

# DXP Transforms AP Operations to Improve Supplier Relationships with Digital Invoice™

Digital transformation is a top priority for companies across all industry sectors. Innovators are using process automation, machine learning and AI to streamline operations, speed cycle times, reduce operating costs and create greater value for stakeholders. There is, however, a physical reality that can limit the impact of digital transformation. It's called paper. Every day, businesses must process by hand billions of paper and pdf invoices sent by their small- to mid-sized suppliers. This problem is not going away anytime soon, and conventional OCR/scanning solutions are costly and not fully integrated with e-procurement platforms.

## DXP'S INVOICE PROCESSING CHALLENGE

DXP Enterprises (NASDAQ: DXPE) is a leading distributor of industrial products and services that relies on a network of more than 18,000 suppliers to serve customers in a broad range of sectors including oil and gas, manufacturing, mining, transportation and agriculture. DXP processes more than a million paper and pdf invoices annually from suppliers that stock 70% of the products it sells. The timely and efficient processing of these invoices plays a crucial role in DXP's business model. In late 2018, DXP sought to replace its home-grown solution for invoice processing with a more comprehensive approach to achieve better invoice matching, greater visibility and automated workflows.

## IN SEARCH OF A HOLISTIC APPROACH

Sue Gonzalez, DXP's Director of Integrations, led the search for a new solution in partnership with the company's CFO, Kent Yee. Sue considered several AP automation products, but felt DXP would eventually need to grow into a more comprehensive platform for transforming procurement operations.

Through a referral, Sue learned about The Shelby Group, a company with deep expertise in procurement automation. Shelby was in the final stages of development for Digital Invoice™, a smart invoice processing solution that integrates with the market-leading Coupa e-procurement platform.



*DXP's Sue Gonzalez and Chris Gregory answer questions about their deployment of Digital Invoice at a recent conference.*

Impressed with the development team and technical capabilities that were not available elsewhere, Sue recognized the opportunity to shape precisely what DXP needed while offering Shelby a high-volume environment for launching Digital Invoice. Sue reports that, "the combination of Digital Invoice's powerful matching and exception management, along with Coupa's comprehensive P2P and spend management capabilities, provided a holistic solution for meeting our current and longer-term business objectives."

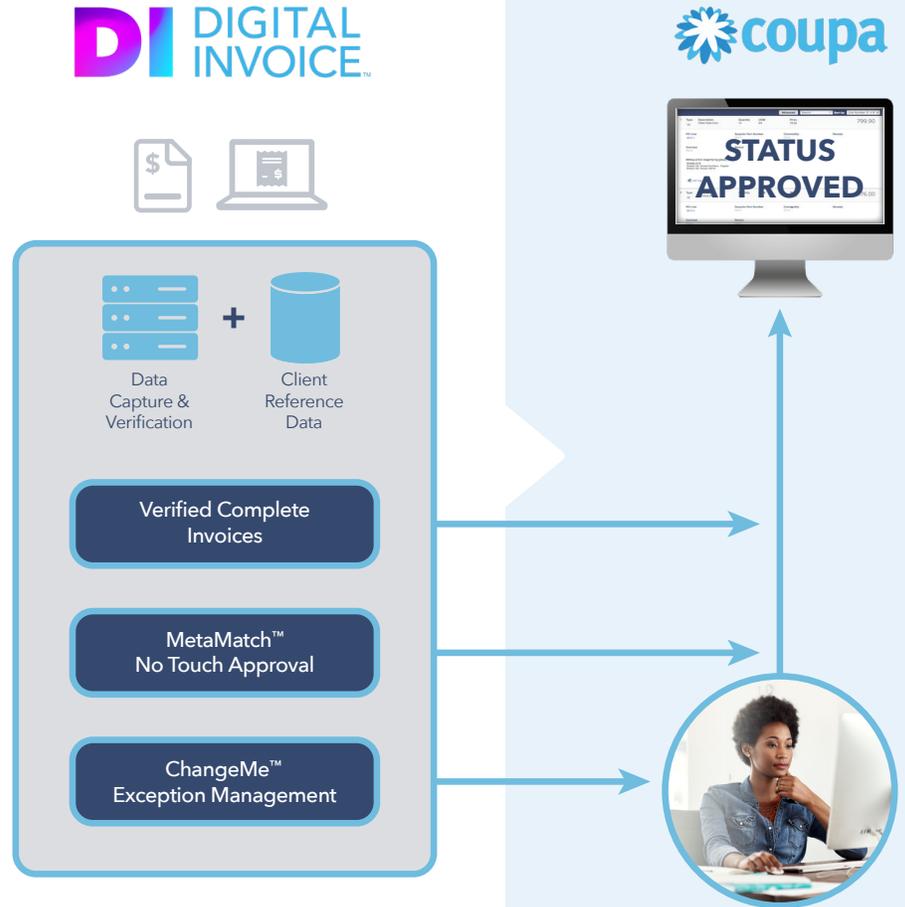
Chris Gregory, DXP's CIO, who developed the in-house invoice processing solution, was a strong proponent for the change. "We had developed a pretty good approach," Chris says, "but I was convinced that there had to be a better solution that would provide the advanced processing and workflow management tools we needed to free our resources to perform higher value business functions."

*"Our 18,000+ suppliers are vital strategic partners in creating value for DXP customers. Digital Invoice enabled us to automate manual processing, speed cycle times and gain visibility that helps us analyze spend and build stronger relationships with supply partners."*

*– Chris Gregory, CIO*

## THE DIGITAL INVOICE PROCESS

- 1 Paper or scanned invoices are received via post office box, email or SFTP site
- 2 Invoices are digitized and this data is merged with master and reference data from the Coupa e-procurement platform to create transactions that the e-procurement platform will understand
- 3 **Verified Complete Invoices** are routed directly to Coupa for processing, requiring no human intervention
- 4 **"Close Enough" Invoices** are analyzed by MetaMatch™ AI technology for verification and are then routed directly to Coupa for processing, requiring no human intervention\*
- 5 **Incomplete Invoices** are annotated by our ChangeMe™ tool and routed to the appropriate group within Coupa for remediation\*



\*MetaMatch and ChangeMe are Patent Pending technologies for North Fork Holdings.

The diagram above shows the 5-step automated process that all DXP paper and pdf invoices go through for approval.

## SOLUTION

Digital Invoice™ is an end-to-end solution that allowed DXP to go "full-digital" with all of its supplier invoices and to begin transforming operations to improve relationships with suppliers. The solution provides DXP with the following unique capabilities:

- All invoices are processed within the Coupa e-procurement platform. This eliminates the need to have two systems for remediating invoices and provides complete transparency into where all invoices are in the approval workflow.
- Digital Invoice's MetaMatch feature, which allows for automated approvals of "close enough" invoices based on custom business rules, enabled DXP to increase automatic approvals from 25% to 50%.
- Invoices needing remediation are routed to the appropriate group as designated within the Coupa system. There is no need to determine "who clears which invoices." Digital Invoice uses DXP's business rules to place invoices in appropriate queues.

## BUSINESS BENEFITS

Since deploying Digital Invoice, DXP has begun to improve processing times and free personnel to perform higher-value functions, resulting in the following benefits:

- Ability to build stronger relationships with suppliers and improve supplier onboarding
- Increased visibility and automated workflows enable greater productivity and more efficient utilization of resources for higher value functions
- Easily track and process early pay discounts
- 99.5% accuracy for critical fields and 98.5% for noncritical fields
- All line-level detail imported into Coupa for analysis

### FOR MORE INFORMATION CONTACT

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