Pet Partners Accounts Payable Automation

By moving towards more efficient and automated accounts payable processes, Pet Partners has boosted accuracy, increased productivity and cut invoice processing times from weeks to days. With accounting teams freed from manual work, they can easily handle a greater workload—helping Pet Partners grow without increasing headcount—and have more time to devote to value-added analysis work that will drive smarter purchasing strategies.

KEY BENEFITS

- A single AP solution supporting 60 acquired hospitals and future expansion
- Elimination of manual data entry for over 6,000 invoices per month
- Reduced closing time from 20 to 7 days
- Dramatic reduction in days payable outstanding (DPO)
- Addresses management goal of attaining full return on investment (ROI) in 18 months or less

CHALLENGE

Pet Partners is expanding fast: since its founding in 2003, the company has acquired some 60 veterinary hospitals across the United States. As its network grows from strength to strength, Pet Partners must scale its administrative systems and processes behind the scenes to support day-to-day practice operations effectively.

John Schroeder, CIO of Pet Partners, takes up the story: "When we purchase a veterinary hospital, we take over all of its operational processes—from accounting to IT. One of the most important areas we look after is accounts payable [AP], where we process around 6,000 invoices every month.

"In the past, invoice processing was a very manual activity. We would scan the invoices received by each hospital and upload them to a shared drive. Each week, all the invoices for that hospital would be collected into a single PDF and sent to the accounting team. Accountants then had to manually enter all the invoice data into our main accounting system.

"The entire process was incredibly time-consuming and labor-intensive, and we knew that the current approach would soon become unsustainable. We simply couldn't justify the cost of hiring more and more accountants as we expanded the business, and so we looked for a way to bring greater efficiency supports AP processes."

SOLUTION

To solve the challenge, Pet Partners selected transcendAP for Kofax TotalAgility™—a solution built by Optima Global Solutions on a development platform that combines business process and case management capabilities with multichannel capture, intelligent recognition, collaboration, analytics, and more. "The area where I feel Kofax TotalAgility™ really shines is integration; the solution offers all the capabilities that we were looking for in a single browser-based platform," recalls John Schroeder.

transcendAP offers a streamlined and automated approach to invoice processing with database integration with Microsoft Dynamics GP and other popular ERP systems.

Schroeder says, "We were rebuilding our AP model from the ground up and wanted a partner with proven experience and knowledge of Kofax solutions, who could help ensure that the new solution was expertly configured and deployed. Optima proved to be a great fit and worked closely with our team throughout the project."

In a few short months, Pet Partners launched Optima's transcendAP solution

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on Kofax TotalAgility™ to provide intelligent capture, general ledger (GL) integration and approval workflows. From a single web-based portal, accounting teams can now review and approve invoices, and access valuable dashboards and reports.

Today, paper invoices are scanned upon entry at local offices, and uploaded to a network folder, while electronic invoices are routed to a dedicated email inbox. The network folders and inbox are regularly scanned for new invoices, and the data is automatically imported to a central hub for processing.

The new platform is tightly integrated with the existing accounting system for every hospital, allowing invoices to be checked against vendor and GL records in real time for faster, more accurate validation. The invoices then go through a complex approval process based on business unit and dollar threshold. Once an invoice is completely approved, it is exported to the relevant accounting system, ready for payment.

John Schroeder states: "With Kofax TotalAgility™, we've been able to design a sophisticated invoice processing system without making any changes to front-end processes. Hospitals still procure supplies in the same way that they always have—the only difference is that, behind the scenes, we are processing invoices in a much more automated and efficient fashion."

He adds: "When we were building the business case for this project, we estimated that we'd achieve a full return on investment in 18 months, and we are well on our way to meeting that target."

RESULTS

The new approach has dramatically accelerated cycle times in AP, reducing days payables outstanding (DPO) to help Pet Partners pay invoices faster than ever before.

Schroeder states: "Previously, it took us 20 days to close the books at the end of a month and payables were a major bottleneck. With Kofax TotalAgility™ our goal is to reduce that closing time to 7 days, and then ultimately 3 days."

With transcendAP and Kofax TotalAgility™ bringing newfound efficiency to AP operations, Pet Partners can keep its booming business on track for profitable growth.

Schroeder explains: "Faster invoicing makes it possible for us to take on more work in AP without increasing headcount. In the past, a single accountant could handle invoicing for around a dozen hospitals. We're on track to more than double that number, and have one person manage 25 to 30 hospitals, thanks to the increased automation delivered by transcendAP. This will help us meet our goal of growing the business in a profitable way."

John Schroeder remarks: "In the past, AP teams spent most of their day performing data entry; thanks to Kofax TotalAgility™, that has all changed. Now that accountants are no longer required to manually key in data, they have more time to focus on what that data means for the business. They can ask questions like, 'Should we be paying this?' 'Is there an opportunity to reduce costs?' 'What are other hospitals paying for similar supplies?'"

In the future, Pet Partners is planning to dig deeper into AP data, with the aim of gaining tighter control over costs and inventory. By capturing line-item data from individual invoices, the company can build a better picture of what hospitals are purchasing, at what prices, and use the insight to drive smarter purchasing strategies.

John Schroeder concludes: "By improving insight into purchasing data, we will be able to identify opportunities where hospitals might be able to reduce expenses and negotiate better deals with vendors, allowing them to cut operating costs."

Pet Partners also plans on further enhancing the ROI of the initial investment in Kofax TotalAgility™ with the addition of new smart process applications. Optima Global Solutions is working with Pet Partners to design and implement automation solutions for employee onboarding in Human Resources and hospital acquisition processes using the existing Kofax TotalAgility platform.