



CASE STUDY



Children's
of Alabama®

90% improved efficiency
and accuracy with
touchless invoices

OPTIMIZING ACCOUNTS PAYABLE IN PURSUIT OF TOUCHLESS INVOICING

Children's of Alabama is converting its invoicing process from a paper-based manual process to an electronic automated process.

Children's of Alabama, located in Birmingham, is ranked among the best pediatric medical centers in the United States, serving ill and injured children not only in Alabama but also from other states and countries. Experiencing rapid growth like many other hospitals and health systems in the U.S., Children's must efficiently oversee the back-end processes that support more than 677,000 outpatient and 15,000 inpatient visits annually.

Uniting the best of healthcare.™

Using OnDemand AP[®], the hospital centralized and automated its accounts payable (AP) processes, increasing productivity and efficiency with up to 90 percent of all invoices untouched. Ongoing efforts continue to drive touchless invoicing volume.

RESULTS



Centralized accounts payable processes for greater visibility and control



Reduced costs and time-consuming, error-prone manual processing



Improved efficiency and accuracy with 90% of all invoices untouched



Streamlined the approval process



Increased invoice automation more than 300%



Improved accuracy

SITUATION

The AP team at Children's receives between 100,000 and 120,000 invoices per year of which half are purchase order (PO) invoices, while the other half are non-PO invoices. Invoices, whether sent electronically or in paper format, went through various routes and people to get to AP, where staff members would manually scan them. The complexity of this process often resulted in misplaced invoices that weren't paid on time — a significant issue for the organization.

Even when invoices came through correctly to the right people, the process of scanning every invoice and converting it to EDI resulted in errors, either line matching or no-charge items.

Chuck Payne, Children's director of Disbursement, says he and his team would manually fix these errors daily.

"We fixed about 20 invoices every day," says Payne. "And even though we knew exactly where and how to fix the invoices, it still required several hours of work from our team. We estimated that 30-40 percent of our department spend went to manually processing invoices."

“You can’t pay invoices you don’t know you have. We never want AP to slow or prevent the delivery of products that are critical to the health and well being of our young patients.”

Payne’s team also needed greater control over processing the receipt of invoices. Invoices that made it to the AP department were loaded into the systems, but Payne’s team lacked visibility to account for invoices that were not routed through AP.

Payne also wanted to move accounts payable “out of the mailroom.” The accounts payable team spent a significant amount of time opening mail every day. Payne and his team decided it was time to bring higher levels of automation to the hospital’s AP processes.

SOLUTION

Using OnDemand AP, Children’s is converting its invoicing process from a paper-based manual process to an electronic automated process. The GHX solution uses business rules to handle both electronic or paper format invoices that come to the Children’s accounts payable team and to reduce discrepancies that can occur when transferring from one format to another. OnDemand AP provides advanced exception handling, workflow automation and non-PO handling. Invoices are routed with full visibility and tracked with an audit trail of edits and approvals. The services of OnDemand AP help improve workflow and visibility to minimize discrepancies and enable better management of the AP process.

Adds Payne, “The smoothing capabilities of OnDemand AP have enabled us to cut out hours of manual work every week.”

THE TEAM’S GOAL WAS THREEFOLD:



**Maximize
810 invoices**

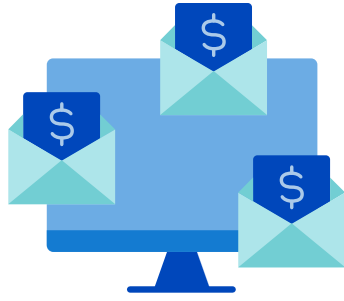


**Convert paper PO
invoices to EDI**



**Automate all
non-PO invoices**

The new system would need to integrate with the in-house check system and deliver all invoices to a central mailbox, whether electronic or paper.



The centralized mailbox also gives Payne's team greater control and visibility into their payments and liability. The team has a holistic view of invoices as they are received into the GHX system. Everyone on the team has the ability to code as approvers, including non-PO invoices.

"GHX provided the combination of everything we were looking for, with the ability to tailor the system to what we needed. The GHX team came onsite to see exactly what we were doing and developed flow charts to show us how to get where we wanted to go."

Chuck Payne

Children's Director of Disbursement

VISIBILITY IMPACTS THE BOTTOM LINE

Payne says that moving to the GHX system delivers an efficient process but has also provided visibility that led to unexpected value. Adding, "Not only do we benefit from the efficiency, but also the GHX system helps us better understand our liability. It's been tremendously helpful in

planning upcoming and future payments, which has a direct impact on our bottom line."

With the success of OnDemand AP, the team at Children's is looking to leverage additional GHX products to continue boosting efficiency as they move forward.

"We also use ePay and are about to expand that product, something that has been on our list for a while. Our hospital has grown quickly in the last five years. As our footprint expands, so does the need to automate payment management," says Payne.

