



## SUCCESS STORY FOR ACCOUNTS PAYABLE

### Pet Partners

By moving towards more efficient and automated accounts payable processes, Pet Partners has boosted accuracy, increased productivity and cut invoice processing times from weeks to days. With accounting teams freed from manual tasks, they can easily handle a greater workload—helping Pet Partners grow without increasing headcount, and make more time to devote to value-added analysis work that will drive smarter purchasing strategies.

#### Challenge

Pet Partners is expanding fast: since its founding in 2003, the company has acquired some 60 veterinary hospitals across the United States. As its network grows from strength to strength, Pet Partners must scale its administrative systems and processes behind the scenes to support day-to-day practice operations effectively.

"When we purchase a veterinary hospital, we take over all of its operational processes—from accounting to IT," said John Schroeder, CIO of Pet Partners. "One of the most important areas we look after is accounts payable (AP), where we process around 6,000 invoices every month.

"In the past, invoice processing was a very manual activity. We would scan the invoices received by each hospital and upload them to a shared drive. Each week, all the invoices for that hospital would be collected into a single PDF and sent to the accounting team. Accountants then had to manually enter all of the invoice data into our main accounting system."

He continued: "The entire process was incredibly time-consuming and labor-intensive, and we knew that the current approach would soon become unsustainable. We simply couldn't justify the cost of hiring more and more accountants as we expanded the business, and so we looked for a way to bring greater efficiency to AP processes."



*Pet Partners specializes in purchasing neighborhood veterinary hospitals and providing them with centralized business management services that help relieve the organizational burdens of practice ownership. Pet Partners is the second-largest private owner of freestanding veterinary hospitals, with 60 locations throughout the United States.*

#### Products in Use:

- ◆ Kofax TotalAgility®
- ◆ Kofax Analytics for TotalAgility®
- ◆ Kofax Insight™

**Focus:** Accounts payable automation

**Partner:** Optima Global Solutions

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John Schroeder, CIO, Pet Partners

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### Solution

To solve the challenge, Pet Partners selected Kofax TotalAgility®—a platform that combines business process and case management capabilities with multichannel capture, collaboration and analytics capabilities, and more.

“The area where I feel TotalAgility really shines is integration; the solution offers all the capabilities that we were looking for in a single browser-based platform,” Schroeder noted.

Pet Partners worked with Optima Global Solutions, a Kofax partner, to design a streamlined and automated approach to invoice processing with database integration with Microsoft Dynamics GP.

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Schroeder commented: “We were rebuilding our AP model from the ground up and wanted a partner with proven experience and good knowledge of Kofax solutions who could help ensure that the new solution was expertly configured and deployed. Optima proved to be a great fit, and worked closely with our team throughout the project.”

In a few short months, Pet Partners launched Optima’s transcendAP solution written specifically for TotalAgility to provide intelligent capture, general ledger (GL) integration and approval workflows. From a single web-based portal, accounting teams can review and approve invoices, and access dashboards and reports.

Today, paper invoices are scanned upon entry at local offices, and uploaded to a network folder, while electronic invoices are routed to a dedicated email inbox. The network folders and inbox are regularly scanned for new invoices, and the data is automatically imported to a central hub for processing.

The new platform is tightly integrated with the existing accounting system for every hospital, allowing invoices to be checked against vendor and GL records in real time for faster, more accurate validation. The invoices then go

through a complex approval process based on business unit and dollar threshold. Once an invoice is completely approved, it is exported to the relevant accounting system, ready for payment.

“With TotalAgility, we’ve been able to design a sophisticated invoice processing system without making any changes to front-end processes,” Schroeder stated. “Hospitals still procure supplies in the same way that they always have—the only difference is that, behind the scenes, we are processing invoices in a much more automated and efficient fashion.”

He added: “When we were building the business case for this project, we estimated that we’d achieve a full return on investment in 18 months, and we are well on our way to meeting that target.”

To gain better insight into the effectiveness of its newly digitized AP processes, Pet Partners takes advantage of Kofax Analytics for TotalAgility. With a newfound understanding of its operations, the company can make targeted improvements to maximize efficiency.

“You can’t improve a process if you don’t know where the issues or bottlenecks are, and this is where analytics becomes incredibly valuable,” Schroeder noted. “The level of transparency that Kofax Analytics has brought to our operations has been incredible. For the first time, we can track exactly what’s happening with all of our invoices—where each invoice goes, how many duplicates exist, who processed which invoice the fastest, the average cycle time for an invoice, and more.

“Now that we have this insight, we can start thinking about our processes in a much smarter way. Take early payment discounts for example. Depending on the terms offered by a supplier, sometimes it just isn’t cost-efficient to process certain invoices faster in order to capture a discount. In the past, it was too difficult to work out which discounts were worth taking, potentially causing us to miss out on opportunities to save money. Today, we are working to gain better insight into this area, with the aim of making the best use of supplier discounts—and the metrics delivered by Kofax Analytics will play a key role in helping us achieve that.”

Additionally, Pet Partners plans to use Analytics to dig even deeper into AP data, with the aim of gaining tighter control over costs and inventory. By capturing line item data from individual invoices, the company can build a better picture of what hospitals are purchasing and at what prices, and use the insight to drive smarter purchasing strategies.

Schroeder stated: “By improving insight into purchasing data, we will be able to identify opportunities where hospitals might be able to reduce expenses and negotiate better deals with vendors, allowing them to cut operating costs.”

### Results

Pet Partner’s new approach to document capture and management has dramatically accelerated cycle times in AP, reducing days payables outstanding (DPO) to help Pet Partners pay invoices faster than ever before.

Schroeder said: “Previously, it took us 20 days to close the books at the end of a month and payables were a major bottleneck. With TotalAgility our goal is to reduce that closing time to 7 days, and then ultimately 3 days.”

With TotalAgility bringing newfound efficiency to AP operations, Pet Partners can keep its booming business on track for profitable growth.

“Faster invoicing makes it possible for us to take on more work in AP without increasing headcount,” Schroeder explained. “In the past, a single accountant could handle invoicing for around a dozen hospitals. We’re on track to more than double that number, and have one person manage 25 to 30 hospitals, thanks to the increased automation delivered by TotalAgility. This will help us meet our goal of growing the business in a profitable way.”

Equally importantly, the new platform is bringing about big changes to the way that accounting teams work—releasing them from tedious data entry work to focus on more valuable tasks.

“In the past, AP teams spent most of their day performing data entry; thanks to TotalAgility, that has all changed,” Schroeder remarked. “Now that accountants no longer have to manually key in data, they have more time to focus on what that data actually means for the business. They can ask questions like, ‘Should we be paying this?’ ‘Is there an opportunity to reduce costs?’ ‘What are other hospitals paying for similar supplies?’”

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In the future, Pet Partners plans on further enhancing the ROI of the initial investment in TotalAgility with the addition of new smart process applications. Optima Global Solutions is working with Pet Partners to design and implement automation solutions for employee onboarding in human resources and hospital acquisition processes using the existing TotalAgility platform.

Schroeder concluded: “When you combine the potential future benefits with the efficiencies we have already achieved by enhancing our AP processes, it adds up to a very compelling value proposition for our hospitals. TotalAgility gives us the transparency, control and efficiency we need to scale up operations and keep everything running productively behind the scenes. As a result, we can support more veterinarians and their teams in delivering a superior care experience for pets and their owners.”

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