Budget Rent A Car,
Lisle, Illinois

North American Excellence Awards: Workflow, Finalist

Executive Summary

Budget Rent A Car is a $2 billion organization with 25,000 employees operating in 117 countries and territories. It is the world's largest car and truck rental company. Budget has 3,200 corporate and licensee-owned locations, including 825 airport sites. The finance department of Budget is chartered with delivering quality services in line with Budget's values, at minimum cost, to satisfy its customers.

1. Describe the system application. what is the system used for, who are the users and what does the job entail? How often or how many hours is the system in use on a daily basis?

Budget's centralized accounts payable system is based on document-imaging and workflow software. The application is used by more than 1,000 Budget employees and is in use 11 hours a day (plus an additional seven hours a day for batch processing).

Budget chose FileNet as the system vendor for the centralized accounts payable application, and a FileNet WorkFlo/Payables^{TM} solution was installed.

The system applications follows.

Invoices are scanned and indexed, stored on optical disk and then managed by FileNet's WorkFlo application software. Features of WorkFlo/Payables include automatic invoice and purchase order matching, prioritization and electronic routing to accounts payable clerks, and integration with Budget's mainframe accounts payable package by Walker Interactive Systems. Walker is a company that provides widely used host-based accounting applications.

For purchase order (PO) invoice processing, the system matches the gross amount of the invoice to the PO. If the match is successful, then WorkFlo/Payables software sends the information to the mainframe. On the mainframe, the Walker system then creates the voucher and approves the invoice for payment. With this auto-matching feature, PO invoices are paid four times faster than the manual system, eliminating the need for an accounts payable clerk to do manual retrievals or comparisons. PO exceptions are highlighted and presented to the accounts payable supervisor to monitor.

Employee travel and expense report processing are also handled with WorkFlo/Payables and the Walker system. The expense report forms are scanned into the system and index clerks key in the employee header information. Invoice clerk processors review the expense reports and enter the detail dollar information by category. The WorkFlo/Payables system generates account distributions for each line item.

For both non-PO and expense-report processing, after distributions are entered, a clerk can hit the "generate invoice key." Then, WorkFlo software writes the information to the mainframe Walker system where the invoice is placed in pending payment status for check generation. WorkFlo software is constantly checking the invoice status flag on the mainframe. If an error occurs, the invoice is brought back under FileNet WorkFlo control and sent to the clerk again.

As checks are produced on the mainframe, the pertinent information is returned to the WorkFlo/Payables system to be stored with the invoice and back-up detail for later retrieval as needed.

For checks more than $10,000, a second approval signature of a vice president is required. The executive needs to see all the backup detail along with check and invoice. With WorkFlo/Payables this documentation can be retrieved immediately at the workstation by simply entering the check number. This eliminates the clerical effort involved in manually pulling the files and matching invoices with the checks.

2. What were the key motivations behind installing this system?

In 1993, Budget had a decentralized accounts payable operation that processed more than 800,000 invoices annually and operated from more than 80 facilities. A cross-departmental team consisting of IT and finance members identified significant cost savings through a streamlined, shared-service approach that would centralize its financial administration with one consistent accounts payable system. The team also recognized that this system would:

- Increase productivity
- Increase accessibility of invoices, removing the payable functions from the regional level while leaving the regional staff with the confidence of accessibility and ultimate ownership of their expenses
- Provide a scalable solution to allow for future growth and continued improvements in other parts of Budget
- Provide a turn-key solution
- Reduce paper volume and costs, allowing staff to process by exception (process only those documents that have irregularities) and become more analytical
- Enhance the interface to the Walker Interactive accounts payable and PO systems without affecting mainframe programming

The team determined that the success of centralization was dependent upon reengineering the processes associated with payables to increase the quality of the service while decreasing the costs of providing that service.

3. Please describe the current system configuration.

FileNet WorkFlo/Payables with FileNet WorkForce Desktop^R software on accounts payables' staff desktops. Also,

- One IBM RISC RS/6000 server
- OSAR 88M
- Two HP optical drives
- Two HP desktop scanners
- One HP 4Si MX printer attached to a FileNet print server

4. How is this system integrated with the company's other information processing systems?

The system was selected specifically for its ability to integrate with, and even enhance, Budget's mainframe and the Walker Interactive accounts payable and PO system. Details about this integration are detailed at length in Question 1.

5. Describe how the company has been impacted by this system. (Cost savings, increased revenues, productivity improvements, business workflow).

FileNet's WorkFlo/Payables and document-imaging solution helped Budget to centralize their financial systems for accounts payables. The increased efficiency in operations has meant dramatic business improvements with payback for the system beginning in a little more than one year. Specifically:

- Budget recognized a gain in productivity in the accounts payable process— increasing the number of invoices processed from 10,000 month to 65,000 month *without increasing staff*.

- With increased process efficiency, the cycle time for invoice processing went from five days to two days.

- Head count reduction and redeployment of 35 to 40 percent due to centralization, saving the company more than $1.1 million over the next three years.

- Centralization and increased control of the accounts payable function using WorkFlo/Payables software has enabled Budget to reduce management staff from five regional AP managers to one manager.

- Enhanced quality control. With WorkFlo/Payables there are no lost or misfiled documents or problems in locating invoices. The error rate has decreased dramatically.

- Travel and expense-reporting process is four times more efficient. One person use to handle 25 expense reports per hour, with WorkFlo/Payables an individual now can process 100 per hour.

- AP Supervisor time is used more efficiently. PO exceptions are highlighted and can be monitored by the supervisor and invoices are reviewed on exception-basis only.

- Storage space savings of approximately $12,500 per year.

Bottlenecks in workflow were eliminated by the new system because it completely restructured the way the accounts payable system works at Budget. In the previous system, the accounts payable clerk was a generalist, responsible for many things in the process. Clerks frequently were held up by supervisor delays in reviewing documents, meaning even routine financial documents could be held up in the system. With the new system, supervisors review only exceptions and each clerk is a specialist. For instance, clerks may be members of the batch prep team, the PO exception team, or the invoice processing team—allowing them to understand their work function more accurately to assess pending documents.

6. Describe the implementation process and methodology, the project team and any change in management and business process re-engineering issues addressed.

During the planning stages, Budget enlisted the help of its account payable staff to map out its work processes. Based on their feedback, Budget developed their new system. Before the system went live, Budget ran a series of acceptance tests on the system. The testing took place in modules (scanning, indexing, etc.), starting at the beginning of the process and working through each step, as each action was dependent on the one before. Several clerks participated in the testing and liked the new system so much, they pushed the IT group to implement the new system as soon as possible.

After approximately six weeks of acceptance testing, the accounts payables programs were migrated over to the new system and on June 13, 1994, the system went "live" in

the manual checks and expenses divisions of accounts payable. Because the new system was so rapidly learned and embraced by the staff, Budget moved quickly to implement the system department-wide. Budget's entire financial department was operating on the new system by June 20, 1994.