

Case Study

Utilities



CPS Energy Leverages Kofax Intelligent Capture & Exchange Solution to Automate Invoice Processing System

Nation's Largest Municipally-Owned Energy Company Reduces Average Invoice Processing Time by Approximately 80 Percent

Founded in 1942, CPS Energy is the nation's largest municipally-owned utility company providing both natural gas and electric service. Headquartered in San Antonio, the company employs more than 3,800 people and earned revenues in excess of \$1.75 billion.

CPS Energy serves approximately 690,000 electric customers and nearly 320,000 natural gas customers in and around San Antonio. Their 1,566-square-mile service area includes Bexar County as well as sections of several surrounding counties. Due to the utilization of a diverse mix of fuels, CPS Energy customers' combined energy bills rank among the lowest of the nation's 20 largest cities, making their service both reliable and affordable.

The Challenge

CPS Energy works with thousands of vendors that provide everything from copper wire to transformers to utility poles and is responsible for processing 6000 invoices on average each month. Prior to implementing the solution, the entire payment process was manual with each invoice requiring an average of 30 days to process and an average of 21 touches per invoice throughout the payment cycle.

Since the process was manual, the accounts payable department had no electronic tracking capabilities in place to track work in process or find invoices easily. Therefore, when invoices were lost in the mail, employees had to re-contact the vendors, which required the entire process to be restarted, resulting in late payments and wasted time.

The company wanted to centralize and streamline invoice processing with a data capture solution that would allow invoices to be easily stored and routed electronically, which would save shipping costs, reduce cycle time and

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move them closer to a paperless office. CPS also wanted a solution that would intelligently capture invoice data from scanned documents and integrate with the SAP enterprise accounting system. Invoices also needed to be accessible to any user at any time, which would better utilize the company's labor resources.

The Solution

CPS Energy chose Kofax Certified Solution Provider BCS Systems to develop and implement a solution that would automate the invoice processing system and increase efficiency. BCS Systems designed a solution that leveraged Kofax Intelligent Capture & Exchange, which serves as the foundation for Kofax's strategy to help organizations streamline business processes by capturing documents in the front office, where they originate, and moving such information in real time to transactional business processes.

"We worked with Kofax to create a solution for CPS Energy that would meet certain productivity goals, such as reducing the invoice payment cycle by at least 25 percent," said Jon Gibson, CEO at BCS Systems. "During our initial analysis, we found that their paper-based process required significant manual labor, time and expense to keep such volume moving, and we knew there was a much better way to manage it all."

CPS Energy's invoice processing solution incorporated key elements of Kofax Intelligent Capture & Exchange, including:

- Kofax Capture, the world's leading information capture platform, which automates data capture from scanned paper or imported documents.
- Kofax Transformation Modules, which streamlines the transformation of business documents into structured electronic information by automating the processes of document classification and data extraction.

Incoming invoices arriving at the company's San Antonio headquarters are captured and stored using Kofax Intelligent Capture & Exchange, which extracts the data using optical character recognition (OCR) and bar code technology. The data is then validated and transferred into the pre-existing SAP system, which BCS had incorporated with an existing document management repository. This makes the SAP workflow more efficient with a streamlined retrieval process and full electronic tracking capabilities to easily find any invoice.

"Following a smooth six- to eight-month implementation by BCS Systems, the Kofax solution has proved itself complementary to our existing SAP system," said Lawanda Parnell, Senior Director of Enterprise Application Delivery at CPS Energy. "Since the systems are closely integrated, our employees are able to search for invoices in the system independently, which creates greater efficiency – and relief – within the accounts payable department."

Results

With a fully automated invoice processing solution in place, CPS Energy has met and exceeded their set objectives, which included centralizing invoice processing, reducing the invoice payment cycle by 25 percent and better allocating labor resources.

On average an invoice which previously required 30 days to process now takes 5.6 days, an approximate time savings of 80 percent. This has freed the accounts payable department to redeploy its staff to take on more strategic and business-critical tasks, instead of manual data entry, and spur growth in the company.

Furthermore, invoices are now "touched" five times on average, a reduction from a process that previously required 21 touch points from start to finish. Since employees have full electronic tracking capabilities, their ability to retrieve invoices and "talk" with the existing SAP accounting system is also considerably improved.

CPS Energy is recognized nationwide for its ability to provide low-cost power to customers through the use of alternative fuels and sustainable sources. Following the successful implementation of their Kofax solution, the company can now pass along additional savings and added value through increased efficiency in their accounting operations.

"We consistently deliver value to our customers through forward-thinking, environmentally sustainable practices," Parnell continued. "This robust Kofax solution allows us realize even more savings through lowered costs, maximized productivity and reduced data entry error."

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