirlpool to participate in the pilot program.

# Road to Streamlining Receivables

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WE TURNED THEM DOWN!



# Road to Streamlining Receivables

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- Here's why we said "no-thanks", *at first*
  - Assumed it was a check-only scanner
  - Thought implementation would be a hassle
  - Weren't sure it would help us

# Road to Streamlining Receivables

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BOY, WERE WE WRONG!

# Road to Streamlining Receivables

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- The reality is
  - Extremely intuitive. If you already use Receivables Edge, it's as easy as clicking the "Capture" tab
  - Implementation was a breeze
    - Plug in the scanner, download the drivers and you're ready to scan

# Road to Streamlining Receivables

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- The scanner accepts checks and documents
- Scanned image quality is clear
- Duplicate check detection is built in
- Rejects checks that can not be processed by Virtual Remit (i.e., non U.S. dollar items)

# Road to Streamlining Receivables

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- Now...
  - Checks and any accompanying documents are simply opened and scanned directly into our lockbox
  - If scanned before cutoff, the funds are posted and the check is available on Receivables Edge for application within **15 minutes**

# Road to Streamlining Receivables

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- Access to cash **3 days** sooner
- Month end/quarter end – able to take in payments in the office on the last day of the month/quarter and get credited same day
- Purposely direct some last-minute and large payers to our office, so we can scan locally

# Road to Streamlining Receivables

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- Better insight to our overall cash position
- Audit compliance no longer requires checks to be manually logged for tracking
- Improved customer service and relationships

# Road to Streamlining Receivables

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- Extending use of the solution:
  - Added a scanner in Miami for payments from the U.S. Virgin Islands and Puerto Rico made in U.S. dollars.



# Summary

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- Experiencing significant cost and time savings
- Reduced complexity of manual processes
- Easy to implement and even easier to use
- Less risk by reducing the number of hands that touch and process checks

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# Questions?