

Customer Story

Accounts Payable Process Automation



Manufacturer Drives Down Costs with Improved Processes & Intelligent Capture

OBJECTIVES

- + Reduce Manual Effort & Processing Costs
- + Centralize Control
- + Eliminate Duplicate Payments
- + Increase Early Pay Discounts
- + Enhance Visibility of Current Accounts Payable Liability
- + Leverage Existing Technology

RESULTS

- + Reduced Labor Costs by 60%
- + 85% Posting of Invoices with no or Minimal Human Intervention
- + 93-95% Straight-Thru-Processing & Posting of Top Vendor Invoices
- + Increased Accuracy, Early Pay Discounts & Timely Approvals
- + Greater Visibility, Reporting & Audit Trail
- + Enterprise-Wide, Global Platform



The client was manually processing more than one and a quarter million invoices annually within their Accounts Payable operations.

About

As a Fortune 100 global manufacturer of consumer and commercial products to more than 1.25 billion consumers, the client prides itself on shared expertise, operating efficiencies, and a culture of innovation. The client employs over 50,000 employees worldwide with annual revenue of approximately \$15 billion.

The client was manually processing more than one and a quarter million invoices annually within their Accounts Payable operations. The process included receipt of invoices from more than 8,000 different vendors via fax, mail, and email, and a completely paper-based intake process to route and move invoices through the approval and payment process.

The client recognized the need for process improvement but didn't know where to start, so they engaged Naviant to help build a roadmap for a new process that would automate Accounts Payable (AP) while leveraging existing investments in technology.

Naviant facilitated a discovery engagement to take a detailed look at how the process was handled today (Current State), and make strategic recommendations for implementing best practices and best-of-breed solutions to reduce costs and increase overall throughput for AP processing (Future State).





The new process starts by eliminating paper handling early in the process. 80% of all invoices are systematically ingested via a centralized email, and the remaining paper invoices are now scanned upon receipt. Transaction data is then intelligently extracted, including full line item detail, using Brainware by Hyland Intelligent Capture optical character recognition (OCR), thereby reducing manual data entry efforts and human errors.

Key Business Drivers

The first phase for Naviant was to identify the key business drivers that were critical for the project to succeed: What were the real business pains, and what challenges were impacting strategic objectives?

The client's cash flow projections and payables liability were impacted by the inefficient intake process because there was no visibility to the current state of all invoices in process. AP management's insight into the current payables liability was limited to Purchase Order (PO) information within the client's ERP platform, SAP. While this was adequate for high-level budgeting, it was not entirely accurate until the invoices were entered into SAP.

Compounding this issue was corporate AP's lack of visibility over invoices because most invoices were received at multiple business units and were not routed to corporate AP until after each division had completed work. Delays due to misrouting, human error, inattention, and lost documents were resulting in missed payment deadlines, duplicate payments, and lost opportunity to take advantage of early payment discounts.

The non-centralized approach was also impacting SOX compliance and storage redundancy because it often created duplicate copies before manual routing and added handwritten approvals along the way.

As each division maintained its schedule of authority for approvals, there was no central control in place for managing and auditing approval authority.

Due to the large volume of invoices, the client was dealing with an overwhelming amount of data entry required from personnel to process more than 6.5 million line item details - equivalent to 26.5 full-time employees (FTEs).

All of these issues contributed to an overall high processing cost of \$5.98 per invoice.

Key Business Objectives

Through due diligence and client executive meetings, they recognized a strong business case for moving forward with a new solution. With the strategic objective to reduce costs and increase throughput for invoice processing, Naviant identified the following key business objectives through the formal discovery process:

- + Reduce Manual Effort Required to Process Invoices
- + Centralize Control of AP Invoices
- + Take Advantage of Early Pay Discounts





With Naviant's experience and expertise, and collaboration with the client, Naviant developed a comprehensive process and technology blueprint that identified new Future State process details and recommendations, including how people and technology would interact along the way.

- + Provide Faster Calculation of Current AP Liability
- + Improve Efficiency of Check Reconciliation Process
- + Integrate with SAP, OnBase, Brainware & other Legacy Systems
- + Leverage Existing Investments in Technology

Key Process Changes

With Naviant's experience and expertise, and collaboration with the client, Naviant developed a comprehensive process and technology blueprint that identified new Future State process details and recommendations, including how people and technology would interact along the way.

The new process starts by eliminating paper handling early in the process. 80% of all invoices are systematically ingested via a centralized email, and the remaining paper invoices are now scanned upon receipt. Transaction data is then intelligently extracted without templates, including full line item detail, using Brainware by Hyland Intelligent Capture optical character recognition (OCR), thereby reducing manual data entry efforts and human errors.

Once extracted, invoice data is used to automate the matching of PO details, and if validated, that invoice transaction is posted directly to SAP without human intervention. All invoices that display to SAP are linked to the original document image stored in the enterprise content services platform, OnBase by Hyland, and are intuitively-retrievable directly from the standard SAP interface.

PO invoice exceptions such as non-matched PO invoices or vendor discrepancies, and non-PO invoice approvals, are managed by OnBase Workflow and automatically routed to the appropriate staff based on pre-defined delegation rules.

For non-PO invoices approvals, OnBase Workflow also manages the schedule of authority delegation to provide process visibility, compliance, and accountability. Users receive automated email notifications from OnBase for new items awaiting review and approval and then access the invoice, related documents, and workflow tasks directly from a fully-integrated, familiar email experience.

Through the certified-integration and intelligence of OnBase and Brainware, SAP MIRO and FB60 data entry tasks (data validation, exception management, cost center, GL codes, etc.) remain with subject matter experts most familiar with the transaction without manually routing paper or logging into unfamiliar systems.





The client's ROI was less than one year and saved an estimated \$1.5 million in the first year alone. Labor savings included an initial reduction of 18.5 FTEs, for total human resource savings of approximately 60%!

OnBase maintains a complete, accurate, and centralized audit trail to assure audit and compliance requirements. Each invoice keeps granular document and processing history so that managers can be sure who and when each invoice document has been "touched," and can track the location of every invoice in the payment process lifecycle.

ROI & Key Results

The client's ROI was less than one year and saved an estimated \$1.5 million in the first year alone. Labor savings included an initial reduction of 18.5 FTEs, for total human resource savings of approximately 60%! This new process created an opportunity for those FTEs to be realigned to more productive, value-added tasks within the organization.

Along with a significant hard-dollar ROI, including processing cost reduction to \$2.65 per invoice – savings of 56%, Naviant provided a direct impact to the following results within the client's business:

- + Reduced Labor Costs by 18.5 FTEs – Savings of 60%
- + 85% Posting of Invoices with No or Minimal Human Intervention
- + 93-95% Straight-Thru-Processing & Posting for Top Vendor Invoices
- + Increased Accuracy, Early Payment Discounts & Timely Approvals
- + Complete Audit Trail & Schedule of Authority Transparency
- + Enhanced Customer Service with Instant Document Retrieval
- + Eliminated Redundant Storage Costs
- + Greater Visibility & Reporting Capabilities
- + Enterprise-Wide, Global Platform for Future



WHO WE ARE

Naviant helps customers reimagine work and harness intelligence to deliver exceptional outcomes.

