

DAK Americas

The year 2011 was pivotal for DAK Americas, as the leading low-cost producer of PET resin led two major acquisitions and, as a result, more than doubled its production. The company's already centralized, paperless, and partially automated accounts payable system had served the lean organization well up to that point, but it began to burst at the seams as late fees were incurred and lack of visibility tested vendor relationships. The leadership at DAK turned to a best practice, end-to-end AP solution to quickly deliver the added efficiencies it needed to resume the company's low-cost competitive advantage.

Challenge

Despite having many best practices in place, DAK still experienced problems with its AP processes, and the growth associated with the 2011 acquisitions exacerbated those inefficiencies. While invoices arrived in electronic form, AP staffers still had to manually key the data into SAP. The manual process was slow and the inaccuracy associated with human touch points were commonplace. AP was described as "siloeed"—staff members specialized in distinct areas—limiting the department's flexibility. One group, for example, processed all of the raw material invoices, another processed utilities, and yet another processed freight invoices, etc. Staff in one area were not trained on how to process invoices for other areas.

DAK used its home-grown workflow for exception notice processing in SAP, yet problem resolution was still complex and the lack of visibility was limiting. "If an invoice came in without a PO number on it, the AP group would do a lot of research to identify the correct PO," says Carrie Horrocks, Assistant Controller. "Procurement didn't have any idea that 50 percent of invoices submitted to AP were submitted with invalid PO numbers or no PO number at all."

Manual aging of invoices was another dilemma for DAK Americas. "Being a manufacturer, we order a lot of parts and our vendors would send their invoices electronically to our email address at the same time that the part was shipped," says Horrocks. "AP would receive the invoice and key it in before the plant had received the parts so we were actually manually aging those invoices for a period of time before we were introducing them into the system in order to eliminate some of the work cycles (notifications) that were being issued."

Instant, inorganic growth reveals room for AP improvement

Following several company acquisitions, DAK Americas faced the challenge of processing 100,000 invoices per year—twice the volume prior to the acquisitions—and with no additional human resources. As a result, late fees were incurred,

Meet DAK Americas

DAK Americas, a subsidiary of one of Mexico's largest global industrial companies, is the leading low-cost producer of PET resin.

- ▶ Headquarters: Charlotte, North Carolina
- ▶ Business units: 5
- ▶ Production facilities: 7
- ▶ Full-time employees: More than 1,600

Products in use: ReadSoft Invoices
ReadSoft Process Director

Focus: Automated AP processing

Implemented in: Accounts Payable



“We had to find a way to use the staffing that we did have, and be able to achieve the same results with twice the invoice volume. I think we’re moving in the right direction and it’s going to be very valuable in the long run.”

Carrie Horrocks

Assistant Controller
DAK Americas

vendor relations began to wane, and cash flow forecasting became nearly impossible.

Solution

The project’s goals were twofold: to improve vendor relationships by increasing invoice processing efficiency and improve cash management by reducing late fees. DAK Americas decision makers searched for a simple and easy-to-implement solution that could show a solid return on investment. The solution would need to integrate well with the company’s SAP ERP system and be able to automate the entire AP cycle: arrival, three-way match, exception handling, and posting into SAP. DAK selected ReadSoft’s automated solutions for AP processes based on these criteria.

Building on a legacy of continuous improvement

Prior to its process improvement project, DAK Americas had already managed several best practice processes and subsequently enjoyed some AP efficiencies. For example, DAK Americas had already moved away from inefficient and costly manual processing. The company was receiving 100 percent of its invoices electronically, 75 percent of which arrived by email. The remaining emails were scanned and uploaded via FTP by an outsourced scanning company.

DAK’s AP organization is also completely centralized—another widely accepted best practice. All of the company’s electronic invoices are received at its corporate headquarters in Charlotte, N.C. In addition, DAK administered only purchase order (PO)-based invoices, which due to the pre-coding nature of POs, allows for faster, better matching and ensures invoice accuracy and fewer errors compared to non-PO invoices.

Results

With ReadSoft’s automated solutions for AP processes in place, DAK is moving toward a more nimble, cross-trained AP department. Some staff members monitor incoming electronic invoices and drop them in designated ReadSoft folders where they are automatically pulled directly into the ReadSoft software. Other, more advanced users, work to optimize templates with standardized invoices.

ReadSoft solutions automatically capture invoice data, match that data against the goods receipt and PO, and verify it in SAP. In the case of a match, the invoice is automatically sent for payment approval. Or, in the case of a discrepancy, the invoice is automatically routed to a workflow where the image of the invoice and its status are always available, showing all stakeholders where documents are in the process and who is responsible for the next action.

Industry-leading business process automation

In 2014, Lexmark International, a global technology leader, acquired ReadSoft, a leading provider of applications for automating business processes. Together, they offer an unmatched solution for financial process automation. Lexmark enterprise software, hardware and services remove the inefficiencies of information silos and disconnected processes, connecting people to the information they need at the moment they need it. This case study reflects ReadSoft products and positioning at the time of acquisition and has been approved for use.

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