INVU:

Adactus Housing Group

Transforming Invoice Processing

Better access to information means better decision making and greater control for the finance department.

Miles Platting Neighbourhood, Manchester.

"The Invu solution has made a real difference to the finance department. We have far greater awareness of all invoices and commitments."

INVU:

Adactus Housing Group

Document Management | Capture | Web Viewer
- Integration with QLF-

Preston Mill, Preston

Adactus Housing owns and manages over 12,600 homes across 25 local authority areas in the North West of England.

The Challenge

Comprising of six independent companies the Adactus Housing Group has a headcount of c.550 staff and an annual turnover in excess of £45m.

Although Adactus saw the potential benefits of Document Management throughout the organisation, Finance was identified as reaping the greatest rewards. Three main issues were to be tackled, all centred around invoice processing:

▸ Almost all supplier invoices are paper based. 40,000 – 60,000 invoices are received each year and handling them is a slow and labour-intensive process, prone to data entry error. The existing process was reactive and administrative rather than a proper financial control function.

▸ Service levels: Document retrieval was seen as problematic. There was a constant risk of losing invoices and simply retrieving a document could be a lengthy activity. These were operational constraints dragging down service quality and overall office efficiency. Paper-based invoices are inherently slow to process, ready access to any document at any time would be a key win.

▸ Control: A sizeable number of invoices would be in flight at any time. These could be entering into the organisation, awaiting approval with the relevant authoriser or with Finance for matching and coding against the purchase ledger.

Solution Summary

▸ Greater financial control

▸ Automatic escalation processes

▸ Enhanced Service levels

▸ Wider accessibility to tenant & supplier information

▸ Transparency & clarity

adactus

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Multiple Locations

The company is spread over a number of different offices throughout the North West and paper invoices are distributed using internal post. This creates limited visibility of the organisation's overall exposure, poor control and slow processing. Adactus identified a clear need to gain sight of all transactions, a problem area compounded by disjointed systems. Strengthening internal control and enabling better decision making would be fundamental project aims. Auditability and reporting therefore featured high on the project requirements.

Excessive Paper

Retaining 7 years of invoices and related documentation takes up valuable office space. The Chorley office is cited as an example where the volume of filing was wasting a lot of space and finding information "almost impossible". If nothing else, a wasteland of filing was a high opportunity cost. This space could be reclaimed, re-used and maybe even commercialised.

Adactus has a policy of sourcing suppliers close to home and many of these are small. Over 700 firms supply goods and services, notably for property maintenance. Handling these transactions is estimated to "cost" 75% of all administrative work. 24 suppliers represent 50% of the transactions so streamlining invoice receipt, data entry, approval and payment authorisation for these would be a priority. Getting as close as possible to a friction-free invoice process would entail minimum manual intervention - invoice processing was estimated to account for the time of 4 full time staff.

> *"We had to get to the bottom of the paper issue – it was hampering our ability to have effective financial control within the invoice process"*

Approaching the Issue

A staged roll out approach was adopted and a series of project milestones jointly agreed. The Finance department would be the most complex of all implementations and targeted first. At the heart of the Finance issues was the cost of manually entering data from paper into finance systems. HR Tenancy, development and Health & Safety would then follow.

> *"I know that other Housing Associations would greatly benefit from what we have implemented. It simplifies the process, speeds it up and provides much better control and management information."*

Integration

The key integration is with the finance system. QLF data is used to enable strong validation of invoices as they are scanned. So, for example, maintenance orders can be matched against Purchase Orders. Invoices are registered in QLF once scanned and "parked" ready for payment by the finance team. All other processes are automated where possible, and will be enhanced further once POP is introduced.

Invoices can also be called from the appropriate record in the general ledger so there's no need for users to swap out of QLF when processing. The result is a slicker way of working which limits the level of manual intervention.

Adoption

In the main, user adoption has been smooth although there are a few "insurgents". The issues encountered during the initial implementation has left some a little wary although this is dwindling with exposure. In addition, some budget holders have perceived the new process as a little more burdensome. This is a logical cost of disseminating approval – a great deal of effort was previously hidden in Finance but this has been greatly reduced and control created.

Previously, approvers simply flicked through paper invoices, initialing them to signify approval and sending them back for processing. It's this lack of quick manual intervention which is missed by a handful of authorisers. However, the wider business benefits outweigh this. Use of the Invu solution has been straightforward and as other departments are deployed Invu Document Management's easy to use nature is likely to ease take-up. *"Taking Invu on has created a domino effect – there's a queue of other departments waiting to have it rolled out to them."*

Streamlining

Although there are only 4 members of the purchase team, around 200 Adactus staff have access to the Invu document repository. For some this is for information, a much quicker route to checking document content and which would otherwise have to be retrieved from a filing cabinet. However, for around 120 invoice approvers Invu now forms a core part of the finance process. Manual invoices are no longer pushed around the organisation, but automated workflows guide electronic versions for sign-off or escalation. The result is much quicker approvals and resolution.

Service Levels

Better access to information means better decision-making and, where there are supplier queries, swifter resolution. No longer is there a delay – if the information is on the document or in QLF then queries can be answered immediately.

> *"A supplier calls and, not only do we know when the invoice was received, we know who has it for approval, where it has been and the reason why it is not approved - all at the touch of a button."*

Control

Without doubt, gaining control over the waves of invoices entering the business has been the principle benefit to date. On average, c.200 invoices are received every day. Adactus Finance now has a clear and immediate view of all these transactions, all fully audited and with greater quality control. Whether invoices come in as paper documents or via email they are all captured and lodged against transactions in the finance systems.

Importantly, this aids understanding of the level of commitment which the organisation has at any point in time.

Finance can also see where there are delays in processing. After 5 days any invoices still awaiting approval trigger an automated escalation email, enabling the team to chivvy along the more tardy budget holder. This speeds up processing and payment, smoothing supplier relationships.

Accessibility

As part of the greater visibility and awareness that the solution has brought to Adactus Finance, the wider availability of documents is positive. *"Being able to see an invoice any time we need to is surprisingly beneficial – it makes you realise how often a decision had to be delayed because the invoice was out for authorisation, in a file on someone's desk or even lost. It's not just Finance either, budget holders tell me they are seeing the benefits too. when they are checking spend against budget they can view invoices on-line which also enhances overall good budgetary control."*

> *"Simple queries like establishing who's signed off an individual invoice are now straightforward."*

Future Steps

Invu Document Management will be implemented across more departments across the different companies in the group. The Finance department sees room for improvement with further refinements to the capture process. Reports will be created to give greater management information. The additional use of browser-based approval tools for remote staff and mobile workers will also widen the use of Finance processes whilst outputs to tenants and suppliers can be captured with Invu Content Automation to give a complete record of correspondence.

About Invu:

Invu develops both Electronic Document Management (eDM) and Accounts Payable (AP) software solutions for a range of sectors, particularly those which are highly document dependent or where compliance is important. Invu's comprehensive product suite encompasses document and content management, workflow, document automation and collaboration solutions.

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