

Case study

Global telecom organization

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How an accounts payable recovery audit made a telecom market leader realize that they were losing millions of euros from their accounts payable even after having an excellent P2P program in place.

The client is an European organization specialising in telecommunications and mass media, having over 70 million clients globally. SpendLab worked for their HQ comprised of 16 entities and 10,000 vendors, processing on average 235,000 invoices in 2019 on SAP. This particular project was conducted as a proof of concept (PoC). After a successful PoC, the scope of the project will increase.

The challenge

The organization followed a lean P2P program as their P2P supporting tool, where the organization made sure that the invoice requests were validated by several departments within the organization before the payment was made. In addition, several automation and powerful visualization were set in place to ensure that

the risks in the accounts payable process were as low as possible. However, even after such processes were set in place, the organization recognized that over-payments were still being made. To ensure that all the processes are working properly, to validate the health of the accounts payable processes, and to take their accounts payable to a next-level, the organization requested SpendLab to conduct an accounts payable recovery audit.

The goals

SpendLab is the one of the largest accounts payable recovery specialist in EMEA, focusing on data analytics in combination with deep sector know-how. The organization wanted a recovery partner that presents the risks in accounts payable with a great visualization and that too with a very little time investment from the organization's end. The goals of this analysis were:

- Recovering lost liquidity (duplicate payments, undue payments, incorrect or erroneous VAT entries, and outstanding balances)
- Providing insights to validate the accounts payable health of the organization;
- Providing insights to improve the P2P processes.
- Identifying risk areas present in the accounts payable process.

The results

SpendLab delivered an accounts payable risk & compliance report, which presented the risks present in the accounts payable process of the organization, as well as the AP and Balance Analyzer, which presented the root causes of the undue payments based on vendor level across the 16 entities of the organization.



In total, more than 306 cases of accounts payable errors with 89 vendors were detected. The **recovery per analyzed invoice was €13,40 (on external spend)**

Various root causes were observed : undue payments, balance reconciliation (discovering unknown credit amounts), open accounts payable and VAT.

Next-Steps

Deeply satisfied with the collaboration with SpendLab on their HQ for the year 2019, the organization requested SpendLab to analyze the accounts payable for the years 2020 and 2021 as well. In addition, they suggested conducting the accounts payable recovery for their entities in the USA and Western Europe once the analysis was completed for their French HQ.

SpendLab's analysis showed that:

- Overall, the accounts payable seemed in control and the lean P2P process seemed mature: the way it is set up is very well done with a lot of automation, preventive controls, correct segregation of duties installed, and pro-active actions. No issues were found either in partial payments or in case corrections were made in the SAP. The accounts payable recovery audit we have done proves that the process works well.
- Nevertheless, manual actions to control blocked invoices, proper approvals for Non-PO invoices and a very strict use of manual PO creation is important.
- A periodic vendor reconciliation should be considered, to actualize open AP in SAP, clearing of open AP invoices, and rectifying unknown credits.
- One serious issue was detected with one of their biggest vendors. The vendor invoiced certain activities double over several invoices.

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