

Customer Story

Leggett & Platt



Manufacturer saves \$1.6 million annually with OnBase capture



The company slashed \$1.5 million annually in AP labor costs, reducing its invoice processing staff needs by more than 40 percent.

The Challenge

As an S&P 500 global manufacturer, Leggett & Platt, Incorporated produces a variety of products for homes, offices, automobiles, airplanes and retail stores. But as business grew, managing its cash flow was difficult with so many paper-based processes in place.

With thousands of invoices representing \$3 billion in spend annually, AP staff manually processed as many as they could every day. Processing each invoice required staff to print and hand-key all needed data into the company's accounting system and later transfer it to its mainframe application for payment.

Processes were similar in AR. With its mainframe application only automatically matching five percent of its payments with customer account records, staff had to apply the remaining receipts – roughly 350,000 payments a year – manually. Everything changed once both departments implemented OnBase capture.

The Solution

To eliminate the challenges of manual processing, Leggett & Platt chose OnBase capture to collect data without manual keying or using templates. Now, the company electronically captures data from invoices, remittance and check images, validates it and transfers it to their ERP and the mainframe application. The combined return on investment (ROI) for both departments was realized in less than a year.

Slashes \$1.5 million annually in AP labor costs

Using the capture solution, the manufacturer automatically captures data from invoices, regardless of where it's located on the page from one vendor to the next and transfers it to their ERP system. The solution remembers where it found the data the next time each vendor's invoice appears, making data capture more efficient over time.





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Nikki Head, Senior Assistant AP Manager for Leggett & Platt



And with more than 55,000 vendors sending invoices to the company – more than 2,500 a day – streamlining this process has been invaluable. The company slashed \$1.5 million annually in labor costs, reducing its invoice processing staff needs by more than 40 percent. "We've reduced our cost per invoice by 69 percent in five years, from \$3.88 per invoice to \$1.21," said Nikki Head, senior assistant AP manager for Leggett & Platt. "We've also boosted our invoice processing volume by 232 percent with no additional staff required."

Applies cash about 70 percent faster

With more than \$3.6 billion in checks received annually, OnBase capture automates data collection and validation from remittance and check images, allowing AR staff to focus on exception processing. The solution uses database lookups to identify associated customer accounts and match their reference numbers to invoice details contained in the mainframe application.

Once validated, the capture solution updates the mainframe application, automatically applying 74 percent of payments – an increase of nearly 70 percent from the previous process.

When checks cannot be validated automatically, the solution flags them for review and presents related remittance and check information for quick correction. With automation and expedited data correction, lockbox cash is applied more than 85 percent faster – from three to four days to just half a day, allowing Leggett & Platt to reduce AR labor costs by \$100,000.

The Difference

Boosts invoice processing volume: By implementing OnBase capture, Leggett & Platt processes about 230 percent more invoices, faster, without adding staff. "About 90% of our invoices are in our ERP system by the end of the day so they're available the next day for our buyers," Head said.

Maximizes early payment discounts: The solution automatically compares and ranks terms captured from invoices and associated POs, with the higher ranking term populating the data record. With the most favorable terms identified, staff prioritize invoice payments to maximize discounts.

Reduces office supply budgets: In AP, the department slashed its supplies budget by 73 percent by eliminating paper files, boxes and reams of paper. AR staff also reduced its usage of paper, printer ink and equipment maintenance.

WHO WE ARE

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