THE POWER OF PAPERLESS AP WORKFLOW

SCENARIO

An entertainment industry company with annual revenues of $3 billion was facing growing concerns surrounding the scalability of their existing paper-based AP workflow.

As the company experienced steady organic growth, the challenges of scale were tested even further as their growth was augmented with the addition of multiple business acquisitions. This compounded the challenges already associated with manual processing, specifically in the areas of data entry, PO matching and vendor payment research and dispute handling.

Prior to this growth and expansion, in-house resources were capable of processing up to 250,000 invoices and 115,000 checks annually, with peak seasons requiring part-time resources to assist with maintaining payment term compliance.

OVERVIEW

A rapidly-growing company was in need of a solution to transform a manual AP process into an efficient, scalable and accessible digital workflow. The result of which needed to provide a reduction in days payable, increased data accuracy and a substantial increase in the amount of payment discounts realized.

Key Elements

- The acceptance and transfer of multiple document formats to Circulus ftp servers
- Comprehensive extraction and data entry services provided by Circulus
- Integration with existing ERP platform
- Customized workflow engines and business rules
- Invoice data export for payment

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When combined with the growing costs associated with storing millions of paper documents, the organization realized that the emerging scalability issues were primed to have not only a financial impact, but organizational and strategic implecations as well:

- Loss of control of payables and timelines
- Reduced focus on value-add activities
- Increased invoices lost in transit
- Extended approval process
- Increase in per-invoice processing costs

The team addressing these concerns was led by the Vice President of Financial Systems and Special Projects. Cross-functional members in the decision making process were the CIO, CFO, AP Manager and AP Analysts.

THE SOLUTION

Circulus carefully assessed the needs of the client and developed a comprehensive solution designed to address all business needs and targeted pain points. This approach was multi-faceted, and required primary attention towards:

- Invoice Collection
- Data Extraction & Access
- Integration & Workflow

INVOICE COLLECTION

As transparency and centralization of data was critical to the client's needs, Circulus focused on the ability to accept and digitize invoice data. This required a method of accepting invoices from multiple submission types, including remote scanning stations, spreadsheets, vendor emails, direct uploads and EDI/XML data feeds.

Project Goals

- Transform AP into a value center
- Reduction in days payable
- Increased capture of discounts

DATA EXTRACTION & ACCESS

The data is extracted and processed through a 3-way matching process in order to ensure 99%+ accuracy. This process includes validating required invoice data elements, including default account codes, department codes, and GL codes.

This process also cared for the importing and digitization of invoice notes, support documentation and images. Once all data has been extracted, digitized and quality-tested, the documents are accessible within a hosted web-application, with content and access partitioned via role-based security.

INTEGRATION & WORKFLOW

In order to operate seamlessly within the AP organization, the proposed solution needed to integrate with the client's existing ERP platform. Circulus developed an integration specifically designed to power the workflow and business rule requirements, and included support for multiple data loads, which included GL codes, combo-edit rules, vendor masters, discount terms, PO feeds, receivers and personnel data.

With the integration defined, a robust workflow engine was required to accomplish the scalability and control needs required by the client. This included customized business rules, including management and role-based access to the following:

- Invoice auto-approvals
- 2-way PO matching
- 3-way quantity received matching
- Platform user access levels and removals
- Detailed vendor files
- Charts of accounts
- Location and department detail

Once all integrations, workflow and business rules were implemented, the Circulus solution was capable of automating business-critical functions such as auto-approval through matching, routing of invoice by vendor class and business unit, auto-approval by pre-defined limits, and applying rules by invoice type.

Online check requests and petty cash forms were also made available to further reduce manual processes, all specifically-automated to maintain compliance within existing procurement policies.

When an invoice has completed the workflow cycle, it is loaded for payment into a custom XML file format and sent to a central integration point housing all external invoices for payment.

The ability to have multiple daily downloads for immediate submission after approval also provided the ability to stay within vendor payment terms.

THE RESULTS

By eliminating the manual data entry and invoice PO matching process, the solution allowed the company to re-focus on departmental value-add activities, including:

- Lowering per-invoice processing costs
- Mitigating the majority of postage costs
- Increased realization of payment discounts
- Eliminated duplicate data entry
- Decrease in audit research time

Most notably, Circulus's solution powered a substantial reduction in the days payable. Within the first two calendar years post-implementation, the discounts taken increased over 400 percent.

With this decline in outstanding days payable, alternate payment methods were made available with faster pay for vendors and rebate potential.

INVOICE COLLECTION

Invoices submitted via multiple formats to centralized Circulus asset repository

DATA EXTRACTION & ACCESS

Data is extracted, digitized and quality assured to ensure 99% data accuracy

INTEGRATION & WORKFLOW

Data, business rules and workflow engines are integrated with existing ERP systems

WEB PORTAL
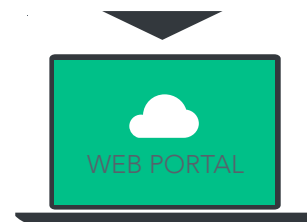
400+%
**Increase In Discounts Taken Within
2 Years of Implementation**