

CASE STUDY

Telecommunications Company Automates Entire Payables Process and Maximizes Discounts

A large telecommunications company provides services to millions of consumers daily for a full range of voice, wireless and data services.

OVERVIEW

Receiving up to 50,000 supplier invoices each month through an inefficient, highly distributed purchasing network, the company's Accounts Payable (A/P) department was looking for a solution to help improve payment efficiency and visibility into the process. The Order-to-Pay solution not only accelerated process cycle times and visibility but provided the added benefit of managing overall payment terms and capturing millions of dollars in discounts.

CHALLENGES

- **Growing volume of paper-based invoices required more resources** - Handling noncompliant approvals and exceptions and manually routing workflow to the right person was time consuming, expensive and required a large staff.
- **Minimal early-payment discounts** - Incorrect coding and noncompliant approvals meant invoices were rejected and returned daily - both leading to accounting inefficiencies that greatly reduced any chance for early payment.
- **Onerous inquiries to the A/P help desk** - An increasing volume of supplier and internal inquiries to the A/P help desk requesting status of invoice processing and payment created challenges in efficiencies and overhead.

SOLUTION

The company uses J.P. Morgan's Order-to-Pay to connect more than 2,000 vendors online across a secure settlement network. Order-to-Pay automates purchase order (PO) delivery, invoice and payment processing, and dynamic discount management, while providing the company's vendors self-service visibility to the status of orders, invoices and payments.

Since day one, the company required mandatory participation for all vendors, including reinforcing it in contract templates and the RFP process. The company uses J.P. Morgan's supplier recruitment services and managed campaigns to help simplify vendor onboarding.

RESULTS

- **80% adoption of electronic invoicing** occurred over a 3 ½-year period.
- **500% increase in payment discounts** was achieved over a three-year period.
- **More accurate cash flow forecasting** helped the company pay vendors on the ideal day.
- **Increased visibility for the company and its suppliers** meant users checked payment status at will online, which reduced calls to the A/P help desk.
- **93% increase** in enrollment over a three-year period

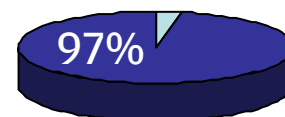


"J.P. Morgan's Order-to-Pay allows us to eliminate paper, increase visibility into our payables transactions and lower our cost of operations. The opportunity to capture more early-payment discounts will significantly increase the return on investment."

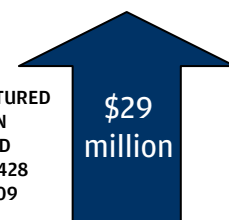
By leveraging J.P. Morgan's industry experience and our suppliers already in J.P. Morgan's Order-to-Pay network, we will achieve our corporate finance objectives quickly and with little risk."

VP, Finance Operations

PERCENTAGE OF ON-TIME PAYMENTS AND DISCOUNTS CAPTURED IN 2009



THE COMPANY CAPTURED \$29 MILLION IN DISCOUNTS AND PROCESSED 262,428 INVOICES IN 2009



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