



SUCCESS STORY FOR BANKING AND FINANCIAL SERVICES

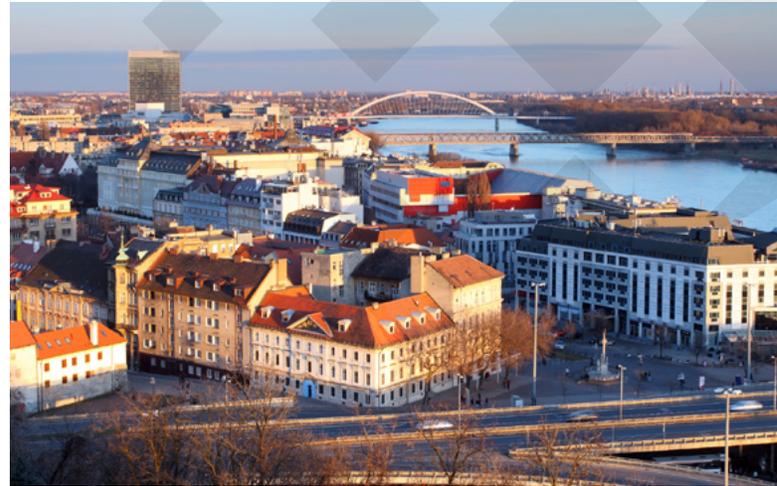
Allianz Business Services

As one of the leading companies in the insurance industry, Allianz successfully put the idea of a shared service center (SSC) into practice in order to handle business processes better than before. Using Kofax Capture, in just two years Allianz Business Services (ABS) optimized incoming invoices and processing in six Central and Eastern European countries. Today, invoices and the associated paper documents are scanned on location and transformed into reliable accounting information, which is then handed over to Kofax partner WMD for processing in SAP.

Challenge

The Kofax project started first in Eastern European countries after a successful SAP implementation. This system was instituted in the course of Allianz's decision to set up a joint SAP system for all countries worldwide and to establish a uniform SAP template in order to make the data more transparent, increase its quality, and especially to make faster month-end closings possible. In many countries, therefore, there was a need to act. This was no less true in Eastern Europe, where up to that point the local Allianz subsidiaries had been using a mix of SAP, Oracle, and local ERP systems. This heterogeneous situation provided the incentive for a general re-thinking of central services for Eastern Europe. Therefore, Allianz's first shared services center, Allianz Business Services, was set up in the Slovakian capital of Bratislava. From Bratislava and a second location in Košice, the SSC with its 120 employees today offers all back-office services relating to the topics of IT and financial accounting, in addition to SAP hosting.

"A central location like the SSC offers the opportunity to exploit previously unused synergy potential. During the SAP roll-out in Eastern Europe, for example, it became clear that we needed to optimize invoice processing," said Sven Rossbach, CEO and COO of Allianz Business Services.



The Allianz Group is one of the world's leading integrated financial service providers. Currently, with its 152,000 employees, the company serves approximately 75 million customers in about 70 countries. In 2010, the Allianz Group achieved sales of approximately EUR 106.4 billion and managed capital assets valued at EUR 1,164 billion for its customers.

In order to stay competitive and increase the value of the company in the long run, Allianz does not simply satisfy itself with good financial results. Instead, the company consistently attempts to improve success factors that include a global presence and simplified business processes. Therefore, Allianz founded Allianz Business Services s.r.o. (ABS) in Bratislava in 2006 in order to offer IT services to its Eastern European subsidiaries, to provide centralized hosting for applications such as SAP, and especially to transition accounts payable from a paper-based process to an automated and centrally-managed workflow.

Products in Use:

- ◆ Kofax Transformation™
- ◆ Kofax Capture™
- ◆ Kofax VRS Elite™

Focus: AP Automation for SAP

“Our main goal was to transform our accounts payable function into an automated, digital process. All incoming invoices were to be streamed as digital documents as quickly as possible into an electronic workflow, be processed centrally, and then paid immediately.” The project was dubbed “VIP” (Vendor Invoice Processing) and had a demanding schedule spanning just two years.

Solution

The functional specification for the sought-after process automation solution was divided into two essential areas: document capture and workflow. For the document capture, the wish list included simple handling and perfect scans even with poor-quality original documents in order to create a digital document quickly. Crucial for the people in charge was that after the scanning via OCR technology (optical character recognition), the key terms should be identified in order to automate assignment processes. Therefore, the capture solution had to be integrated perfectly into the workflow that handles incoming invoices. For the capture solution, special value was placed on a seamless integration with SAP so that the invoice processes could be mapped automatically within SAP.

For the document capture portion, Kofax Capture quickly emerged as the first choice, in no small part because some local companies had already used Kofax to implement various projects successfully. For workflow, ABS selected Kofax partner WMD, which with xFlow Invoice offers a proven workflow solution integrated into SAP and also has the knowhow to handle the entire Kofax component of the project.

The first countries connected were Poland and the Czech Republic, which have been working with the new all-in-one solution. Later, Bulgaria, Croatia, Hungary, and Romania were converted successfully, and in some of these local companies, the SAP functionality had also been expanded in order to better integrate ordering and purchasing with accounting. Slovakia and Russia will be the last building block in the conversion process put in place. WMD is in charge of the installation of the project; together with five employees of ABS, it is also responsible for support.

After the implementation of the Kofax solution, the process for accounts payable looks like this: The scanning of payment requests and incoming invoices is handled by the local companies. Here, Kofax VRS Elite™ generates perfect images – almost regardless of the quality of the originals – so that the documents can later be indexed and read out more easily. Every ten minutes, a batch job runs, which transmits the scanned documents securely via a WAN connection to Kofax Capture in the Bratislava SSC. There, the header and item data are pulled from the documents by Kofax Transformation™ using

“The results speak for themselves: faster and more transparent processes, lower costs, more satisfied suppliers, and an always up-to-date view of the company’s cash flow situation.”

Sven Rossbach, CEO and COO of Allianz Business Services s.r.o.s

intelligent data extraction. If there are any problems, the document is directed to a clerk at the SSC for manual validation. After that, the data is transmitted to the particular SAP accounting area and completed by the SSC clerk. The approval and release process is handled by xFlow Invoice which, after assignment of the invoices, directs them for release to the appropriate responsible local employee in the country. After approval of the invoice, the payment process is initiated by the SSC via SAP.

Results

Kofax’s distributed capture solution has greatly simplified document capture in the entire company and completely eliminated the problems of the past. One of the most important results here was the reduction in the time required for the invoice run. In some countries, there is now an interval of just eight hours between receiving an invoice and paying it—a drastic improvement compared to four days, which had been the normal time frame. Thanks to the workflow, the number of invoices requiring immediate payment has been constantly reduced, and thus the manual effort required of the local company and the SSC has been significantly reduced as well.

It has been possible to lessen the number of overdue invoices by 50%, whereby the long-term goal is naturally close to 100 percent. VIP 2 will help to achieve this goal. It is an expansion of the system that the SSC now offers the local companies. Here there are statistics and evaluations that show in detail how the payment processes in the country have developed and where weak points remain. In addition, ABS now has an easily-accessible central archive of all invoice documents within SAP, and it can fulfill all compliance requirements.

“The Kofax solution is nearly error- and maintenance-free. Therefore, we want to standardize additional processes step by step and digitize them,” says Sven Rossbach, looking forward. “With our VIP 2 project, we have already implemented employee travel-cost accounting and incoming invoices via PDF in some companies, and it will be very easy

to expand these functionalities to include other countries as well. Currently, only about 10 percent of accounts payable arrive in electronic form, but the trend is upward.”

Another important step is the further introduction of SAP Procurement. Previously, a majority of incoming invoices did not have a corresponding order in SAP. In the future, it should be possible to register orders with SAP Procurement so that not just the invoice but the order can be approved in SAP. Then ABS will have a fixed booking code (order number) from the very beginning, and it will be possible to speed up payments even more with Kofax.

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