

# Ingram Micro: A ground breaking approach to cash management

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In the wake of their European counterparts, Indian global organisations are looking at treasury centralisation as a smart, forward-thinking way of doing more with less, with shared service centres and payment factories at the forefront of change. In a nutshell, here is what leading Indian corporates have implemented to streamline their treasury processes, and the tremendous leap forward that they have made as a result.

## 1/ About the company

Present on the whole distribution chain from order to delivery, high-technology distributor IMIL is a Fortune 100 group handling more than 44 million orders each year on behalf of prominent manufacturers.

## 2/ Why cash management is strategic

### Generality

IMIL's business is highly working-capital intensive. Margins are tight and competition is harsh. Collections and reconciliation are critical to optimise IMIL's working capital; and from both perspectives, time is of the essence.

### Collections

At a domestic level, IMIL relies on its extensive, sophisticated supply chain and distribution infrastructure based on thousands of local distributors across 37 locations in India. Whereas yesterday cheques were still widely used (with IMIL supporting all the associated costs), the shift towards selling through large retail stores has led to a significant increase in high-volume, low-value electronic payments.

These local vendors are the backbone of IMIL's sophisticated delivery infrastructure and the channels that are critical to its reputation and success.

### Payments

At an international level, IMIL's suppliers are a relatively small number of large, leading vendors like HP, Samsung, Microsoft, Apple and Vodafone. International bills are settled via cross-border foreign currency payments. Challenging and time-consuming administrative and import-related tasks are important parts of the procurement process too.

## 3/ The solutions implemented

To gain efficiency and support for its ambitious development programme, IMIL aimed to centralise payments and collections and in order to do this, the company started working with a smaller number of banks. The ability for its banking partners to integrate technology was key to IMIL, with a particular focus on host-to-host connectivity between banks and the company's SAP infrastructure.

Chosen further to IMIL's request for proposal, BNP Paribas provided fully integrated solutions and was put in charge of IMIL's most labour-intensive paper-based activities, with reduced costs and risks as a result. In addition to payments and collections, BNP Paribas provided intra-day electronic balance and transaction reporting to enhance cash visibility and control.

Among the solutions:

- Payments: electronic processes are now centralised for both domestic and international vendors.
- Collections: a Virtual account solution (eReceipts) provides structured information which allows for the identification of each remitter and the performance of a fully automated reconciliation. Among other benefits, customer credit limits are updated throughout the day, which gives way to renewed business opportunities.
- A mobile solution transmits dematerialised cheque information in real-time, thus reducing the collection float and improving the reconciliation process.
- Thanks to a dedicated warehousing solution, the resource-intensive process for managing import documents to pay international vendors is now outsourced.

More than merely implementing solutions for payments and collections, IMIL has restructured its entire cash and working capital management ? replacing heterogeneous and fragmented systems and processes by a centralised, standardised approach, bringing the company tangible and measurable benefits as a result.

## **Netherlands Antilles**

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