

TransMontaigne

TransMontaigne Inc. distributes refined petroleum products to a diverse customer base throughout much of the U.S. and parts of Canada. Using a cost-leadership approach for its supply chain, TransMontaigne has earned an impeccable reputation as a leading provider of energy products and services. The company launched a project to improve invoice visibility, cut invoice processing times and reduce operational costs.

Challenge

The dilemma of decentralized AP

Decentralized operations work well for TransMontaigne when it comes to providing core products and services to its customers at the local level, but its decentralized invoice processing structure caused the firm problems. A high number of touch points bred high error rates and slow cycle times.

Suppliers would initially send invoices to TransMontaigne's local terminal where they would be manually coded. The paper invoice would then be mailed to the company's operations department in Atlanta for another review. From there, the invoice would be mailed for a third time, this time to the AP department in Denver for final processing and payment.

The average cycle time from receipt to payment was a lackluster 32-34 days. Of the 56,000 invoices processed per year, 85-95% were paid late. In an effort to align its invoice processing with the successful strategy in place in operational areas, AP set a goal of achieving full visibility into the invoicing process by centralizing it in a single system.

Solution

TransMontaigne conducted a thorough evaluation process and enlisted SAP partner ReadSoft from Lexmark for its document process automation needs.

Discovering the value of an integrated solution

With automated invoice processing in place, suppliers now send their invoices directly to the company's AP department in Atlanta where they are immediately scanned into the ReadSoft SAP-certified solution. This has created instant visibility for all stakeholders in the AP processing cycle. Incoming invoices are then automatically routed for coding and approval inside of SAP. The solution allowed for faster payments, vendor discounts and greater control throughout the process.

Meet TransMontaigne

TransMontaigne Inc. has more than 15 years of experience in the distribution and marketing of petroleum fuels and energy products. The company has operations in 23 U.S. states and in Canada.

- ▶ Maintains extensive network of fuel storage providers with reliable downstream supplies of competitively priced unbranded fuels
- ▶ Offers fuel transport services, crude oil transport and commercial marine fuel supplies

Products in use: ReadSoft Invoices

Focus: Automated invoice processing

Implemented in: Accounts Payable



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The solution's easy-to-use interface proved to be especially helpful during implementation. TransMontaigne's AP processors were already familiar with SAP, so the familiar look and feel of the ReadSoft solution allowed for smooth adoption by the AP staff. Front-end data capture makes each invoice immediately accessible, facilitating a broader scope of efficiencies. The solution's back-end integration with SAP has enabled expanded reporting capabilities.

Results

Within six months of implementation, TransMontaigne's AP processing was propelled to record speeds as the cycle time of an invoice dramatically dropped from 32 days to fewer than seven. Automation also accelerated the processing rate of 1099 forms from 15 days down to just two.

Achieving efficiency and visibility

Instead of paying late fees, the company began to take discounts for the first time. TransMontaigne also was able to manage its cash flow with ease—dramatically reducing the number of accruals for outstanding invoices.

Greater visibility into the process drove further strategic benefits to the firm. Employees were able to identify and dispute invoices immediately, and management gained real-time understanding of the organization's total liabilities and cash position. Staff now have time to focus on strategic tasks, such as compliance, internal customer service and vendor relations. The AP manager spends 15 hours per week managing the department; a sharp contrast to the pre-automation average of 60 hours per week.

Other gains in efficiency include:

- ▶ Reduced average cost of transaction from \$30 to less than \$7
- ▶ Monthly accrual reduced by \$1 million
- ▶ Reduced number of duplicate payments by 90 percent
- ▶ Increased vendor term discounts covered the cost of the project in the first year
- ▶ Reduced overtime by 98 percent in the first year
- ▶ Improved Dun and Bradstreet score by 20 points
- ▶ Reduced department error rate to .043 percent

With efficient use of resources and clear visibility into its AP processes, TransMontaigne is now able to focus fully on the growth of its assets. It continues to leverage automation technology to bolster its long-term commitment to process improvement.

Industry-leading business process automation

In 2014, Lexmark International, a global technology leader, acquired ReadSoft, a leading provider of applications for automating business processes. Together, they offer an unmatched solution for financial process automation. Lexmark enterprise software, hardware and services remove the inefficiencies of information silos and disconnected processes, connecting people to the information they need at the moment they need it. This case study reflects ReadSoft products and positioning at the time of acquisition and has been approved for use.

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