◆ 99.99 or invoices paid correctly first time

◆ Absorbed 50% increase in workload "without effort"

◆ Eliminated 100% of manual handling

◆ Approval time cut to 2 days

"With total accountability and transparency, our executives can see exactly where the money is going, who is ordering what and who is paying what. They are better able to manage the company."

– Balasundaram Kothandaraman,
General Manager Information & Communication Technology, Hyundai Motor Company Australia

HYUNDAI
NEW THINKING.
NEW POSSIBILITIES.

Established in 1967, Hyundai Motor Co. has grown into the Hyundai Motor Group, with more than two dozen auto-related subsidiaries and affiliates. Hyundai Motor – which has seven manufacturing bases outside of South Korea, including Brazil, China, the Czech Republic, India, Russia, Turkey and the U.S. – sold 4.4 million vehicles globally in 2012. Hyundai Motor, which employs over 80,000 worldwide, offers a full line-up of products, including small to large passenger vehicles, SUVs and commercial vehicles.

Hyundai Motor Company Australia Gains Valuable Financial Insight

Kofax Capture and Kofax TotalAgility Provide Greater Transparency and Accountability Through Invoice Processing

The Challenge

In 2009, Hyundai Motor Company Australia (HMCA) set out to improve its invoice processing by deploying Kofax Capture™ and Kofax TotalAgility™. At stake was not merely improved efficiency, but also greater insight into a vital area of the business.

As anyone in finance knows, invoice processing is one of the most important day-to-day activities in any business. Without good management of that process and a clear understanding of the company's vendor obligations, a business can accrue late fees, lose money paying inaccurate invoices, and miss opportunities to cash in on discounts for early payments. Efficient and timely invoice processing is also important for building stronger relationships with vendors.

Over the years, invoice payment had become an opaque and inefficient process for HMCA, according to Bala Kothandaraman, General Manager Information & Communication Technology at HMCA. "The problem," he says, "was that vendors often sent paper copies to their contacts within the company. These invoices might sit on that person's desk for a while, and not reach accounts payable on time."

Exacerbating this problem was the fact that 50 percent of HMCA's staff is mobile, meaning that individuals who had responsibility for signing off on an invoice may not be at their desk for several days after an invoice arrived. Indeed, they may not even be aware that an invoice was awaiting their approval.

The process also involved a great deal of paper: a single invoice could be routed to multiple people and locations before it was approved for payment. "Nobody knew who had what invoice," recalls Bala. For vendors, this could mean late payment. For the company, it could mean late fees.

In focusing on its AP process, Bala saw an opportunity for significant savings and efficiency gains: "First, we wanted complete accountability and transparency across the business of all the invoices coming in and going out. Second, we wanted to reduce the amount of handling of this paper. Third, we had to reduce the amount of paper in circulation." Achieving these improvements would also further the company's larger goals of sustained profitability and agility.

KOFAX

The Solution

To improve its manual, inefficient AP processes, the company knew it needed two important capabilities: enterprise capture and business process management. After considering a number of software vendors, HMCA selected Kofax's Capture and TotalAgility solutions.

Kofax Capture is a powerful, enterprise-ready, production-level capture platform that automates capture-driven processes. Kofax TotalAgility adds process design, automation and workflow capabilities to improve process efficiency. These products enable businesses to streamline operations from the point at which information enters the organization and throughout the associated workflow processes.

In addition to these capabilities, another important criteria was compatibility with Microsoft technologies. The company uses Microsoft SharePoint as its enterprise content management platform, and a SQL database underpins other financial tools the company relies on. "The solution had to be integrated with SharePoint," says Bala. "I was very particular about that because I wanted a single sign-on." TotalAgility fulfilled both requirements, he says: it is built on a SQL database and both TotalAgility and Kofax Capture easily integrate with SharePoint.

Flexibility was also key. The ability to move quickly and respond to market changes is a hallmark and central value of Hyundai – and that quality is especially important to its finance operations. "Our finance department is very flexible," Bala says, noting that business rules are not rigid with Hyundai as they often are with other large organizations. This rapid responsiveness in fact is one reason Hyundai and its Kia Motors Corp. affiliate are the most profitable of the world's top six automakers, according to a 2012 Bloomberg article.

Bala wanted to ensure that the business process management (BPM) system he chose for the company's invoice processing would not only meet evolving financial requirements but enable his team to adapt it to other applications and document processes. "We knew we would need to add more functionality down the road," Bala says. "I wanted an application that is quite flexible and that we can mould to suit our requirements."

With these requirements in mind, Bala and his team looked at several BPM and information capture vendors. What they found was that the major point solutions under consideration were all built on Kofax technology. So why not work directly with the platform provider?

The Results

"The technology is extremely good," Bala says when asked about his impressions of Kofax and the implementation at HMCA. "First and foremost, we had to get 100 percent of all invoices approved through the system, and we had to eliminate 100 percent of manual handling. We've succeeded in achieving both goals."

At the time of deployment, the company processed 40,000 invoices per year. Today, with addition of a subsidiary, an auto parts supplier that serves all of the Hyundai dealers across Australia, HMCA now processes approximately 55,000 to 60,000 invoices. Increasing the workload of the system following the acquisition was straightforward and nearly effortless, according to Bala.

Moreover, the approval time for each invoice has been cut to a mere two days, with a maximum of five days. Gone are the days when mobile employees would allow invoices to sit on their desk indefinitely. Today, employees are notified electronically when their approval is required, and if they don't respond within the time limits the invoice is flagged and escalated to the next approval level.

One reason the system is so much more efficient is that each invoice is now matched automatically to its original purchase order. Invoices not associated with a PO are rejected, a business decision that the general manager of finance made upfront. This eliminates delays that previously resulted from manual tracking and verification of purchase orders.

Once invoices are matched to POs, they're authorized for payment and it's simply a matter of getting an electronic approval from the appropriate employee. "Every invoice is brought to a logical conclusion," Bala says. "99.99 percent of them are paid. Those that aren't go into dispute and then come to a logical conclusion."

Before implementing the Kofax system, purchase orders and invoices were not tracked to this degree of accuracy and "nobody knew what the liability of the company was, where exactly the spend was going," says Bala. This has been a significant achievement for the organization, and an important goal for Bala. "This technology has greatly helped the company to give the executive management a complete view of the state of its finances," he says with pride. Recalling a visit by executives from the head office, Bala says that when they saw the Kofax invoice processing system in action, "they were quite impressed."

But more importantly, the system provides leadership at HMCA with the visibility they need to make important business decisions, Bala says: "With total accountability and transparency, our executives can see exactly where the money is going, who is ordering what and who is paying what. They are better able to manage the company."

About Kofax

Kofax® plc (LSE: KFX) is a leading provider of innovative smart capture and process automation software and solutions for the business critical First Mile of customer interactions. These begin with an organization's Systems of Engagement, which generate real time, information intensive communications from customers, and provide a fluid bridge to their Systems of Record, which are typically large scale, rigid enterprise applications and repositories not easily adapted to more contemporary technology. Success in the First Mile can dramatically improve an organization's customer experience and greatly reduce operating costs, thus driving increased competitiveness, growth and profitability. Kofax software and solutions provide a rapid return on investment to more than 20,000 customers in banking, insurance, government, healthcare, business process outsourcing and other markets. Kofax delivers these through its own sales and service organization, and a global network of more than 800 authorized partners in more than 75 countries throughout the Americas, EMEA and Asia Pacific.

For more information, visit www.kofax.com

www.kofax.com

KOFAX