image: KBC Group

DYNATOS

KBC Bank & Verzekering

Banking & Insurance

Accounts payable at KBC: better, faster, and simpler.

As a bancassurer, KBC wants to help realize and protect the dreams of its stakeholders. Part of this is the digitization of Accounts Payable in 2015. After all, it was their suppliers who requested this. But KBC itself also saw the benefits of automated invoicing, a process that becomes much more transparent and efficient, with cost savings and happy suppliers.

KBC in numbers

Ten million customers in the core markets of Belgium, Czech Republic, Slovakia, Hungary, and Bulgaria. 36,000 FTEs. A network of 1,560 bank branches, plus sales through own agents and other channels. That is bancassurer KBC in a nutshell. And while we're throwing around numbers, the company processes over 90,000 invoices annually, with about 15,000 potential users active within these processes. Those are enough reasons to digitize your AP," argues Bart De Backer, Lead Analyst of SAP Logistics & Finance, KBC. "Digital is the new normal, as evidenced by the fact that many suppliers themselves came up with the request to submit their invoices digitally."

However, KBC's existing invoicing process also clearly needed to be improved and was due for replacement. The AP department moved from Belgium to the Czech Republic, and sending paper invoices to Eastern Europe was costly and burdensome for the

environment. Meanwhile, it was unclear where the invoice was or its status. And not all invoices arrived. "There's a monster at the border that eats invoices," a colleague once exclaimed in desperation. In the Czech Republic, it was also not always clear which general ledger account or analytical object to use. Moreover, KBC often faced fraud; invoices were intercepted in the mailbox and provided with a changed bank number.

Core requirements

For the Accounts Payable Automation project, KBC enlisted Dynatos. Based on the mentioned shortcomings, some essential requirements for the new solution could be formulated. De Backer: "We obviously found Optical Character Recognition necessary, where some fields on the invoice such as amount, supplier, PO number, and invoice date are automatically recognized. Integration with SAP was required to transfer OCR data to SAP automatically.

The major innovation for these invoices is that they are immediately digitized, coded, and sent for approval. This represents a real change in the workflow within KBC.

Bart De Backer, SAP Logistics & Finance Lead Analyst at KBC

Results and benefits for KBC

Enhanced Efficiency:
- ✓ Automated invoice processing with OCR reduced manual data entry and errors.
- ✓ Simplified workflows and faster processing improved overall efficiency.

Improved Control and Transparency:
- ✓ SAP integration provided real-time insight and control.
- ✓ End-to-end monitoring allowed visibility of invoice status.

Cost Savings and Sustainability:
- ✓ Digital archiving reduced shipping costs and carbon footprint.
- ✓ Minimized use of paper invoices.

Fraud Prevention:
- ✓ Reduced risk of invoice interception and fraud.

Supplier Satisfaction:
- ✓ Streamlined handling and faster payments increased supplier satisfaction.
- ✓ Better adherence to payment conditions and discounts.

Staff Optimization:
- ✓ Employees focused on strategic tasks instead of manual data entry.

Future-Proofing:
- ✓ Scalable solution prepared KBC for future digital initiatives.

Smooth Transition:
- ✓ Training, webinars, and instructional materials facilitated adoption and efficiency.

We also valued an easily accessible workflow, given the large number of people who submit, code, approve, provide feedback on invoices, etc. We wanted a digital archive that complies with laws and regulations. Finally, we wanted the possibility of end-to-end monitoring so you can see where an invoice is in the organization and why there might be a delay. KBC used various channels through which invoices come in. "Not ideal, but in the Czech Republic, we have to deal with a language barrier," says De Backer. "If 'painting works' is on the invoice, they don't know which supplier this is linked to. They also don't know where it should be booked in the accounting or where to send their questions. Therefore, we also choose a decentralized receipt channel in Belgium – a compromise solution, which we try to reduce."

The Tungsten software, implemented by Dynatos in collaboration with KBC in less than 11 months, now provides three input channels. Two channels are for central receipt in the Czech Republic, where invoices arrive as PDFs via electronic mail. In the mailroom, paper invoices are scanned and entered. Invoices with a PO number can be sent directly to AP for immediate booking and payment. For non-PO invoices, a workflow is sent with a request to the involved persons in Belgium, who then answer in the Tungsten web application.

In the decentralized receipt channel, the invoice arrives by mail but is submitted by a KBC employee. With a PO number, the handling is standard; without a PO number, the invoice is uploaded into the web application along with the request for approval. It then goes to the AP department for payment. De Backer: "Anyone with knowledge of SAP can see that the invoice is registered, what stage it is at – coding, data verification, approval, booking, payment – and who is working on it."

We can now follow every step in the process. Every workflow has a history, so everything is traceable.

Bart De Backer, SAP Logistics & Finance Lead Analyst at KBC

Digitization

Management wanted an overview of the entire AP process. Well, that has been realized. And – very important – we can report on this. Digitization offers KBC even more advantages. The coding sheet is automatically included; the general ledger account and analytical object must not be retyped. This reduces the margin of error and the chance of duplicate invoices. An electronic agreement has replaced written approval, and employees can easily share information via workflows to add notes to the invoice.

"All in all, this has simplified, sped up, and improved the processing process," says De Backer. "And not only that. Our digital archive saves significantly on shipping costs and reduces our carbon footprint. Our suppliers are more satisfied, and so is KBC itself, now that we can better meet payment conditions and benefit more from discounts."

Everyone on board

His tip to other companies wanting to digitize their AP is to ensure all involved departments and suppliers are on board; otherwise, the transition will be difficult. To this end, KBC organized webinars and issued one-pagers with instructions for each process step.

"Also, ensure that your SAP team is trained in advance and that they know what the solution looks like and how it works. It is nice that more and more employees see the efficiency of this new system. We are getting more and more believers!"

What can we do for you?

DYNATOS® TUNGSTEN AUTOMATION