



80%

Reduction in audit findings within one year

# Banking on Top Performance for Accounts Payable

## Canon Helps Bank Convert Its AP Process from High Risk to High Value



One of the nation's leading commercial banks provides a broad mix of financial services to businesses and individuals. Having achieved a sterling reputation for customer service, the bank wanted to establish the same recognition for operational excellence in its accounts payable (AP) processes. The challenge: for several consecutive years the bank failed Sarbanes-Oxley (SOX) audits. A high number of audit findings indicated that new AP processes and procedures were needed to turn the situation around. To achieve this goal, the financial services leader banked on Canon Business Process Services and its proven expertise in accounts payable outsourcing services.

### THE CHALLENGE

The bank faced two key issues that contributed to the numerous audit findings and low overall AP processing performance. One was that the organization lacked formal documented procedures to guide its AP process and staff. Without standardized processes that were implemented and clearly communicated, AP staff members were unclear about their responsibilities and how to meet them.

Additionally, the bank needed to improve the operational efficiency of its AP process while reducing costs. Of the approximately 18,000 invoices the bank receives monthly, about 10,000 are purchase order (PO) invoices that are received in electronic format, and the other 8,000 are non-PO paper invoices received via mail. The bank realized it could reduce the cost and cycle time of its non-PO invoice process by integrating it with the automated workflow system that handles the bank's electronic invoices. With all of the invoices processed electronically in one system,

the bank could potentially improve operational efficiency, increase on-time payment, reduce costs and improve its SOX compliance.

Bank executives, aware they couldn't confront all of the people, process and technology issues internally, tapped Canon Business Process Services to tackle the challenges. Canon offered the expertise the bank required. This included providing AP services and technology that could help the bank integrate its paper and electronic invoice processing along with the support necessary to evolve the bank's AP function from high risk to high value.

The path to high value was suggested by Canon's own industry research.<sup>1</sup> Report findings clarified three key drivers that contribute to a high-performance AP operation: centralized invoice receipt, AP process automation and using outsourced services. Canon's plan was to leverage all three elements to help the bank advance its AP operation to a higher level.

## Canon produced detailed “process maps” of the AP department activities and implemented standardized procedures for every AP process.

### THE RESULT

- + Eighty percent reduction in the number of SOX audit findings during the past year
- + Twenty percent reduction in overall AP processing costs annually and a significant reduction in invoice payment cycle time
- + Forty percent increase in the number of invoices paid on time
- + Implemented an AP help desk function to provide better internal and vendor support
- + Created a system to track and report AP help desk requests so that the bank can identify significant issues and maintain an effective, cost-efficient help desk operation
- + Standardized, documented and communicated AP procedures helping to ensure staff expertise and awareness of best practices
- + Instituted a continuous improvement program to ensure the ongoing enhancement of AP processes spanning workflow automation, approvals, performance monitoring, training and more

### THE SOLUTION

Canon’s solution includes receiving the non-PO paper invoices via a post office box located near one of Canon’s U.S. business processing centers (BPCs). Some of the non-PO invoices are received as an email attachment sent to a specific email address created and managed by Canon. All of the non-PO paper and emailed invoices are then processed at Canon’s BPC, including scanning, data extraction and validation. The latter involves matching invoice data against information in the bank’s ERP system, such as confirming the correct name and email address of the bank employee who ordered the purchase indicated on an invoice. Invoices with missing or invalid names are routed to a “name exception queue.” Canon staff corrects the discrepancy (i.e., researches and identifies the correct bank employee name) and enters the invoice back into the workflow system.

After discrepancies are resolved and invoices are approved, they reach the ready-to-pay stage in the bank’s ERP system. The invoices are then released for payment; the bank prints the checks and provides them to Canon staff, which mails the payments. With this approach the bank has a system that includes the centralized receipt of invoices, automated workflow for processing the invoices, improved procedures for

managing exceptions and enhanced overall AP processing ability by leveraging the expertise of an experienced service provider.

Other changes yielded additional business benefits. Canon created a team that manages the bank’s AP help desk function, enabling timely response to questions and issues raised by bank staff or suppliers. Additionally, Canon produced detailed “process maps” of the AP department activities and, after analyzing the maps, implemented standardized procedures for every AP process. Canon documented the procedures and provides ongoing training for AP department staff. These changes enable the bank to confirm that any employee is competent in one or more AP-related processes. Finally, Canon instituted a continuous improvement plan. Employees from the bank and Canon hold conference calls and meetings several times a week to discuss new ideas spanning operational reviews, performance reporting, training and overall AP process improvement. Together, the teams support the bank’s ongoing commitment to reduce risk and maximize value.

#### FOOTNOTE

<sup>1</sup> *High-Performance Accounts Payable: Three Key Drivers to Success.* Click here to download the research report.

### Advancing Business Performance to a Higher Level

Canon Business Process Services, a wholly owned subsidiary of Canon U.S.A., offers managed services and technology for information and document management, business process outsourcing and specialty workforce services. We help clients improve operational performance while reducing cost and risk. Canon Business Process Services has been named a Global Outsourcing 100 Leader by IAOP for the past eleven years and recognized in the Gartner Magic Quadrant for Managed Print and Content Services for five consecutive years. We have also been acknowledged by CIORReview magazine as a “20 Most Promising Legal Technology Solution Provider.”

Learn more at [cbps.canon.com](http://cbps.canon.com) and follow us on Twitter @CanonBPO.