

PROCESS IMPROVEMENT THROUGH ACCOUNTS PAYABLE AUTOMATION

CASE STUDY



OVERVIEW

Unstructured, fragmented, and manual processes were holding back the Accounting department of the client. The compelling need to make the processes more systematic and efficient called for an Automation project, geared towards future-proofing their AP process. With Circulus, our AP Automation solution, the entire department gained efficiency, accuracy, and visibility.



KEY ELEMENTS

- ✔ A streamlined process and a one-stop destination for invoice submission from all over their branches worldwide.
- ✔ Eliminating manual movement of invoices for submitting, coding, and approvals.
- ✔ Making it easier and efficient for users, thereby avoiding coding mistakes.
- ✔ Providing enhanced visibility on the approval and payment process leading to improved vendor relationships.
- ✔ Eliminating unstructured routing and reducing fraudulent approvals.
- ✔ Capturing ad-hoc expenditures, assigning right coding, and automated approval routing.

SCENARIO

A publicly traded, US-based global leader in insurance brokerage, risk management, and consulting services, with annual revenue of \$6.79 billion, was aiming for process improvement in the Accounts Payable department. For an organization with offices in many hundreds of locations worldwide, defining an efficient structure to process the large number of invoices had become the need of the hour.

Manual movements of invoices for submission or approvals were something the client needed to eliminate. Frequent errors in the manual process of entering GL coding meant rework for the team, which, in turn, led to delays in payments for vendors. The conventional process lacked visibility with respect to the status of invoices, time-spent in approver's queue, bottlenecks, and the overall performance of the department. Also, there was no procedure in place to handle ad-hoc expenditures. All in all, the department was in need of a digital transformation.

Transforming to more systematic and advanced processing while keeping up with the latest technological developments of the industry became a fundamental requirement for the organization, which was handling close to 100,000 invoices annually and having many thousands of vendors across the globe. Thus, the client was seeking to convert their manual-centric Accounts Payables process to a very robust and rule-based automated platform. The transformation was needed right from the invoice submission stage, all the way till the post-payment process, including ad-hoc or miscellaneous expenditures as well as employee expense submissions.

Circulus, in collaboration with the client's key stakeholders under the leadership of the Chief Financial Operations Officer, determined the client's requirements and provided many key inputs for process improvements through automation concepts to go along with general AP best practices. Circulus, being a fully configurable cloud solution, the client's requirements were implemented into an automated solution to not only address the current challenges but also empower the Accounts Payable team to undertake continuous improvement more efficiently.

CIRCULUS TEAM ZEROED-IN ON



Deploying a centralized invoice submission platform for all the branches worldwide.



Eliminating manual movement of invoices for submitting, coding, and approval.



Avoiding rework and confusion due to coding mistakes by users by incorporating detailed GL combo-edit rules.



Resolving visibility issues on the approval and payment process leading to improved vendor relationships.



Eliminating unstructured routing and reducing fraudulent approvals.



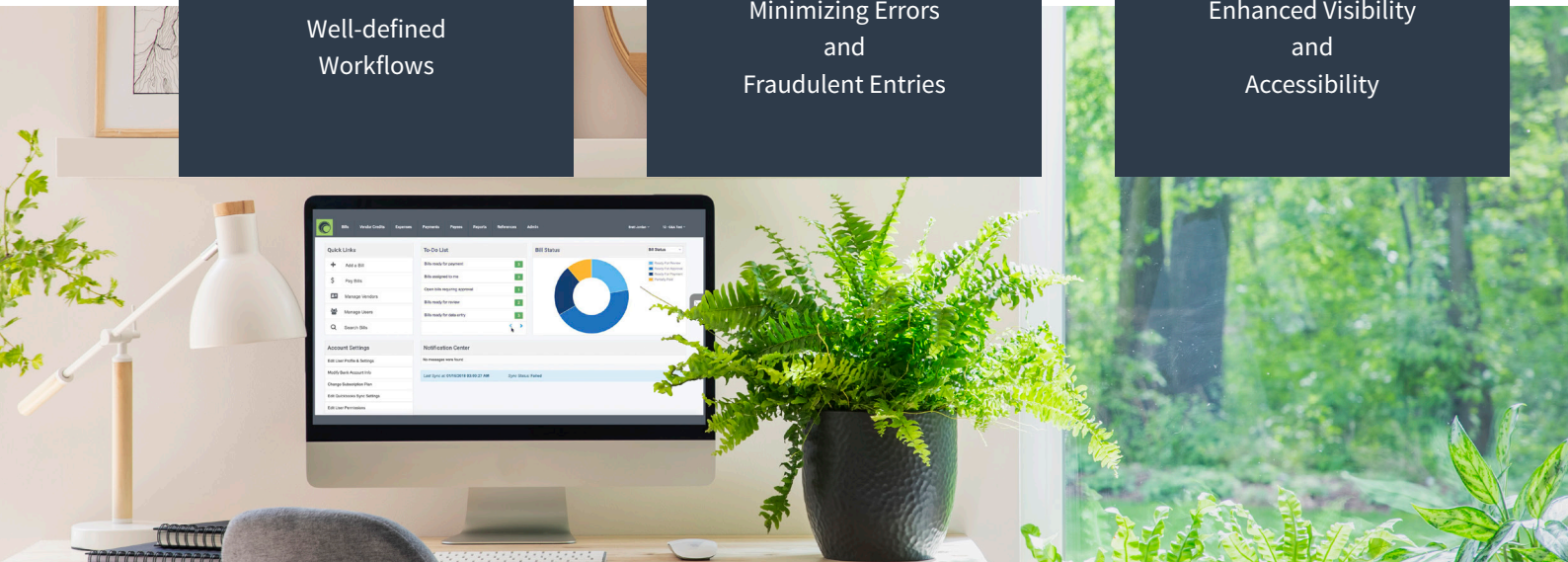
Capturing ad-hoc expenditures, assigning right coding, and automated approval routing.

PROJECT GOALS

Well-defined
Workflows

Minimizing Errors
and
Fraudulent Entries

Enhanced Visibility
and
Accessibility



THE SOLUTION

A smooth integration of Circulus with the client's ERP platform with minimum involvement of their IT team was carried out. During the implementation phase, their accounting team received stepwise knowledge transfer and continual support from the Circulus project transformation team.

While the solution offered varied benefits, Circulus team had a prime focus on the following:

INVOICE SUBMISSION

With the large number of offices worldwide, the client required a centralized system for invoice submission. The Circulus application became the one-stop destination for all invoices to be uploaded into the web-based portal. The submission process was followed by Circulus's >99% accuracy guaranteed data extraction services. Circulus would then automatically route the invoice back to the submitter, along with the data extracted from the submitted invoice. This enabled the submitter to have access to their invoice to key in the necessary coding. Once all the data was extracted, digitized, and quality-tested, the documents were accessible within a hosted web-application, with content and access partitioned via role-based security.

EFFICIENT PROCESSING

Circulus delivered a major shift for the client, from complete reliance on the workforce for the (manual) movement of invoice during various stages of the invoice's lifecycle, to a system with automatic routing of the invoices to the approver's queue and beyond. Well-defined business-rules and standard procedures left no room for ambiguity and fraudulent approvals. By providing combo-edit rules, Circulus empowered the users to provide the right GL combinations and thereby reduced coding errors.

ERP INTEGRATION

Circulus developed an integration specifically designed to power the workflow and business rule requirements. This included support for multiple data loads, which included vendor feed, user provisioning, and authorization data feed, GL combinations and values feed, user hierarchy feed, and payment feed.

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

- Single sign-on authentication
- Data security via encrypted incoming and outgoing feeds
- Platform user access levels and removals
- Expense report submissions
- Access to reporting data

Once all integrations, workflow, and business rules were implemented, the Circulus solution was capable of automating business-critical functions such as routing of invoices by business unit logic, auto-routing for approvals with supervisor authorization limits and applying rules for alternate routing by document type. Online check requests and wire requests were also made available to further reduce manual processes, all specifically automated to maintain compliance within existing user access and hierarchical policies.

When an invoice has finally completed the workflow cycle, it gets loaded for payment into the client requested file format and is sent to their ERP system, which is the central integration point housing all the external invoices for payment.

BETTER VISIBILITY AND FLEXIBILITY

With Circulus, the pending approvals, action-taken on invoices, and status of payments were in clear sight. Regular reporting, as well as exhaustive search functionality, empowered the management manifolds. Any disruptions could easily be spotted and resolved. Fewer deviations meant lesser penalties, leading to better vendor relationships. Ad-hoc expenditures were taken care of with accurate coding, and one could submit check/wire requests easily.

Concisely, the client's team was relieved from multiple challenges. The new platform empowered them in more ways than one:

- An easy way of 'Uploading' invoices into a web-based portal
- Real-time tracking of the invoice flow, including payment statuses
- Capturing line item details of all the invoices enabling reporting on spend
- Increased coding rigor leading to a structured and automated approval process
- Ability to enter ad-hoc expenditures along with providing an automated coding and approval process

RESULTS

The burden of manually carrying the invoices through the various stages of the process, along with other non-automated tasks, was entirely released from the team's workload, eliminating the instances of human-errors and rework. The communication regarding invoices could be carried out effortlessly among the team members and were documented in the system, leaving no scope for gaps. Now, users could access the relevant sections of the Accounts Payable solution anytime, anywhere. The exhaustive search functionality and reporting tools paved the way for data analysis and process improvement. The enhanced visibility and transparency of the system enabled the management to investigate bottlenecks and prevent fraudulent transactions. The client could now maintain lasting relationships with the vendors. The additional benefits included shorter turn-around time, cost-effective operations, and over 99% accuracy in data entry.

CIRCULUS

The Circulus AP automation solution was created to provide businesses with the tools they need to harness the power of an automated and online AP workflow. It is our goal to offer a solution that is affordable to any business, while not compromising on technology or features. With Circulus, we have developed a solution which allows users to streamline processes, enhance data quality, tighten AP controls, and consolidate invoice management into a single interface.

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KEY HIGHLIGHTS

100%

Reduction in Manual Data Entry

100%

Reduction in Manual Approval Processes

100%

Visibility in Spend and Liability