



QinetiQ Aims for Smarter Vendor Invoice Processing with OpenText

OpenText Vendor Invoice Management *for SAP® Solutions* Speeds Up Processing, Facilitates Supplier Negotiations and Improves Reporting

QinetiQ Limited, experts in defence, aerospace and security, employs more than 9,000 people worldwide. QinetiQ scientists and engineers solve some of the world's most important problems, offering high-end technical knowledge underpinned by world-class research and innovation.

With a turnover in excess of £1.3 billion, with the UK, US and Australia being home markets, QinetiQ is a trusted supplier to more than 40 countries, providing a world-class defence and security service.

With thousands of complex projects, involving any number of a possible 20,000 plus vendors, managing the processes around vendor invoices for the UK and European operations is a time consuming and complex challenge. In 2008, QinetiQ outsourced this processing to Accenture, India on a five year contract. Invoices were received at a central PO Box, scanned in Milton Keynes in the UK, forwarded for initial processing to a team in Prague before finally being sent to the accounts payable (AP) team in Bangalore. In Prague, invoices would be uploaded to an in-house system and SAP, all of which took time, incurred costs, thus raising the cost of processing of each invoice. QinetiQ took the decision to bring back in-house the processing of the circa. 65,000 supplier invoices received and processed every year.

Setting the selection criteria and making the decision

Narrowing down the field to potential solutions left just two main contenders: OpenText Vendor Invoice Management *for SAP Solutions* (VIM) and ReadSoft. All others were eliminated on cost, lack of referenceability or poor integration with SAP. One of the compelling reasons for selecting the SAP OpenText solution was that the support mechanisms were already in place as QinetiQ were an established SAP client. Added to this that any updates to the solution, as they would come from SAP themselves, would automatically be tested and accredited.

"We selected the OpenText solution due to its superior integration with SAP, supportability and proven security. We had to know that future software updates would not cause technical nor security issues for us", said Jonathan Harris, Purchase to Pay Team Lead, QinetiQ Limited.

The VIM solution would be responsible for matching electronic invoices to orders in

INDUSTRY

Defence, Aerospace and Security

CUSTOMER

QinetiQ Limited

CHALLENGES

- Bring purchase to pay processing back in house, fully integrated to SAP
- Highly sensitive defence, security and aerospace environment
- Complex services-based invoices in addition to product type invoices
- Drive to improve supplier relationships, including early settlement discounts

SOLUTIONS

- SAP Invoice Management by OpenText (VIM)
- SAP OCR Option for Invoice Management by OpenText (ICC)

BENEFITS

- OpenText solution proven in SAP environments
- Improved transparency, accuracy and reporting capabilities
- Reduced processing times, enabling early settlement discounts
- Cost effective solution, including deployment and operational costs, lower cost per invoice

the SAP system, cross checking multiple data points to ensure the invoice was valid and then, subject to configurable rules, releasing the invoice for payment. This would be far quicker than the outsourced solution, reducing the length of time taken to pass invoices for payment.

In addition to the VIM solution, OCR Option for SAP Invoice Management (ICC) was also selected and purchased. This would allow physical paper invoices to be scanned, in house, and the scanned images passed through the optical character recognition (OCR) process provided by ICC to enable automatic invoice upload, data extraction and matching in VIM. Any residual invoices that could not be accurately completed with OCR would be queued for manual data entry and correction, still far quicker than manual entry for all paper invoices.

Implementation partnership, aggressive project timelines and invoice types

With both physical and electronic invoices to be processed in the SAP environment, implementing the solution would require the specialist knowledge and skills of a suitably qualified SAP implementation partner. QinetiQ selected Excelerated Sourcing, an SAP and OpenText partner with extensive experience in Source to Pay. Electronic documents would be placed into Microsoft SharePoint and the invoices automatically picked up by ICC. Invoice metadata once extracted, would be passed to SAP VIM, with the original document accessible through both SAP and SharePoint.

“We receive up to 300 invoices every working day, many of which are complex, services based invoices. This presents a challenge for any attempt at straight through processing, with little or no human intervention, but the OpenText solution has so far impressed us with the results it’s been capable of producing,” added Jonathan Harris.

The project to bring supplier invoice processing back in house was completed

in two, three month phases. The first addressed product invoices, the easier of the two invoice types to process. Over 70% of product invoices were processed automatically from day one, and that number has increased as the system has been fine tuned. The second phase addressed the trickier, services invoices, with extensive input from Excelerated Sourcing. The aim is to have at least 60% of these more difficult to handle invoices being processed automatically with no human intervention.



Benefits: early settlement discounts, improved supplier relationships, better reporting

With the system live since April 2013, invoice processing times have been cut sufficiently to now open up the possibility of negotiations with suppliers for early settlement discounts. This could potentially lead to savings on every invoice processed for the suppliers who opt in.

“Bringing the operation back in house has allowed us to meet our compliance drivers, as well as reduce the average cost to process an invoice. Opportunities to realise benefits from early settlement discounts are really icing on the cake, having met all of our primary objectives”, added Jonathan Harris.

With greater clarity and accuracy of information being captured, searching and reporting has also been improved. Along with potential early settlement discounts, benefitting QinetiQ and suppliers, this further enhances supplier relationships as queries can be dealt with more efficiently and effectively.

As time passes and understanding grows of the capabilities of the system, QinetiQ are constantly on the lookout for ways to continually improve their processes. This extends to more than just further reductions in the average cost of processing an invoice, to full audit controls, automatic monitoring and pickup of good received notices that the system then processes, matches to an order and invoice and subject to the appropriate controls, sets up a payment to the supplier, saving a great deal of time. A report runs every four hours, picking up any items that have been receipted, completely automatically. Exception reports are also provided to detail items that remain that have not been fully processed.

Continuous Improvement and Future Innovation

QinetiQ, in addition to rolling out the early settlement agreement with suppliers, are also looking at other innovative areas to leverage the investments they’ve made to date.

“We’re constantly striving for excellence, utilising technology to drive our operations forward. For example, we’re looking at eforms for the processing of exceptional payments, reducing the paper trail and delays that often ensue. The OpenText solution will be key to the future expansion of the solution”, added Jonathan Harris. ■