



REFERENCE CASE

CLIENT: DIRTT ENVIRONMENTAL SOLUTIONS **PROCESS:** AUTOMATED INVOICE PROCESSING
INDUSTRY: PREFAB CONSTRUCTION **COUNTRY:** USA & CANADA

Paperless invoice processing delivers company-wide benefits for sustainable construction company

DIRTT manufactures highly customized interiors by combining its proprietary ICE® 3D design, configuration, and manufacturing software with integrated in-house manufacturing. The resulting prefabricated interior construction is a unique, end-to-end solution for the notoriously inefficient and fragmented construction industry. In 2014, DIRTT implemented automated invoice processing in order to bring its AP department up to speed with the company's rate of growth.

Manual invoice processing: the inevitable bottleneck

With 70% of vendors already emailing invoices, DIRTT was positioned to easily benefit from automated invoice capture and workflow. However, the company's manual process undermined any potential efficiency gains that would have come from receiving a majority of invoices electronically. Brody Leitner, DIRTT Project Manager explains: "When AP would receive an invoice via email, they would print it out and get it approved, and then sometimes even scan the invoice after it had been approved in order to have an electronic copy." The irony of his company's earlier processing method is not lost on Leitner: "We were essentially taking an electronic process and making it manual. There was no way to track who was not approving invoices or where a particular invoice was in the process."

Aligning actions with values

At DIRTT headquarters, boxes and filing cabinets of paper invoices were a stark contrast to the company's sustainable approach to building. "We pride ourselves on being environmental," says Leitner, "yet we produced and consumed loads of paper in our AP process." Not to mention that the filing cabinets were an unavoidable eyesore in an office that clients often visited and were even given tours of by the company's founder and CEO, Mogens Smed. "Our motive to automate was pretty simple," says Leitner. "We wanted to become paperless and get rid of the filing cabinets."

Going paperless to remain agile

DIRTT has made responding to growth and change a matter of routine since its inception in 2004, and it was clear that the outdated manual process was a constraint on the company's agility. DIRTT faced a dilemma common for companies experiencing growth that still process invoices manually: the only way to scale up operations would be to hire more AP staff.



BEFORE: one of several paper stashes at DIRTT headquarters.

Why ACOM & ReadSoft?

In the search for a scalable application, Leitner says DIRTT “considered solutions with differing levels of integration with our other software solutions. Ultimately, we decided we wanted a solution that was natively integrated with our accounting software.” DIRTT narrowed in on ACOM Solutions as the integrator that could provide the best combination.

Yet it was ACOM’s philosophy as software developers that sealed the deal. Leitner explains, “They understand software and they think how we think. We could tell in the pre-sales calls how open they were to getting developers on the line to talk about integration.” Another reason that DIRTT selected ACOM was the integrator’s partnership with ReadSoft, a company that, according to Leitner, “has one of the most powerful OCR technologies in the world.”

Seamless integration and support

ACOM implemented the automated invoice processing application in five weeks, and rolled it out to all three of DIRTT’s companies at once. Regarding support, Leitner reports: “The integration between our ACOM and ReadSoft technologies is solid.” If an issue does arise, DIRTT can get immediate assistance with either technology. Leitner recounts: “I called ACOM with a very specific question about our ReadSoft application—a matter of preference rather than a problem. I asked ‘We don’t like the way this works; can we change it?’ I expected at least a week’s delay in response with a likely negative answer, but I heard back from ACOM just a few hours later. ‘I went ahead and made the change myself,’ he told me. ‘It’s live.’”

Maximizing the potential of 100% visibility

Upon implementation, DIRTT gained full visibility into invoice processing, thereby giving the CFO greater control of cash management. In AP, the increased visibility shines light on bottlenecks, so that AP staff can better manage the workflow, accurately and efficiently fine-tuning processes as needed. Leitner says: “In a paper world, it’s hard to know what’s really happening—whether you’re behind, and, if so, why? For the first time, we can see what AP is doing. As soon as we have the data, we know where things are.”



DIRTT’s revamped AP department with the AP status board visible to all.

Manual vs. Paperless AP Processing

| | BEFORE – Manual invoice processing | TODAY – Automated invoice processing |
|---|--|--|
| Invoices processed per FTE | 120/day | 230/day |
| Visibility into invoice approval workflow | Zero visibility | 100% visibility |
| Invoice archiving | Paper invoices stored in filing cabinets at DIRTT headquarters | Electronic invoices are digitally archived, eliminating the need for filing cabinets |

In order to maximize the benefit of this instantaneous visibility, DIRTT created an “AP status board,” a monitor mounted on a wall in the AP department that displays the performance metrics of the process and volume of documents flowing through it. “The stats are updated every minute,” says Leitner. “Anyone can look up at any given time and see where the invoices are piling up and their progress trend within the last twenty-four hours.”

DIRTT has also used these performance metrics to customize its solution so that automatic emails go out daily with a list of the outstanding invoices that includes their location in the process. “We can run the metrics and poke people who don’t approve invoices in a timely manner,” says Leitner.

Greater employee satisfaction

DIRTT has been able to maintain the same headcount in AP, but staff have been reassigned to higher-value tasks. “We wanted to give them more meaningful work,” Leitner says. For example, DIRTT no longer needs an employee dedicated to the task of manual invoice matching, as automated invoice processing renders this cumbersome task obsolete. Instead, summer interns optimize invoices. Leitner explains: “They analyze the performance statistics that ReadSoft provides to determine which vendors’ invoices can automatically flow through without manual intervention.”

Wide-ranging benefits—“All the little things”

As for the greatest benefit of the new application, Leitner says: “Each person from AP to our VP has something he or she likes best. It’s all the little things that make up the whole solution.” As for DIRTT’s CEO, Mogens Smed, the best thing that automated invoice processing has enabled is the elimination of sixteen file cabinets. In fact, he replaced the paper storage with a foosball table, and insists that employees play every day to remind AP that filing cabinets used to take up the space.

Leitner reports that they continue to refer peers and clients to ACOM and ReadSoft. “We recommend them because of the success we’ve experienced at DIRTT.”

Want to find out how your company can achieve similar results?

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