



MSP IMPLEMENTATION **TECHNOLOGY**

CLIENT PROFILE

A financial services organization

CHALLENGE

Needed to create more streamlined error-free processes for purchase orders and invoices

CHALLENGE

During the MSP implementation for one of our financial services clients, AGS discovered that their current purchase order system (ASN/PO via Ariba) and manual invoicing systems for their existing suppliers proved to be inefficient processes, given the complexity and size of their organization. In an attempt to reconcile labor goods and services, and allocate and classify budgets, funds, and receipts against the goods and services defined by the purchase order/ASN details, a procure to pay (P2P) solutions was implemented.

Additionally, since our client had grown significantly due to various acquisitions, they were maintaining separate sets of books for multiple operating units. Not only was maintaining purchase orders this way leading to time added to the end user community when it came to engaging contingent labor through the requisition to invoice lifecycle, but it also created additional issues, including:

- Incremental billings or credits for bill rate adjustments
- Time credited back to the purchase order
- Tax adjustments
- Cost allocation adjustments
- Time and materials arrangements
- Travel expenses

Ultimately, our client needed to make key decisions that centered on streamlining their contingent labor processes, while realizing cost savings by mitigating duplication of efforts across various functions within their organization.

SOLUTION

To address these issues, AGS recommended that our client use a three-way-match approach, consisting of their current purchase order program and the vendor management system (VMS) as a single system to record contract labor. The three-way-match approach, which enforces financial compliance, budget and cost allocation, and invoicing and payment reconciliation, includes:

1. Creating a work order/assignment where the budget is allocated and funds are committed to a specific expense.
2. Approval from the manager acknowledging the delivery of the goods or services defined in the assignment via a receipt.
3. Requesting payment for the specific items covered on the receipt and the negotiated price on the assignment via invoicing.

With this recommendation, AGS worked with our client towards leveraging an electronic invoice solution, which allowed for costs to be realized within their set of books as processed by accounts payable. This real-time cost allocation not only enabled their financial analyst community to automate and drive efficiencies, but also mitigated any back-end reclassification previously completed after the data travelled through the invoice

imaging between systems. Additionally, a flat file invoice was implemented via Ariba per existing standards that our client had used for previous suppliers not operating on Ariba.

THE RESULTS

After choosing to not completely change their initial approach around financial governance and invoicing led to a few months of invoicing errors and discrepancies that impacted the timely and correct pay for the supply base, ultimately, our client decided to utilize the three-way-match system and VMS, provided the oversight to contracts and processes ensured their financial practices were enforced.

In addition to leveraging the three-way-match system, the program moved to a new invoicing solution that went directly to the client via sFTP, rather than using the Ariba's P2P system. This eliminated several errors and discrepancies that were arising through the limitations of the tool's ability to process large amounts of transactions into a consolidated invoice.

With the client, AGS has invested in creating a task force to audit the program's performance to review the first six months of the program.

The team continues to work diligently to make sure each transaction and payment is correct to ensure that every partner is made whole and refunded any monies due to error.



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