

# PEPSI BOTTLING GROUP: THE EVOLUTION OF A PROCESS

## At A Glance



## Industry

Beverage Manufacturer, Seller, and Distributor

## Challenge

PBG needed an automated solution that could efficiently capture remittance data from tens of thousands of customers. They realized they could shorten the time required to apply cash payments while actually reducing per-payment labor costs. With \$15 billion a year in remittances, there was a lot of money and time to be saved.

## Award-Winning Solution

PBG selected AnyDoc Software's AnyDoc®REMIT™ with AnyApp™ Technology to automatically capture data, including line-item details, without requiring the use of templates.

## Results

- Reduced per-invoice processing cost by 70% overall
- Cut six-day processing cycle time down to one day
- Decreased occurrence of misapplied cash by 41%
- Equates to a payback period of approximately seven months

## Recognition

PBG's automated solution, designed to automate the processing of \$15 billion a year in remittances, was awarded the 2009 TAWPI Innovation Award in the Payment Automation category.



The Pepsi Bottling Group (PBG), located in Somers, NY, manufactures, sells, distributes, and services approximately 55% of Pepsi-Cola beverages and other national brands in the United States. With customers ranging from large retail chains with thousands of locations to smaller independent stores to restaurants and schools, Pepsi Bottling Group makes 60,000 deliveries a day. Pepsi Bottling Group currently processes the payments for 15 million invoices annually—an average of more than 60,000 invoices a day.

PBG has consistently focused on process improvement. “As an organization we spend a great deal of time asking ourselves how we can move forward—do our work smarter,” says Brian Monroe, PBG’s Finance Shared Service Center Director. By analyzing their payment processes and exploring available technology, PBG realized they could shorten the time required to apply cash payments while actually reducing per-payment labor costs. With \$15 billion a year in remittances, there was a lot of money and time to be saved.

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Looking back over 15 years of process improvements and savings, PBG has clearly mapped their progress and plans for the future. “It’s important to know where you are, so you can determine how to improve,” shares Monroe. What PBG has achieved is a testament to their organization’s focus on “taking the work out of the work” and provides insight into successful business practices.

## Knowing Where to Begin

Before 1995, PBG outsourced their remittance processing. All remittance data entry was completed by an external provider with a PBG staff of about 30 people dedicated to handling exceptions and errors. The process was time-consuming, tedious and not always accurate. “We were paying a million dollars a year and still having to do all this work on our end; we just weren’t getting the quality we needed,” explained Monroe.

In 1995, with an initial investment of \$75,000, PBG in-sourced their data entry with an Online Data Entry (ODE) system and increased the departmental headcount to 60. With this, “we reduced our costs and gained control of our own destiny,” reflects Monroe. Bringing the process in-house resulted in fewer errors and less time correcting errors.

After implementing their ODE system, PBG was able to calculate their cost per invoice and found out they were spending 20 cents per invoice. They realized they were handling about 11 million invoices with 60 people and it was taking about six days to process them.

## Never Being Complacent

In 1999, PBG added Optical Character Recognition (OCR) technology from AnyDoc Software, deploying a combination of EDI, computer-based algorithms, automated data capture with OCR, and manual methods to process incoming remittance payments. At this point, 35% of their incoming invoices were managed through the automated system with template-based OCR technology. PBG's cost per invoice went from 20 cents to 15 cents and they reduced headcount by ten.

## Next-Generation Solution

PBG recognized there was still room to improve, especially in regards to cash payments that were not applied after the EDI and algorithm process. The process was cumbersome and they were only able to reasonably apply OCR technology to their 400 largest customers.

In 2007, PBG worked with software solution provider KeyMark Inc. to explore their technology options. Once again, PBG selected AnyDoc Software with their AnyDoc<sup>®</sup>REMIT<sup>™</sup> technology as their automated Accounts Receivable (AR) document and data capture solution. AnyDocREMIT is designed to eliminate manual data entry associated with capturing data from incoming remittances and checks, including line item details. AnyDocREMIT's AnyApp<sup>™</sup> technology eliminates the need for templates and automates the process of manually matching captured remittance data to their appropriate invoices.

*"PBG has reduced their six-day processing cycle time down to a single day..."*

With the AnyDoc application, PBG expanded their automated data capture solution to tens of thousands of customers and increased the speed and accuracy of their remittance processing while lowering costs. Sixty-eight percent of their incoming invoices were now managed through the automated system and their cost per invoice went from 15 cents down to nine cents. They were also able to reduce headcount by 17 and reallocate their resources.

## Today

Each day, PBG's Oracle Financials system receives a cash feed generated from lockbox payments processed through the bank. Oracle—using a combination of EDI remit data and customized in-house computer algorithms—automatically applies the cash payments closing out 29% of the open invoices. The remaining unapplied cash payments, and their associated image, are fed into AnyDocREMIT. AnyDocREMIT captures the necessary data without the use of templates no matter where it's located on the page. PBG saves time and money by reducing the amount of time required to process incoming payments and by applying cash faster.

Currently, PBG processes 15 million invoices per year at a cost of six cents per remittance. Seventy five percent of their remittance payments are processed automatically and they have been able to reallocate their resources. The remaining 25% of payments are manually processed, primarily because they require customer interaction.



"Everything we do is getting faster. From how quickly we process checks to how quickly we train our staff, we are continuously increasing our speed and efficiency."

– **George Wakefield, Business Analyst responsible for the AnyDoc application at Pepsi Bottling Group**

They have reduced their six-day processing cycle time down to a single day. Now, fewer people are devoted to remittance processing and according to Mike Bevilacqua, Director of AR for PBG, they've seen a 41% reduction in misapplied cash, a significant improvement in accuracy.

"Everything we do is getting faster," shares George Wakefield, Business Analyst responsible for the AnyDoc application at PBG. "From how quickly we process checks to how quickly we train our staff, we are continuously increasing our speed and efficiency."

## Other Process Improvements

From a management perspective, PBG has taken full advantage of the AnyDoc workflow reporting tools to seek out other possible areas of improvement. They are able to see in real-time when payments are processed, who is processing them and how long the process is taking.

"As you layer in technology and workflow, you end up with a very powerful reporting tool," Monroe explains. "We know who our strongest performers are. With that, we can provide the necessary targeted training and coaching to raise the performance of the overall team."

*"This equates to a payback period of approximately seven months..."*

Other managers feel the same way. "It's a great monitoring tool," adds Bevilacqua. "Our system has such robust reporting tools. We know how many clicks each person made and who was idle. We have been able to use this and set appropriate goals for our employees, which has had a huge impact on their effectiveness."

## Looking at the Big Picture

"The world has changed tremendously over the 15-year period since we began automating our payments processes," reflects Monroe. "In 1999, we looked at the AnyDoc technology because the companies we emulated at that time were going in that direction. Now, many companies look to us as they benchmark their operations."

It's somewhat hard to compare apples-to-apples, but when PBG takes a big-picture look exclusively at the data capture portion, over the 15 years, from 1995 to 2010, they have reduced their Annual Total Cost of Cash Application by \$700,000 with a one-time \$400,000 investment. Looking at it as a "single investment" and "single win," this equates to a payback period of approximately seven months.

PBG currently has more projects in the works with no plans to decrease their commitment to process improvement and automation. It will be exciting to see where they go next.

## Partner Profile

### KeyMark, Inc.

KeyMark is an award-winning document capture, management, and workflow systems provider founded in 1996. They combine cutting-edge technology and innovative minds to create customized solutions that resolve today's business issues and anticipate tomorrow's.

KeyMark has helped clients increase efficiencies and decrease operating costs in various industries including: healthcare, accounts payable, accounts receivable, government, insurance, lending, and human resources.

To learn more about KeyMark, Inc. visit [www.keymarkinc.com](http://www.keymarkinc.com).

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# Complete Line of Products

AnyDoc Software has been developing award-winning document, data capture, and classification solutions since 1989. Thousands of companies worldwide rely on AnyDoc solutions to eliminate millions of hours of manual data entry while improving productivity and accuracy. Our products and solutions all operate from the ease-of-use, stability, and enhanced functionality obtained from years of experience and innovation.

## Products

**OCR for AnyDoc®** : Automatically capture data from nearly any business document. Eliminate the costs and errors associated with manual data entry.

**Infiniworx®** : Simplify and automate how your company processes documents with this innovative drag-and-drop workflow development platform.

**AnyDoc®CAPTUREit™** : Scan documents from anywhere in the world, perform quality assurance, and send images over the Internet to a central location for processing.

**AnyDoc®DESIGNit™** : Easily design your own professional forms for printing or to use as a template in OCR for AnyDoc processing with easy-to-use click and select toolbar features.

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**AnyDoc®MANAGEit™** : Optimize your AnyDoc processing with real-time monitoring of batch level status, station activity, pending work, and more.

**AnyDoc®VERIFYit™** : Perform data verification at a central location or off-site—allowing you to save valuable office space. Ensure data accuracy, no matter where your employees are located.

## Market Solutions

**AnyDoc®CLAIM™** : Automatically process CMS-1500, UB04, and dental healthcare claim forms.

**AnyDoc®CLASSIFY™** : Automatically sort, batch, and route all your documents, quickly and easily.

**AnyDoc®EOB™** : Automatically capture, validate, and balance EOB data from all your payers—and increase productivity and decrease processing time while lowering costs.

**AnyDoc®INVOICE™** : Automatically process invoices to lower manual data entry costs and turn incoming invoices around in hours instead of days.

**AnyDoc®REMIT™** : Automatically capture remittances and checks and the associated critical data for much quicker input into your financial or ERP systems.

**AnyDoc®Patient Records™** : Minimize human error by automatically identifying, sorting, indexing, and capturing information from patient records.

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**AnyDoc®NOTICE™** : Provides quick identification and data capture of insurance policy notices—speeding processing and increasing opportunities for revenue generation.

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