



# Procurement Assessment and AP Recovery Solutions

Considering the volume and complexity of transactions related to the procure-to-pay, or P2P, processes, we find that companies rarely look at this area in a true integrated, end-to-end fashion. Increasingly, though, we are seeing procurement and AP teaming together to share the benefits of a comprehensive review of this area. Knowing where to look and having the right tools and experience can be the key to unlocking hidden process improvements or cost recovery opportunities that directly impact the bottom line. Protiviti's Procurement Assessment and AP Recovery Solutions are designed to:

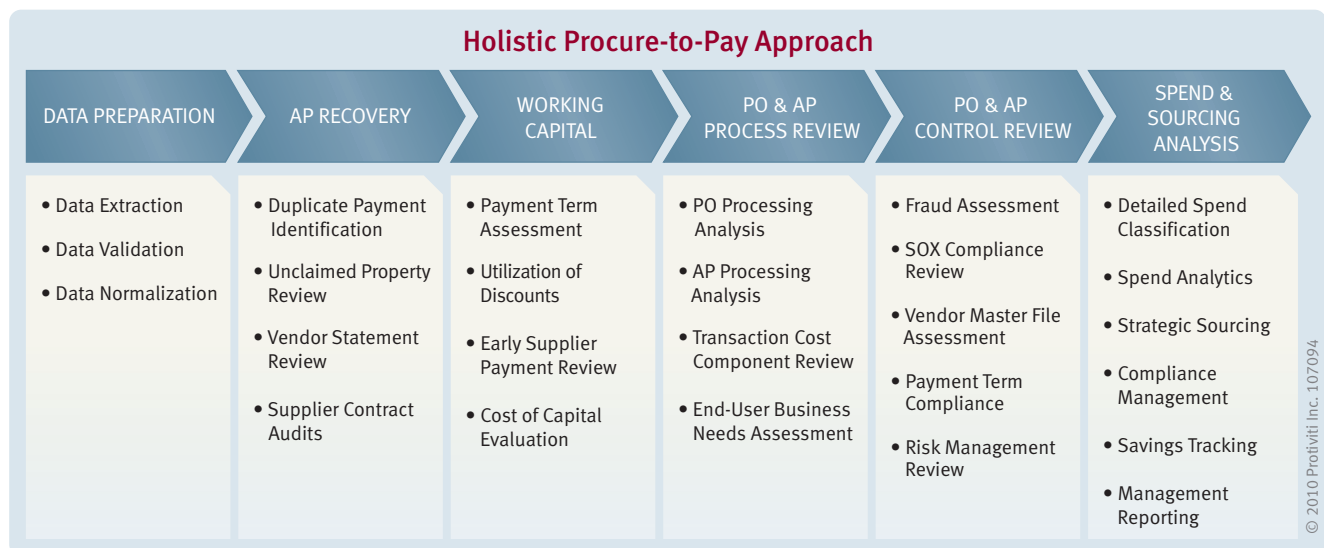
- Identify and recover financial leakage in the form of duplicate payments, unused credit memos, and lost or missed discounts
- Determine opportunities for working capital improvement such as payment terms and utilization of discounts
- Identify procurement and accounts payable process improvements (e.g., PO/transaction processing, vendor master file, transaction costs, fraud indicators)
- Develop spend classification and conduct sourcing review (e.g., spend categorization, supplier fragmentation, sourcing opportunities)

We leverage our industry-leading web-based data analysis tool with a single data load. The result is an end-to-end holistic solution that identifies and recovers cash, identifies

## INDICATORS OF NEED

- Poorly maintained vendor master file (inactive vendors, duplicates, missing or incorrect data, etc.)
- Lack of standardized processes and controls across travel and entertainment, purchasing, procurement cards, accounts payable, and contract management processes
- Limited use of integrated system functionality (ERP)
- Recent staff turnover in AP and/or procurement
- Decentralized accounts payable function
- Recent merger/acquisition
- AP system upgrades or overhauls, or multiple AP systems in place
- Difficulty in balancing focus between direct and indirect sourcing
- AP system upgrades or overhauls, or multiple AP systems in place

opportunities and process improvements, and ultimately supports a procure-to-pay process that can deliver increased value to the organization. ➤



## High potential for savings

Protiviti's Supply Chain professionals believe that, on average, you can expect to find up to a tenth of a percent of a company's spend in financial leakage. These recoveries typically go right to a company's bottom line. For instance, for a company with a 5 percent profit margin, \$1 million in recoveries equates to \$20 million in incremental sales. Additionally, strategic sourcing opportunities identified during a procurement assessment can yield substantial cost savings: 8 to 12 percent or greater of spend. For the manufacturing industry, transforming sourcing and procurement capabilities can provide substantial bottom-line savings, averaging between 3 and 26 percent, and can be a strategic contributor to future profitability.

In addition to bottom-line savings, combining an AP

initiative with a more traditional procurement/spend assessment can yield substantial results, including:

- Improved working capital/cash flow management
- Spend transparency, enabling strategic sourcing
- Lower AP and transaction cost management
- Supplier master file management opportunities
- Enhanced contract management capabilities

Our consultants have extensive knowledge of the procure-to-pay process and have experience implementing people, process and technology changes to sustain improvements in these areas.

### CASE STUDY: Multi-Billion Dollar Manufacturer

SITUATION	Due to a recent spin off from a larger manufacturer, the client needed to resolve several issues in its P2P process. Additionally, the client required assistance with the development and implementation of a corrective/preventive action plan to transform its accounts payable function.
APPROACH	Performed multiple spend risk consulting and audit initiatives across the P2P process, including: <ul style="list-style-type: none"> <li>• Designing an invoice database and performing a root cause analysis behind a 33 percent error rate in invoice processing</li> <li>• Assessing the availability of P2P data for management reporting purposes and designing a reporting dashboard</li> <li>• Performing an analysis and clean-up of the client's vendor master file</li> </ul>
IMPACT	<ul style="list-style-type: none"> <li>• Reduced vendor master file from 50,000+ vendors to 5,000+ vendors</li> <li>• Reconciled more than \$1 million in a T&amp;E suspense account and completed a cost recovery audit that uncovered hundreds of thousands of dollars in unapplied cash, overpayments and supplier credits</li> <li>• GR/IR cleanup effort resulted in the clearing of more than \$20 million in unresolved invoice and receiving issues</li> <li>• Additionally, the client requested Protiviti's assistance in monitoring and reporting on key P2P issues/failures that resulted from an enterprisewide system conversion to SAP 4.7</li> </ul>

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## About Protiviti

Protiviti ([www.protiviti.com](http://www.protiviti.com)) is a global business consulting and internal audit firm composed of experts specializing in risk, advisory and transaction services. The firm helps solve problems in finance and transactions, operations, technology, litigation, governance, risk, and compliance. Protiviti's highly trained, results-oriented professionals provide a unique perspective on a wide range of critical business issues for clients in the Americas, Asia-Pacific, Europe and the Middle East.

Protiviti has more than 60 locations worldwide and is a wholly owned subsidiary of Robert Half International Inc. (NYSE symbol: RHI). Founded in 1948, Robert Half International is a member of the S&P 500 index.

