

formscan

Eaton Shared Services benefit from automated accounts payable

“Since the installation of Formscan’s solution our AP department has seen the number of invoices processed per day rise from 60 to 150, resulting in a reduced head count and no more missed early payment discount opportunities! We’re really pleased with the partnership we’ve developed with Formscan and are looking forward to working with them on future endeavours.” Peter Martin, Eaton Shared Services.”

A Background

Eaton Corporation is a diversified industrial manufacturer with 2004 sales of \$9.8 billion. Eaton is a global leader in fluid power systems and services for industrial, mobile and aircraft equipment; electrical systems and components for power quality, distribution and control; automotive engine air management systems, power train solutions and specialty controls for performance, fuel economy and safety; and intelligent truck drive train systems for safety and fuel economy. Eaton has 55,000 employees and sells products to customers in more than 125 countries.

Once characterized as a vehicle component supplier, Eaton's business base has undergone a significant transformation. Today, the company classifies its business into four distinct segments, which are, by size: Fluid Power, Electrical, Automotive and Truck.

The Business Case

Eaton Shared Services are an organisation committed to continuous process improvements across the business, and they wanted to gain personnel efficiencies, improve quality and achieve greater accuracy, reducing repetitive manual invoice data errors. They wanted to strategically move towards an automated invoice process to replace manual data entry, which would ultimately lead to better customer service, increasing the number of invoices processed without increasing headcount. Because Eaton are a shared service centre, they also wanted to standardise the AP process across Europe rather than operating numerous different systems, creating the capacity for the organisation to grow and increase the income generated through new business.

This led to Eaton Shared Services seeking a fully integrated, ERP and Data Capture solution which would clearly demonstrate personnel efficiencies, improve audit support, achieve greater accuracy, treble the number of invoices processed whilst maintaining the same level of staff and increasing staff development and morale - and ultimately allow Eaton Shared Services to provide superior customer service.

Previous Business Environment

Prior to working alongside Formscan, invoices were sent from the supplier direct to the plant and there they scanned the invoice into the system. The scanned invoice image (a TIF file), was then placed in a queue (Shared Network Drive/Directory) specific to that plant ready for processing at the SSC.

The SSC AP team member accessed the queue from within Oracle Financials application via a customisation created to facilitate the process of TIF invoices. The TIF's were picked one by one and brought up on the screen where the user split their screen 50/50 having the image on the lower half and the Oracle Financials session on the upper half. The user then read off the elements of the invoice and created an invoice within the financials system. The image was then permanently attached to the invoice in Oracle via the customisation.

Defining Requirements

A full requirements analysis, process definition and risk analysis was completed primarily to identify the most efficient and cost-effective methods for revolutionising the way Eaton Shared Services processed invoices. Upon completion and adoption by the board, a number of reference visits were arranged for key decision makers to gain an insight into how other organisations had deployed the business solutions offered Formscan and how AP departments now operated differently.

Thanks to commercial strength, flexibility of the product on the AP side of the business and above all favourable costs, Formscan were finally appointed to design, deliver and successfully commission an Automated Data Capture, and invoice processing solution for the Accounts Payable Department.

The requirements included a definite need for an intelligent, front end, data capture and scanning solution, utilising the latest developments in advanced OCR/ICR technologies to identify and extract pre agreed data from scanned invoices then increasing first time match rate by utilising Workflow.

The information lifted from the invoice would be performed by Formscan's OCR software. Any additional information processing currently performed by the AP user would also be automated into the System where possible. The scanning process is to change to increase the scan resolution from 200 dpi to 300 dpi to maximise the quality of the image in preparation for OCR. The OCR function is to replace the function of information retrieval from the TIF file and replaced by a system where the majority of the information is to be read via OCR and a verification process introduced to capture anomalies/exceptions produced by the OCR system.

Installation

Implementation was carefully planned by a team of key business users, IT professionals and administrative staff to realistic yet tight deadlines, backed up by the production of a comprehensive and very detailed project plan. The roll out plan was to begin in Germany then unveiled throughout Europe. INSERT DATE saw the project kick off with Formscan committing a dedicated, full time member of staff to the success of the project which was switched over, to the Accounts Payable Department and went into live production in INSERT DATE. Eaton Shared Services future aim is to make the entire Purchase to Pay system completely electronic by 2007.

Operational and Business Benefits

- Faster – Now many more invoices can be processed accurately each day – this as increased to 44 per day from 20 per day
- Better – Up to date account balances for operations
- More Cost-Effective – the volume of invoices to be processed can now increase with no need to increase headcount
- Increased Efficiency – has doubled after only 1 month with an expectation to double again within the next few months.
- Value Added – Increased number of pro active value added services
- Staff Retention – for 2 years not one member of the AP department has left
- Staff Development – Staff morale is high and investment into employees careers improved

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