Integrated Solutions

For Enterprise-Wide Computing

Drive Out Paper,
DRIVE
DOWN
COSTS

Imaging and workflow helped **$1.9 billion** packaging manufacturer Greif, Inc. remove more than **$800,000** in paper-related costs from its accounts payable processes.

John Ries, director of financial processing, Greif, Inc.

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by Tom von Gunden

Installation Profile

Technology User: $1.9 billion industrial packaging manufacturer Greif, Inc. (Delaware, OH) produces corrugated containers, water bottles, and drums made of fiber, steel, or plastic. Its more than 170 operating facilities in more than 40 countries include more than 70 North American facilities that recently centralized on the Baan ERP (enterprise resource planning) platform.

Problem: After its ERP standardization project, Greif looked to centralize its AP (accounts payable) processes. Traditionally, each plant collected paper invoices from suppliers, completed three-way matches (among purchase order, receipt, and invoice), and photocopied the documents before mailing the originals to headquarters. There, staff manually entered data from the forms into the payment processing system, and each packet was manually double-checked by a second staff member for verification. As Greif grew via acquisition, the inaccuracies and inefficiencies of its AP processes were becoming costly.

Solution: Greif brought its scanning operation in-house and centralized the receipt of invoices. Now, all invoices are sent directly from suppliers to Greif's corporate headquarters for scanning. To reduce its reliance on manual data entry and document verification, Greif brought in forms processing software from AnyDoc Software, Inc. (Tampa, FL), as well as workflow tools in Hyland Software's (Westlake, OH) OnBase suite. Using AnyDoc's intelligent templates for recognizing suppliers' invoices, Greif's imaging and workflow solution allows scanned invoices to be quickly and automatically entered into the AP module of the Baan ERP system.

For most organizations, efficiencies in AP (accounts payable) processes are not nearly as sought after as those related to AR (accounts receivable). After all, AR is about getting money in — preferably as quickly and efficiently as possible. AP, on the other hand, is about watching the money go out. Why would an organization want to be in a hurry to do that? So what if the organization's performance when it comes to paying invoices is less than stellar? Well, it does matter, of course. For instance, a manufacturer that needs to quickly and reliably get its own products to the market cannot afford to toy with the pricing discounts and/or fast service it receives from its suppliers. Having a reputation as a bad payer jeopardizes those external relationships. It gets the organization's financial execs thinking: "If we don't always process invoices in a timely manner, will we continue to be thought of in our industry as a valued partner?" Those outward-looking concerns are certainly understandable and are important to address. But, even industry leaders that have established solid reputations as trusted payers may want to reexamine their AP processes. Even if there is no immediate threat of damaging supplier relationships, there may be internal inefficiencies piling up at a cost.

One industry leader that didn't like what it saw when it examined its AP processes is Greif, Inc. The $1.9 billion industrial packaging manufacturer sensed that growth by acquisition (the company now has more than 170 facilities across more than 40 countries) meant that its traditional methods for processing invoices were in need of an over-

haul. In its North American operation, in particular, where more than 70 facilities were each handling incoming invoices, unnecessary AP costs were escalating. Greif had been handling invoices from its more than 12,000 North American suppliers via a paper-conversion process requiring an inordinate amount of redundancy and manual labor. "We wanted to drive costs out of the system," says John Ries, director of financial processing for Greif. "That's always the driver for change." So, Greif decided to stop the bleeding and automate much of its AP processing with document imaging and workflow tools.

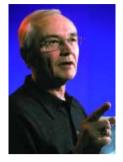### Roll In The Scanners, Rip Out The Keyboards
Traditionally, suppliers mailed invoices to the various Greif facilities that had actually made the purchases. That routing procedure required all facilities to devote time, labor, and space to the task of handling invoices. Staff in the mailrooms would retrieve invoices and create a payment packet by attaching them to the original purchase order and receipt. Then, a manager would review the packet to make sure there was a three-way match among the key related documents. Plant staff would photocopy the documents and file them on site before batch-mailing the payment packets to Greif headquarters.

At headquarters, information from the invoices was manually entered into the payment-processing database. To verify that the first staff member had correctly keyed in the information, a second staff member reviewed and verified the data that had been entered. Then, the documents were sent off-site for scanning and archiving by an outsourced

provider. Electronic files containing the document images were forwarded to Greif, where staff would then manually enter the document ID number and certain key words in order to populate the database with relational information such as supplier number, batch number, and the amount of the invoice.

> ## "The process of scanning and storing documents [via outsourcing] was costing us $75,000 to $100,000 a year."
>
> *John Ries, Greif, Inc.*

made it much easier to centralize Greif's payment processing operations. So, Greif decided to shut down the distributed collection process and, instead, have suppliers send all invoices to corporate headquarters.

The process was cumbersome, to say the least. "We were burdened by a lot of costs stemming from redundancies," says Ries. "The plants were collecting the documents and keeping copies, and then we were bringing them to headquarters. Just the process of scanning and storing documents was costing us $75,000 to $100,000 a year."

Weave Capture With Workflow

As Greif grew by acquisition and its number of facilities increased, the company knew it had to centralize more of its processes in order to gain efficiencies. A first step was pulling all of its North American facilities onto a common ERP (enterprise resource planning) platform from Baan. Having a standard ERP system

To handle those incoming invoices, Greif also decided to bring document scanning and imaging in-house. Integrated with its scanning station are various document imaging software tools from AnyDoc Software, Inc., including AnyDoc®INVOICE. The AnyDoc forms processing tools extract data from scanned invoices, validate the captured data, and then push the images through a workflow system for approval, auditing, and payment. The workflow tools are part of Hyland Software's OnBase software suite. "AnyDoc talks directly with our ERP system," says Ries. "Once we put in a purchase order number, the system goes off and verifies the supplier. OnBase is also talking directly to the system, verifying key words and general ledger distribution codes."

After a scanned document is verified by AnyDocINVOICE,

Don't Fear The Unfamiliar Invoice

As $1.9 billion industrial packaging manufacturer Greif, Inc. (Delaware, OH) grew by acquisition, it looked to move distributed processes to centralized platforms. Starting in its North American operations, that initiative has changed Greif's methods for handling paper invoices. No longer collected and filed at each Greif facility, invoices are now sent by suppliers directly to Greif's corporate headquarters. There, they are scanned and routed for AP (accounts payable) processing via workflow tools integrated with Grief's centralized ERP (enterprise resource planning) system.

Handling the conversion of paper invoices to electronic images is AnyDocINVOICE from AnyDoc Software, Inc. (Tampa, FL). AnyDocINVOICE comprises three of AnyDoc's document imaging and forms processing products: CAPTUREit, which handles the scanning; OCR for AnyDoc, which extracts data from the resulting OCR (optical character recognition)-verified images; and BROKERit, which manages the electronic storage and retrieval of invoice data and images.

Relying on keywords and characteristic topographies of invoices, OCR for AnyDoc captures relevant invoice data without needing predefined templates. Instead, the system's built-in intelligence works to recognize features of the various invoices it processes. According to John Ries, Greif's director of financial processing, the AnyDoc system is providing better than 99% accuracy in verifying scanned data. "AnyDoc works up templates

Built-in intelligence allows AnyDocINVOICE from AnyDoc Software to hone recognition of new and unfamiliar forms.

based on a sampling of our invoices," Ries explains. "Since our suppliers' invoices vary, the system must be able to recognize different characters in different positions on any given invoice. The AnyDoc system learns each time it sees an invoice. So, the more often it sees a given form, the easier and more accurate the verification process becomes. As time goes on, we can automatically process a whole lot more paperwork."

Having formerly devoted inordinate amounts of labor to invoice-processing, Greif welcomes the automation AnyDoc brings. The system's user interface simplifies the minimal human intervention now required to verify forms. "Because the system learns and improves over time, it presents very clear choices to our operators," Ries explains. "It intelligently starts on any new invoice by looking in the upper right corner for invoice data and number. If it doesn't find a slash-separated series of numbers indicating a date, the user can left-click on that data field, and AnyDoc remembers it. It works the same way with the invoice number. If the number is correct, the user just clicks on it, and AnyDoc populates the form. Once AnyDoc recognizes the format of a document, it automatically reads it, even if some of the data is handwritten."

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it is pushed through a series of OnBase workflow queues, where business rules are applied. The first test is whether the invoice has a matching purchase order and receipt. If it does, and the dollar amounts on all three match, the invoice is routed to Baan for auto-processing. If, for instance, the receipt is missing, the invoice is routed to a queue where it waits for the receipt to come in. After five days, if the receipt still hasn't arrived, the invoice is routed to a queue for the specific plant that makes the original purchase. An administrative staff member from that plant checks the queue daily and researches missing receipts. "The workflow engine manages all of this," says Ries. "We also have different queues set up for post-payment processing. Items coded as capital expenditures go to a capital queue. Items coded for specific tax issues go to a special queue earmarked for review by our tax department."

Savings From Scanning Cross The Enterprise

Although the new document imaging and workflow solution has been in place only since July of 2003, Greif is already achieving measurable benefits in terms of increased efficiencies and reduced costs. Based on cost analyses from the months already under its belt, Greif anticipates savings of $40,000 per year in reduced mailing costs because it no longer mails payment packets from plants to headquarters. It anticipates saving an additional $75,000 to $100,000 per year by no longer paying for an outsourced scanning service. While those reduced expenses are significant, it's in the area of labor where the most profound cost savers are expected. With copying, filing, and mailing of invoices taken out of the hands of staff at each plant, Greif anticipates cost reductions of $280,000 to $300,000 per year for document-processing labor at the plant level. At the corporate level, where the AnyDoc and OnBase tools have automated much of the process, Greif anticipates a $440,000 per year reduction in labor costs.

And, Greif isn't done yet. It plans to bring more of its processes onto the document management platform and pull more efficiencies and cost savings as a result. It plans, for instance, to use the system to house sales invoices and to manage the processing of freight bills from Greif carriers. "We're going to bring all of our sales invoices into the system so our salespeople will be able to review all invoices for their customer accounts," Ries explains. "We're going to bring freight bill processing back in house. We've been processing about 300 freight bills per day through a third-party provider. We'll be able to give our AR people fast access to images of delivery tickets and bills of lading when they're working to collect on a past due account. There will be some real savings in the cost of retrieving the documents."

One other new initiative reflects Greif's decreasing reliance on paper-based payment processing. Greif is piloting a method that allows its buyers to use a Web-based purchasing card to prepay purchase orders. Already, the strategy has reduced the amount of paper invoices coming in from 1,400 per day to as few as 800. "We've been pushing the use of purchasing cards to eliminate a lot of our invoices," Ries says. "The user goes out on the Internet and verifies that the charge actually hit our account. They can verify the purchase almost in real time." Of course, for Ries and the payment processing team at Greif, eliminating delay is the key to reducing processing costs. "No matter what type of payment-related document we have to deal with, the objective is always to get it into the system more quickly," Ries says. "The sooner it's visible in our system, the sooner we can tell whether or not an invoice has been paid. And, if we can eliminate some of those invoices, we'll drive even more cost out of the system." ❑

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