

## case study

# Best Practice Controls for Planned and Unplanned Change

20+ Years Partnering to Prevent and Recover Overpayments Through Constant Change



## Overview

This pharmaceutical company has pioneered innovations that prevent disease and help people recover from illness and injury. Most recently a key player in COVID-19 prevention, the company has grown through its own success, mergers and acquisitions, and strategic reorganizations. Like all large global companies, changes – both planned and unplanned – can cause overpayments in procure-to-pay. Partnering with apexanalytix, the company has a layer of protection to recover and prevent overpayments, as well as critical insights that it can use to improve P2P.

## Challenge

The changes this pharmaceutical company experienced aren't unique to their industry. At first, they moved financial shared services to a BPO provider. Then they had disruptions caused by the COVID-19 pandemic. Then they moved from their BPO provider to a captive offshore/onshore model. These changes, plus a history of mergers, acquisitions and restructuring caused breakdowns in procure-to-pay processes and spikes in overpayments. Most large, global companies have gone through changes like this. Experiencing peaks and valleys in overpayments over two decades, the 2023 audit year showed an exponential increase in overpayments– most notably, previously unknown credits from suppliers, many of them due to cancelled invoices, contracts and services that were paid in advance; as well as returns and rebates – this was primarily the result of their change in location for their SSC and lingering effects from COVID-19 - causing breakdowns in procure-to-pay. Overpayments, many of them due to cancelled invoices, contracts, and services; as well as returns and rebates, were recovered. But the company is now focused on repairing the preventable root causes going forward.

## Solution

Early in the millennium, financial leaders at the company turned to the expertise of specialists in payment transaction review and overpayment recovery at apexanalytix. Along with audit recovery services for North America, EMEA and Asia Pacific regions, the company licenses robust overpayment software that works seamlessly and bi-directionally with their ERP system. The software not only corrects and prevents duplicates prior to disbursement, but also provides AP metrics, reporting and analytics. Thousands of users at more than 100 global companies are also using apexanalytix overpayment prevention software to prevent duplicate payments from going out the door. It's the same software used for more than three decades by apexanalytix audit recovery analysts and has been continuously upgraded and enhanced with input from internal and client users.

In parallel, apexanalytix conducts an ongoing, rolling-window supplier statement review, reaching out to the company's suppliers, requesting supplier statements and preventing inflationary losses on credits and overpayments that may otherwise age on a supplier's account without detection.

Together, apexanalytix and the company have delivered more than \$800M to the bottom line through the mitigation of duplicate payments and through a continuous audit model that enables apex to work closer to the transaction, identifying overpayments for recovery earlier. The company benefits not only from more timely recoveries to the bottom line, but also from preserving supplier relationships by correcting their accounting records earlier. Mirroring the mission of the company's relentless pursuit of innovation, the financial shared services leadership is focused on improving internal processes and working with their procurement partners to fix root causes that lead to overpayments. A series of workshops with apexanalytix resulted in action plans to eliminate or mitigate the top causes of overpayments.

## Results

- **\$800M** in value delivered since the relationship began:
  - **>\$200M** in audit recoveries
  - **>\$600M** in overpayments proactively identified and prevented through technology
- 2023 audit recovery findings:
  - NA up **172% by volume** and **305% by value** over last audit.
  - EMEA up **16% by volume** and **28% by value** over last audit cycle.
  - **\$14M** in cancelled invoices/contracts/services recovered.
- Examples of spikes and recoveries in most recent audit period:
  - **179% increase in recoveries** from cancelled invoice, contract or service.
  - **63% increase in recoveries** from rebates and 18% increase in returns.

*“Auditing closer to the transaction makes sure that we recover all overpayments timely. And insights from apexanalytix give us the information on where to focus and how to fix the gaps in our procure-to-pay process.”*

**Director, Global Process Owner**  
*Invoice to Pay*

apexanalytix revolutionized recovery audit with advanced analytics and the introduction of firststrike overpayment software. Today, apexanalytix leads the world in supplier management innovation with apexportal and smartvm, the most popular supplier onboarding and compliant master data management solution available.

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