



## SUCCESS STORY – Vita Liquid Polymers



# Epicor Removes Credit Management Risks for Vita Liquid Polymers – 80% of Customers Pay a Week Earlier



## Success Highlights

### Challenges and Opportunities

- Economic crisis put company under debilitating credit restrictions
- Manual credit checking meant orders could be placed that breached credit limits
- Huge increases in raw material costs magnified credit management risks

### Epicor Solution and Services

- Epicor iScala ERP
- iScala Credit Management and Control

### Benefits

- Eliminated credit risk and smoother cash flow
- 80% of customers now pay invoices a week earlier
- Better and more collaborative long-term customer relationships
- Automated processes mean tighter processes and proactive credit checking

### Company Facts

- Location: United Kingdom
- Industry: Manufacturing
- Number of Locations: 3
- Web site: [www.vita-liquid.com](http://www.vita-liquid.com)



“We have completely removed the risk of going over the credit limits we impose as a business and those that our credit insurance offers. We’ve been able to sharpen up the performance of the business and become proactive on this important issue.”

Ian Bragg, financial director

Vita Liquid Polymers (VLP) began life as Rubber Latex Limited in 1932, with a vision of supplying ground breaking rubber products to industrial organizations, particularly in the textile, furnishing and medical markets. More than half a century later, given its wealth of experience in the industry, the company was integrated into the internationally acclaimed Vita Group, which operates some 80 sites in 24 countries.

VLP is one of a handful of companies that make up the Vita Group’s Compounding division. This division specializes in the manufacture of innovative and technologically sophisticated products, which harness the versatility of polymers by blending additives with base polymers to enhance their properties and performance. Industries served by VLP include wallpaper and paint manufacturers, adhesives and textiles companies, and the automotive industry.

The company has used Epicor iScala as its enterprise resource planning (ERP) system since 2008, but took the decision to purchase iScala Credit Management and Control in 2010 to help the organization address a number of challenges that were magnified by the economic crisis at the end of 2008.

### About Epicor

Epicor is a global leader delivering business software solutions to the manufacturing, distribution, retail and services industries. Epicor serves more than 33,000 customers in over 150 countries.

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### Credit Squeeze Exposing Manufacturers to Risk

When the economic crisis hit, many companies saw a slump in revenues, but there were also other financial factors making life tough. One of these was credit insurance – many companies saw their premiums increase and their limits slashed. This meant that companies already struggling to get orders on their books had to micro manage the credit they offered customers, and even turn away orders they would previously been able to manage within their credit limits.

As the economy began to recover and credit limits increased, raw materials prices rose rapidly, meaning orders placed now cost 50% or more than 12 months ago. This puts an even greater burden on management of credit lines.

For VLP this combination of challenges was making life difficult. The company already regularly checked its customers' credit status, but this was not automatic and required manual intervention to 'mark' a customer as outside their approved limit. Even this was not enough to stop orders being processed, and new orders could be added to the system bypassing warnings presented to the sales team on the credit status of a customer.

"We couldn't risk going beyond our credit risk insurance limits, as we would be directly exposed if a customer could not pay," said Ian Bragg, financial director at Vita Liquid Polymers. "We needed a solution that could give us a more controlled environment, automate our credit management, and enforce the limits we impose for individual customers."

### Automated Credit Management

iScala Credit Management and Control is an add-on for Epicor iScala, which VLP was able to install and go live within just four weeks. It provides a host of features to help proactively manage and tighten credit management processes.

Every few minutes the credit status of every customer is checked by reconciling the orders, invoices and payments in the system against the credit limit that has been assigned to them by VLP. Customers that breach their credit limit are automatically flagged, meaning no orders can be sent to manufacturing or dispatched until the necessary payments have been made to bring that customer back within their limit.

Orders can still be entered into the system, but the salesperson is made aware at the order entry stage, so that the customer can be notified of the impact it will have on their order.

"We can now be sure of the status of a customer at any moment in the day," adds Bragg. "Epicor iScala Credit Management and Control is quietly keeping a watching brief over the financial risks of the business, and this is very reassuring. If necessary, a credit controller can override the software's decision, if we want to make special allowances for a customer."

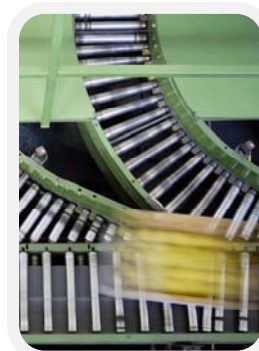
This also allows VLP to make notes against orders and customers, so that discussions about credit can be recorded when payments are overdue or special arrangements are put in place. This information is visible to all VLP staff when they are in conversation with the customer. Reminders can also be set to allow the finance team and account managers to chase up payments when credit arrangements or payment dates expire.

### Greater Control, Less Risk

VLP went live with the iScala Credit Management and Control add-on in January 2011 and has seen significant improvements in the credit process and reduced risk for its business. Credit checking is now proactive and fully automated allowing the credit controller to focus on collecting payments for outstanding invoices.

80% of customers now pay invoices a week earlier than before the solution went live, with problem payers much more closely managed by the finance team. Under the previous solution it could be possible for pro-forma orders to be distributed before payment had been received, but this has now been eliminated.

"We have completely removed the risk of going over the credit limits we impose as a business and those that our credit insurance offers," concludes Bragg. "We've been able to sharpen up the performance of the business and become proactive on this important issue. Taking a proactive approach also means that we have better ongoing relationships with our customers."



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