

How Canon is Transforming Project Approval and Accounts Payable Processes ... from Planning, Procurement to Payment.



CLIENT	Canon U.S.A., Inc.
INDUSTRY	Hi Tech Manufacturing
SOLUTION	Plan, Procure, Pay Leveraging: Enterprise Imaging Platform and other Canon offered technologies and services.

When it comes to efficiency, business process automation is essential. However, it can be difficult to implement and maintain, whether you are managing a startup, or an established medium or large organization. The technology transformation journey begins with the selection of a single ERP system, and the appropriate solutions to help manage imaging and workflow processes.

This was the challenge faced by Canon. With over twenty subsidiaries, and more than seventeen thousand employees in the Americas, this global organization looked to adopt a single and simple process for project planning, and procure to pay. The goal was an efficient process that would be easy to understand and follow for a requisitioner or project controller.

This case study describes how Canon is transforming Plan, Procure, Pay, for improved process compliance, a better user experience, reduced process costs, and shorter cycle times.

In 2011, Canon Shared Services began a new wave of backoffice transformation. As part of this transformation, three efficiency priorities were set: Single ERP System Implementation, Expand Shared Services, and most recently, Efficient Spend Cycle.

Priority One: Single ERP System Implementation

After selecting Oracle E-Business Suite (EBS)* as its ERP system, Canon undertook a comprehensive roll out covering all Americas. Today, there are over 6000 users working with Oracle EBS R12.

Priority Two: Expand Shared Services

Canon has achieved a significant expansion of Shared Services over the recent years. Our internal backoffice scope includes Shared Information Technology, Legal Services, Travel, Human Resources, Credit and Collections, Accounting, and Procurement.

Priority Three: Efficient Spend Cycle

With over 20 subsidiaries, and more than 17,000 employees in the Americas, this global organization looked to adopt a single and simple process for planning, and procure to pay. During 2014, Canon developed an internal solution covering Plan, Procure, Pay.

In December 2012, at the midpoint of Canon's backoffice transformation, we gained speed and flexibility by successfully integrating acquired businesses, such as Oce, while continuing with our backoffice transformation initiative.

Canon in the Americas is a \$10 Billion organization.

At the end of 2014, in the United States alone, Canon's Finance and Accounting savings were over \$5 million per year.

Canon's internal project leverages existing software offerings by Canon, which can be easily **integrated with various ERP** systems and with Canon-branded multifunction printer devices. The solution encompasses complete document imaging and workflow, used in conjunction with middleware technologies, to help reduce redundant data entry to Canon's ERP system.

The solution implemented by Canon supports an efficient spend cycle. The attributes of an efficient spend cycle are: purchase order compliance and **single processing** across subsidiaries and divisions, reduced cycle times, and visibility to commitments on project related expenses.

Efficient Spend Attribute #1 – Purchase Order Compliance and Single Process

The internal Plan, Procure, Pay solution implemented by Canon supports the requisitioner in choosing the optimal supply source and process path. This applies to operating expenses, as well as one-time project expenses.

Canon has designed a flow using preferred channels, which allows the requisitioners and spend planners to easily navigate through the Plan, Procure, Pay processes in a very convenient and process **compliant** way, while carefully balancing risk with usability. All purchase orders are created before a vendor invoice is issued.

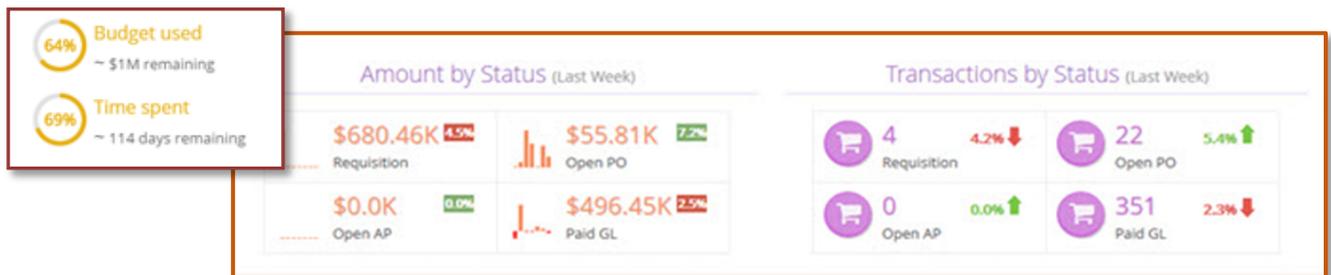
With the solution, "walk-around time" and "manual query time" can be reduced. In addition, the solution supports **paperless** processing and approvals, and allows for real-time approval. The work effort can be shifted from back-end accounts payable processing to front-end planning and requisitioning.

Before	After
Invoices per AP FTE, Annual	14,891 <i>(stabilization period)</i>
10,227	27,682 <i>(end state)</i>

A vendor can send a PDF image of an invoice that can be inserted directly to software components for processing, eliminating any mail and reducing pre-processing efforts. The system helps Canon analyze and extract the purchase order (PO) header and line items, leverage business-defined auto-match rules for PO invoices, to help intelligently process information and automatically post the vendor invoice to the ERP system. At Canon U.S.A., an accounts payable full time equivalent (FTE) can process as many as 27,682 invoices each year.

Efficient Spend, Attribute #2 - Reduced cycle times and visibility to commitments on project related expenses.

Plan, Procure, Pay is similar to manufacturing, with process inputs and outputs. The solution implemented by Canon includes online approval and management dashboards, consolidating information from various systems, which capture key performance indicators (KPI).



Dashboards provide a quick insight to the progress of spend and where the spend is in the Plan, Procure, Pay path. The dashboards also reflect such metric information as, actual performance, targets, and variance to target.

The internal solution implemented by Canon includes analysis, measurement, and decision support tools. The solution provides the capability to approve and review activity via mobile devices, supporting flexible work options.

The amount of time and effort required for data collection and validation will be significantly reduced. The automation reduction begins right from project planning and budget approval. For Canon, the cycle time reduction includes project approval time as well as requisition- to -vendor invoice time.

Before	After
11 days Project Approval	5 days Project Approval
8 days Requisition to Invoice	5 days Requisition to Invoice

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