Now 100 years old, IBM Corporation remains a leading provider of technology and services. In 2010, the company boasted revenues of $99.9 billion, with net income of $14.8 billion, and had over 426,000 employees worldwide.

Business Challenge

IBM wanted to improve its order-to-cash processes to achieve three objectives:

- Enhance customer service
- Improve overall invoice processing efficiency
- Reduce Days Sales Outstanding (DSO)

IBM was particularly concerned about the results of two customer surveys regarding its invoicing. One of the surveys included 270 of the company's largest users, while the other survey included its Customer Advisory Council. Customers who responded to the surveys shared several concerns about IBM's invoicing, including: dissatisfaction with the company's summary invoices (which did not include important line-item detail); the inability for customers to dispute an invoice online to resolve issues in a timely manner; and the limited number of options for providing invoices along with compliance attachments that support or explain a line-item or invoice total.

Customers who responded to the survey suggested several ways that IBM could improve its invoicing:

- Invoice consolidation: Customers wanted to receive a single invoice from IBM, rather than one from each of its different lines of business, which made customers think they were dealing with multiple companies.

- 'Debit/credit' invoice netting and online payment: IBM's customers wanted to apply a credit invoice against a debit invoice, allowing a settlement to take place with the customer paying the netted amount.

- Minimize spreadsheet billing: Customers wanted IBM to minimize the number of invoices it created by having staff research and collect invoice data and manually re-keying the information to create an invoice.

- Provide historical reporting and financial trend analysis: Customers wanted to have easy access to past invoices, as well as reports that would track trends in each customer's IT spending.

Beyond customer service, IBM also recognized that it needed to improve the efficiency of its invoicing. Because it generates millions of invoices each year across more than 100 countries (and in 15 languages), IBM's costs to generate, distribute and ensure compliance for each invoice was $75 to $125 per invoice. Billing for more complex services, which required invoices be generated manually, raised the cost for each invoice to between $600 to $1,500.

IBM's costs to generate an invoice encompassed three areas: the cost of accumulating invoice-related information and generating an invoice; routing the invoice to various associates to ensure accuracy, completeness, and compliance; and costs associated with customer support, such as resolving charges or obtaining proper supporting materials to show proof of delivery, and compliance with contractual requirements or other collateral materials.

The Solution

Based on an evaluation of solutions on the market, IBM selected Paybox to automate its order-to-cash processes. Founded in 1987, Paybox provides on-demand, end-to-end solutions for financial supply chain automation. Its solutions automate accounts payable and accounts receivable processes such as billing, invoice validation, invoice-to-order matching, invoice consolidation, dispute management, and payment processing.

Paybox's solution for IBM included capabilities for: e-invoicing, including web-based line item detail presentment for all invoices in addition to summary cost data; the ability to dispute a line-item or an invoice via a self-service web portal; and the ability to attach collateral information associated with an invoice such as a contract.

By deploying Paybox, IBM expected to:

- Dramatically reduce manual invoice preparation and distribution costs.

- Reduce DSO by optimizing invoice workflows.

- Minimize costs related to customer support, particularly those associated with resolving charges or obtaining proper supporting materials to show proof-of-delivery and compliance with contractual requirements.

The Results

Paybox provided significant customer service and operations benefits to IBM.

Prior to deploying Paybox's services, only 27 percent of IBM's customers were satisfied with its manual-invoicing process. Paybox's electronic invoice management and workflow solution included functionality that addressed each of the areas that previously required IBM to manually key data, eliminating this customer issue. In fact, a survey of IBM customers conducted six months after the Paybox solution went live put overall customer satisfaction with IBM's invoicing at 72 percent – a significant improvement in an extremely short time period.

Additionally, Paybox's solution provided dramatic operations costs savings:

- **65 percent reduction in invoice disputes via preliminary invoice validation and workflow**: Paybox configured automated routing and quality assurance business rules to efficiently route an invoice through the accounts receivable and delivery departments. This workflow automation added significant field verification to services-related invoices, reducing complex invoice disputes and overall costs by nearly 65 percent.

- **75 percent reduction in paper invoices**: Paybox supports functions that eliminate the need for manual invoicing, including: line-item rollup and renaming, invoice consolidation, custom invoicing, and invoice rebilling or recharge capabilities. At IBM, Paybox also is consolidating more than 70 feeds from legacy billing systems. These capabilities enabled IBM to eliminate about 75 percent of its manual invoices, in turn, reducing the cost per invoice on these items from $600 to $1,500 per invoice to less than $25 per invoice.

- **Three to five day reduction in DSO**: Paybox's electronic invoice management and workflow solution also delivered a significant improvement in IBM's DSO. In the second full year of operation, the lines of business supported by Paybox experienced an average three to five day reduction in DSO. Collectively, this amounted to a nearly $50 million positive cash impact, with a $4 million in annual savings in DSO interest.

By leveraging Paybox's Software-as-a-Service (SaaS) model, IBM also was able to deploy the service much faster and with less cost than a traditional on-premise solution. In fact, the service for IBM's business in the Americas was deployed less than five days from the date Paybox signed a delivery contract with IBM. IBM's EMEA deployment was achieved within 120 days of contract signing. This fast deployment allowed IBM to reap the benefits and cost savings of the Paybox service quickly and achieve ROI in its first year of system operation.

For more information on Paybox, call 1-844-GO-PAYBOX or visit www.gopaybox.com.