



REFERENCE CASE

CLIENT: CAPITA GROUP PROCESS: INVOICE PROCESSING INDUSTRY: BPO COUNTRY: UK

Capita cuts over 70% off the cost of processing an invoice

Capita Group plc, a FTSE top 50 company, is the UK's largest business process outsourcing (BPO) and professional services company, with annual revenues of £2.7 billion. Capita Group's existing purchase-to-pay (P2P) processes were labour-intensive, requiring significant manual keying and re-keying of in-bound paper invoices into SAP. Requiring around 40 employees at multiple UK sites, the process had proved slow and error-prone, with inefficient approval cycles and excessive queries.



Finding a solution

The lack of adequate controls or visibility of processes, plus the large volumes of paper movement and storage the process created was unacceptable. Richard Good, SAP Programme Manager at Capita, explains: "It was a major task dealing with inbound invoice management and approvals, and as a result we had gained a reputation for late payments. The cost per invoice processed was also high, at around £8, well above the industry standard."

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In order to ensure operational excellence and added value to clients, as well as to maintain mutually beneficial relationships with suppliers, Capita sought to lead by example, and improve its own Business Process. To achieve this, the company's goal was to establish a UK Shared Services Centre and offshore AP processing to India; implement a new SAP ERP (Enterprise Resource Planning) system; and automate its manual purchase-to-pay (P2P) processes.

The answer

Capita Total Document Solutions (TDS) division was tasked with creating and running the new Shared Services Centre located in Darlington. TDS created a consolidated single central delivery address, with different PO box numbers for each of Capita Group's legal entities. All inbound invoices were then received and scanned by the Capita TDS team. Capita also demanded TDS deliver an implementation of OCR (Optical Character Recognition) technology for centralised, high-volume invoice scanning, integrated with SAP. This, as Good observes, would: "Enable us to automate our in-bound paper invoice processing, reduce our people costs and store scanned documents in a single place."

To achieve this TDS turned to document process specialist ReadSoft. ReadSoft recognises that manual sorting, distribution, and preparation bleed unacceptable amounts of time and resources. ReadSoft INVOICES OCR software is designed to circumvent the issue by automatically digitising, classifying, sorting and distributing incoming documents.

ReadSoft INVOICES can process any type of invoices, including handwritten documents, automatically extracting, identifying and verifying Capita's invoice data. With invoices captured, ReadSoft Software is able to detect and verify supplier and buyer identities, the type (general expense or purchase order) as well as whether it is an invoice or a credit note. Thus the correct business rules are automatically applied.

Extended line item tables and multiple VAT rates may be extracted, with all information checked, using either calculations or by comparison with resident data, such as ERP ledgers. If everything is correct and the invoice corre-

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sponds to an approved purchase order, it can bypass manual verification and be posted automatically.

Any invoices not passed through automatically are escalated to Capita's back-office AP processing facility in India,

where staff check and verify any queries before passing the invoice back into the approval cycle. Any non-compliant invoices are rejected and sent back to the vendor.

Verified invoices are routed for approval via electronic workflow using ReadSoft WEB CYCLE. WEB CYCLE provides Capita with an electronic workflow for processing invoices in SAP. Operators can have a personalised inbox containing only the invoices they are authorised to handle. WEB CYCLE uses the existing SAP system which means that Capita users can work in a familiar environment they know well to handle exceptions, coding and invoice approval. Any correction is automatically revalidated according to the predefined rules.

Operators have clearer sight of where invoices are in that process even when out of the office, preventing bottlenecks. “Users are able to log in to a customised Web portal to check and approve invoices, and do not need access to SAP,” said Steve Long, Project Team Lead, Capita. “They can log in from wherever they are, it's simple to use, and we save on SAP user licences and training.”

The result

According to Richard Good, automating manual purchase-to-pay (P2P) processes now means, “Invoices received by mail in the morning are scanned and are available same day on the system. Payment on-time has increased, sig-

nificantly enhancing our reputation, and we have far fewer query escalations.”

Despite the rising number of invoices received and processed, around 400,000 per annum, Capita is seeing significant benefits from its new automated Shared Services Centre operation. “We've cut the cost of per invoice processing to just over £2, and reduced our back office resources from 40 in the UK to 20 in India, saving in excess of £1 million per annum,” said Good. “We achieved ROI on scanning in the first year of operation, and have been able to implement better controls and improved visibility of our invoicing processes, avoiding fraud and duplicate payments which previously cost us hundreds of thousands of pounds a year.”

Deploying ReadSoft WEB CYCLE has also helped meet the demands Capita established to implement a new SAP ERP system. With all data within SAP it now has a much faster, accurate and reliable way to get its invoices through the purchase to pay process with approved invoices paid via SAP. Further reductions in invoice processing costs are anticipated from initiatives such as purchase order and invoice matching in SAP, and integration with SWIFT, the online banking payments community.



- 1 Using ReadSoft solutions, Capita has managed to cut the cost of processing a single invoice to just over £2 from £8 per invoice - a 70% cost reduction.
- 2 Capita have reduced back office staff from 40 in the UK to 20 in India and are saving £1 million pounds per year.
- 3 The company opted to use the ReadSoft INVOICES and WEB CYCLE solutions.
- 4 The ReadSoft solutions were integrated with Capita's SAP ERP system and helps them process more than 400,000 invoices each year.

Want to find out how your company can achieve similar results?

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