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How Using AP Technology Can Drive Efficiency & Business Intelligence

PETERSON
COMPANIES®

A Case Study on The Peterson Companies

In recent years, most companies have taken numerous steps to increase efficiency in their accounts receivable department; however, they often overlook the savings and rebate potential in accounts payable.

What they may not realize is that automation software allows companies to implement a broad range of AP best practices that can result in significant efficiencies, along with rebates for electronic payments. The following is an example of how one industry-leading commercial real estate company has implemented AP Automation resounding success.

The AP Situation Before Automation

Before implementing an automated accounts payable solution, The Peterson Companies (www.petersoncos.com) had numerous challenges in their daily AP processing. The two main issues were 1) invoices requiring multiple levels of approvals, and 2) approvers in disparate locations. As a result, approvals were delayed, and time was wasted tracking the whereabouts and status of invoices throughout the life-cycle. The company quickly determined that if they could eliminate most of the paper from the process, it would drastically reduce the number of touch points required for each invoice.

Another ancillary need of Peterson's was to streamline the creation of their annual audit reports for owners, which required tedious tracking of expenses by property and by expense code. This labor-intensive process required hiring seasonal temporary workers to pull each invoice from the filing cabinets and make a copy of each one that had been coded to common area maintenance expenses.

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Evaluating Needs, Identifying a Solution

As part of their internal business process analysis, Peterson identified multiple areas for improvement that they then used as a benchmark in evaluating potential software solutions. The criteria included:

- A third party to provide the administrative function of receiving, sorting, scanning and indexing invoices
- A robust invoice workflow engine that can handle diverse routing and approval rules
- A cloud-based system that allows any user to perform AP-related functions from any location
- Consolidated reporting across all locations to ease the creation of management and owners' reports
- Automatic bi-directional integration with their GL (General Ledger) system to avoid having to maintain multiple databases, manual data synchronization, or dual-data entry
- Easy-to-use system to minimize training and change management for their users

Peterson then performed an in-depth evaluation of multiple vendors before moving forward with Nexus.

As part of the system implementation, Peterson also clearly identified potential changes to roles and responsibilities as they knew it would be critical to gain buy-in from all users. They incorporated strategies into their roll-out training to achieve that acceptance.

Results Impact Both People and Process

The Nexus solution that Peterson implemented starts with every invoice being sent to the Nexus BPO Service Bureau for sorting and preparation for scanning. After the invoice and attached documentation are scanned and indexed (including: business unit, vendor name, invoice number, invoice date, and amount) the resulting images and associated indexing values are electronically uploaded to Peterson's Nexus Payables system. They are now ready for coding and approval routing.

After the approval process is complete, the invoice is electronically transferred to Peterson's GL system for posting and payment. After the invoice is paid, all payment details associated with the invoice are available in Nexus Payables and Nexus Connect for users to access.
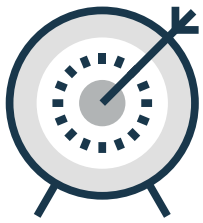
The main areas of impact from this initiative are:

- Fully automated invoice workflow
- Central electronic repository of invoice images
- Non-accounting users have access to critical AP information, augmenting Peterson's GL system
- Increased visibility to current budget and actual expenditures helps avoid budget surprises
- Easy-to-use and always-accessible management reports
- Ability to enforce control of AP policies and approval limits
- Automatically checks for duplicate invoices, even entries entered directly in the GL system

As a result, Peterson:

- Eliminated the need to hire seasonal workers to compile their annual audit report
- Reduced Days Payable Outstanding (DPO) thanks to timely processing and approval of invoices
- No longer requires remote property managers to waste time driving to the main office to approve invoices
- Provided instant access to invoice status and payment details, reducing inquiries to accounting staff
- Can accommodate growth without the need to add staff
- Saw a psychological impact as users actually enjoyed the approval process and no longer had to look at piles of invoices on their desk

In total, Peterson has found that the Nexus automated accounts payable solution drives efficiencies, enables them to perform their AP functions in less time, and with significantly more control than before.

About Nexus

Nexus is the leading provider of Accounts Payable (AP) and Payments Automation software for the Real Estate industry. Their procure-to-pay solution takes a 360-degree view of customer and supplier needs, addressing pain points unique to Real Estate. By putting people at the forefront of automation, their product suite offers more than efficiency, control, and insight—it makes it easier to maintain the relationships at the heart of business. When people connect, technology works. To learn more about Nexus, visit their website.