Digital invoicing saves university €550,000

TU Delft

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TU Delft

Ricoh's invoice processing solution has automated payment processes at Technische Universiteit Delft (TU Delft). The digital workflow provides control and has improved visibility. Invoices are processed faster, allowing the university to take advantage of supplier discounts, and the administrative workload has been reduced, releasing resource and saving TU Delft €550,000 per annum.

The challenge

With more than 21,000 students and staff, TU Delft is the largest technical university in the Netherlands. An annual budget of €350 million encompasses expenditure on everything, from paper clips to postgraduate research. The university receives more than 130,000 invoices every year, each of which has to be recorded, validated and paid.

Prior to Ricoh's involvement, invoices were processed manually. Paper-based documents were passed from desk to desk using internal mail. With some invoices requiring more than 20 signatories, it was easy to lose track and, as a result, suppliers were often paid late. Late payment meant that the university was not able to take advantage of discounted terms.

The paper-based system provided little visibility and ineffective processing, tying up administrative resource. The equivalent of 35 full-time employees were engaged in the approval process and inbound invoices were manually recorded. Multiple copies were made for archive purposes and for onward distribution, while time was wasted chasing missing paperwork and responding to supplier phone calls.

Recognising that the existing invoice processes were inefficient, the university investigated alternative solutions. TU Delft was looking for a single system to handle all purchase ledger processes which would also need to automate manual processes, provide full invoice visibility and generate a fast return on investment. Ricoh had just the solution.

Objectives

- Record, validate and pay 130,000 invoices every year
- Automate manual processes
- Provide full invoice visibility
- Pay suppliers faster
- Reduce administrative resources

Results

- Paperless digital process
- Automated validation and approval
- All invoices paid within agreed terms
- Significant cost savings
- Improved supplier relationships

Ricoh's solution

Ricoh's consultants analysed the university's invoice approval process, identifying bottlenecks and opportunities for improvement. Analysis showed that paper-based invoices spent, on average, three days sitting in each approver's in-tray and, with multiple approvers, as many as 60 days in transit.

Ricoh implemented a rules-based digital invoice processing solution. The solution is versatile, scalable and effective. Ricoh customised the software to meet the university's needs and integrated it into the digital workflow. Ricoh multifunctional products (MFPs) are also used to scan, archive and distribute invoices.

The process is fully automated. Rather than manually record invoice details, a digital copy is recorded in a central database with copies emailed instantly to approvers for validation and approval. Information held within the database is easily interrogated and digital copies of invoices can be retrieved in seconds.

The rules-based workflow automates the process and ensures that invoices are validated and approved within the agreed supplier payment terms. The system escalates approval according to a predetermined authorisation protocol. System reports provide detailed up-to-the-minute analysis of expenditure.

Customer benefits

Ricoh's solution has automated invoice approval processes, reducing manual administration, eliminating cost and providing a fast return on investment. Implementing Ricoh's solution has released the equivalent of 14 full-time employees from administrative duties.

"Before automating the process, we needed the equivalent of 35 full-time employees to process 130,000 invoices. And even then, we did not meet all payment terms," explained Ton Visser, Head of Accounts Payable and Application Manager at TU Delft.

"We now process the same number of documents, meeting agreed payment terms, with 14 fewer full-time equivalents. Releasing headcount has eliminated cost. The new process saves €550,000 per annum in employment costs alone, more than covering the cost of the initial investment."

"The most significant time savings are achieved in the distribution phase. Invoices are scanned centrally and forwarded electronically to the budget holder for validation. Scanning and forwarding invoices takes seconds. It is no longer necessary to make paper-based copies of invoices for filing and distribution."

> "It used to take up to 60 days to validate and approve an invoice. It now takes an average of just 20 days. The process is 100% transparent. We've not lost track of a single invoice since we automated the process."
>
> Ton Visser
> TU Delft

Solution

- Paperless digital process
- Rules-based workflow
- Automatic escalation
- Secure electronic archive
- Detailed real-time reporting

Benefits

- Compliant and easily scalable
- Improved financial visibility
- Better supply chain relationships
- 40% reduction in headcount
- €550,000 annual saving

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