

CASE STUDY

All-in Texas Hold 'Em Style



Alliance Data Systems (ADS)

is North America's largest

and most comprehensive provider of transaction-based, data-driven marketing and loyalty solutions serving large, consumer-based industries. It has revenues of more than \$3.6 billion in 2012.

When ADS set out on its e-invoicing journey, the Corporate Accounts Payable team was processing 100,000 invoices annually. Two years later, as a result of organic company growth and acquisitions, its total invoice volume had risen to 160,000, but improved efficiency meant the cost of handling each invoice dropped from \$20 to \$10, with 76% of its in-scope invoices converted to electronic.

Alliance Data's success with e-invoicing lies in its investment in preparation – understanding and establishing key metrics to measure the impact of the initiative – and a willingness, once the decision to go forward with e-invoicing was made, to aim for 100% enrollment of its suppliers.

CHALLENGE

Based in Plano, Texas, Alliance Data's Procurement/Accounts Payable team began the process of looking into how e-invoicing could transform an entirely paper-based invoicing system. Todd Holcomb, Senior Director of Procurement and P2P Operations, explains, "There was a huge gap in our invoicing process: we had excessive manual processes and limited visibility in terms of invoice spend."

In 2010, Alliance Data worked with a third party to benchmark its invoice performance with similarly sized companies and found it was underperforming on metrics such as invoices processed per full-time employee and processing cost per invoice.

Yolanda Quevedo, Alliance Data's Accounts Payable Manager, adds, "The research showed that 52% of our suppliers' invoices were paid late, with an average processing time of 53 days from invoice receipt to payment."

This data further fueled the decision to adopt e-invoicing and ensure 100% integration of Alliance Data's suppliers. "We wanted a fully automated approach that didn't just target large suppliers, but the small ones too," says Todd.

By pulling together all the relevant information and building a compelling business case, the Procurement/Accounts Payable team was able to gain the support and funding needed from senior management to move forward with the implementation of e-invoicing. The integration began in March 2011 with a target go-live date of January 2012.

"By taking an 'all-in' approach to supplier enrollment we have reduced our invoice handling cost from \$20 to \$10."

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SOLUTION

A competitive bidding process focused on the need for integration capabilities with Alliance Data's existing systems and its extensive supplier network. "Tungsten Network's global presence and its ability to be compliant across a number of international regulatory jurisdictions were important to us. We were also looking for a provider with a large worldwide network with several of our suppliers already enrolled, that could offer format flexibility for our suppliers," adds Yolanda.

"We wanted a fully automated approach that didn't just target large suppliers, but small ones too."

-Todd Holcomb, Senior Director of Procurement and P2P Operations, ADS



CUSTOMER

ORGANIZATION: Alliance Data Systems

SECTOR: Business Services

COUNTRY: U.S.A.

GOALS

- Reduce cost per transaction
- Improve efficiency in Accounts Payable
- Gain better visibility into invoice and spend information
- Ensure timely supplier payment

RESULTS

- Average cost of processing each invoice down from US \$20 to US \$10
- Invoice payment time reduced from 53 days (2010) to 26 days (2012)
- Productivity up from 4,500 invoices to 10,000 invoices per full-time employee per year
- Discounts lost reduced from 24% to 5%

JOURNEY

Alliance Data began a phased e-invoicing enrollment approach with its suppliers at the beginning of 2012.

By the end of the initial campaign, it had converted 76% of its in-scope invoices to electronic. "We learned some invaluable lessons along the way. For instance, maintaining an updated master vendor file was a more complex and lengthy process than we had anticipated," says Yolanda.

"Additionally, during the process, it's important to continually manage internal expectations and survey the risks that

could potentially impact the integration. In terms of supplier enrollment, we learned to use all communication channels, such as the relationship owners in the business units, to deliver consistent messaging to suppliers."

FUTURE

Alliance Data is approaching the ninth campaign in its phased supplier enrollment process and has already achieved some outstanding outcomes. "As a result of acquisitions and organic growth, we are processing an additional 5,500 invoices per month, but we are still delivering increased productivity through

e-invoicing with no additional headcount in Accounts Payable," says Todd.

"By taking an 'all-in' approach to supplier enrollment, we have significantly improved on the two key performance indicators that we identified at the beginning of the project: reduction in invoice cost (down from \$20 to \$10) and increased productivity per full-time employee from 4,500 to more than 10,000 invoices per year. Additionally, we are capturing more vendor discounts, an increase from 76% in 2011 to 95% in 2012."



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