



## **PAPERLESS ACCOUNTS PAYABLE**

**Today's business processes are not sustainable.** In order to achieve fantastic results and world class processes, we need innovation.

### **Scenario**

The Compass Group is the world's largest food service and hospitality organisation. The Group operates in over 98 countries, employing over 375,000 people worldwide, with annual revenues in excess of AU\$28 billion.

In Australia, Compass Group is the market leader and largest food service organisation with operations across more than 600 sites, employing more than 10,000 people and an annual turnover of approximately AU\$1 billion.

### **Challenge**

The Compass Group were looking for a solution to substantially reduce the costs associated with the Accounts Payable function, support faster payment cycles and improve Supplier Relations, and allow for the transitioning of its 7,000 supplier community to electronic invoicing. In addition to this, The Compass Group also had the following challenges:

- 700,000 A/P invoices per annum
- All invoices required an approval process (traditional 3-way matching not practical);
- Distributed approval by 600+ Site Managers nationally, including very remote locations;
- Invoices need to be re-entered into a distributed Order Management System, locally by each Site Manager;

CASE STUDY



- Long delays between receipting and entering of invoice details;
- Unacceptably high levels of manual keying errors;
- Delayed supplier payment cycles;
- Unacceptably high level of supplier enquiries chasing payments or errors, resulting in poor Supplier Relations;
- Inability for the business to benefit from early payment discounts;
- Limited IT resources to transition suppliers from paper to electronic invoicing;
- Delayed management visibility of A/P liabilities;
- High cost of A/P function

## **Solution**

After extensive market research and assessment of available options, the Compass Group engaged Converga to implement its outsourced Paperless Accounts Payable solution with the following streamlined processes:

- All Compass paper invoices are re-directed to a designated Locked Bag which is collected daily by Converga's Technology Centre (CTC).
- All electronic invoices are transmitted by Compass suppliers to Converga's secure CTC - by email, fax or using B2B electronic messaging.
- Converga scans all paper invoices using its advanced imaging and OCR/ICR facilities.
- All scanned images and all electronic invoices are processed by Converga's CTC. Invoice data is automatically extracted and formatted to suit Compass Group internal systems and processes, and is automatically routed for approval.

## **Facts @ a Glance**

- Reduction of AP staffing by 60%
- Reduction of AP costs by 30%
- Faster payment cycles for discounting benefits
- Dramatically improved Supplier Relations
- Total management visibility over the entire AP process
- Paper to electronic transitioning strategy for 7,000 suppliers made possible



- Invoice data is validated against Compass Group business rules. Valid invoices are queued up for approval by Site Managers. Each Site Manager has a distinct queue which is easily accessed through an advanced web-based workflow application, which allows invoice approval, rejection, or hold.
- The workflow application automatically determines invoice routing and General Ledger line allocation.
- Exceptions are queued for processing by A/P Supervisors, reject or re-route invoices to the correct Site Managers queue, and send email alerts to suppliers.
- Approved invoices are transmitted daily to the Compass Group back office ERP system. All transmissions are secured by industry standard encryption and authentication.

## **Outcomes**

After the implementation of Converga's PAP solution, The Compass Group realised the following improvements:

- Invoice processing cycle has improved dramatically.
- Keying errors have been eliminated.
- Visibility over the entire A/P process. Converga Paperless A/P provides for real time enquiry of unapproved invoices, and clear identification of process bottlenecks or problematic sites or suppliers.
- A significant number of suppliers are now providing electronic invoices instead of paper invoices. The Compass Group is aiming to process 80% of its invoices electronically by the end 2008

**Where future solutions become a reality today,**

**Converga.**