

## Case Study: Transportation and Logistics

# Cognizant digs equipment rental company out from under a heavy accounts payable load

Streamlining accounts payable is critical to reducing processing costs and improving financial controls.

Accounts payable (AP) processing was stalling for a rapidly growing heavy equipment rental company. It had literal stacks of boxes full of invoices backlogged up to 120 days. In addition to missing vendor discounts, a growing debit balance problem and poor financial visibility, the company calculated it would require the equivalent of 100 full-time employees to address the backlog. Yet even that investment would not address the root issues of huge volumes of incoming paper, lack of digitization and decentralized billing. The client turned to Cognizant for immediate help as well as a long-term solution to streamline its AP processes. We responded with a quick “lift and shift” operation, and then transformed the client’s AP operations with a business process as a service (BPaaS) solution centered on our Catalyst AP platform. The solution has scaled seamlessly and netted savings even as the client’s business has expanded, growing its AP volume more than 80% since the initial implementation a decade ago.

## At a glance

Cognizant’s Catalyst accounts payable (AP) platform and business process as a service solution streamlines global AP for a leading international construction equipment rental company.

## Outcomes

- Eliminated 120-day AP backlog.
- Reduced debit balance by almost 58%.
- Saved \$5.8 million over 11 years via electronic conversions.
- Migrated top supplier accounts to electronic invoicing.

## Digitization nets new efficiencies

Cognizant immediately dealt with the client's paper invoice backlog, processing those invoices directly into the client's Enterprise Resource Planning (ERP) system, while our teams launched the [Catalyst AP platform and BPaaS solution](#). With the solution deployed, we took over management of the client's AP processes, from intake to issue resolution and support. We have since managed and enhanced these processes for more than a decade.

Catalyst validates data and processes transactions according to the client's general ledger (GL) structure, codes and approval flows, then posts debits. The platform further streamlines the client's AP workflow by automatically completing small dollar invoices, eliminating work steps. It runs these invoices through normal checks and balances to ensure required approval criteria are met, then completes them without manual intervention or approvals based on the client's GL vendor code.

We implemented a formal process for working directly with the client's suppliers to resolve outstanding credits, reducing its initial debit balance from \$4 million to \$1.7 million. Our stringent duplicate invoice identification and tracking procedures have saved the client, on average, more than \$75 million annually.

## Transitioning suppliers to e-invoicing

Our team identifies high volume vendors not submitting invoices electronically and educates them about the benefits of using Catalyst's electronic submission options. These include simple invoice uploads, sophisticated electronic data interchange transactions and receivable document upload (RDU). RDU eliminates the need for suppliers to issue individual invoices. Instead, they input data from their accounting systems into a Microsoft Excel or a comma-separated values file

- Reduced the company's AP cost per transaction by 36%.
- Saves \$75 million annually in reclaim and duplicate avoidance.

template. A single Excel file might contain data for 1,000 invoices; the vendor uploads that single file to introduce all those invoices at one time into Catalyst.

Catalyst also creates a virtual image using the detail provided electronically from suppliers. The virtual images offer end users processing electronic invoices an experience similar to that of working with paper. Self-service features enable vendors and client users to monitor invoice status. Our team also offer customer service support.

For suppliers still preparing invoices manually—and the client does receive some that are still handwritten—we implemented centralized billing. Receiving these physical invoices in one location helps ensure greater levels of digitization through optical character recognition scanning, faster turnaround time and more visibility into payables.

## Scaling to seamlessly support business growth

Since the initial BPaaS implementation, our client has continued to grow organically and via domestic and international acquisitions. It is important for financial control and compliance that these acquisitions be integrated quickly into the equipment rental company's AP processes while still minimizing operational costs. Our simple, efficient process enables us to onboard new acquisitions and their invoice volumes into Catalyst with as little as a week's notice. Even as our client has more than doubled in size, the Cognizant BPaaS solution has transparently scaled up to seamlessly absorb invoice volume growth and connections to a variety of ERP systems.

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The Catalyst BPaaS solution provides our client clear visibility into supplier spend across multiple ERP systems, enhancing controls and compliance. In addition, the client is now able to take more vendor discounts, calculate accruals accurately and

close books faster. In the 10 years of our relationship, we have reduced the client's AP cost per transaction by 36%, even as the company has doubled in size and its AP volumes have grown 80%.

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## About Cognizant

Cognizant (Nasdaq-100: CTSI) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 194 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at [www.cognizant.com](http://www.cognizant.com) or follow us [@Cognizant](https://twitter.com/Cognizant).



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