360% Efficiency Gains in Procure-to-Pay

“The difference with Coupa is our buyers aren’t managing transactions anymore. Now they are managing vendors and commodities. Our AP team has moved from being data entry clerks to being detectives.”

- BRYCE BERG, VP BUSINESS SERVICES

Molina’s Mission: Quality Healthcare for All
Molina Healthcare takes care of people. The company’s mission—providing good quality healthcare to financially vulnerable people—comes directly from the Molina family, who are highly engaged in company operations. Molina serves some 4.3 million members who are covered by government programs, providing health plans, clinics, and health information management. As with other healthcare organizations, company margins are lean. Efficient procurement and control of cash flow are vital.

The Challenge: Paper Jam
Anticipating that its legacy systems and processes wouldn’t be sufficient to manage the company’s continuous growth through acquisitions, Molina implemented a new ERP system to improve efficiency. But it was just too difficult for most end-users. The AP team found itself continuing to push paper as well as helping users across the business get things into the new ERP system. Procurement still didn’t have the visibility it needed to be effective, and so end-users were negotiating their own deals. The entire team was buried in paper and lacking the visibility and control over spend that they needed to move ahead. Strategic activity was difficult.

The Paramount Criterion: Ease of Use
With years of high growth on the horizon, Molina knew they had to address the usability problem and free users from paper. The evaluation team’s vision was to extend their ERP system with a consolidated, user-friendly platform across the entire Procure-to-Pay (P2P) process. They knew that 100% adoption was pivotal to getting the visibility and control required to leverage spend for savings and build efficiency. The team unanimously picked Coupa based on its ease of use.

Straightforward Implementation and Adoption
Molina’s small project team implemented Coupa in just six months with support from a single Coupa consultant. On day one, some one hundred people logged in for basic testing, and by day two, a thousand requisitions were in the system. The team hadn’t expected such a quick switch to the new system, but users found Coupa easy to learn and use. Among the 15,000 employees hired since the rollout, casual users haven’t even required training—they intuitively know how to use the system.
"iRequest" at Molina
The ease of use that sparked broad adoption by Molina employees and the configurability of the Coupa system opened new opportunities. The Coupa system, called "iRequest" internally, isn't limited to purchasing: For example, when someone needs a company credit card or cell phone a requisition is submitted in Coupa; when an employee wants a day off for volunteer work, that request goes through Coupa too.

360% Efficiency Gain
Employees' and suppliers' broad adoption of Coupa led to massive improvements in efficiency across the P2P process. Molina’s AP team went from manual paper processing to managing an automated process. In terms of invoices processed per AP team member, efficiency increased 360%. By utilizing more efficient workflows, self-service and improving access to information, Molina accommodated a 420% invoice growth in 5 years while only increasing staffing by 10%. In addition to reducing spend on staff in the headquarters AP team, ten branch office people were able to be reassigned from processing paper invoices to higher value positions. The boxes of paper records sent to archives each month have been reduced from 6 boxes a month to about half a box.

Visibility for Savings
Getting the visibility to drill in and understand spend delivers benefits across Molina. Prior to Coupa, the General Ledger might have shown $1 million of spend with a particular vendor, but little detail on what was actually purchased. It was a paper chase to find the detail behind spend. With Coupa, managers can understand exactly what was bought, who approved it, and when the invoice was paid with just a few clicks. The automated P2P process removes duplicative data entry which led to errors under the old paper process.

Creating New Business Value
With less staff time spent processing transactions, Molina was able to allocate the saved headcount to a new position focused on managing their software assets. This resource has created substantial value and savings by avoiding multi-million dollar costs due to software over-licensing.

Applause for Compliance
Auditors appreciate the controls that Molina has implemented using Coupa to ensure SOX compliance. The system includes approval workflows, responsibility designations, and audit trails.

"We had a rush requisition at the quarter-end for $1 Million. We let everybody know it was coming, but two of the approvers were traveling. When we got it in the system, three minutes later all five people had approved it and we turned it into a PO."

- BRYCE BERG

Living the Molina Mission
Improving efficiency and saving money help to further Molina’s mission and fuel growth. To seize opportunity, Molina needs to scale quickly and efficiently. Entire new businesses have been stood up in as little as six months in new states. To sustain that pace, the company’s infrastructure must be stable and scalable. While tripling the volume put into the system, Molina has never missed a beat.