

CN Implements a More Efficient Cash Application Process

Technology Advancements in Imaging and Intelligent Document Recognition Technology Prove Invaluable for Automating the Account Receivable Back Office

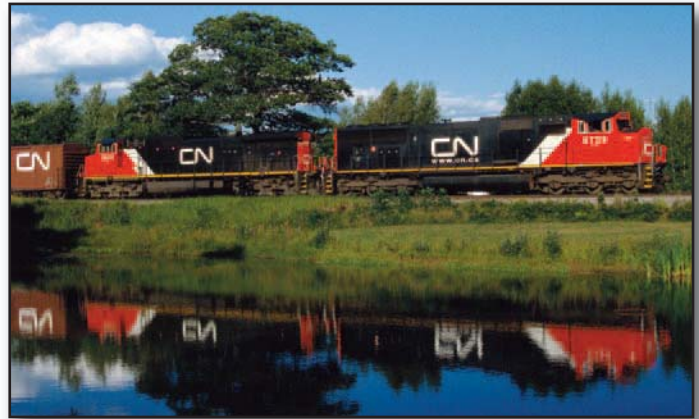
In 2008, Canadian National Railway Company (CN), the largest rail network in Canada and the only transcontinental railway in North America, implemented a fully integrated cash application solution in order to meet its goals for increased throughput, improved accuracy, and the elimination of paper.

Like many companies with a high volume of B2B invoices and receivables, CN sought to eliminate the accounts receivable (A/R) back office inefficiencies associated with today's hybrid remittance environment—i.e., remittance advice coming from a myriad of different sources in a variety of forms. As a result, the company's cash application process entailed significant manual processing with manual workflows and data entry. These processes were impeding the company's visibility and measurement abilities, thus making it challenging for CN to implement metric-based work process improvements. These types of control processes are particularly important for companies such as CN that are Sarbanes-Oxley compliant.

CN recognized that new advances in imaging technology and transaction management could be powerful tools and enable it to implement workflow automation. Using Intelligent Document Recognition (IDR) technology, CN sought to eliminate paper from the workflow and to achieve flawless capture of relevant data. The IDR would digitally capture, sort and classify typed and written information from paper and electronic documents, whether they were structured or semi-structured. Captured content could then be properly verified, applied, stored, and shared. Data from a variety of sources would then be unified into a single stream, allowing managers to optimize their resources and monitor productivity levels.

Although some enterprise resource planning (ERP) vendors are attempting to incorporate cash application in their workflow automation software, these solutions are typically not optimized for the specific needs of an A/R back office and would require a significant amount of costly customization to be viable. That's why CN looked for a third-party software solution that was remittance focused, easily configurable and interoperable with major ERP systems.

CN partnered with J&B Software of Blue Bell, PA, to meet its requirements. It found that J&B Software's Cash Application (CA) Suite is highly configurable, and would make it possible for CN to implement an optimal solution without investing money and resources in proprietary software development. "J&B offered the most configurable software with the flexibility to adapt to any remittance environment," recalled Chris Webb, manager of revenue management reporting at CN. "Their lockbox experience really came into play and set them apart from other contenders."



Companies with extensive experience in lockbox processing, particularly data capture and validation, are particularly well suited to address the specific needs of cash application, since they are expert in data recognition and have led the way in technologies for integrating paper and electronic transactions.

The results of the CN implementation were immediate and tangible. Because CN virtually eliminated paper from its cash application process, the company was able to introduce workflow automation and improve productivity significantly. The company's ability to post transactions on the same day they are received improved from below 82 percent to a consistent level of 92 percent, and this metric has never fallen to pre-implementation levels. Errors and rework have declined since the implementation, and the CA Suite has permitted A/R staff to spend less time performing rote tasks and to allocate more time to resolving and expediting exceptions. Greater transparency has made the cash application process more measurable and, as a result, CN has uncovered new opportunities for process optimization. "Without a doubt, CA has delivered more than promised," commented Webb. "The results we've achieved with CA are well aligned with CN's focus on measurable process improvement."

While J&B's CA Suite proved ideal for a transportation industry leader, the solution is highly configurable for any industry, without major customization. "The combination of a leading edge core system and an adaptable architecture made J&B's approach ideal for our needs," remarked Webb. "I can see this solution helping A/R departments in many, many industries."

To read the full case study describing CN's implementation of J&B Software's CA Suite, visit www.tawpi.org.