Problem, solved.

K2M

Quick solution to manual invoicing system improves turnaround and delivers greater global compliance for healthcare company.

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— Volker Spichal, VP finance controller international, K2M

RunMyProcess.

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Background

K2M Group Holdings, Inc. is a global medical device company which designs, develops and commercializes minimally invasive complex spine technologies. These are used by surgeons to treat some of the most difficult and challenging spinal pathologies. The company has bought an increasing number of products to the market for patients suffering from degenerative spinal conditions and is a major competitor thanks to this success.

Headquartered in Leesburg, Virginia, in the U.S, K2M also has subsidiaries in the United Kingdom, Germany, Italy, Austria and Switzerland.

Problem

During K2M's international expansion, invoices and global payments were centralized by the accounting team in the United States to ensure consistent processing. This was very time consuming as local sales and administration teams were required to send scanned copies of invoices to the US and then wait for payment – and it wasn't possible to receive a status update in the meantime.

Time was frequently lost due to incomplete information and vendors frequently queried the payment status, creating many internal email exchanges and leading to a great deal of confusion – both for K2M and their suppliers. "A lot of time was lost in this manual and disconnected process. We needed to focus on selling and not on the processing of back office vendor invoices," remembered Volker Spichal, VP Finance Controller International.

K2M considered managing the invoice approval workflow in their JD Edwards application but ruled this out due to the cost and timescales of the necessary development work. In 2013, they approached Fujitsu RunMyProcess looking for help in building a cost-efficient workflow solution that could be easily accessed from any device and location.

Solution

The entire invoice management process was developed in just 15 days, going live in March 2013. The process is launched when a K2M employee receives an invoice at one of the K2M offices, a scan of which is submitted via the RunMyProcess-based application. Invoices can include expenses for sales and marketing activities, shipping, and other general and administrative expenses.

Using the Fujitsu RunMyProcess-based application, the submitter enters key invoice data (such as the business unit, expense category, and amount) and attaches a scanned copy of the invoice. In addition the submitter specifies the payment details including payment due dates or method. To save time the application calculates the VAT amount of the invoice.

Once the invoice is submitted the application asks the appropriate business unit manager to approve the expense and confirm delivery of the service or product. Once approved, the application notifies the finance manager who approves the invoice and confirms the invoice amount.

Next, the application transfers the invoice submission request to the international accounting team in the U.S. Key invoice information is then manually entered into the JD Edwards (JDE) accounting system of record and the RunMyProcess application data is updated with the generated JDE voucher number to link the transaction. The process is terminated once the treasury function confirms that they have made the vendor payment and closed the transaction in JDE. Once the payment is made, the supplier receives a remittance notification, increasing the efficiency of the end-to-end process and helping to reduce queries and confusion.

At each stage of the process it is possible to place things on hold if further information is required or to reject the request due to duplicate entries or other reasons. Automated follow ups, reminders and escalations help to improve visibility of the process and keep things moving effectively.

In-depth management information on current and historical invoice requests is also available to users, along with the ability to self-manage key configuration data used in business rules.

Benefits

K2M's Fujitsu RunMyProcess-based application has helped them save time, improve turnaround and deliver greater compliance globally – an important capability for a public company operating in the healthcare industry. And all of this has been achieved without the need for increased resources.

Importantly, visibility into invoice status has not only increased internal efficiencies but has also delivered external benefits, freeing sales people to focus on selling and service rather than wasting time querying invoice status for vendors. At the same time, the global nature of the solution means that the benefits of this new invoice management approach can be extended to all subsidiaries as a single shared service.

As Volker Spichal explained: "The offices don't need to spend valuable time answering vendor payment queries, but can focus on customer service and supporting the sales teams to generate more sales. Equally importantly we can deliver these benefits without increasing resources, since our US team of international A/P and treasury staff can now easily manage the process for everyone, removing the need to add a European infrastructure."

For the US team, the application simplified invoice management considerably. They now receive consistently formatted

invoices along with pre-validated VAT, simplifying entry into JDE: "The single touch of each invoice eliminated the frustration and wasted time of managing missing data, lost invoices and duplicate validation – also reducing the need for multiple re-entry of data into our ERP as a result," said Volker Spichal.

Now, the K2M team is also able to retrieve past invoices and information stored on the Fujitsu RunMyProcess platform, enabling K2M to compare rates and expenditure trends, thanks to the ergonomic search functionality.

"It was a quick solution to a previously painful, time consuming manual process," Volker Spichal.

"We saw that it was working seamlessly between functions with an instant adoption rate since everyone was able to connect and use the intuitive user friendly screens. End user feedback input was taken into account quickly, adding functionality with quick turnaround time," he added.

Fujitsu RunMyProcess has worked with K2M for more than three years now, to evolve the application in line with the continuous improvement of their business. Following their successful trial of RunMyProcess in Europe, K2M is investigating further potential projects – ranging from the direct integration and automation of JD Edwards data entry, through to the implementation of additional processes such as the approval of purchase requisitions for purchase orders.