Scenario

Northwind Enterprises is a mid-sized company specializing in wholesaling food and beverage. The company processes approximately 4,000 invoices per month using a manual system, which has led to high error rates, delays, increased labor costs, and a high level of dissatisfaction among the suppliers, who are seldom paid on time.

The Accounts Payable (AP) department comprises eight clerks who handle the entire invoice processing workflow, including data entry, validation, approval, payment processing, and filing, and two managers who supervise the process. Each clerk costs $50,000 per annum, and a manager costs $90,000 per annum.

Northwind Enterprises has a robust IT infrastructure capable of supporting new software implementations. The company uses an enterprise resource planning system (ERP) that manages financial data but is not integrated with the manual invoice processing system.

The company allocated a budget of $250,000 to resolve this problem. The situation is worsening, so a solution must be implemented urgently.

Three solutions are being considered:

1. Keep the manual process and address the issues through process changes and more strict quality monitoring.

2. Hire more staff.

3. Invest in a fully automated invoice processing system with Optical Character Recognition (OCR), real-time invoice validation, and full integration with the existing ERP system. This solution requires a $190,000 upfront cost in system customization and integration and $5,000 per month in licensing fees.

Existing pain points:

- High error rates lead to payment delays and supplier dissatisfaction.

- The manual process is time-consuming, causing clerks to be overworked.

- The manual process does not allow real-time tracking and visibility of invoice status.

- There are frequent delays in invoice approvals between departments (finance, procurement).

- There is difficulty in scaling the process during peak business periods.

Business Objectives that need to be met by the proposed solution:

- Reduce invoice processing errors by 90%.

- Decrease the average invoice processing time by 50% within the first year.

- Lower the overall invoice processing costs.

- Provide the ability to view the status of invoices in real time throughout the processing cycle.

- Achieve a 95% on-time payment rate and reduce supplier complaints about payment issues by 80% within the first year.

- Develop a scalable invoice processing system to handle increased volumes during peak business periods without additional staffing.