

## CASE STUDY

## Automaker Increases Efficiency and Decreases Costs with Order-to-Pay Automation

### OVERVIEW

The North American division of a large global automaker is responsible for engineering design, development, R&D and manufacturing activities in 14 parts and vehicle manufacturing plants in the United States, Mexico and Canada.

The company wanted to fully automate its Accounts Payable (AP) processes to eliminate paper; reduce transaction costs; increase efficiency; enhance analysis and decision support; and take advantage of discount opportunities.

### CHALLENGES

- **High-transaction and labor costs were having a negative impact on the bottom line:** The company wanted to maximize working capital generated by AP savings.
- **Lack of reporting and management tools:** Without robust reporting tools, the company was not able to generate meaningful analyses for decision-makers.
- **The company could not take advantage of discount opportunities:** Slow, manual AP processes meant incremental and early-pay discounts were out of reach.
- **Reluctant vendors:** The company wanted to make supplier participation mandatory for the solution they selected.

### SOLUTION

The company went live with J.P. Morgan's Order-to-Pay, which allows them to manage purchase order delivery, electronic invoicing, discounts, payments, reporting, product support and invoice workflow – all which interfaces into a single, integrated system. Additionally, the company's suppliers are able to use Order-to-Pay to enter and monitor their own purchase orders and invoices.

J.P. Morgan customized the Order-to-Pay solution to meet the company's specific business requirements, enabling them to turn their AP department into a profit center.

### RESULTS

- By using J.P. Morgan's Order-to-Pay to fully automate its AP processes, **the company recognized tremendous efficiency and value gains over five years:**
  - Saved nearly 60,000 labor hours
  - Reduced the number of AP employees by 30%
  - Order-to-Pay was a strong contributor to these efficiencies starting in 2007; the company expects this trend to continue.
  - The company also has realized incremental discounts of more than \$325,000 yearly.
- Specifically, the company estimates the value driven by J.P. Morgan's Order-to-Pay in 2009 alone to be over \$3 million.



**“We’ve seen great benefits from the automation of our AP process. J.P. Morgan’s Order-to-Pay has allowed us to reduce costs and headcount significantly, while also taking advantage of incremental discounts.”**

**“We have a deep and longstanding relationship with J.P. Morgan, and we’ve made real gains in process efficiency and improvements in working capital.”**

Head of Accounts Payable

For more information, please contact your J.P. Morgan Treasury Services representative or visit [jpmorgan.com/ordertopay](http://jpmorgan.com/ordertopay).