



EMAGIA CUSTOMER SUCCESS STORY

LEINER
HEALTH
PRODUCTS

OPTIMIZE WORKING CAPITAL™



Leiner Health Products
\$800 million Vitamin Supplier to
Major Retailers

Industry
Consumer Packaged Goods

Business Challenges

- Deductions were lowering annual revenues by \$17 million
- Mostly manual processes around receivables and deductions
- Little visibility into root cause of deductions and revenue leakages

Emagia Solution

A workflow based, deductions management solution used by A/R, sales, and other departments

Benefits

- Decreased deductions by 75% within 6 weeks
- \$12 million recovered from annual revenue leakages
- Gained a collaborative deductions management platform

Financial Systems Integrated
Homegrown AS/400 system

Leiner Health Products Slashes Deductions by 75% and Recovers \$12 Million of Revenue with Emagia

Leiner Health Products, a leading \$800 million supplier of vitamins to retailers such as Wal-Mart and Long's Drugs, was experiencing an alarming amount of cash flow issues. Revenue leakages from deductions taken by these retailers were piling up to 40% of sales in certain months. With this type of drain on the bottom line, Leiner knew it had to act quickly to plug its cash flow losses and redirect itself towards profitability.

Leiner examined its invoice-to-cash processes and realized that there were multiple reasons for deductions from customers, ranging from a high amount of unauthorized deductions to preventable deductions related to non-compliance and process errors. Due to Leiner's manual processes, oftentimes these deductions would sit uncontested and unaddressed by deductions analysts and personnel in other departments such as sales, trade promotions and logistics, ultimately resulting in write-offs.

A Collaborative Solution for Deductions Management

Leiner realized that speedy deductions resolution required a collaborative approach which ties together multiple departments across the company. Leiner's executive team brought in Emagia's innovative software which offered a workflow-based deductions and receivables management tool. Based on the type of deduction or dispute, the Emagia solution automatically identified the specific issue and routed it to the appropriate department for review. The software tracked each step of the resolution process and sent alerts to higher level managers when deductions were stuck in the resolution process or were not being addressed in a timely fashion. Specialized analytics provided key insight into the deductions process and identified areas for potential improvements.

Bottom Line Impact: A Dramatic Reduction in Revenue Leakages

The results at Leiner came almost immediately. Backlogs of deductions that had not been addressed in a timely manner were driven down by 75%, boosting annual revenues by over \$12 million. The average time required to resolve deductions dropped dramatically from 50 days to within the same day in many cases. With these results, the Emagia solution proved itself to be an antidote to Leiner's cash flow problems, and gave the company a powerful platform to drive improved financial performance.

"We have gained a tremendous amount of benefit from Emagia's receivables management and workflow based deductions resolution capabilities."

— Ivette Santiago, Vice President and Treasurer, Leiner Health Products

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