

ConAgra Foods

ConAgra Foods Streamlines AP Processing to a Shared Services Approach with Kofax MarkView for AP.

Kofax AP Automation Suite Enables Lean Self-Service Accounts Payable Supplier Portal.

Beginning with the adoption of SAP as its enterprise resource planning (ERP) tool, the company selected Kofax MarkView® for AP for its integration with SAP and its proven track record of best practice implementations for end-to-end processes. Kofax's extensive finance automation experience, robust out-of-the-box functionality, and validation by third party experts such as the Gartner Group and the Hackett Group were also key factors in the adoption of Kofax MarkView for AP, which went live at ConAgra Foods in February 2008.

A multi-year, multi-faceted, phased approach had as a key element the establishment of a business shared services center in Omaha, Nebraska for transactional accounting, including accounts payable, accounting, time and expense, inventory, payroll, and accounts receivable. At the outset, ConAgra Foods processed 250,000 invoices yearly and expected the volume to grow to more than a million annually.

The Challenge

At the beginning of this multi-year process, ConAgra Foods operations were distributed and managed on a plant-by-plant or function-by-function basis, which involved multiple AP systems and processes, as well as multiple sets of controls, audit processes, reporting processes, and storage systems.

Invoices were received at each plant location in paper form and managed with plant-specific processes and technologies. The invoices were stored using P8 after the fact scan and store, or in hardcopy form. It was difficult to gather enterprise metrics for analytical purposes across these distributed systems, and there was a lack of accuracy in tracking the number of invoices, the cost of each invoice, discounts for early payment, and the impact on key suppliers. In addition, there was inadequate visibility into the invoice approval



With nearly a century of success in the food industry, ConAgra Foods has always aimed to set new standards in both the quality of its food offerings and in the efficiency and effectiveness of its business practices. A Fortune 500 company with more than \$12 billion in net sales for its fiscal year 2010, ConAgra Foods began an initiative in 2001 to evolve the company's information processing from the traditional, decentralized system, where information was segmented into silos, to a centralized processing structure with consolidated information.

Products in Use:

- ◆ Kofax MarkView® for AP

Focus: AP and Invoice Automation

"We wouldn't be anywhere close to where we are without the front-end capabilities that MarkView and SupplierExpress have given us. When we started this process three years ago, 55% of the invoices were past due when entered. Today, 93% of invoices are paid in accordance with terms. That's a huge swing."

Pam Russavage, Manager Finance of Accounts Payable and Freight Payables, ConAgra Foods

process as well as limited procurement efficiency and cumbersome manual controls in place.

The adoption of Kofax MarkView for AP dramatically simplified the invoice process for ConAgra Foods by eliminating the receipt of invoices at multiple locations and setting up immediate capture of faxed, email and EDI rendered invoices at a central location. Invoices are now immediately captured into SAP and a streamlined workflow handles exception management and coding, approval and payment, which ensures greater efficiency for AP teams. This standardized process provides visibility throughout, eliminates data duplication, speeds the payment process, and delivers increased financial controls.

When ConAgra Foods began consolidating its multiple AP systems into a single ERP system in 2008, "The number of AP helpdesk requests from suppliers looking to determine the status of their payments went through the roof," said Pam Russavage, the Manager Finance of Accounts Payable and Document Management. "We didn't have a good database or a good case tracking system to be able to manage those requests for information. We wanted to go to something that was more supplier based and self service."

The Solution

Russavage's team performed a review of leading providers of self service supplier portals, including the SAP Supplier Network tool. She said, "We decided that there was too much configuration required there. Because Kofax SupplierExpress™ was part of the Kofax MarkView suite, and we had had such good results with our relationship with Kofax, it really was number one on our list. It was simple to use."

ConAgra Foods worked with Kofax® to implement SupplierExpress with the MarkView workflows. "Kofax has created two custom workflows for our team. One for non-SAP Marketing invoices, and one for our Freight Pay invoices. These custom work flows have assisted us as we convert the marketing department and freight payables to our standard ERP process. The invoices come into the system either via email, fax or mail, are scanned into the system, then go into our standard workflow queue," explained Russavage. "Some are routed for approval, while some are applied against a purchase order. It's been a huge benefit to us to have the invoice detail within the system. It's really improved our processing."

Going live with SupplierExpress in June of 2010, ConAgra Foods AP team began with a pilot project involving three suppliers. Based on the swift success of the pilot, Russavage's team sent out invitations to their top suppliers who placed the most calls to the AP helpdesk. Russavage said, "We had identified 60 of our many suppliers who seemed to have the most activity with the helpdesk and who were more often seeking payment status."

Russavage and her AP team coordinated with their procurement organization to find out which suppliers were asking questions that could be answered through SupplierExpress, then began approaching them to join the system. "Now it's almost second nature," she said. "As we get more suppliers who are asking us for invoice status more than once a week, we invite them to SupplierExpress. We recently went moved our marketing department into the SAP accounts payable process, so we expect to see a lot of those suppliers onboarded to SupplierExpress during the next six months."

The Results

ConAgra Foods AP group has eliminated 40 percent of its supplier calls through the implementation of Kofax SupplierExpress, which improved AP efficiencies. Russavage explained, "Most of the suppliers have become proficient in the use of the tool after one or two sessions in the system. Because SupplierExpress is intuitive and flexible, they can get the information that they're looking for quickly. We've eliminated 40 percent of the calls we get, including a large number of the repetitive ones. That was the goal!"

"We have rolled out all of our consumer plants, our corporate SG & A (Sales, General and Administrative), and now our mills locations without adding any AP headcount," Russavage noted. "We can scale our processes significantly, but keep our costs flat. Self-service is a leaner process for us. It eliminates multiple contacts for the same issue and provides a level of supplier satisfaction. The suppliers get the information they're looking for a whole lot faster."

As the volume of invoices processed has increased and helpdesk calls have decreased, ConAgra Foods was able to reduce staff and save up to 25 percent of its traditional AP labor costs.

ConAgra Foods has also gleaned a great deal of value from its ability to get visibility of invoices within the enterprise,

from the AP team to purchasing to receiving teams at various plants in order to perform discrepancy resolution.

When measuring return on investment, ConAgra Foods looks at the reduction in front-end workflow, the reduction in helpdesk calls, and the number of invoices paid in accordance with terms. "We wouldn't be anywhere close to where we are without the front-end capabilities that MarkView and SupplierExpress have given us," Russavage said. "When we started this process three years ago, 55 percent of the invoices were past due when entered. Today, 93 percent of invoices are paid in accordance with terms. That's a huge swing."

Going forward, ConAgra Foods believes that its Kofax solutions can help in two major ways: by using use SupplierExpress to allow suppliers to provide updated remittance information electronically and leveraging the information captured in the queues and using MarkView's analytical tools to complete root-cause analysis.

Russavage said: "Reporting at a buyer, plant, platform level, combined with identification of the issue will assist us in resolving problems that adversely affect our first pass match rate. Resolution of those problems will assist us to achieve our ultimate goal of becoming a world-class organization. If we can report at a buyer level where we're having a problem and roll those buyers up to a plant or roll problem invoices together by supplier and potentially by platform, buyer, material, etc., maybe we can identify and resolve some of the issues that will help us achieve our ultimate goal of enabling a world-class, first-pass match rate."

Read more stories of success from our global customers at kofax.com

