



Eliminating costly delays in the invoice authorisation process at Imperial Tobacco

Overview

■ Challenge

To eliminate costs & delays with the postal distribution of invoices for authorisation.

Automated workflow delivery of invoices to each stage of the authorisation process: to GL coder, 1st & 2nd level authorisation.

Online GL coding with intelligent defaults and drop-down menus to make the process as quick & easy as possible.

To improve the visibility & audit traceability of the authorisation process to Sarbanes Oxley standards.

■ Key Benefits:

ROI within 3 months

Improved efficiency & control of the authorisation process

Significantly reduces the time AP take to progress authorisations

Managers can access invoice images from the desktop for tax and company performance analysis

Reduces financial risk of unauthorised invoice payments.

■ Solution

AutoFORM PDM scanning & authorisation software

■ Why AutoFORM PDM?

Proven workflow technology for multi-level authorisations across a number of business locations.

Could be configured to Imperial Tobacco's precise requirements.

Interacts with existing finance application, but the web service API can be transferred to any ERP system.



George Miller, Financial Systems Analyst at Imperial Tobacco:

"AutoFORM PDM online invoice authorisation system, has proved to be a huge success and eliminated a number of costly delays in getting invoices authorised on-time. The installation would have been worthwhile even if it had taken a year to achieve ROI, but as it happens, ROI was reached in just 3 months!"

50,000 invoices. 60 Department Managers. Two Locations!

Imperial Tobacco are the world's fourth largest international tobacco company, selling cigarettes, tobaccos, rolling papers and cigars in over 130 countries.

Imperial Tobacco's UK head office is similar to many others. Senior people tend to authorise expenditure on invoice rather than against a purchase requisition. This means that all incoming invoices, around 50,000 per year, need to be authorised by the person who is responsible for that particular budget, or department.

With the old paper system, invoices were posted backwards and forwards between accounts payables and upto 60 different managers, located at two different sites. This would take up to 2 days each way, more if it had to be passed around until the procurer could be identified.

Greg Easton, Financial Controller comments: "The whole authorisation process was fraught with costly delays and my Accounts Payables team were spending a great deal of time and effort to ensure that payments were made on time.

The cost of the paper chase

"The cost? In financial terms, easily £5 an invoice, but you shouldn't underestimate how much it **'costs'** a business to repeatedly ask suppliers for copy invoices and the hassle just one duplicated payment or delayed authorisation can cause" said Greg Easton.

Output & Document Management

The solution

Since the implementation of AutoFORM PDM, delivery of invoices to authorisers, monitoring and reminders are all handled online. This has resulted in a number of control & efficiency gains.

How it works

Invoices are delivered automatically to the appointed GL coder in each department. Once coded they are passed via workflow to the procurers online "to authorise" list with hyperlinks to the invoice image and authorisation screen. Here managers can check any previous approval history, the GL coding and add any relevant notes. The invoice can then be either passed to the next level of authoriser, authorised, rejected, or re-assigned to another department (although there are number of inbuilt facilities to guard against inter-department 'ping-pong'.) The solution encompasses facilities for both multi-level and multiple department authorisations and works interactively with Imperial Tobacco's existing finance system.

"I just love AutoFORM"

60 managers can simultaneously authorise one invoice
Lorraine Eden, Financial Co-ordinator comments. "I just love AutoFORM! I can't begin to tell you how much time it saves me getting multiple department invoices authorised. For example multi-page consolidated logistics invoices, totalling tens of thousands of pounds, need to be authorised by up to 60 different departments. AutoFORM helps by intelligently assigning each part of the invoice to the individual approvers, and each department manager simultaneously approves (or rejects) their individual line items, online. The old paper system took 8 weeks—with AutoFORM it takes just days!

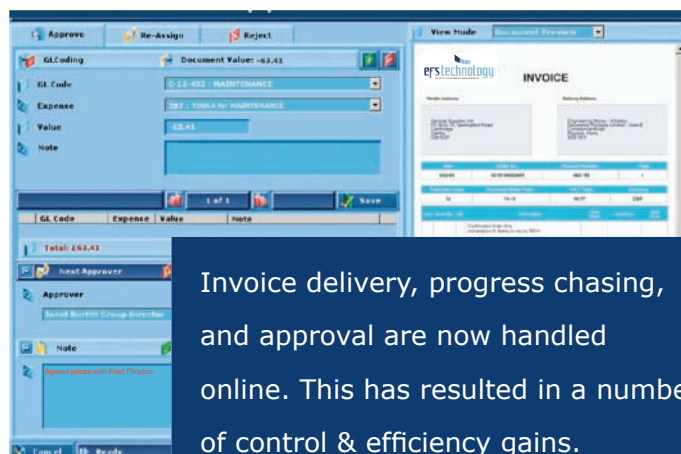
Lorraine's comments were mirrored by Greg Easton: "AutoFORM PDM cuts out time & hassle! Not only are Managers signing off invoices more quickly, accounts payables can see via the AutoFORM administration hub, who is signing off which invoice and if there is a delay—why. Progress chasing is now much quicker and easier."

Efficiency Improvements

George Miller continued: "Efficiency gains are very difficult to quantify, but one measure is the reduction in the number of department managers requesting for copy invoices for budget queries: they simply look them up themselves via their web-browser. Another indication, is the fact that since AutoFORM has been installed we don't have to make the weekly trip to the archive stores, to search for invoices for tax returns and business performance analysis. AutoFORM is literally saving us hundreds of man-hours per year."

Inbuilt flexible control over the authorisation process

AutoFORM also gives Imperial Tobacco more control over the authorisation process. AutoFORM ensures that authorisation rules are exactly defined and adhered to. Having said that, there is some flexibility built into the workflow. Instead of invoices rigidly being passed along a fixed authorisation chain, it has been arranged for one member in each



department to receive invoices. This person then selects one manager from a pull down list of managers who have the authority to sign off that level of invoice. This helps to avoid bottlenecks. Invoices can be assigned to other managers in the department if someone is out of the office for long periods, or under a particularly heavy workload. In other words AutoFORM delivers 'flexible control'.

Sarbanes Oxley

AutoFORM also helps Imperial Tobacco comply with Sarbanes Oxley's & the European 8th Directive on invoice payment auditing. AutoFORM automatically keeps an audit trail of who, has authorised which invoice, and importantly, ensures that an invoice cannot be approved outside of their business rules. This means that the staff in accounts payables do not have to waste time checking the validity of an authorisation signature - which is notoriously difficult to do, particularly if someone is new to the job.

The overall cost benefits

Greg Easton says: "The cost benefits of going 'paperless' weren't the main motivating factor—if at all. What we are interested in are the efficiency and control advantages that AutoFORM delivers. With the Division's expenditure running at several million pounds per year—anything that significantly reduces risk, is worth buying on this point alone.

George Miller concurs: "The efficiency & control gains delivered payback within 3 months, but even if it had taken a year we would still consider AutoFORM a very worthwhile purchase."

Highly Recommended

"What are the advantages with AutoFORM PDM? Authorisation is easier to manage" concludes Greg Easton. "The software is very easy to use for both authorisers and accounts payables, which is important. It has also proved to be very resilient to technical hitches. Furthermore, EFS Technology, the developers, configured their standard software to meet our precise requirements. I would certainly recommend AutoFORM to any company in a similar situation."

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