

Cosmetics Leader Transforms Accounts Payable through Outsourcing, Automation, & Analytics



Client Profile

The client is a 2.5B+ leading global beauty and cosmetics company with a diversified portfolio of 15+ brands sold in more than 150 countries. Publicly traded in the New York Stock Exchange, their products are sold through a variety of channels including Big Box Retailers, High-End Department Stores, Convenience Stores, Beauty Salons, and E-commerce.

BUSINESS CHALLENGE

The vicious cycle of AP manual processing, errors & delayed payments

The company had successfully consolidated its Americas' Finance & Accounting functions from several business units and locations into a [hybrid shared services model](#) which leveraged Auxis' Costa Rica operations as its BPO partner.

Concurrent with the BPO migration, the client migrated 2 of 3 business units to a new ERP (SAP) while leaving the third business unit in its own legacy ERP. Over the course of the implementation, several poorly executed technology enhancements and process changes within the Procure to Pay process were impacting the client's ability to effectively manage the Accounts Payable functions.

Key AP challenges included:

- Disrupted EDI processes significantly increased the number of **manually processed invoices** leading to significant use of temps and overtime to keep up with volume and an unacceptable rate of **processing errors**.
- Upstream and downstream process changes created **3-way match exceptions**. Exceptions were cured through manual processes and prevented the invoices from being entered into the ERP.
- The client did not have a consolidated and accurate picture of AP aging and total outstanding liabilities leading several vendors to put the client **on hold due to payment issues**.
- Payment delays spiked vendor inquiries and holds which creates even more manual work and delays.

Finally, at a point of desperation the client turned to Auxis as its BPO partner to help stabilize and fix the broken Procure to Pay function.

SOLUTION & APPROACH

Auxis quickly mobilized a team of Procure to Pay optimization experts from both its finance transformation consulting and BPO operations practice to perform a rapid review and triage of current issues. The review included:

- Walkthroughs and strategic interviews with key stakeholders to understand pain points.
- Issue identification & prioritization to support deeper actions based on root cause analysis.

Upon completion of the review, Auxis constructed an action plan with a two-pronged focus:

1. Short-term triage activities to quickly improve visibility, quality, oversight and responsiveness in order to stabilize the AP function so that the team could work towards longer term process improvement initiatives:

- Consolidated 10 separate mailboxes for invoices and inquiries into a newly implemented **SysAid service management tool** to track and manage invoices and exceptions.
- **Utilized RPA UiPath** to pull data from various systems into a data warehouse and created real-time PowerBI **dashboards** to provide one version of the truth for Key AP metrics including:
 - ✓ Size of liability
 - ✓ Accurate aging
 - ✓ Time to process
 - ✓ Accuracy by processor
 - ✓ Exception backlog statistics
- Implemented **daily cross-functional standup meeting** in order to review manage and cure the exceptions backlog until backlog returned to normal levels.

2. Long-term process improvements to achieve higher levels of sustained efficiencies and automation:

- Implemented robust **Quality Assurance and Performance Management processes** where the processing team would perform QA audit on significant samples of invoices processed by their team members in order to provide quality and efficiency stats. Individual and team performance was reviewed daily with the processors in order drive performance.
- **Identified and tracked exception types** in order to prioritize root cause analysis of most common exceptions and streamline the process to cure exceptions.
- **Restored EDI processes** that broke during the various system conversions greatly reducing the number of invoices processed manually.
- Reconfigured **3-way match automation tool** in SAP in order to allow further automation of the 3-way match process and to utilize workflow to close match exceptions.
- Launched **Continuous Improvement program** along with cross-functional client team to address other long-term fixes to the End-to-End Procure to Pay Process.



RESULTS

As their BPO partner, Auxis was able to completely transform the client's AP function by bringing best-in-class practices and automation while allowing the client to shift from processing transactions and fighting fires to focusing on P2P continuous improvement.

Key tangible results have included:



Eliminated Invoice Backlog - The exposure from backlogged invoices was reduced by over 66% in less than two months and has now been fully eliminated. Today, the percentage of invoices in the backlog queue remains consistently under 1% of the total volume of open invoices.



98%+ Invoice Processing Accuracy - With the implementation of QA Audits and Performance Management processes, processing accuracy which could not be tracked previously is now consistently well above 98%.



Reduced Vendor Inquiries by 80%+ - By eliminating the backlog and improving the processing accuracy, the vendor inquiries related to late/incorrect payments and missing information were reduced by more than 80%.



85% Productivity Gains - Invoices processed per FTE improved by nearly 85%, elevating the performance of the AP team from bottom-performer to a top-performer based on industry benchmarks.



Improved Visibility through Real-Time Analytics - Auxis developed operational performance dashboards that have been fully incorporated into the AP process to provide timely insights into the management of vendors and payments while also leveraging processing statistics to proactively manage the operations.

