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

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Agenda

• 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

- 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
- 2nd largest lockbox provider in the U.S.
J.P. Morgan’s Lockbox Remote Deposit Trends

Lockbox Remote Capture Deposits

- Brooklyn
- Chicago
- Houston
- Pasadena
- Dallas
- Charlotte
- Deposit Amount

Deposit Amount
- $330.1
- $280.0
- $320.0
- $360.0
- $400.0
- $440.0

# Transactions
- Jan: $91.0
- Feb: $86.1
- Mar: $130.9
- Apr: $140.1
- May: $157.6
- Jun: $330.1
- Jul: $226.1
- Aug: $448.3

AFP® Annual Conference
Whirlpool Corporation

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Shared Services Manager
About Whirlpool Corporation

- 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

• 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

- 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

Whirlpool’s Goal:

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

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

• 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

• Goals for Implementing Remote Capture Solution:
  • Expedite processing times
  • Improve cash flow
  • Reduce courier and processing costs
Road to Streamlining Receivables

• Cost Savings:
  • Cash flow impact: $817,247 YTD
  • Lockbox processing: $4,373 annually
  • Reduced courier fees: $4,511 annually
Road to Streamlining Receivables

• 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
Road to Streamlining Receivables

• 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

WE TURNED THEM DOWN!
Road to Streamlining Receivables

• 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

BOY, WERE WE WRONG!
Road to Streamlining Receivables

• 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

- 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

• 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

- 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

- 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

• 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

• 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
Questions?