

CAPGEMINI AND TXU ENERGY INTEGRATE WORKFLOW WITH EMC APPLICATIONXTENDER



CASE STUDY: CAPGEMINI ENERGY, LP

OVERVIEW

Capgemini Energy was formed by Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, and TXU Corp., a Dallas-based energy company, in May 2004. The limited partnership is committed to delivering deep industry knowledge and technology leverage to energy companies through collaboration and scalability, allowing their customers to focus on their core business while reducing their operating costs.

TXU contracted with Capgemini Energy to provide, for a 10-year period, the following business services: human resources, information technology, supply chain, finance and accounting regulatory compliance, customer care, and billing and revenue management.

Capgemini Energy has taken a balanced approach to business change that involves:

- new and streamlined business processes
- investments in technology
- creation of integrated and consolidated operations
- elimination of manual handling
- creation of an efficient, standardized environment to support growth

On average, approximately 32,000 TXU invoices are processed each month by Capgemini Energy - of which approximately 22,000 are electronic (EDI and batch upload) and approximately 10,000 are paper.

CHALLENGE

When Capgemini Energy took over TXU's accounts payable operation in July 2004, it immediately began looking for a more efficient processing solution to replace TXU's labor-intensive manual process.

Under TXU's process, invoice data was manually keyed into the accounting system from the original paper document. A staff of 25 was required to handle the large volume of invoices making their way through the accounts payable process, including the data entry required for each invoice.

Once the original paper documents were no longer needed in the accounts payable department, they were turned over to an archiving group for conversion to digital images.

In support of their "balanced approach to business change," Capgemini Energy elected to offshore the data entry to a group in Krakow, Poland. However, this decision introduced new challenges.

First, the invoices are received in Dallas, and it was not practical to mail or fax these documents to Krakow. Document images could easily be transmitted to Krakow, but Capgemini Energy would have to start the process, rather than end it, with the scanning of paper invoices.

Second, while many invoices are processed without any problems, there are special situations that require extra attention. Some of these situations include new invoices requiring first-time vendor setup in the

accounting system, invoices flagged for 1099s, and invalid accounting issues or additional approvals. Any new technology introduced needed to conform to the extensive written procedures established by TXU and already in place for the accounts payable operation, including very specific steps for handling the special situations.

And finally, due to contractual obligations under the new limited partnership, Capgemini Energy needed to have a new solution implemented very quickly.

SOLUTION

Capgemini Energy began working with **Integrated Future Technologies, Inc. (IFT)**, a document and content management reseller based in Arlington, Texas. Capgemini Energy tapped **IFT's** knowledge of document management products and integration expertise. **IFT** provided software applications from EMC Documentum and Kofax, as well as scanning hardware from Böwe Bell+Howell and Canon.

IFT designed and integrated an automated workflow solution according to our specifications and TXU's existing processes," said Allen Donohoo, project manager for Capgemini Energy. "The automated workflow system works cohesively with the document imaging hardware and software installed and supported by **IFT.**"

The solution implemented by **IFT** and BIS includes:

- One Bell+Howell Copiscan 8000
- One Canon DR-6080 Scanner
- One Canon DR-5020 Scanner
- EMC Documentum ApplicationXtender
- EMC Documentum WebXtender
- Kofax Ascent Capture
- MasterScan Workflow

Upon receipt, paper invoices are separated into group work baskets at the mail desk in Capgemini Energy's Dallas office. The Dallas records management group then scans the invoices using Ascent Capture and subsequently stores them in ApplicationXtender.

Each processor in Krakow, Poland, uses the browser-based version of MasterScan Workflow, which sits atop WebXtender, to access the group work basket as well as their individual work basket. They pull invoices, or "work items," from the group work basket into their user work basket for processing. Provided the invoice image is readable, they key in the invoice data from the image and check that the authorization levels are correct. If the image is not readable, it is sent back to the Dallas records management work basket for rescanning.

The workflow for each invoice eventually ends when the processor enters a voucher number.

The workflow process, signifying that processing has been complete, and the invoice data can be released into the accounting system in Dallas for payment.

"In actuality, there are several workflows in place, running concurrently," said Donohoo. "Each invoice can be pushed out of the main workflow at different steps in the process, and then returned upon satisfactory completion of a separate workflow."

This is generally the case when special situations arise. For example ...

- If an invoice is issued by a new vendor, it is routed to the vendor setup group in Krakow.
- If it requires a 1099 - and one either doesn't exist or is outdated - it is routed to the 1099 specialist desk in Krakow.

- It cross-references and reports on vendors' Service Level Agreements, allowing issues to be addressed at the time the invoice is being processed, rather than after payment is made.

If an invoice needs approval, or if an improper authorization level or invalid accounting is detected, the processor can perform an e-mail lookup of the TXU employee authorized to approve it. They simply click on the person's name and an e-mail is auto-generated, informing the person they have an invoice to approve. The TXU employee clicks on a link contained within the e-mail that enables them to call up the invoice in question. The TXU employee with the appropriate approval level can approve the invoice electronically, and then it will immediately continue through the workflow process for payment.

All hardware, including the image repository, and all server-side software are located in Dallas. It takes less than three seconds for the processors in Krakow to call up the work items contained in their work basket.

Every invoice is tracked through the workflow, enabling real-time invoice status reporting. If a vendor inquires about the status of a specific invoice, any Capgemini Energy accounts payable specialist in either Dallas or Krakow can instantaneously call up the invoice and inform the vendor of the status within the workflow, as well as the workflow history.

Following the satisfactory completion of the workflow - when the processor has completed the invoice in the workflow and the data has been released into the accounting system - the workflow history is saved in the invoice's document folder in ApplicationXtender. The work-flow history includes workflow steps, e-mail steps, comments, and additional data such as accounting and authorization collected during processing. Easy access to this information simplifies any audit.

This system also automatically generates log files for auditing purposes and system debugging. And reports can be used to show TXU where there are hitches in the process that slow down payment.

In the month of June 2005, Capgemini Energy accounts payable processed approximately 25,000 invoices. Of those invoices, 228 invoices had to be routed back to TXU for additional information. Capgemini Energy was able to run reports to see how many invoices they received and routed back to TXU and also view comments as to why each invoice was routed back.

The original paper invoices are now typically destroyed within three weeks of receipt, with each quality-checked image serving as the official document of record.

Capgemini Energy's new workflow solution has been fully-functional since October 2004. It only took two months to implement - from workflow concept-ualization and design to initial pilot. Over the next four months, invoice processing was transferred to Krakow step by step as the system was refined, until it achieved full system deployment.

IFT provides Capgemini Energy with ongoing technical support, workflow enhancements, hardware maintenance, software upgrades, etc.

RESULTS

The new system has been a win-win-win project for TXU, TXU's vendors and Capgemini Energy.

... for TXU

TXU has access to electronic invoice data approximately one week earlier than when back-end scanning was used. Invoices that have been received but not paid can be easily located using the workflow tools.

Reports let TXU know if they have locations where additional training is needed because of the number of exceptions - for example, exceptions from invalid accounting, lack of approval or invalid authorization, etc.

Because invoice processing time has been reduced, invoice information is available electronically sooner than ever before.

... for TXU's Vendors

This **IFT** solution allows accounts payable personnel to be more responsive to vendors about why they have not been paid. This includes whether the vendor invoice has even been received by the accounts payable department.

Because issues are recognized and resolved sooner than they were using the manual process, and because automation has facilitated a smoother, quicker accounts payable process, vendors are more likely to be paid on time.

... for Capgemini Energy

Due to process redesign and the use of workflow, Capgemini Energy's accounts payable department in Dallas was able to reduce headcount from 25 to 5 and take advantage of labor arbitrage in a lower-cost region of the globe. Capgemini Energy now uses a staff of 18 in their distributed delivery center in Krakow, Poland, to process invoices for TXU.

IFT's system enables accounts payable to know the status of all invoices received once they have been scanned. For example, any member of the accounts payable team can find out, in real time, whether the invoice is in queue to be processed, has been sent to TXU for additional processing, or has been processed and is awaiting payment.

The new system automates the distribution of invoices to accounts payable processors, which is more efficient than the old manual process.

CapGemini can check the backlog status of all processors to determine if there are any backlog issues where invoices are not being processed timely. Microsoft Access-based reporting capabilities enable Capgemini Energy to manipulate data and view information and statistics as needed.

The same solution can be used by Capgemini Energy for future clients on this business process platform.