



Case Study:

How One of the World's Largest Restaurant Chains Migrated from JP Morgan Chase (Xign) to iPayables InvoiceWorks®



Many companies mistakenly believe that the deployment of an electronic invoicing (e-invoice) platform is an extremely time-consuming and costly process fraught with the potential to alienate a company's suppliers.

One of the largest restaurant chains in the world, disproved this thinking by migrating from one e-invoicing platform to another in a little over six months. The restaurant chain processes approximately 1.7 million invoices per year and generates over \$12.6 billion in annual revenues. The chain was originally an early adopter of accounts payable automation and decided to deploy a new e-invoicing platform when its existing vendor announced plans to begin charging suppliers to submit invoices electronically.

After an exhaustive evaluation of available e-invoicing platforms, the restaurant chain selected the InvoiceWorks® platform from iPayables, based in Aliso Viejo, CA. Not only did InvoiceWorks® provide the restaurant chain with all of the critical functionality that it required (such as dynamic discounting), but the configurability of the platform, combined

with the comprehensive deployment process employed by iPayables, enabled the chain to migrate approximately 900 suppliers (representing more than 14,000 invoices per month) to the platform in a little over six months.

Robust System Configurability

The restaurant chain originally deployed electronic invoicing to gain greater control over the invoice submission process. "When you think of all of the paths that a paper invoice needs to travel in order to get to our shared services center, there are a lot of opportunities for an invoice to get misdirected or literally lost in the shuffle," explained the restaurant chain's senior accounting manager.

That's why it was critical for the chain to deploy a new e-invoicing platform when its existing vendor announced plans to charge suppliers to submit e-invoices. The chain recognized that the fees would turn off many

suppliers, potentially increasing the number of inefficient paper invoices it receives. There were two keys to the chain's ability to quickly migrate from its old e-invoicing platform to InvoiceWorks®: the configurability of InvoiceWorks® and iPayables' proven deployment process.

At the start of the implementation, iPayables spent about a week at the chain's headquarters gathering key requirements for general functionality, validation rules, and interfaces to other systems. iPayables met with accounts payable and IT personnel, as well as the company's controller and chief financial officer, explaining the standard functionality of InvoiceWorks® and identifying any custom requirements.

InvoiceWorks® includes a number of tools to expedite system implementation, including SQL-based implementation scripts, customizable data fields, drop down lists for data elements, configurable approval routing and validation rules, and edit routines (such as checking account combinations). These configuration tools make it possible for iPayables to create basic screens incorporating the customer's critical data fields within days, if not hours. Once the customer has signed-off on the basic screens, iPayables can confidently begin building the edits, validations and interfaces.

Once the on-site visit was complete, iPayables held weekly meetings with the restaurant chain, initially to further define any requirements for custom code or custom extracts, as well as to finalize the system configuration. These requirements include the edits and validations for the various user screens. With the requirements in hand, iPayables' developers scoped the work and put it into their release schedule to ensure delivery in time for the restaurant chain's deadline. At this time, the chain also started to supply iPayables with the content required to populate the skeleton screens it already

created: units of measure, any special terms, business unit information, company logos, the code file required to load general ledger accounts, their vendor file, their user file (all system users and their access levels, approval limits, and the person next-in-line), their status file, and their corporate logo.

After it completed the restaurant chain's custom development and systems integration, iPayables put the platform through a rigorous series of test scripts. Once the platform successfully passed those test scripts, iPayables presented the platform (along with the test scripts) to the chain for user acceptance testing. During user acceptance testing, iPayables deployed all configurations, routing and validation rules, and extracts to mimic a production environment and to process invoices end-to-end. With testing complete, the restaurant chain began live production.

Comprehensive Supplier Adoption Services

The next step was ensuring supplier adoption of the new e-invoicing platform. To expedite the migration of its suppliers to the iPayables platform, the restaurant chain initially targeted its suppliers that submitted the highest number of invoices each month. iPayables maintains a vendor adoption group that contacts suppliers via U.S. Postal Service, e-mail, and telephone, making them aware of the buyer's new e-invoicing platform and educating them on how to log into the system to register to submit invoices electronically.

To ensure the proper level of outreach required for high supplier adoption, iPayables maintains a database of all of the restaurant chain's suppliers and tracks the number of times they were contacted; iPayables typically contacts each supplier at least five times using a variety of outreach methods. Additionally, iPayables worked with the restaurant chain to

track down or research any missing supplier contact information.

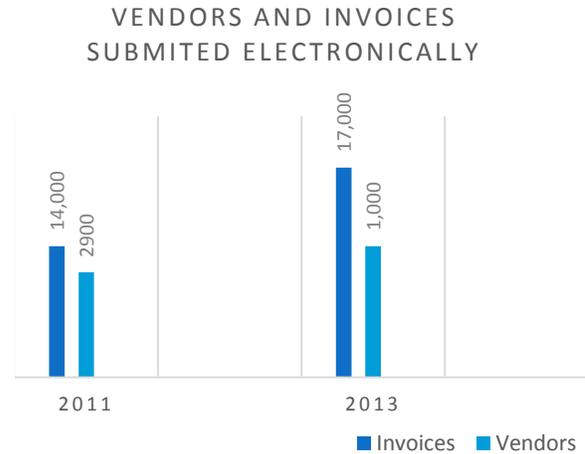
The chain tailored its outreach efforts based on the volume of invoices that a supplier submits. For instance, iPayables most often called the chain's highest volume suppliers (who were candidates for file uploads such as electronic data interchange), as well as mid-volume suppliers who were ideal for online submission (in this case, iPayables typically walked the supplier through the process of submitting their first electronic invoice). All mid and high-volume suppliers also received a user guide. So-called "one-off" or low-volume suppliers received mass e-mails and letters that spelled out a deadline for converting from the chain's legacy platform, and included the number for a support desk.

Many suppliers converted to the new platform simply as a result of the mass letters and E-mails. Once a supplier had registered to use the e-invoicing platform, an iPayables production support team was available to answer technical questions on how to use the system. The restaurant chain's approvers also made suppliers aware of the conversion from one e-invoicing platform to another and the need for suppliers to register on the new platform to help prevent any payment delays.

Since all of the suppliers it contacted were active users of its legacy electronic invoicing solution, the restaurant chain didn't encounter any resistance to migrating to the new platform. The combination of the configurability of InvoiceWorks® and iPayables' proven deployment process enabled the restaurant chain to process its first electronic invoice on its new electronic invoicing platform at the end of January, 2011 – just four months after agreeing to a statement of work with iPayables.

Importantly, the restaurant chain migrated the more than 800 suppliers that were active users of its legacy e-invoicing system to the

InvoiceWorks® platform before the contract with its old vendor expired at the end of March, 2011. In April, 2011, the restaurant chain used InvoiceWorks® to receive and process more than 14,000 electronic invoices from nearly 900 vendors. Today, the restaurant chain processes approximately 17,000 electronic invoices per month from nearly 1,000 suppliers.

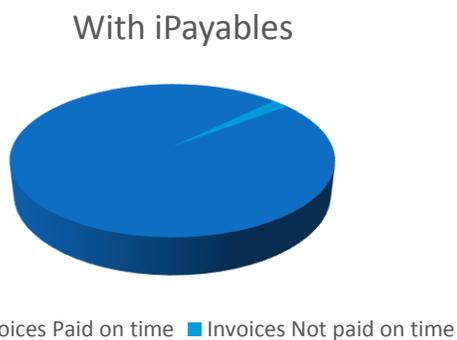


No Paper Invoices, Better Business Outcomes

Beyond its quick deployment, InvoiceWorks® has delivered significant ongoing benefits to the chain.

With InvoiceWorks®, when it is time for a supplier to invoice the restaurant chain, the supplier simply logs onto the company's e-invoicing system and enters the invoice information, and the invoice is electronically delivered to the company. "There is absolutely no way that an electronic invoice can be lost or misdirected during the process," the company's senior accounting manager stated.

Receiving invoices electronically has improved the percentage of invoices that the company pays on-time. Today, the company pays between 97 and 98 percent of its invoices on-time, up from 94 and 95 percent before deploying e-invoicing. “On 1.7 million invoices, it takes a lot of invoices to make that big of a percentage change,” the company’s senior accounting manager noted. What’s more, the company processes 99 percent of the invoices that come through its e-invoicing platform on time.



“E-invoicing has helped us meet our restaurant managers’ expectations for timely processing – and they are a very important customer group,” the company’s senior accounting manager said.

E-invoicing also enabled the restaurant chain to virtually eliminate calls from suppliers inquiring about the status of payments. InvoiceWorks® provides suppliers with 24/7 online access to the status of their invoices and payments. Managers previously received many calls – taking a significant portion of a restaurant manager’s day – regarding payment status, something the company didn’t want its restaurant managers focused on. “We want our managers taking care of the customers who come into our restaurants every day,” the company’s senior accounting manager explained.

Additionally, the new AP Automation approach, also streamlined the invoice approval process for restaurant managers.

When restaurant managers log into the InvoiceWorks® system, a list of invoices requiring action (a “work list”) is automatically displayed on a single screen. Managers simply “point and click” to approve invoices; each evening the electronic invoicing platform uploads information on approved invoices to the chain’s payables system. Previously, managers approved invoices by physically signing the paper document, and sending them to the restaurant chain’s shared services center for payment.

Managers frequently waited until the end of a payment period before sending approved invoices on for payment, creating a “flurry” of activity in the restaurant chain’s shared services center, and often leading to delays in paying suppliers. Similarly, managers no longer need to scan or mail invoices that need to be redirected to another individual for approval or exceptions handling. InvoiceWorks® allows restaurant managers to electronically route invoices using point and click functionality.

InvoiceWorks® also has automated the restaurant chain’s enforcement of its authorization policy. In a paper-based environment, payables clerks manually had to verify the authorization levels of each person who approved an invoice – an extremely time-consuming process. Using the restaurant chain’s authorization policy, invoices are automatically re-presented to an individual’s manager until they reach an authorized approver.

This means the restaurant chain’s payables team no longer has to verify authorization levels as it is impossible for an approved electronic invoicing to be out of compliance. Everything is streamlined, making AP managers and controllers jobs’ far less difficult than with previous invoicing policies.

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Similarly, the InvoiceWorks® platform allows for different invoice workflows. For instance, the chain uses separate defined workflows for Above Store, CAPEX, and Store Level invoices. The company can set the same approval authority for all three workflows, or separate levels for each one.

Despite all of these benefits, the restaurant chain sees better data management as the biggest upside of e-invoicing. “Managers are responsible for multiple restaurants, and taking care of the equipment and the facilities associated with each one,” the chain’s senior accounting manager said. “Without a system for managing the data associated with each restaurant, our managers were flying blind. E-invoicing captures data elements that helps managers make smart business decisions for the brand.”

For example, the repairs and maintenance template that is part of the chain’s InvoiceWorks® platform captures the serial numbers of individual pieces of equipment. This enables the restaurant chain to query how much money has been spent repairing a particular piece of equipment during a period

of time. Managers use this information to determine whether they should repair or replace equipment.

The restaurant chain can determine which fields to include on the various electronic invoicing templates that are presented to suppliers, as well as which ones are required for the approval process. InvoiceWorks® automatically rejects any invoices that are missing data in required fields. In instances where the data provided by a supplier doesn’t make sense, the restaurant chain can use InvoiceWorks® to communicate electronically with the supplier to resolve the issue.

This eliminates the need for the restaurant chain’s busy facilities staff to try calling a supplier (who frequently is unavailable during the day because they are in the field doing equipment repairs). What’s more, electronic communications between the restaurant chain and the supplier are captured and stored electronically with the associated invoice, providing a record of how the problem was resolved.

The Bottom Line

The benefits of electronic invoicing are well-documented. However, many companies are still confused about what it takes to successfully deploy the technology. As the experience of one of the world’s largest restaurant chains illustrates, partnering with a vendor like iPayables that offers a highly configurable AP Automation platform and proven supplier adoption services eliminates much of the time and cost involved in deploying electronic invoicing.

This will be increasingly important as companies look to migrate to next-generation platforms.

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