

CASE STUDY:

LUZERNER KANTONALBANK

A RISK-FREE INVESTMENT FOR LUZERNER KANTONALBANK

FOUNDED IN 1850, LUZERNER KANTONALBANK AG (LUKB) WITH ITS TEAM OF AROUND 1,000 EMPLOYEES IS THE LEADING BANK IN THE SWISS CANTON OF LUCERNE. IT OPERATES 26 BRANCHES, MAKING IT ONE OF SWITZERLAND'S LARGEST CANTONAL BANKS - STANDARD & POOR'S GIVES IT A HEALTHY RATING OF AA.

The leading bank in Lucerne has more to offer, however, than just the figures it presents to the outside world. Its in-house financial processes are also impressive. On average, LUKB takes just one day to process an invoice - from receipt to payment - although some involve multiple approval loops. This is due to Swiss system integrator TESSI Solutions and Basware Invoice Automation software. With 25,000 invoices requiring processing each year, the benefits can be quantified in hard cash. And the investment will have paid off in just a few years. It means that Luzerner Kantonalbank has put an end to paper-based financial processes once and for all.

PAPER TIES UP LABOR RESOURCES



Huge stamps imprint text onto paper, redundant copies perish in superfluous approval loops, and shelves bend under the tons of files - this is no exaggeration; it is everyday reality in a lot of offices. Until recently, Luzerner Kantonalbank was no different, storing multiple copies of thousands of invoices on desks and in file cabinets. The incoming mail processing team grabbed the account stamp and added placeholders for expense accounts or cost centers to the invoices, which then had to be completed manually. Once the invoices had been checked and allocated to an account, they were forwarded to the

CUSTOMER:



**Luzerner
Kantonalbank**

INDUSTRY:

Financial Services

LOCATION:

Lucerne/Switzerland

BASWARE SOLUTION:

- Invoice Automation

PARTNER

TESSI Solutions

basware

Simplify Operations, Spend Smarter.

EXPERTISE & FAST ROLLOUT

cost center manager. Special envelopes had to be used to circulate each invoice in-house. In special instances involving IT costs or building construction works, additional approval loops with specialized contacts had to be included. Once past this final check, Accounting could get started. Three members in this department alone spent their time entering the invoices in SAP before digitally archiving them.

At best, this took three days, despite the fact that a bank mainly deals with service providers and therefore does not have to compare purchase orders with delivered parts, unlike an industrial operation. These services are largely used for building maintenance, and in IT and Marketing. At the end of each quarter, in particular, the mountains of paper were enormous since many a service provider only invoiced once a quarter. It proved to be manageable, but not particularly cost efficient - the time had come for a change.

PROCESS EXPERTISE ENABLED FAST ROLLOUT

Early on, LUKB realized that the

invoice processing steps of manual completion, physical transport, and typing information were taking an unnecessarily long time. It also wanted to reduce the volume of paper overall, and especially the superfluous copies. Ultimately the only solution was to process the invoices with the aid of a software program, which would also reduce the workload needed to ensure compliance with payment deadlines and legal guidelines.

The financial institution brought Tessi Solutions, a partner of Basware, on board virtually right from the start. Since the bank had

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Patrick Scheuber, Head of Accounting & Controlling at Luzerner Kantonalbank AG, is delighted.

already obtained valuable advice about archiving its documents from the company based in Zurich-Urdorf, taking the next steps with this familiar partner seemed the obvious choice. By August 2014 the bank was ready to act: A group of decision-makers from Management, Accounting and IT signed and approved the implementation of Basware Invoice Automation. The various teams involved in the project commenced work immediately. To start with, the Accounting function at LUKB was tasked with drawing up a catalog of requirements that defined all processes and necessary software



functions. Then it was Swisscom's turn: The company that provides the bank's network and hosts its data center created the technical connection to Tessi Solutions.

The project ultimately proved to be a quick success: Rolling out the software took just five months and was therefore completed by the end of 2014. The finance expert is, however, very much aware of what users themselves have to contribute:

“When rolling out an invoice automation solution, it is particularly important that the project managers are familiar with every last detail of their processes to save wasting time on unnecessary clarification and avoid idle times.”

LOW PROCESSING ERROR RATES

LUKB was also well prepared in other respects: It didn't need to first procure the equipment for digitalizing documents. The bank in Lucerne had long since installed a professional scanning system that it used for its non-invoice-related document management. Nowadays, another 2,000 or so invoices simply pass through the existing scanning system each month. Once digitalized, the invoices are automatically transferred through a VPN interface to Tessi Solutions. Optical character recognition (OCR) to read out the invoice information is not performed until the files reach the system integrator. The invoice data is fed directly through an interface into the Basware Invoice Automation solution, which checks whether the information on the invoice is complete. If

the issue date is missing on the invoice, for example, or the rate of sales tax, the software immediately reports an error. The paper invoice may then have to be re-dispatched by the supplier, only this time with all the details.

The approval process can then commence, whereby users in Lucerne access the Basware solution through a web interface.



In keeping with the pre-defined workflow, every member of staff with a stake in the process - in Customer Advisory functions, IT or Marketing, for example - is notified by Basware Invoice Automation as soon as a digital invoice is ready for evaluation and further processing. If the information - such as amount, quantity and purpose - is correct, the individual stakeholders can mouse click to approve the invoice for posting. If that is not the case, the invoice can be shared with others to resolve the problem together. If the document is correct, it proceeds along the pre-defined workflow for posting. The invoice is fed through an interface into the SAP accounting program and archiving software.

THE RESULTS BLACK ON WHITE

“We are totally satisfied with how excellently the rollout of Basware Invoice Automation was managed, and are looking forward to a fast return on our investment,” says Scheuber, expectantly.

“THE INVESTMENT WILL HAVE PAID OFF IN THREE TO FIVE YEARS, NOW THAT OUR STAFF SAVES A LOT OF TIME: THE ENTIRE PROCESS FROM RECEIVING THE INVOICE TO POSTING NOW ONLY TAKES ONE TO TWO DAYS. OUR IN-HOUSE RECORD IS 14 MINUTES - WHICH EVEN SURPRISED TESSI SOLUTIONS.”



**EFFICIENT
WORKFLOWS**

The cantonal bank is reaping numerous other benefits from the solution. Getting even close to payment deadlines is a much rarer occurrence, for example, and the bank enjoys a spotless reputation and good relations with its service providers as a result. In the medium term, LUKB could even imagine eliminating the final media breaks by implementing e-invoicing, in which case the invoices would already be digital when submitted to the bank. Scheuber admits: "Naturally there was resistance to start with, at least here and there, from users. But the software is a bonus, especially for those users who have to process a huge volume of invoices, and definitely for Luzerner Kantonalbank AG as a whole."



ABOUT: LUZERNER KANTONALBANK AG

Founded in 1850, Luzerner Kantonalbank AG (LUKB) with its team of around 1,000 employees is the leading bank in the canton of Lucerne. It operates a total of 26 branches, and ranks among Switzerland's largest cantonal banks. Its core business focuses on real estate financing, corporate financing, and private banking. LUKB is noted for the proximity to its clients and its performance capability, making it the bank of choice for clients, employees, shareholders and the region. LUKB Group is comprised of LUKB Expert Fondsleitung AG, LUKB Wachstumskapital AG, and Gewerbe Finanz Luzern AG. LUKB has been a joint stock corporation since 2001. Its shares are listed for trading on the SIX Swiss Exchange. Of the share capital, 38.5% is free float, while 61.5% is held by the canton of Lucerne. LUKB is backed by state guarantee, and is rated AA (long term) by Standard & Poor's (short-term rating: A-1+).

www.lukb.ch



ABOUT: TESSI SOLUTIONS

Tessi document solutions (Switzerland) GmbH is the leading company for document and content management solutions and employs around 100 staff in Urdorf (Zurich), Carouge (Geneva) and Vienna. Our qualified specialists have extensive experience in the automation of document-based business processes.

The Swiss branch of the French company, Tessi S.A. was established following the acquisition of RR Donnelley Switzerland.

www.tessi-solutions.ch

ABOUT BASWARE

Basware is the global leader in providing purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses around the globe. As the largest open business network in the world, Basware provides scale and reach for organizations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers

Find out more at:

WWW.BASWARE.COM

