



At a Glance

As a Fortune 100 Manufacturer with annual revenue of \$6 billion, the client was processing more than 1 million invoices annually from more than 1,200 vendors in a very manual-based Accounts Payable environment. After working with Naviant Group to improve their document-centric business processes, the client realized an ROI of less than one year, and saved an estimated \$1.5 million in the first year post-implementation.

Key Business Objectives

- Reduce Cost to Process Invoices
- Centralize Control of AP Invoices
- Increase Early Pay Discounts
- Visibility of Current AP Liability
- Leverage Existing Technology

Key Results

- Reduced Labor Costs by 60%
- Increased Early Payment Discounts
- Post 60% of Invoices without Human Intervention
- Complete Audit Trail & Schedule of Authority Transparency
- Greater Visibility & Reporting
- Enterprise-Wide Platform

Manufacturer Drives Down Costs with Improved Process

As a Fortune 100 global manufacturer of consumer and commercial products, the client prides itself on shared expertise, operating efficiencies, and a culture of innovation. The client employs over 22,500 employees worldwide with annual revenue of approximately \$6 billion.

Annually, the client was manually processing more than one million invoices within their Accounts Payable operations. The process included receipt of invoices from more than 1,200 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 looked to Naviant Group to help build a roadmap to a new process that would automate Accounts Payable (AP) while leveraging existing investments in technology.

Naviant Group 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).

Key Business Drivers

The first phase for Naviant Group was to identify the key business drivers that were critical in order for the project to succeed: What were the true 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 to 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 fully accurate until the invoices were entered into SAP.

Compounding this issue was **corporate AP's lack of control 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 and lost opportunity to take advantage of early payment discounts.

The non-centralized approach was also **impacting SOX compliance and storage redundancy** because duplicate copies were oftentimes being created prior to routing, and handwritten approvals were added along the way.

Accounts Payable Process Automation Case Study

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As each division maintained its own 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 the more than 6.5 million line item details -equivalent to 26.5 full-time employees (FTEs).

All of the above issues contributed to an overall high cost for processing an invoice.

Key Business Objectives

Through due diligence and client executive meetings, a strong business case was recognized for moving forward with a new solution. With the overall objective to reduce costs and increase throughput for invoice processing, Naviant Group 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
- Provide Faster Calculation of Current AP Liability
- Improve Efficiency of Check Reconciliation Process
- Integrate with SAP, Hyland OnBase, & other Legacy Systems
- Leverage Existing Investments in Technology

Key Process Changes

With Naviant Group's experience and expertise, and collaboration

from the client, Naviant Group developed a comprehensive process and technology blueprint that identified new 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. Invoices are now scanned upon receipt and data is automatically extracted down to the line item detail using Brainware Advanced Optical Character Recognition (OCR), thereby reducing manual data entry efforts, human errors, and manual routing for approvals.

Once extracted, invoice data is used to automate the matching of PO details, and if matched, that invoice is posted directly to SAP without any human intervention. All invoices that post to SAP are linked to the original document image stored in the document management system, Hyland OnBase, and are viewable directly from the standard SAP interface.

Exceptions for non-matched PO invoices and approvals for Non-PO invoices are managed within OnBase Workflow, and are automatically routed to the appropriate people based on pre-defined rules.

For Non-PO invoices, the schedule of authority is also managed within OnBase Workflow and provides visibility and accountability into the approval process. Users receive email auto-notifications for new items that are awaiting approval, and access the documents from a link in their email.

Because of the intelligence built into Workflow, SAP FB60 data entry tasks (cost center, GL codes, etc.) stay with users at the divisions that are most familiar with the transaction without routing paper or logging into SAP.

A complete and accurate audit trail is also maintained in one location and is associated with the invoice, so that managers can be certain who has "touched" what documents and when, and can track the location of an invoice in the payment process.

ROI & Key Results

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

Along with the strong, hard dollar ROI, Naviant Group provided direct impact to the following key results within the client's business:

- Reduced Labor Costs by 18.5 FTEs Savings of 60%
- Improved Posting of 60% of Invoices without Human Intervention
- Increased Early Payment Discounts & Timely Approvals
- Complete Audit Trail & Schedule of Authority Transparency
- Enhanced Customer Service with Instant Document Retrieval
- Increased Accuracy of Invoice Processing
- Eliminated Redundant Storage Costs
- Greater Visibility & Reporting Capabilities
- Enterprise-Wide Platform for Future