

# / 2 days

Average payment completion

## Extreme Makeover for Accounts Payable

### Cosmetics Company Images Invoices to Revitalize Payment Process



The U.S. unit of a multibillion-dollar global cosmetics and beauty company wasn't paying its bills quickly or accurately enough. Some suppliers were concerned by the company's lengthy payment process. To address the problem, the company asked Canon Business Process Services to streamline its accounts payable process. The result was quicker, more accurate payments and happier vendor relations.

#### THE CHALLENGE

The beauty company's United States business receives thousands of invoices annually from suppliers to seven plants in the region. These invoices represent

purchases of ingredients for cosmetics, materials for packaging, utilities for each plant and other plant-by-plant spending, such as the hiring of temporary staff. The suppliers would send the invoices to the plant managers, who were responsible for confirming that the orders were valid and correct. This confirmation process resulted in delays of up to 45 days because the process was largely manual and because plant managers had many other responsibilities. Some suppliers would send invoices directly to the beauty company's accounts payable department, which would have to wait for plant managers to confirm that they received full or partial orders. This process, in addition to being lengthy, also resulted in mistakes due to miscommunication. As a result, vendors became irritated with late payments and threatened to curtail service. Complicating matters further, some states have different tax rules that affect how the vendor should invoice the cosmetics company. The vendors weren't always following the rules and consequently the cosmetics company was missing state tax payments that resulted in large,

unanticipated bills and, occasionally, fines. All this was costing the company too much time, money and goodwill. The company needed to streamline the process so invoices (and taxes) got paid on time, cash flow was predictable, receipt of goods and services was verified and vendors stayed happy.

#### THE SOLUTION

Canon Business Process Services completely transformed the accounts payable process. Canon combined document imaging technology and a workflow that enabled plant managers and the company to verify invoices more quickly and accurately so they could be paid on a much timelier basis. Here's how it works: The suppliers now send the paper and email invoices, totaling approximately 1,500 a day, to Canon Business Process Services' western regional imaging center. Canon converts every document into an image using an optical character recognition (OCR) system that creates the image as a searchable PDF file. Specific data fields are automatically extracted such as vendor name, plant name and purchase

#### THE RESULT

- + Mistakes have been dramatically reduced and the company pays its bills much faster.
- + The company now has an automated paper-handling and analysis process that previously consumed excessive amounts of time and energy.
- + With less time spent reviewing invoices, plant managers now have more time to address critical operational tasks.
- + The company is tracking and meeting its state tax obligations in a timely manner, resolving cash flow problems and eliminating fines.
- + Vendors are now eager to service the company, knowing they will receive timely payment and are more likely to offer discounts in exchange for faster payment cycles.
- + The imaging process enables the company to easily hold invoice and payment records in an electronic repository for 10 years without concern about physical space requirements, decay, disaster or other data loss. The repository is a de facto disaster recovery system.

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order number, which are matched up with information in the company database. Successful matches are verified and payments are processed. Canon collates any anomalies into a report that is sent to accounts payable, which in turn works with the plant managers to reconcile discrepancies. How much faster is the new Canon system? If an invoice is scanned and all the data fields match with the company's database, the process takes approximately 30 seconds and the cosmetics company has the invoice available within 24 hours. Instead of 45 days, the company completes payment in an average of two days.

#### 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 CIOReview 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.