Accounts Payable Workflow >>

WorldSolve helps Corporation modernize Accounts Payable function with an electronic document management and workflow solution.

SOLUTION SUMMARY

THE CHALLENGE
Reinvent company-wide Accounts Payable invoice processing function to reduce costs, improve accuracy, and shorten cycle-times.

THE SOLUTION
Deploy an integrated document imaging, electronic document management, and workflow system with an automated interface to the company's existing ERP system.

THE BENEFITS
By focusing on the requirements and identifying the right technical approach, WorldSolve helped the company reduce processing costs by more than 30%, eliminate data entry errors, and the invoice receipt to expense recognition cycle by 20 days.

ABOUT WORLDSOLVE
WorldSolve is an information management consulting firm that enables businesses to successfully navigate the ever-changing landscape of information technology. WorldSolve's core services - Operational Optimization, Enterprise Integration, and Application and Data Solutions - help companies align people, processes, and technology with their business strategies to improve performance and maximize return on investment.

■ THE CHALLENGE

A large national company with regional offices in 14 major US cities recognized the need to improve efficiency and reduce costs related to the processing of Accounts Pay-able (A/P) invoices. Through an aggressive expansion campaign, the company had quadrupled in size in just over 24 months. The A/P processes, once defined for a smaller regional company, had been forced into place across the country and had become a significant business challenge.

Centrally located corporate offices provided finance and accounting services including back office A/P processing for all locations. Through a largely manual, labor intensive process, the company handled roughly 10,000 invoices per month at an estimated cost of more than thirty-five dollars per invoice.

Below are the challenges experienced by the company:

- Invoices were delivered directly to the individuals that procured the goods and services. As a result, the company had no way of tracking costs until invoice batches arrived in the A/P Department and were entered into the ERP system.

- Individuals that received invoices sometimes put off processing them until the last minute. In a rush to get payments to suppliers, invoice batches were mailed to the corporate offices via expensive overnight delivery.

- Manual re-keying of hard-to-read hand written coding instructions caused data entry errors.

- The A/P staff grew to over 30 people, and the cost of back office A/P invoice processing grew to an unacceptable level.

- The monthly A/P close cycle had to begin 10 to 12 days before the end of the month to ensure that invoices were recorded in time to allow subsequent month-end processing.

- With several hundred individuals from the regional offices indicating their approval by initialing the invoices, the company expended extra effort to ensure approval authenticity.

■ THE SOLUTION

WorldSolve helped the company identify existing challenges and design an integrated solution to modernize its A/P invoice processing functions. With a comprehensive understanding of the business requirements and a focus on efficiency gains and cost reductions, WorldSolve worked with the company to deploy technologies and integrate systems that enabled real process improvements.

The Optika Acorde suite of document imaging, electronic document management, and workflow automation applications was selected as the key enabling technology. Company-wide A/P processes were analyzed, redesigned and mapped into a distributed workflow model. Custom data entry forms were configured to capture and validate the required information. Interface requirements to and from the company's ERP system were identified and the necessary integration was developed. Figure 1 provides a high-level illustration of the solution.

The solution has enabled many A/P process improvements. The A/P Department now receives, scans, and electronically stores all supplier invoices. Invoices contain enough information to enable the department to electronically route invoices to the individuals that procure the goods or services.

Regional offices receive invoices electronically and input the necessary account coding and payment handling information directly into a workflow form. The system provides real-time validation against the company's ERP system and electronically routes validated invoices to the individuals responsible for approval and payment authorization. When a user approves an invoice, his name is stored as part of the electronic package and is used to confirm its authenticity. Approved invoices are automatically entered into the company's ERP system.

Original invoice documents are stored electronically and can be retrieved through easy-to-use search capabilities available to all users.

Figure 1 - Accounts Payable Workflow Solution
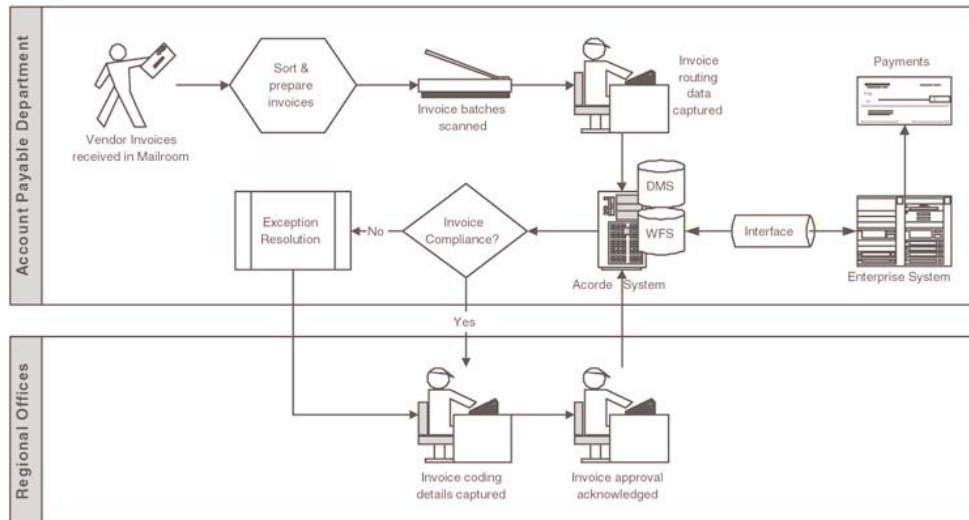
■ THE BENEFITS

Capitalizing on WorldSolve's in-depth technical experience and disciplined project management practices, the company has significantly improved its A/P invoice processing functions. Key improvements are highlighted below:

- All invoices received by the company are accounted for from the minute they arrive. The average number of days required to record invoices in the company's ERP system has been reduced by more than 20 days. As a result, the company's ability to monitor and report real-time expenditures has improved.

- With a focus on the procedural compliance of each vendor, the company has placed the ability to receive timely payments directly in the vendor's hands. After four months, more than 85% of vendor invoices were in compliance with the company's new invoicing requirements. Postage costs related to the internal delivery of invoices is down over five thousand dollars per month and late payment fees have almost stopped completely.

- Individuals responsible for procurement have full control over the quality of the invoice coding details and have accepted accountability. Data entry errors have been virtually eliminated and invalid payments have decreased significantly.

- The A/P staff has been reduced by 10 people and invoice processing costs have dropped by more than 30%.

- With confidence building, the company is preparing to shift the A/P close cycle forward between 8 to 12 days. This will provide the company with an ability to report more real-time financial results.

- The easily accessible electronic document repository has eliminated the need for multiple invoice copies. As needed, individuals from across the organization can retrieve and view invoice images on demand.

- Electronically authenticated approvals have enabled the company to easily validate and audit invoices as they are submitted for payment.

- Overall invoice processing cycle times have been significantly reduced. At any moment, the company can assess the age of every invoice within the pipeline and take action accordingly.