



END-TO-END SOLUTION

# Automating Invoice Processing for a Fortune 500 Retailer

A major U.S. retailer processes around half a million invoices annually from thousands of suppliers. With a Ricoh-led solution powered by Axon Ivy, they cut costs significantly and now automate over 80% of their AP workflow.

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# Initial Situation

## The Company:

- Industry: Wholesale
- Presence: Nationwide retail network across the United States
- Challenge: Around half a million invoices annually from thousands of suppliers
- Invoice intake: Fragmented paper-based and digital channels
- Manual effort: A significant share of daily invoices required manual correction

### High Process Costs

- Industry benchmark: \$15 to \$30 per invoice
- Each invoice required manual handling and entry across multiple systems
- Multiple documentation layers were necessary
- Paper-based processes with several manual touchpoints

### System Fragmentation

- Existing systems: SAP, other ERP systems, enterprise integration middleware, document management systems, and custom applications
- Disconnected systems with no end-to-end integration
- Different handling rules for different invoice types
- Multiple processing systems and workflows

### Lack of Transparency

- Invoice status unclear throughout the lifecycle
- Missing information for critical business decisions
- No end-to-end operational visibility
- No feedback loops with suppliers

### Compliance and Control

- Regulatory compliance difficult to ensure
- Sensitive and critical invoices hard to track
- Missing data for compliance checks and audits
- Decisions were time consuming and complex

### Technology Gaps

- Outdated technology landscape
- Limited accuracy, automation, and AI support
- No reliable data validation
- Manual, error prone processes

### Business Impact

- Inefficient invoice processing with significant business impact
- Poor and fragmented user experience
- Changing market conditions and business models
- Shift toward e-invoicing and new transaction models

# End-to-End Invoice Processing Solution



## Unified Invoice Intake

- Single point of entry for all invoices
- Ricoh-managed intake services including secure email management, physical mailroom services with open-prep-scan, and digital capture
- Data preparation by Ricoh Sourcehub prior to processing
- Automated document capture across all channels
- Support via Axon Ivy Marketplace connectors



## Intelligent Document Processing (IDP)

- Intelligent Document Processing with OCR, document separation, and AI-based data extraction
- AI-based validation, gap analysis, and error correction
- Data enrichment and master data matching for vendors, purchase orders, and discounts
- Central document management with archiving and audit-ready documentation



## Processing and Integration

- Automated invoice posting to SAP and other ERP systems
- Integration via an enterprise integration bus
- Central invoice approvals via the AP portal
- Notifications, archiving, and digital representation of all documents

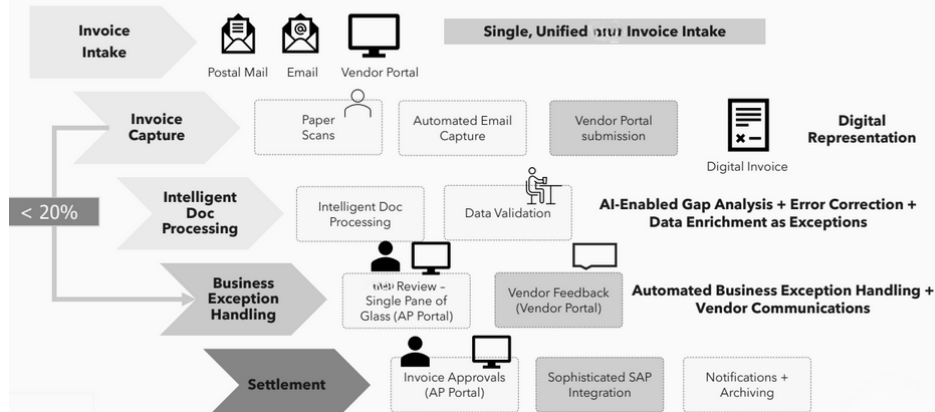


## Exception Handling

- Target: fewer than 20% of invoices require manual review
- Automated rules for routing, validation, and corrections
- Centralized review, monitoring, and task assignment via the AP portal
- Supplier feedback and automated handling of business exceptions

### AP Invoice Automation: The Run Phase Overview

**Thousand of Vendors > ~ 500k Invoices**



# Implementation Approach: Crawl-Walk-Run



## Phase 1: CRAWL | Building the Foundation

- Invoice intake via mail and email
- Document capture from multiple mailboxes and sFTP folders
- Paper scans and automated email capture
- Intelligent Document Processing using Axon Ivy IDP with OCR, document splitting, and AI based data extraction
- IDP portal for data validation
- Integration with enterprise document management for exception handling
- Axon Ivy portal dashboards for monitoring and reporting
- ERP integration via enterprise middleware
- SAP posting with monitoring of errors
- Master data matching for vendors, purchase orders, and discounts



**Result: More than 80% end-to-end processing without manual intervention**

## Phase 2: WALK | Optimizing Processes

### Enhancements:

- Axon Ivy IDP with document classification
- Optimized ERP integration with a simplified integration layer
- Shift of exception handling from enterprise document management to Axon Ivy
- Single pane of glass for AP teams to monitor and resolve invoices end-to-end
- Centralized review and invoice approvals via the AP portal
- Advanced, partially automated exception handling

**Focus: Digitizing core processes and establishing initial automation**



**Result: Fewer than 20% manual processing**

## Phase 3: RUN | Transformation

- Unified invoice intake across all channels
- Submission via supplier portal
- Feedback through the supplier portal
- Comprehensive SAP integration
- Fully automated exception handling combined with supplier communication

# Achieved Business Benefits



## COST REDUCTION

Cost per invoice reduced from \$15–30 to single digit amounts



## AUTOMATION

Over 80% of invoices processed automatically



## PROCESSING TIME

Dramatically reduced through automation



## TRANSPARENCY

100% real-time visibility across all processes

### Efficiency Gains

- Optimized processes across all departments
- Exception-based control with focus on critical cases only
- Error reduction through automation
- Significant cost reduction from \$15–30 to single digit dollar amounts per invoice
- Improved use of early payment discounts & payment terms

### Transparency & Control

- Single pane of glass: one unified view for AP teams to monitor and resolve all invoices
- Single source of truth for all invoice data
- Seamless SAP integration
- Central dashboards and audit-ready workflows with end-to-end transparency
- Centralized document management with archiving, traceability, and full audit trail

### Modernization

- Retirement of outdated technologies
- Closed-loop communication with suppliers
- Modern, user-friendly interfaces
- Scalability & flexibility supporting thousands of suppliers & future phases
- Effortless handling of growing volumes

## Key Success Factors

1

### Phased implementation

The Crawl–Walk–Run approach enabled fast, visible results

2

### Executive Sponsorship

Strong support from the CFO and CIO was essential

3

### Change Management

Comprehensive training and early involvement of employees

4

### Vendor Collaboration

Early engagement of key suppliers

# Best Practices & Lessons Learned

## Challenges & Solutions

- **Legacy system migration:** Phased migration with parallel operations
- **Data quality:** Systematic data preparation prior to automation
- **Process standardization:** Harmonization across all locations
- **Employee adoption:** Intensive enablement and reskilling toward process analyst roles



## Return on Investment

### Quantifiable Results

- Process cost reduction from \$15–30 to single digit dollar amounts per invoice
- Automation rate above 80% with fewer than 20% exceptions
- Significant reduction in processing times
- Improved use of early payment discounts and payment terms

### Qualitative Benefits

- Higher employee satisfaction by shifting focus to value-adding work
- Improved compliance with centralized document management and traceability
- Faster processing strengthens supplier relationships and transparency
- Scalable foundation for future growth

The implementation of the Axon Ivy Digital Business Platform fundamentally transformed invoice processing. By combining intelligent automation, seamless integration, and the proven Crawl–Walk–Run approach, the company established a future-ready solution. It provides a strong foundation for continued digital transformation and can be extended to additional business processes across the organization.



### Scalability

Effortless handling of growing volumes



### Flexibility

Low-code capabilities enable rapid adjustments



### Intelligence

AI and machine learning support continuous improvement



### Integration

Seamless integration of existing systems



[info@axonivy.com](mailto:info@axonivy.com)



[www.axonivy.com](http://www.axonivy.com)



## Headoffice Switzerland

Baarerstr. 12  
6300 Zug  
Switzerland  
+41 58 666 34 00

## Our Offices:

### Axon Ivy AG Germany

Munich Branch Office  
Moosacher Straße 70  
80809 Munich  
Germany  
+49 89 58 999 86 0

### Axon Ivy AG Austria

Vienna Branch Office  
Wiedner Gürtel 11  
1100 Vienna  
Austria  
+49 89 58 999 86 0

### Axon Ivy Inc.

101 Montgomery Street  
Suite 1900  
San Francisco  
CA 94104  
USA  
+1 (628) 282-0146