

INVOICE DELIVERY | COLLECTIONS MANAGEMENT | ACCOUNTS PAYABLE

Improving Working Capital by Embarking on an Ambitious Digital Transformation Project

Lennox EMEA strengthened its competitiveness by automating the customer and supplier financial cycles with Esker.



ESKER[®]

AT A GLANCE

Lennox EMEA

-  **Manufacturer & distributor of heating & cooling solutions**
-  **40,000 annual supplier invoices**
-  **3 production plants**
-  **€170 M in sales**
-  **30,000 annual customer invoices**
-  **ERPs: SAP, MAPICS, Produflex**

Objectives

- Streamline & accelerate processing of customer & supplier invoices
- Standardize processes between different sites & multiple ERPs
- Modernize & simplify all processes by reducing low-value manual tasks
- Improve company image to attract new talent

Challenges

Strengthening the business ecosystem by improving document flows

Lennox EMEA, a subsidiary of Lennox International Inc (LII), is a leading manufacturer and distributor of heating and air-conditioning (HVAC) and refrigeration solutions. The company decided to embark on a large-scale digital transformation project as part of its modernization initiative, and addressing the time-consuming manual processing of 120,000 documents the Finance team had to manage each year.

From an accounts receivable (AR) standpoint, 30,000 invoices were sent to customers every year by mail or email, making it difficult to keep track of payments. Not only was there a constant risk of losing the paper invoices, but following the payment paths was difficult because the collections process was very manual. To make things even more confusing, some team members used spreadsheets to prioritize payment reminders, while others sent reminders directly to the customers they knew well. This resulted in decentralized and missing case histories, and a huge loss of knowledge when a team member left the company.

On the accounts payable (AP) side, 40,000 annual supplier invoices were manually processed by the AP team, a very laborious and inefficient process. The company's existing solution was not completely integrated into the SAP ERP, so the accounting team had to work with the Logistics department to reconcile invoices with received orders. This resulted in a significant amount of paper exchanged between sites. Suppliers were even asked to provide paper copies of their invoices, so that Lennox could avoid printing them. This situation led to a large number of paper copies and a high risk of lost documents.

"Our teams spent a lot of energy managing document flows in paper format," said Giovanni Capelli, Finance Manager at Lennox EMEA. "I remember when people would physically go from one site to another to sign and manually reconcile invoices with purchase orders." All the transaction processing prevented the teams from further developing their skills and engaging in higher-value tasks.

Lennox EMEA needed to transform how it did business in order to improve both customer, supplier and employee experiences, ideally with a rapid ROI. This meant modernizing and simplifying all processes.

Solution

A tech overhaul standardizes processes

In early 2020, the Lennox EMEA Finance department decided to introduce Esker automation solutions in France and, to a lesser extent, in Spain. The implementation process took place in three stages, all within six months.

“Esker was the ideal partner to support us in our ambitious digital transformation project,” said Nicolas Courtois, Director of Business Transformation at Lennox EMEA. “Not only did their international presence match our needs, but they came highly recommended from our parent company in the U.S., who successfully automated their order-to-cash processes with Esker.”

Saving time with Esker Invoice Delivery

In June 2020, Esker Invoice Delivery was implemented to automate the sending of customer invoices in both electronic and paper format, because almost 50% of their customers still preferred to receive their invoices by post. “We have saved so much time by outsourcing and automating the folding, stuffing and sending of close to 15,000 paper invoices,” said Céline Iamarène, Accounting Manager, Lennox EMEA.

Automated payment terms increase accuracy

Three months later the collections process was automated. Esker Collections Management automatically determines if payment terms for each customer are met or not, which makes everything more accurate. “Esker’s dashboards enable us to better monitor our customer accounts. In the past, when a customer would report that they

“With three-way matching, our accountants can now reconcile an invoice directly with the purchase order and the goods receipt, which has saved us two to three days in invoice processing.”

Céline Iamarène

Accounting Manager, Lennox EMEA

hadn’t received their invoice, we would spend a lot of time trying to locate it,” said Iamarène. “Now, we have direct access to all invoices on Esker’s portal and can forward them to our customers immediately when requested.”

“If I were to start a job at a new company, I would make it a priority to automate the customer and supplier cycles. It is inconceivable for me ever go back to manual and labor-intensive methods.”

Giovanni Capelli

Finance Manager, Lennox EMEA

A supplier portal provides visibility for everyone

In early 2021, Lennox EMEA moved forward with automating and simplifying its AP process with Esker Accounts Payable. Following the Finance team’s request to suppliers to send invoices via the portal rather than by post, Lennox EMEA now receives 70% of all supplier invoices electronically. And customers can also access their invoices directly on the portal, without having to contact the AP staff to send them over. “Our AP team has visibility over the invoice cycle, from invoice receipt to payment, and can better manage the whole process end-to-end!” said Iamarène.

On the supplier side, late payments often occurred due to processing delays. This is no longer the case, since teams now have better visibility over priorities. While difficult to measure, team members have already noticed a reduction in the number of late payment reminders.

Why did Lennox choose Esker? For Pascal Fraise, Information Systems Executive and Alessandro Finoro, IT/Finance Project Manager at Lennox EMEA, having a unified platform within the same ecosystem was a huge benefit: Esker being both developer and integrator made problem-solving easy and fast. Both of them were also very impressed by the teams’ professionalism and quick response times as they accompanied Lennox through all the important steps.

“The collaboration between Esker and Lennox exemplified what ‘team effort’ means: all objectives were reached in the promised time frame,” said Fraise.



“By optimizing our invoice delivery, collections and AP processes, we have improved our working capital requirements by €500,000.”

Céline Iamarène

Accounting Manager, Lennox EMEA

Highlights

- 50% reduction in receivables on small accounts
- Working capital requirement improved by €500,000
- Accelerated processing & increased collections
- Sped up invoice processing considerably
- Improved visibility through dashboards
- Suppliers get paid faster
- Enhanced performance & teamwork
- Increased company appeal for recruitment

Results

Customers, suppliers, employees: Smoother relationships that benefit all

One of the first benefits Lennox EMEA noticed once the Esker solutions were implemented was the visibility that the unified platform brings. All information is centralized, which provides every team using the solutions to be fully equipped to promptly reply to inquiries from suppliers, customers and internal stakeholders.

Automating the AR and AP processes reduced the number of paper invoices as well as the transit time between the different sites, and the vastly reduced manual handling virtually eliminated errors. These time savings can now be devoted to providing more personalized customer care and resolving disputes faster. Customers have expressed that they are very satisfied with the teams' fast reaction speed.

Automated reminders have enabled Lennox EMEA to halve the number of overdue invoices on small accounts of less than €20,000. “Historically, we have paid more attention to receivables of our large accounts, but now thanks to an automated collections process and improved strategy, we have significantly reduced our aging balance on our small accounts,” said Capelli.

Finoro chose the word “innovation” to describe the impact of the Esker solutions on the teams at Lennox EMEA. The system overhaul sparked new ideas and motivation company-wide. Lennox also noted that the entire modernization endeavor combined with remote working accessibility has not only increased workplace satisfaction for the existing staff but has also been a draw for new talent.

“We have adopted an innovative approach that has improved our processes and changed the way we are viewed internally. Team collaboration company-wide has improved, employee feedback is positive, and our job function has become more valued,” concluded Iamarène.

Looking ahead to the future

Lennox's objective is to automate 100% of supplier invoices and 95% of customer invoices by the end of the year. Following the successful results in France and Spain, the European division plans to extend Esker solution roll-out to Portugal, Poland and Northern Europe with the next few years. The French Finance teams will help with the project implementation.

Want to accelerate your customer and supplier cycles like Lennox EMEA?

Get in touch with Esker.

About Esker

Esker's AI Automation Suite for the Office of the CFO leverages the latest in Agentic AI and automation technologies to optimize working capital and cashflow, enhance strategic decision-making, and improve human-to-human relationships with customers, suppliers and employees. Esker's Source-to-Pay and Order-to-Cash solutions automate any business process while supporting long-term growth strategies. Offering 40+ years of industry knowledge, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

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