

Case Study



Phoebe Putney Health System Achieves 99% Paper-Free Invoicing Through GHX OnDemand AP® Solution

Overview

Phoebe Putney Health System is a not-for-profit integrated healthcare delivery system that serves more than 500,000 residents in Southwest Georgia. The Phoebe family is comprised of more than 4,500 physicians, employees and volunteers caring for patients in 35 counties.

Challenges

Phoebe Putney Health System's procure-to-pay process was paper-based and highly manual. Suppliers sent paper invoices to various departments and individuals across the organization's nine hospitals, making it extremely challenging for the accounts payable (AP) department to process invoices and pay suppliers in a timely manner. Furthermore, two of Phoebe Putney Health System's hospitals had separate purchasing and AP functions, each operating with their own enterprise resource planning (ERP) systems.

In order to secure approval for supplier payments, the AP team had to route invoices to approvers for review through the organization's central mailroom, which added two-to-three days to the approval process. All approvers had to be on-site, so the process was delayed even further when an individual was out of the office or otherwise unavailable.

Lisa Armstrong, MBA, CPA, accounting manager for Phoebe Putney Memorial Hospital, described how invoices would sit on an approver's desk for days or even weeks without her staff having any knowledge of them. Without a centralized AP process for the entire healthcare system, invoices were lost and payments delayed.

"It was an inefficient and costly process and we had to make it better and faster," said Armstrong.

Solution

In early 2015, Phoebe had a strategic vision to centralize and standardize purchasing and AP across all of Phoebe Putney Health System's hospitals. To facilitate this, the organization standardized on a single ERP system and implemented the GHX OnDemand AP solution. OnDemand AP automates

Organization:

- Phoebe Putney Health System
- Albany, Georgia
- Total licensed beds: 792

GHX Products & Services:

- GHX Exchange
- OnDemand AP®
- NuVia®
- CCXpert
- Procurement Suite

Enterprise Resource Planning (ERP) System

- Meditech

Highlights:

Successfully transitioned from highly manual paper-invoicing processes to 99 percent paper-free invoices by using the GHX OnDemand AP® Solution. This has driven greater efficiency, accuracy and visibility in the accounts payable (AP) department, enabling the organization to reduce AP staffing levels with no additional stress on the remaining staff and capture approximately \$300,000 in accruals.



"It is critical in accounting to have a clear line of sight into all of your organization's expenses. With OnDemand AP we are now capturing all of our invoices. We also know when we've overpaid a supplier and can go after credits rather than having them sit on statements forever."

— *Lisa Armstrong, MBA, CPA, accounting manager, Phoebe Putney Memorial Hospital*

the invoicing process, including invoice receipt, document image and data capture, purchase order matching, electronic archive and workflow management. It provides the ability to easily handle exceptions, route and approve invoices with full visibility, and an audit trail of edits and approvals.

All supplier invoices are now directed to a central processing center where they flow directly into OnDemand AP. With a single, electronic channel for invoice processing, AP staff can see POs and invoices within a single platform, enabling them to quickly identify and resolve exceptions.

"We no longer have to route paperwork through the mailroom, which has been a huge advantage," said Armstrong. "Invoices don't sit on people's desks and we don't get calls from vendors. We've actually had invoices processed and approved in the same day."

Since implementing OnDemand AP, Phoebe Putney Health System has decreased its AP staff in a positive way, by promoting a member of its team and not filling the position she vacated. According to Armstrong, the remaining three staff members have been able to process the same volume of invoices as before because AP workflow has been streamlined.

"The staff is spending more time working the statements rather than pushing paper and keying in information," said Armstrong. "The benefits extend outside of AP and organization-wide. Directors are spending less time reviewing invoices because they don't have to flip through stacks of paper – they can just pull them up electronically on their screens. Administrators have less clerical work so they can focus more on patient care activities."

Armstrong points out that one of the most attractive features of OnDemand AP is the visibility it provides. Since implementing the solution, she and

her team have captured approximately \$300,000 in accruals they had previously not found.

"It is critical in accounting to have a clear line of sight into all of your organization's expenses," said Armstrong. "With OnDemand AP we are now capturing all of our invoices. We also know when we've overpaid a supplier and can go after credits rather than having them sit on statements forever."

Armstrong's immediate goal is for Phoebe Putney Health System to become 100 percent paperless in its invoicing. Her longer-term vision for the organization is to have a single, centralized process for both purchasing and AP. She is working toward that goal by enabling buyers to use OnDemand AP so that they can work collaboratively with AP staff to drive greater PO accuracy and minimize invoice exceptions.

"When you have dedicated AP and purchasing staff all working together on exceptions and credits then you have a much cleaner process," said Armstrong. "We envision having one central materials management department to drive more efficient PO to invoice matching so that we can turn payments around faster and capture more discounts."

Results

Working with GHX, Phoebe Putney Health System has achieved the following:

- Achieved a 99% paper-free invoicing process
- Improved the efficiency and accuracy of its AP processes
 - » Cut cycle time significantly
 - » Reduced time consuming, error prone, manual work
 - » Reduced exceptions
 - » Reduced AP staffing levels with no additional stress on the remaining staff
- Captured approximately \$300,000 in accruals they had previously not found
- Taking better advantage of early payment discounts



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