



## Web, Workflow, Wow! Centralized AP at Verizon

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Companies that shift traditional transaction processes to Web browsers or self-service applications have **42% lower finance costs** than average companies.

Top-performing companies leverage the value of their technology investments to shrink the cost of finance to as little as 0.48% of revenue. Companies that fail in this regard end up spending as much as 2.54% of revenue to support their finance function.

*Hackett Group Ongoing Finance Benchmarking Study*

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### Introduction

A reduction in finance costs, and finance costs as a percent of revenue, are two measures of efficiency used by the Hackett Group in their best practices benchmarking studies.

Hackett's ongoing benchmarks are recognized as the largest and most comprehensive in the world. Nearly 2,000 organizations participate in the studies, including 100% of the Dow Jones Industrials, 90% of the Fortune 100 and 84% of the Dow Global Titans Index. Verizon, a member of all three groups, is a Hackett Benchmarking participant.

Just as the Hackett studies suggest, the Verizon integration of the Global 360 Business Process Management (BPM) toolset with web-enabled Accounts Payable leveraged the technology investment which resulted in lower finance costs, tighter expense controls and improved customer service.

The following Case Study examines how Verizon and PBT, a Global 360 preferred partner, redesigned the Travel & Expense (T&E) process, improved service, reduced turnaround and lowered costs. Verizon chose Global 360 and PBT after a rigorous selection process that included RFP response analysis, candidate presentations, extensive discussions with references, and the development and delivery of a *Proof of Concept* demonstration system.

## **The Business Environment**

Verizon has over 100,000 potential users of the integrated AP/Global 360 BPM workflow system. In the Eastern Region of the United States alone, users submit an average of 56,000 transactions and 272,000 pages of supporting invoice, receipt and cash advance documentation per month.

During the initial phase of the BPM project, the Verizon team identified numerous criteria by which to measure post-production success. These included obvious benefits such as less paper; a ‘flawless’ transition from manual manila envelope submission to online image review; a production rollout that mandated no desktop software installation; and 99.9% on-line system availability.

The T&E submission process prior to BPM required employees to prepare a manila envelope containing documentation for each expense report, voucher and cash advance transaction they entered in AP. The exterior of the envelope described its contents. After local management approval, the envelope was forwarded via interoffice mail to one of four regional AP processing centers for payment.

At the processing center, envelopes were distributed to AP staff for verification of the transaction entry. If there were no inconsistencies the AP voucher or expense sheet was released for payment and posting. If there were problems, AP denied payment, returned the envelope to the originator, and notified the submitter by e-mail.

The manila envelopes were kept at the regional centers for 3 months in case questions arose, then stored offsite for the remainder of 7 years. A monthly random audit of processed envelopes was conducted based on a printed report. Clerks spent significant time collating and batching incoming AP envelopes; filing and storing processed AP envelopes; and retrieving envelopes from onsite storage areas for the post-payment audit.

## **Anticipated BPM Benefits**

Verizon expected to achieve the following financial and procedural benefits by adding BPM to their web-enabled AP process:

- The elimination of the costs associated with envelope purchase, filing, distribution, and storage
- The reclamation of regional AP processing center onsite and offsite storage areas
- Web-based employee self-service access to supplier bills, expense receipts and cash advance documentation during and after processing
- The automated synchronization of online document review and approval with PS transaction status
- The opportunity to increase the percentage of post-payment audits
- The elimination of costs associated with envelope retrieval for random internal and external audits
- An improvement in the overall quality and completeness of submitted documentation
- The closure of one AP processing center by eliminating the AP verification and release process
- An all but transparent implementation with no desktop software installation and minimal procedural changes.

Close cooperation between Verizon's information technology team, AP project specialists and PBT was a key success factor. PBT focused on background processes, barcodes, fax submission and G360 integration. Verizon focused on the user interface, e-mail, security and PS integration. A PBT developed scheduled task synchronized nightly PS batch processing with G360 document status and subsequent document archive.

## **The Redesigned Business Process**

To field-based users, three new buttons on the Voucher and Expense Sheet modules indicate BPM deployment: *View Image*, *Bar Code* and *Delete Image*. The buttons are enabled when an image is associated with an AP voucher, cash advance or expense transaction. AP's role in the approval process has been eliminated, improving payment turnaround to the day following management approval.

- After entering an AP invoice or expense transaction, the originator clicks **Bar Code** to print a fax coversheet of attributes placed on top of the supporting documents and faxed to the listed number.
- BPM auto-indexes the fax submission from the barcoded values and associates it with the AP transaction, generating e-mail notification with an http link and submission instructions to the originator.
- The originator confirms document clarity, reviews the AP transaction and submits it for approval.
- The approver approves or denies the submission. Approval releases the transaction for payment. The approver's action generates an acknowledgement e-mail to the originator with submission status, an http link, and the action, if any, needed to insure payment.
- Using the link, the originator may view or delete an image, submit additional documents, or modify the AP transaction.
- Once the transaction is approved, no changes/additions can be made and no further action is required.

## **Preparing for Rollout**

The Verizon web-cast product used in training field-based users was crucial to the successful rollout. AP developed the web class delivered live two times a day during the initial two months of the rollout and four times daily following the flash cutover.

Students registered for class online. While sitting at their PC's, they watched and listened as the instructor discussed the AP modifications in real time. They could immediately review the modules themselves to insure they understood how to print a cover sheet, modify a rejected submission, and retrieve submitted documents. Students had the best of all worlds: class participation from their own workstation, a live instructor to answer questions and a real time system on which to immediately validate instructions and test their skills.

The first pilot began with about 200 employees who reported to the AP and Information Technology (IT) managers responsible for the project. A month later, a second pilot was rolled out to the remaining 2,000 employees reporting to the Vice-president's of Finance and IT. Two months later the flash cutover to the rest of the company was completed.

## Business Outcomes

The integration of Global 360 BPM with AP allowed Verizon to “*leverage the value of their technology investments to shrink the cost of finance*” just as the Hackett Group had predicted. Verizon also won the prestigious Aberdeen Award for “Best Practices in Invoice Reconciliation and Payment” for their BPM-enabled T&E deployment.

The Verizon integrated AP Time & Expenses Solution met all its project objectives.

- Field-based users acclimated quickly to the fax-based T&E review process
- More care was taken with expense submissions, knowing that each piece of supporting documentation was available for immediate viewing
- The elimination of the AP review process resulted in the closure of one of four regional AP centers
- Employee expense payment turnaround improved by a minimum of 24 to 48 hours
- The monthly transport, storage and archive of thousands of envelopes and the associated cost was eliminated
- Receipts lost in interoffice mail were eliminated
- Less than 1% of faxed images error
- The system averages 99% on line availability.

## About PBT

PBT can help you meet your productivity goals, improve your competitive position, and provide better customer service by automating time-consuming tasks and providing you with content and business process management-enabled solutions second to none. Our experienced business professionals deliver skilled project management, award winning process redesign, creative workflow solutions and ergonomically satisfying user applications.

Our customer commitment:

- Your anticipated return on investment is always achieved and frequently exceeded.
- Your business goals are reflected in our solution templates.
- Your self-sufficiency is our deployment goal.

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