



## PIL enhances supplier relationships and improves cash flow with Canon's automated invoice approval process

### Overview:

- **Customer Name**
  - Pacific International Lines (Pte) Ltd
- **The Challenge**
  - Slow approval process for invoices
  - Slow retrieval of documents for auditing
  - Invoices may be lost as it circulate to several approving parties
  - Occasional payment delays
- **The Solution**
  - imageRUNNER (multi function devices)
  - Livelink
- **The Results**
  - Improved invoice and credit notes approval process
  - Better relationship with suppliers
  - Reduced paper circulation to save space
  - No more missing documents



"The payment cycle is effectively shortened by half from 90 days to 45 days, enabling PIL to proactively settle their bills within credit terms and providing PIL the leverage to negotiate with suppliers for payment and pricing discounts."

**Mr Low Wai Mung, Assistant General Manager, PIL Information Systems Department**

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### Business Overview

#### **About Pacific International Lines**

Formed in 1967, Pacific International Lines (PIL) has since grown from a coastal ship-owner cum operator in Singapore to become one of Asia's largest ship owners with a group turnover of over S\$3.8 billion. Today, it ranks 19th amongst the top container ship operators in the world, having diversified into logistics-related activities such as supply chain management, consolidation/distribution facilities and warehousing. PIL's other involvements include container depot

operations and trucking, as well as maintaining an interest in container manufacturing, marine engineering, real estate and ship agencies worldwide.

As of July 2009, PIL owns and operates a fleet of 103 vessels with a total TEU capacity of about 183,604 TEUs. 15 new container vessels with a total capacity of 52,738 TEUs will be delivered by September 2011. PIL also owns and operates a fleet of more than 336,569 TEUs of marine containers. Well established as one of Asia's leading total transportation companies, PIL operates container liner services covering the whole of the Far East to Europe, the Black Sea, Canada and the Indian sub-continent. Other regions include the Red Sea/Gulf, East and South/West Africa, as well as Australia, New Zealand, the East Coast of South America and the West Coast of USA. In addition, the company also has a dedicated network of feeder services covering a comprehensive range of ports in South East Asia, the Bay of Bengal and the East Coast of India.

## **The Challenge**

### **PIL's Paperwork Dilemma**

In an organisation as established as theirs, PIL's day to day operations naturally involve extensive paperwork that ranges from shipping invoices to credit notes from its suppliers. With that much paperwork circulating between several of its departments, PIL faced the dilemma of having to find and pay for expensive storage space to house its documents. This, in turn, resulted in several other related inconveniences.

### **Slow Auditing Process**

In the interests of saving storage space, for example, PIL's finance documents would often be archived in a separate warehouse. Retrieving these documents proved to be a constant hassle whenever an audit was required.

"PIL staff will often have to spend hours looking through tons of documents in the office, or wait more than a day to retrieve them from the warehouse, which considerably slows down the auditing process. In addition, printer ink on the documents can also fade over time and further disrupt the auditing process," said Mr Low Wai Mung, Assistant General Manager at PIL's Information Systems Department.

### **Delayed Payment Process**

Existing procedure requires that incoming invoices are first processed by PIL's finance department, before going into a manual memo system that tracks the invoices as they are sent to and from the various parties required for final approval. This often resulted in unnecessary delays in the payment process.

"Whenever a supplier enquired about an outstanding invoice, it was difficult to trace the printed documents as they travelled from one party to another, before finally arriving at the finance department. Payment may be delayed due to this lengthy process," continued Mr Low.

He added, "As a result, any early payment discounts offered by these suppliers would no longer apply, and these payment delays could potentially cause PIL to reach our credit limits with the suppliers, which would in turn disrupt future orders. Such a scenario is highly undesirable."

## **The Solution**

### **Clear Skies Ahead For PIL With Canon's Livelink Solution**

To greatly improve its document efficiency and information flow, PIL enlisted the help of Canon's customised Livelink Solution:

- Canon's multi-function devices and DR scanners were used to first scan all incoming supplier invoices and credit notes into PDF documents.
- These documents are then automatically routed to the various parties for verification and approval, before being sent to the respective head of departments and subsequently to the finance department. "With Livelink, the verification and approval process has improved by over 1.5 man days per month for every 20 suppliers!" said Mr Low.
- Once the finance department receives the final approved document, Livelink will send the approved invoice into an "Approved" folder in their accounting system, so that payment will be made. Upon payment, the documents will then be channeled into a folder where users can easily check if payment has been made for any particular invoice.

This fully-automated process resulted in the following integrated benefits:

### **Improved Invoice Tracking Efficiency**

"When suppliers contact our finance department to enquire about an invoice, PIL staff can now quickly locate the PDF document on Canon's Livelink to confirm its exact status and provide them with a quick response. The response time has since improved from more than an hour before implementation to currently less than a minute. This dramatically improves both our efficiency and image," explained Mr Low.

### **Better Relationships With Suppliers**

On top of the above improvements, Livelink is now also able to generate reports to show the status of all invoices that are pending approval. "The finance department is able to see which individuals are holding on to invoices with short credit terms, and remind them to speed up their approvals. As such, the payment cycle is effectively shortened by half from 90 days to 45 days, enabling PIL to proactively settle their bills within credit terms and providing PIL the leverage to negotiate with suppliers for payment and pricing discounts thereafter," Mr Low added.

### **Reduced Storage Space Required**

The digitisation of all hardcopy documents results in less paper being passed around, and consequently, a reduction in required document storage space. Expensive storage space can now be more efficiently utilised while maintaining a neater work environment.

### **No More Misplaced Documents**

"Since the original hardcopy document is now scanned and then kept by PIL's finance department, there is no longer a need for us to track down any misplaced documents, or for our suppliers to resend any invoices. All this has greatly reduced any frustration for both parties, creating a pleasant and truly efficient working environment -- and for this, we have Canon to thank," concluded a satisfied Mr Low.

## **The Results**

Through their implementation of Canon's multi-function devices and customised Livelink solution, PIL is now able to:

- Quickly track the status of an invoice with improved efficiency and speedier response to its suppliers.

- Automate approval processes, resulting in prompt payment within credit terms.
- Digitise all hardcopy documents to reduce storage space and its related costs.
- Ensure that important hardcopy documents are never misplaced.