Taking Control of Accounts Payable in the midst of Adversity

Our Customer

LARGE REGIONAL ELECTRIC & GAS DISTRIBUTION UTILITY

Imagine going through an acquisition, reorganization and a bankruptcy in a little more than a year. The Accounts Payable staff at this regional utility with nearly 700,000 customers was forced to do just that. Acquired in 2002, the utility declared bankruptcy in 2004. In the midst of this, the organization moved to a centralized processing model.

The company chose to use the change as an opportunity and address the challenges they had for improving their processes, increasing productivity and meeting Sarbanes-Oxley (SOX) requirements for accounts payable documentation.

The Problem

The utility's Accounts Payable (AP) department received and paid approximately 75,000 invoices, representing $850 million in annual payments. When they moved from a decentralized to a centralized processing model, the reorganization reduced staff but without productivity improvements.

Furthermore, the combination of understaffing and the bankruptcy resulted in significant disruption of AP processes. Invoices weren't processed. Duplicate payments were issued. Invoices were lost. And while productivity was down, overtime was up – AP staff was under pressure to reduce overtime and still get the job done. There were invoice control issues and SOX remediation became a stated priority.

By 2004, the company was able to add employees back, but the invoice processing issues remained. They attempted to upgrade their Enterprise Content Management (ECM) capabilities to include electronic approvals, but the process proved too slow. Management needed a quicker fix.

The Solution

Dolphin recommended a number of improvements in order to take control of the Accounts Payable process. We implemented our Process Tracking System for Accounts Payable (PTS-AP) providing a turnkey solution for managing documents and automating the AP process with our enhanced SAP workflow.

Dolphin integrated invoice scanning and worked with the utility's team to incorporate SAP workflow and requirements for process tracking. All documents are archived and stored in the company's existing FileNet repository. Staff training and communication programs about the new system were put in place and were key to the success of the project.

The Dolphin Process Tracking dashboard gave them the visibility to see the entire invoice-to-pay process including exception handling. Resolving vendor inquiries now takes minutes rather than days. They now have the tools for better cash management and are able to make informed decisions based on real-time information. And robust reporting capabilities give them the insight they desired.

Results

Exceeding Expectations

In addition to the ongoing cost savings, their solution also ensures risk mitigation and policy compliance. By taking advantage of the centralized process and improved best-practices workflow, the solution was implemented in four months, from initial project planning through go-live.

The results have been…
- Reduced invoice process cycle time
- Freed 6-8 employees in operating areas allowing them to be deployed to areas of greatest need within the accounting department
- Decreased overtime 80 percent
- Eliminated duplicate payments
- Gained the ability to have real-time access to information to predict cash requirements
- Met SOX and other compliance mandates
- Improved vendor relations
- Realized goal of annually saving $½ million dollars in operating costs