

# Case Study

Energy



## ARC Energy Trust Paves Way To Faster, More Accurate Invoice Processing With Kofax Ascent for Invoices and VRS Technology

ARC Energy Trust in Calgary, Alberta, is Canada's 14th-largest producer of oil and gas, and one of the largest conventional royalty trusts in North America. The company currently has more than 7,000 active cost centers, with about 10,000 invoices passing through the accounts payable system each month. Several years ago, the company implemented an electronic invoicing application to better position itself for growth, expedite invoice processing time, enhance coding efficiency, improve/automate invoice workflow, better handle invoice dispute processes and more. The solution helped to propel the company toward achieving its goals, but it wasn't enough. Through the recent addition of Kofax's Ascent for Invoices solution and Kofax VRS (VirtualReScan) capability to its technology toolbox, ARC has been able to not only meet these goals, but to exceed them.

### The Challenge

ARC wasn't able to fully attain the objectives it had set for electronic invoicing because some of its vendors remained unwilling or unable to abandon paper invoicing methods. "We were truly in a bind," recalls Maria Sedgwick, Supervisor, Corporate

Accounting. "We really value our vendors and didn't want to cut them off for not migrating to electronic billing. On the other hand, as no one in our organization wanted to deal with paper, a backlog began to build up in our system, creating more of a headache. So, we started looking for another solution to go along with the one we had."

### The Solution

To ensure the technology it chose would best suit its needs, ARC set stringent criteria for its software and hardware selection. On the software front, the vendor had to be as familiar with the payables process as it was with the technology intended to better manage paper. "We also didn't want an application that would require us to move the burden of processing paper from one area to another, or to burden any of our staff with the monotonous job of transferring data from paper invoices to data capture fields," Sedgwick says. On the hardware front, the company limited its options to solutions that were simple and could still reside within the payables department.

ARC shared these requirements with Calgary-based Imagine eDoc Solutions, a Kofax certified solution provider. Imagine was engaged for its proven track record of handling similar technology implementations and ability to provide face-to-face assistance during the implementation stages and beyond. Only Kofax Ascent for Invoices was deemed the perfect fit, based on the fact that unlike other solutions, it was designed exclusively for managing payables. The use of rules-based optical character recognition (OCR) technology to capture both computer-generated and handwritten information, making manual invoice data transfer obsolete, pushed the envelope. So, too, did the fact that ARC would be able to employ Kofax's Virtual ReScan (VRS) technology to clean, correct, and repair scanned images when necessary, minimizing the need for manual verification.

"We are committed to matching the right technology to our customers' needs," states Sean Halliday, Imagine's President. "We believe a solution cannot be called a solution unless it addresses hardware, software, delivery services, training, and support. Kofax solutions meet these requirements, and more."

**"Having a top-quality solution like Kofax Ascent for Invoices really makes a difference."**



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The new system permits paper invoices to be routed, coded, and approved in exactly the same manner as electronic invoices. First, paper invoices are divided into batches and fed through a Fujitsu 4340 scanner with VRS 4.1 Professional, at 300 dpi. After the image of each invoice has been captured by the scan module component of the solution, the system's extraction module extracts header and footer data from each scanned image. Such data include, but are not limited to, invoice amount, vendor name, vendor number assigned by ARC's accounting system, and Goods and Service Tax (GST) identification number (equivalent to tax identification numbers issued in the U.S.).

Next, captured data is confirmed using a validation module; operators review required fields and correct OCR mis-reads using the Kofax Ascent for Invoices validation interface provided with the system. Copies of images and index information captured by the system are then released to the electronic invoicing system via an interface to that application built by Imagine. They are in turn exported to the company's financial management system. At the same time, images of invoices are released to a secure folder location on ARC's server.

## Results

Sedgwick says the integration of Ascent for Invoices with ARC's electronic invoicing application has sparked a dramatic reduction in the number of days needed to pay all invoices. Paper invoices now take an average of 10 days to move through the proper approval channels—the same amount of time needed to route electronic invoices and 35 to 50 days less than in the past. "Having a top-quality solution like Kofax Ascent for Invoices really makes a difference," Sedgwick notes. Of the 10,000 or so invoices we receive every month, 6,000 are still paper."

She adds that using Kofax VRS to automatically sharpen, clean and perfect paper documents increases information capture accuracy, in turn helping to speed processing along. "Today we can conceivably pay an invoice within 24 hours, even if it needs to be routed to our remote offices first for approval," Sedgwick observes.

Because the system captures data automatically as well as enables invoice tracking and processing; personnel spend fewer hours searching for invoices that may have been lost or buried under piles of paper on a desk. Additionally, ARC has not had to hire additional staff, despite an increase in invoice levels. What's more, the technology enables the company to better leverage its employee resources: Staff are freed up to perform a lot more analyses and customer functions and can be treated as "knowledge workers" rather than as entry-level key punchers.

"There's a value-add," Sedgwick says. "Employees may do scanning, but it's broken up with other tasks and spread out, so no one gets bored."

Sedgwick credits much of the success of the project to the fact that the Ascent for Invoices implementation was completed on time and on budget, "thanks to the Kofax and Imagine team."

"Rules-based OCR using Kofax technology is the 'silver bullet' for indexing," Sedgwick concludes. "It lets us avoid forcing our users to say 'no' to a vendor just because that vendor doesn't invoice electronically."

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