HFS ONE OFFICE™ AWARDS

Genpact helps Sysco use cross-industry analytics to navigate the pandemic

FINALIST: DATA AND DECISIONS

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The Situation: The COVID-19 pandemic disrupted all industries, but food services felt it intensely. The pandemic restrictions increased the demand for in-home eating, and Sysco helped restaurants adopt delivery and takeout models and create pop-up stores to sell everyday essentials in short supply. It also sold excess inventory to retail grocers and provided delivery drivers to help them keep up with demand.

Half of Sysco's customers are independent restaurant owners, and when the pandemic hit, restaurants struggled to stay in business. Sysco's sales plunged, days sales outstanding (DSO) increased, and receivables went past due. Sysco needed to keep its cash flow in check and manage past dues and bad debt, but, more importantly, it knew it had a responsibility to help its customers deal with the rough times ahead. For example, it eliminated delivery minimums for customers whose volumes had dropped dramatically and stopped account late fees.

Sysco segmented customers into impacted and non-impacted categories to prioritize where it could help. Analyzing credit metrics such as "days without payments and sales" allowed Sysco to quickly identify restaurants facing temporary closure and offer alternative payment plans. It also tracked indicators of potential lost business so the credit and sales teams could reach out to customers to see how they could help before they potentially closed their doors. However, as things calmed, a realization dawned—with limited insight into customer payment behaviors comes the risk of default.

Genpact is a finalist in the OneOffice™ Awards in the Data and Decisions category for addressing the issue of payment defaults by developing a predictive model powered by advanced analytics and machine learning that anticipated customer behavior at the invoice level and in aggregate.

The Solution: Genpact's predictive analytics solution is a new arrow in businesses' quiver

Sysco wanted to develop a method for segmenting customers into risk groups and identifying when, with whom, and how to start the collections process to help customers when they need it most while reducing past-due receivables and controlling bad debt. Sysco partnered with Genpact to use appropriate digital technologies for accelerating cash flow and reducing collections efforts for its fast-growing accounts receivables (AR) portfolio. Genpact helped Sysco hone its collections strategy by assessing its AR portfolio over the previous twelve months and identifying leading indicators affecting payment behaviors and delayed payments. Those findings helped segment good and bad payers from the active accounts, considering their purchases, payment terms, and external data.

Genpact then built a predictive model that forecasts customers' propensity to pay on time and, along with Cora ARFlow, generates dynamic target collections worklists. Informed with detailed insights, collectors can better guide their customer conversations and make more informed decisions about how they can help customers bring their accounts up to date.

The Results: Sysco is witnessing a sea-change in collections with a future built on solid customer relationships, powered by analytics

Sysco's customers and finance and commercial professionals now have greater transaction visibility and better experiences. Armed with a modern, insights-led, customer-centric finance function, Sysco observes higher receivables and lower bad debts, higher accuracy in forecasting payment delays and delinquencies, accelerated new-customer onboarding, more touchless collections and auto-cash application, more effective customer credit appraisals to set credit limits, and reduced annual order-to-cash process costs.

Above all, Sysco's efforts during the pandemic were welcomed by its customers. For the self-payers and light-touch customers, Sysco offered to convert their outstanding receivables to a weekly payment plan fitting right into their cash flow abilities. In some cases, Sysco also offered to help with payment holidays. This flexibility led to many customers making it through the crisis.

The Bottom Line: Data ingestion and technology-deduced insight are great enablers for identifying a trustworthy customer from a dubious one. Such practices mitigate a business' risk of default exposure and help the businesses customize offers for trustworthy customers and build long-lasting relationships.

Genpact must endeavor to onboard hundreds of other small and medium businesses struggling to keep up with their collection efforts using traditional approaches. By taking a data-driven approach to collections, Genpact has created a win-win scenario by managing multiple stakeholder experiences for Sysco, most importantly those of its customers that are now more engaged than ever with a partner willing to navigate market volatility with their best interests in mind.

HFS Research authors

Reetika Fleming
Research Leader

Reetika Fleming leads coverage for smart analytics, insurance, and finance & accounting at HFS Research. She studies the broad use of data and analytics within enterprises, with a research focus on emerging strategies to institutionalize machine learning and other AI techniques. Her research extends into the impact of digital business models, IoT, Smart Analytics, and AI on business process services for insurance specifically, and finance and accounting broadly.

Sam Duncan
Practice Leader

Sam Duncan is a Practice Leader at HFS, based in Cambridge UK. He graduated from Bournemouth University with a degree in economics, throughout which he took a particular interest in macroeconomics, mainly how the evolution of technology accelerated globalization. Throughout his education he also spent some time studying law, accounting and investment management.

Since joining HFS, Sam has developed his understanding of blockchain and continues to explore the latest applications of the technology across a range of industries.

Kumar Nikhil Bhaskar
Senior Analyst

Nikhil is a seasoned research professional delivering excellence in strategic consulting and innovation through technology and business insights. At HFS, he works closely with practice leaders to churn out valuable insights for his clients, particularly in BFSI sector. He is also an ESG enthusiast.

Nikhil has over 10 years of research, pre-sales and competitive intelligence experience in a multitude of technical domains.

About the
HFS OneOffice™ Awards

Organizations around the globe must now embrace a world where perfectly aligning business outcomes with their enabling technologies demands focus, nerve, and creativity. The HFS OneOffice Awards showcases those teams and organizations that have embraced change, taken decisive steps, and transformed processes and technology to take their businesses into a new era.

HFS OneOffice Awards categories:

OneOffice Mindset · Innovation Ecosystem · Diversity · Sustainability
Native Automation · People and Process Change · Data and Decisions

HFS has a proven history of providing straightforward insights based on research, data, and forward-looking trends. The HFS OneOffice Awards provides a window through which organizations can showcase successful transformation projects and where others can find inspiration and fresh thinking to help them along their journey. Our respected, resourceful, and responsive analyst team brings their experience and knowledge to bear to ensure that successful, proven results are lauded and commended.