

Driving Adoption of Electronic Invoicing at thyssenkrupp Elevator Corporation

By Lynne Schneider and Bryan DeGraw

Executive Summary

Every company aspires to do a better job of converting its customer invoices to cash. For thyssenkrupp Elevator Corporation, this involved turning to technology to help customers pay faster. It implemented a payment cycle management solution from Billtrust, with features including electronic billing, tracking of invoice receipt, email, Web portal and EDI functionality. The solution offers a variety of payment options, including ACH and credit cards, allowing customers to obtain needed products and services without becoming a collection risk. The technology, combined with extensive marketing and customer education efforts, resulted in a nearly threefold increase in the number of invoices paid online and a sevenfold increase in the dollar value of payments made online.

Background

U.S. Postal Service cutbacks to personnel and deliveries (including new union contracts and the closure of more than 150 offices in 2014-15) had slowed the customer-to-cash cycle, not just at thyssenkrupp Elevator Corporation but at many companies with a significant volume of customer invoices and payments sent by traditional mail. Moreover, with paper invoices and checks, it can be harder to track the date and verify whether an invoice has been received.

In search of improved cash flow, the Customer Financial Services organization of thyssenkrupp Elevator Corporation saw that the invoice-to-cash portion of its process held opportunities to:

- Increase process efficiency.
- Automate manual activities.
- Capture customer invoicing and payment information in a single system that has an end-to-end perspective.

The company found that it lacked adequate visibility to the activities in the invoice-to-cash cycle, particularly around invoicing. Part of the challenge was that it was working in five different ERP systems. Therefore, an important first step was consolidating its



The largest producer of elevators in the Americas, thyssenkrupp Elevator Corporation has more than 13,500 employees, over 200 branch and service locations, and sales of more than \$2.7 billion. A subsidiary of thyssenkrupp Elevator AG, the company oversees all business operations in the United States, Canada, and Central and South America. In North America, thyssenkrupp Elevator Corporation companies offer a range of products and services, including premium carbon steel; high-performance alloys; automotive components and systems; elevators, escalators, moving walks and passenger boarding bridges; and material trading, logistical and industrial services.

Bobby McPherson

*Customer Financial Services Manager
thyssenkrupp Elevator Corporation*



Mr. McPherson manages process improvement initiatives within the Credit and Collections department. His current role includes leading a centralized Web billing team, along with projects to improve system efficiencies that will improve the company's collection efforts. Mr. McPherson has over 20 years of commercial collection experience, including billing, dispute resolution and cash application. He has also been the business lead for system migrations to Oracle and SAP.

invoice-to-cash transactions onto a single Oracle system. To get to the next level of process maturity, the company had to solicit customer feedback and learn if hard-copy invoices were the only option or if they would be willing to adopt an online solution. After receiving that feedback and careful evaluation and vetting of vendors, thyssenkrupp Elevator Corporation decided to implement a payment cycle management solution from Billtrust. Its most important requirements included electronic billing, tracking of invoice receipt, and email, Web portal and EDI functionality.

Approach

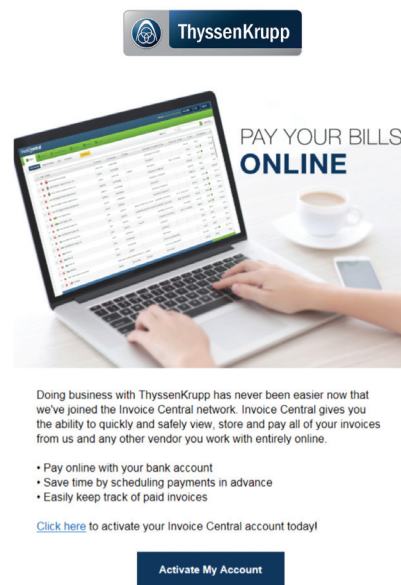
The company's goal is to get invoices to customers more quickly and make it easier for them to pay. Even now, customers who elect to continue getting paper invoices by mail are encouraged to pay those invoices online. Customers are permitted to receive both hard-copy and email versions of invoices. Helping them ultimately feel comfortable enough to migrate completely away from paper invoices is a longer-term goal and a choice that remains with the customer, for the time being.

Once the pilot was complete and full rollout began, the company started offering even more options to simplify the process of making payments electronically, including the ability to open a dispute online. The Billtrust solution also has attributes of a payment portal, i.e., customers have the option to register and pay not only invoices issued by thyssenkrupp Elevator Corporation but also other suppliers' invoices using the same online solution.

Challenges

During implementation, thyssenkrupp Elevator Corporation had to deal with the common challenge of migrating users from the old system and processes to the new solution. While some customers welcomed easier payment options, many were satisfied with the status quo. Since the goal was to convince as many customers as possible to pay online, careful marketing of the new system was essential. The rollout included an email campaign consisting of three separate delivery dates over a 45-day period (Fig. 1).

FIG. 1 Email campaign to encourage use of online invoicing/payment options



Source: thyssenkrupp Elevator Corporation

In addition to email, information about the benefits of the new system accompanied paper bills. The Customer Financial Services team is currently working with company's internal marketing team on a telephone campaign to top recipients of hard-copy bills, with the goal of explaining the benefits of receiving and paying invoices online. It expects a 55% conversion rate as a result of the campaign.

Critical Success Factors

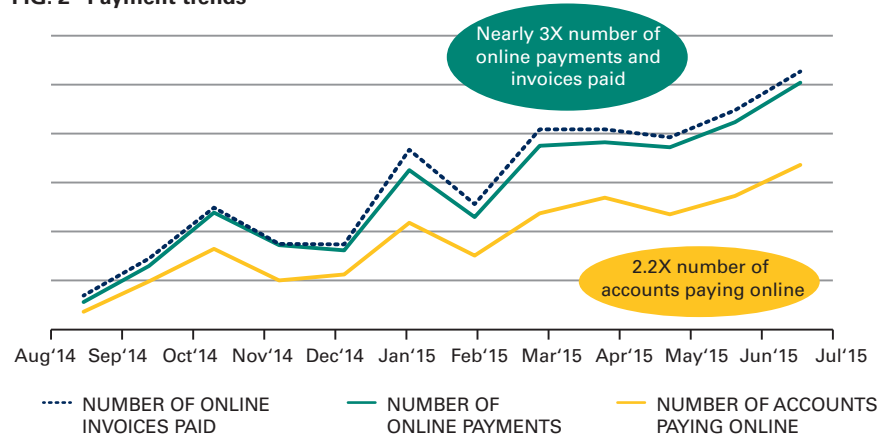
- **Validating electronic addresses:** With more than 30,000 invoices issued per month, a valid set of email addresses is essential. So, regardless of the format in which invoices were to be delivered, the company sent a test message to all customers to ensure it had their correct email address. The Billtrust solution allows the customer invoicing team to know if emails are opened and can track whether the customer accessed the invoice on the online portal.
- **Marketing the program to customers:** The company had to publicize this functionality and convince customers of the benefits of the new solution in terms that mattered to them, as well as explain how to access the portal to make payments.
- **Internal training for collections:** Webinars were conducted for collections in each region timed with the rollout. Collections staff are encouraged to explain the advantages of online payment in their conversations with late-payers.
- **Track results:** Measurement of results enabled management to understand how widely the solution is being adopted and where improvements are needed.

Results Achieved

Before the project began, the company estimated that it was delivering invoices to customers about three days later than it should have, based on order, delivery and service dates. After implementation, invoice delivery time improved by exactly three days. In addition, some customers are set up for an auto-pay process for any invoices under a certain threshold (i.e., these invoices are paid when issued). This is a dramatic change in payment performance over where it started.

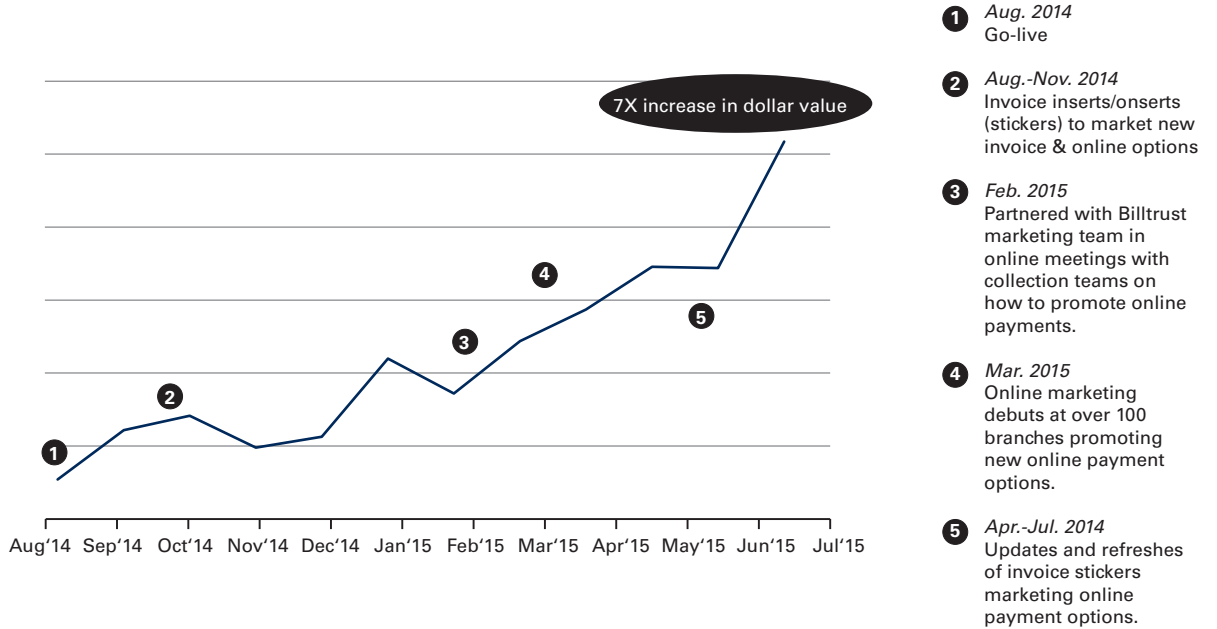
As a result of the project, the volume of online payments and invoices has increased significantly within a short period of time (Figs. 2 and 3). The rise in dollar value per payment has been particularly dramatic.

FIG. 2 Payment trends



Source: thyssenkrupp Elevator Corporation

FIG. 3 Dollar amount of online payments



Source: thyssenkrupp Elevator Corporation

Historically, thyssenkrupp Elevator Corporation had experienced a high delinquency rate. To help customers pay faster, the solution needed to offer a wide variety of payment options, including ACH and credit cards. The system can be modified for customers on credit hold to permit automatic payment via ACH or credit card. This approach allows customers to obtain needed products and services without becoming a collection risk. For the company, it has resulted in improvements to DSO.

The solution offers more insightful reporting, as well. It allows transparency about how well the system is working and provides a simple way to show senior management the benefit and value the company is getting from the solution. Before implementing Billtrust, the company did no reporting on invoicing activity. Now, it is possible to track the complete process of the invoice file from when it is released into production all the way through processing. The application also makes it possible to issue monthly reports on e-invoicing adoption rates to ensure it is achieving its goals.

Lessons Learned

- Engage internal IT early in the technology selection process to identify potential challenges with system integration.
- Solicit help from the internal marketing department as well as the vendor’s marketing resources to increase customer awareness.
- Report internally on the changes and benefits expected. Celebrate the impact of the initiative, such as reductions in postage cost.
- Understand that lack of adoption is not always the customer’s fault. Two-way communication is essential.

Next Steps

The implementation, which began with payment portals in the company’s branch offices throughout the United States, has moved into its shared services. Another goal is to link all the Web-based payment portals utilized by customers into the Billtrust solution.

Related Hackett Research

"Understanding and Improving DSO," October 2015

"Xerox: Maximizing Accounts Receivable to Improve Cash Flow and Working Capital," February 2015

About the Advisors

Lynne Schneider

Senior Research Director



Ms. Schneider is responsible for leading the development of research and other intellectual property for The Hackett Group's Executive Advisory Programs in Finance and Enterprise Performance Management. She has worked in consulting and related research for over 20 years. Her previous positions included Director of Research for Kennedy Consulting Research and Advisory, as well as a variety of internal and external consulting positions with international companies. As Director of Business Process Improvement at American Greetings, Ms. Schneider managed a portfolio of strategic and operations projects, including both staff and line functions. She was also a senior consultant in Towers Watson's Organization Effectiveness practice and a consultant in the Change Management practice at Accenture.

Bryan DeGraw

Senior Director, Finance Advisory Services



In his current role, Mr. DeGraw conducts topical research, supports client inquiries, leads member webcasts, performs client briefings, and speaks at conferences on topics including working capital, purchase-to-pay and customer-to-cash processes. His expertise includes credit/risk modeling, customer segmentation, collection strategies, supplier risk analysis, buy/pay transactional strategy, and leverage of automation. He has over 20 years of corporate and consulting experience in business process creation and reengineering, cost reduction/management, planning, budgeting and financial analysis. Mr. DeGraw's previous experience with The Hackett Group has included managing and delivering finance, procurement and other benchmark projects for clients in both the public and private sector.

The Hackett Group (NASDAQ: HCKT) is an intellectual property-based strategic consultancy and leading enterprise benchmarking and best practices implementation firm to global companies. Services include business transformation, enterprise performance management, working capital management, and global business services. The Hackett Group also provides dedicated expertise in business strategy, operations, finance, human capital management, strategic sourcing, procurement and information technology, including its award-winning Oracle EPM and SAP practices.

The Hackett Group has completed more than 11,000 benchmarking studies with major corporations and government agencies, including 93% of the Dow Jones Industrials, 86% of the Fortune 100, 87% of the DAX 30 and 51% of the FTSE 100. These studies drive its Best Practice Intelligence Center™, which includes the firm's benchmarking metrics, best practices repository, and best practice configuration guides and process flows. It is this intellectual capital that enables The Hackett Group's clients and partners to achieve world-class performance.



Email: info@thehackettgroup.com
www.thehackettgroup.com

Atlanta +1 770 225 3600
London +44 20 7398 9100
Sydney +61 2 9299 8830

Atlanta, Chicago, Frankfurt, Hyderabad,
London, Miami, Montevideo, New York,
Paris, Philadelphia, San Francisco, Sydney,
Vancouver

Please visit www.thehackettgroup.com to learn more about The Hackett Group and how we can help your company sharply reduce costs while improving business effectiveness. Or contact us at **1 866 614 6901 (U.S.)** or **+44 20 7398 9100 (U.K.)**.