

CASE STUDY:

Streamline Focus on Serving Customers



CAPITAL BANK

Capital Bank

The Situation:

As one of North Carolina's largest community banks, Capital Bank is a rapidly growing institution with 26 banking offices across the state with more than \$1.3 billion in total assets and a broad range of financial services. Within the past year, Capital Bank continued its management transition, acquired and integrated 1st State Bank, built a new state-of-the-art operations and data center, installed a new branch capture platform, launched a new deposit marketing program, and opened its new headquarters in downtown Raleigh, where it is a strong supporter of the city's revitalization program.

When an organization is experiencing robust growth and change, compliance with business processes and companywide procurement practices is challenging and difficult to manage. Facing technology challenges, inadequate end user support, and the inability to track and effectively manage all of its procurement transactions, Capital Bank needed a better solution for spend management and sourcing effectiveness.

Capital Bank wanted its employees to focus on the organization's growth and customer service. To accomplish this, employees needed to spend less time and energy on back office administration. The operational challenge was even greater due to the rapid growth of the organization, with employees in branch offices ordering supplies from multiple vendors. Hundreds of invoices were generated on a monthly basis.

Lonesource met with Capital Bank's management team to devise a strategy to enhance operational effectiveness by decreasing the number of vendors and monthly invoices by deploying Lonesource's technology.

The Solution:

Lonesource provides a hosted, web-based technology for companies to optimize and manage corporate spending across all departments to increase profitability and dramatically simplify procure-to-pay processes. The company offers "centralized" management with real-time visibility of every transaction, enhanced enterprise connectivity, and improved controls and service levels that dramatically reduce the workload for finance teams.

The solution features a single user interface (buyer platform), a single set of processes (based upon custom configuration), a single invoice (pre-coded, pre-approved, pre-reconciled, electronically interfaced to customer accounts payable system) and a single point of contact for customer service (the Lonesource call center). Within a few weeks, the solution is implemented to quickly establish procurement standards, control spending on specified categories and allow companies to refocus internal resources on mission critical processes and strategic spend initiatives.

The Lonesource buyer platform is used by a majority of departments across an organization including administration, human resource, sales and marketing, facilities, information technology, manufacturing and research and development department.

"We continue rapid expansion of our business. Successful growth demands a constant focus on our customers by employees and managers," said Grant Yarber, CEO of Capital Bank. "To avoid the inefficiency of managing multiple vendors for departmental spending, Lonesource provides a single, simple solution enabling a new level of financial control aligned with our procure-to-pay strategy so that our employees can focus on our core business and customer relationships."

The Implementation:

To implement the solution, Lonesource first analyzed Capital Bank's total cost of acquisition and developed a set of processes and benchmarks to manage and streamline the bank's supply chain. Members of senior management and corporate finance met with Lonesource to establish project milestones and a timeline. Capital Bank initially identified 162 users within the branch locations and in the corporate office. These users were divided into three categories; buyers, approvers and administrators. Buyers are typically comprised of administrative employees that are authorized to make purchases. Approvers are usually managers who make and approve purchases. Administrators have the capability to buy, approve, and make administrative changes in the system, including budget protocols.

Lonesource customized a Buyer Platform that provides a framework to establish uniform procurement practices throughout the company. The platform integrates within Capital Bank's intranet and serves as the primary interface for all users. The Buyer Platform delivers custom catalogs, predetermined general ledger code reconciliation, approval routing, real-time reporting, budget and workflow management, automated purchase order management, and invoice consolidation.

"The Buyer Platform ensured that Capital Bank's accounts payable practices were standardized across their geographically dispersed organization, thus maximizing control and reducing the distraction to business operations that procurement activities typically present," said David Ryan, executive vice president, Lonesource.

"To date, Capital Bank has achieved 90% compliance to the Lonesource solution and instead of hundreds of invoices per month, the company receives one electronic invoice with details about each purchase already reconciled with their general ledger codes."

Lonesource also worked with Capital Bank's corporate marketing staff to develop a standard suite of branded products that include corporate apparel, promotional and print materials. For the first time, Capital Bank can easily manage a consistent brand image across the organization.

"In addition to providing unprecedented cost management and financial control of departmental spending, Lonesource enabled companywide control of branded materials by consolidating resources through a single source," added Yarber. "Now, all employees ordering branded materials work from a corporate template to ensure consistent quality and use of our company brand."

Implementation of the project took only six weeks. Lonesource implemented the Buyer Platform and trained Capital Bank employees in the process. Once the system was live, Lonesource went to bank locations to train groups of users. Much of the training used web-based tools, and follow-up training was available by phone. A custom branded training guide was created for all users at every location.

The Benefits:

Capital Bank can now concentrate more on the growth, expansion and management of its business. Capital Bank employees can now better focus on serving their customers. The amount of monthly invoices from multiple suppliers has been greatly reduced, as well as, the hard and soft costs associated with procure-to-pay processes. Capital Bank also achieved institution-wide compliance to corporate policies and standardized products.

As a result of working with Lonesource, Capital Bank

- Deployed a companywide spend management strategy in six weeks time.
- Gained total visibility of company spending with detailed analysis and reporting.
- Established error-free requisitions and paperless processes.
- Achieved more purchasing oversight control with predetermined reconciliation.
- Reduced uncontrolled spending across all corporate departments.
- Created "custom" templates for branch openings to unify the corporate brand.

Another significant savings in time and money for Capital Bank is that the company did not have to invest in expensive procurement software and the inherent costs of the operating system, annual maintenance agreements and fees, and server expenses. Lonesource takes care of all that for them, and provides Capital Bank with a simple, scalable solution.

Lonesource

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