

## Customer Case Study: Alfred McAlpine

# Solid foundations for Alfred McAlpine's invoice processing

## Introduction

Alfred McAlpine is a leading support services business with over 9,000 employees. Through the range of services they offer, they aim to be their clients' partner of choice in the built environment. They can design, finance, build, manage and maintain buildings and infrastructure, or apply their expertise in one or several of these areas to deliver solutions that meet their clients' specific requirements.



## Challenge

In 2004, Alfred McAlpine were finding that processing approximately 120,000 supplier invoices per year was causing several problems for their Accounts Payable (AP) department including:

- Time consuming manual data entry
- High cost of data entry
- Delays caused by finding paper invoices
- Problems matching invoices to purchase orders
- Invoices being lost or misplaced
- High invoice processing costs
- The need to employ more staff to handle growing invoice volumes
- Lack of control over the process
- Managing two financial solutions, Axapta and Intellect



They initiated a project to implement a document management and workflow solution that could solve these problems. A primary driver was to increase efficiency and also to provide the ability to absorb more work without the AP headcount increasing. An extensive search for a supplier resulted in Documation's Invoice Management Solution (IMS) with EMC Captiva's solution for data capture being chosen.

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## The solution

- The solution scans all incoming supplier invoices and using the EMC Captiva data capture technology Alfred McAlpine now retrieves key header and line item data. This speeds up the delivery of data into IMS seamlessly, reduces manual data entry errors and frees up data entry staff for knowledge roles. By automating this process Alfred McAlpine were able to eliminate manual data.
- The solution integrates seamlessly with both financial systems and ensures that the correct details are passed to each system.
- Workflow is used to assist with problem invoices, for example by checking to see if there are duplicate invoices, making sure there is a valid order number, etc., to minimise the manual effort required from the AP team. The invoice details are then automatically updated to the finance system so the invoices can be matched and paid.
- All invoices and associated documents can then be retrieved directly from the IMS solution with full status information and a full audit trail.

## Strategic project – change of finance system

Alfred McAlpine is experiencing a period of considerable expansion currently, with considerable further growth projected over the next few years. A strategic review has been undertaken across the organisation to ensure that the infrastructure and IT systems are in place now to support this future growth. The decision was made to change the finance solution, moving from two separate systems to centralised use of Oracle eBusiness.



Alfred McAlpine wanted to ensure that they could still receive all the benefits from their Documation IMS system, whilst extending its use to tightly integrate with Oracle eBusiness suite and further automate the processing where possible, Phil Simpson, Operations Manager at Alfred McAlpine, explains:

“The real excellence of the IMS and EMC Captiva solution comes with it’s ability to support the accounting function through the business growth. It’s also been very beneficial having Documation involved at the same time as changing our financial solution, ensuring that we maximise the benefits of both systems.”

## Oracle eBusiness and Documation IMS

Documation are an established Oracle partner and the IMS solution integrates tightly with the eBusiness suite. The new solution still includes all the original functionality but Alfred McAlpine took advantage of this relationship, expanding the IMS solution alongside the Oracle eBusiness suite to offer additional business performance improvements. This is outlined below.

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## Integration with Oracle Electronic Invoice Processing (eIP)

Certain invoices, such as utility bills, do not have purchase orders so with no order to match to, these still need to be approved for payment. After capturing the data with EMC Captiva, IMS posts these invoices directly to the Oracle eIP (electronic invoice processing) module which routes the invoice details to the correct individual in the business for authorisation. IMS integrates closely with eIP to allow an image of the invoice to be viewed by the authoriser. This is an important benefit for Alfred McAlpine as Phil Simpson explains:

“Being able to view the image when approving invoices is critical to our users, it gives them all the information they might need and removes the requirement for them to contact the AP team with enquiries.”

## Auto pre match with Oracle

Invoices with a Purchase Order number must be matched by AP staff against the order and receipts in Oracle, the system then automatically performs a match overnight to ensure that there are no invoice lines without an order and therefore that the invoice can be paid.

Alfred McAlpine wanted to use IMS to automate as much of this process as possible, whilst still retaining the standard matching functionality within Oracle. On investigation, it was discovered that up to 40% of their purchase order invoices would match directly to a single order. It is possible to fast track these invoices by IMS carrying out the pre-match rather than the user. This entirely removes the manual user intervention, as Oracle will automatically approve the match so that the invoice can be paid. A range of tolerances provide control over the process, so that, for example, very high value invoices can still be seen by the user rather than being fast tracked. Phil Simpson describes the outcome of the automation:

“Using this solution means that up to 40% of purchase order related invoices are posted and paid automatically without any intervention by AP staff, this has provided considerable savings in time and effort.”

## Integrated retrieval

It is now possible for documents to be retrieved directly from within the Oracle eBusiness system. Employees from 200 remote locations use this facility, with users searching for purchase orders or invoices and viewing the image instantly within the familiar Oracle environment.

## Oracle on Demand Solution

Rather than being housed at Alfred McAlpine’s offices, their Oracle solution is hosted by Oracle on servers situated in Austin, Texas in the United States! The integration with IMS is unaffected by the location difference and appears seamless from the user’s perspective.



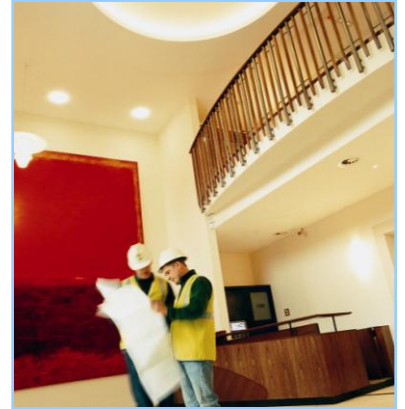
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## Solution implementation

A major advantage during the implementation was that the two project teams from Documation and Alfred McAlpine had worked successfully together in the past on the original IMS project. In the Oracle eBusiness project, Oracle Consulting were also involved, providing implementation skills and the provision of the eIP module. The three companies worked seamlessly together creating a strong, skilled team. Phil Simpson explained how important this was:

“The project had a real buzz about it, mainly as it involved innovative new functionality, but also because it was such a tightly defined and planned project, with a very disciplined team. The result was a project completed on time and within budget – quite an accomplishment in today’s IT world.”

Alfred McAlpine



## Key benefits of IMS

### Minimise future overheads

The project was not intended to reduce the number of staff in the AP team but rather as a cost avoidance measure. Initially resource freed up is being reallocated to more value added tasks, such as a project to rationalise suppliers. As the organisation grows, the solution will remove the requirement to increase the size of the team.

### Removal of manual data entry

Manual data entry has now been entirely eliminated; this speeds up the process and is more accurate. It is also a major cost avoidance measure as costly additional resource is not required to enter the data. The automated matching has reduced the requirement to handle 40% of the invoices manually, also resulting in time savings.

### Improved control

Alfred McAlpine now have total control over the supplier invoice processing, with instant retrieval it is possible to see the exact status of every invoice instantly. This includes invoices that have been paid as Oracle passes this information back to IMS upon payment to ensure a complete history exists.

### Elimination of manual retrieval of paper documents

Invoices are now available to business users online. This has not only improved the service offered, but also dramatically reduced the phone calls from the rest of the business to AP about the status of invoices.

### Increased accuracy in business decision making

The new IMS solution has enabled Alfred McAlpine to run more statistics regarding the accuracy of supplier invoices, this information is invaluable to assist with a driver to rationalise the number of suppliers from 14,000 to 2,000.

### Reduced training requirement

The integration with Oracle eBusiness is especially beneficial as it minimises user training, users only need be familiar with the Oracle interface to retrieve invoice images.