Case Study

Autonomous Accounts Payable in Fashion & Retail

Transforming Accounts Payable
with Intelligent Automation

Hypatos

Client Profile

| **Industry:** Fashion Retail | **Revenue:** Above $20 billion per annum (approx.) | **Employees:** Over 100,000 worldwide | **Locations:** More than 70 countries | **ERP System:** SAP ECC, OpenText VIM Workflow |

Business Challenge

The customer manages **~800,000 invoices annually** across 70+ markets, with only **20–50% capture automation and limited downstream process automation** prior to implementing Hypatos. Several factors triggered the transformation of their AP process:

1. Penalty Payments & Tax Compliance

- Inaccurate or missed VAT/sales tax coding led to potential penalty payments
- No automation for advanced tax compliance checks, requiring significant manual interventions and risk of incorrect transactions being undetected

2. Limited Data Extraction Automation

- Complex or multi-language invoices were often processed manually.
- High manual effort and error rates for coding predictions.

3. Global Inconsistencies

- Different geographies used disparate processes.
- Minimal standardization exacerbated overhead and complexity.

"We realized that our fragmented approach to invoice processing was costly—both financially and in terms of internal resources. We needed a robust solution that could handle our global footprint efficiently." Head of Controlling Global Finance

The AI solution delivered significant business impact, including a 40% reduction in data entry staff, lower error rates, and decreased compliance penalties. Invoice processing times improved by 40% in pilot regions, allowing teams to focus on higher-value tasks. Strategically, the initiative established standardized processes across markets and created a scalable foundation for future AI automation.

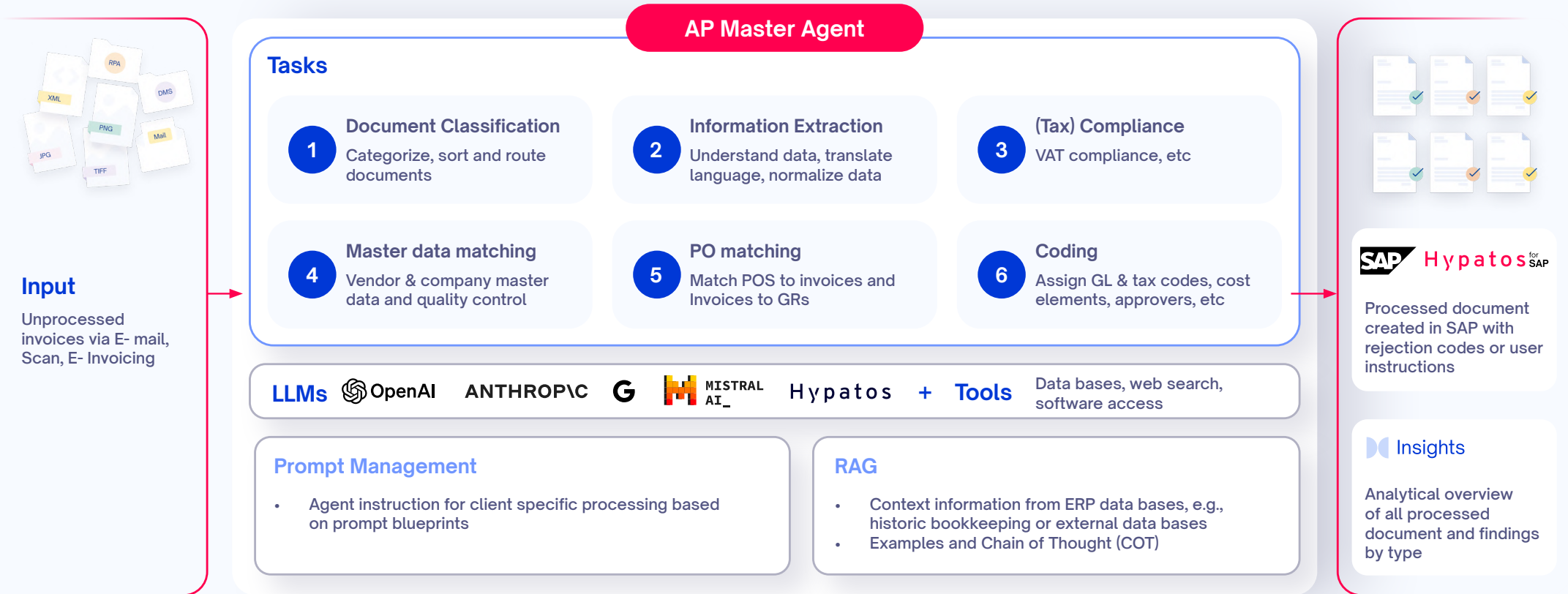| **Straight-through processing (STP) increased from 30% to 80%.** | **40% reduction in FTE requirements for invoice handling** | **Full tax compliance integration with Vertex, reducing penalty risk** |

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Solution Overview

CUSTOMER partnered with Hypatos to implement a comprehensive **Accounts Payable automation** solution that combines **Document Processing, Agentic Automation**, and **Insights** dashboards.

User Stories

#	Process	Functionality	Description
1	Centrally receiving and registering invoices	Receive invoices at one point	All invoices must be received centrally to a single e-mail address. Please also elaborate if a single e-mail address can be used for multiple countries and to be able to assign the invoice to correct company code with high hit rate.
2	Centrally receiving and registering invoices	Triage and filter of non-invoices and duplicate invoices	Ability to detect non-invoices or duplicates (e.g., reminders, penalties, other documents) and filter them into a separate queue.
3	Centrally receiving and registering invoices	Contact vendor in case of reminder, duplicate or non-invoice documents	Send automatic message towards vendor in case non-invoices or duplicates are received.
4	Recognizing the invoice (Data extraction)	The system is able to detect the company code / vendor number based on the information on the invoice	Company code / vendor number detection based on address, country and company name description of the invoice. Other information like payment reference or due date should also be linked with VMD.
5	Posting (registering) invoices	Predictive coding of cost invoices	The system is able to predict the GL account, cost center, assignment and VAT codes (including amounts) based on historical information.
6	Posting (registering) invoices	Line item extraction vs. header extraction	Possibility to aggregate line items into a single or multiple lines, which can be defined for each vendor. This means that for some invoices full line item extraction is required and for some vendors it's not required.
7	Posting (registering) invoices	Possibility to automatically process the invoice within certain threshold (STP)	Enable confidence thresholds for automatic posting on different fields. Possibility to enable automatic posting for vendors or group of vendors.
8	Reports on the AP process	Fields which are corrected or added manually during the extraction phase	Provide a report that shows which fields are adjusted the most
9	Reports on the AP process	Reports on extraction results with confidence levels	Provide a report that indicates if the extraction met all the requirements included which categories that was not met
10	Reports on the AP process	Export KPIs and reports	Possibility to export (automatically) and integrate in PowerBI for example

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Solution Components

AP Master Agent

Tasks

1 **Document Classification**
Categorize, sort and route documents

2 **Information Extraction**
Understand data, translate language, normalize data

3 **(Tax) Compliance**
VAT compliance, etc

4 **Master data matching**
Vendor & company master data and quality control

5 **PO matching**
Match POS to invoices and Invoices to GRs

6 **Coding**
Assign GL & tax codes, cost elements, approvers, etc

LLMs OpenAI ANTHROP\C G MISTRAL AI_ Hypatos **+ Tools** Data bases, web search, software access

Prompt Management
- Agent instruction for client specific processing based on prompt blueprints

RAG
- Context information from ERP data bases, e.g., historic bookkeeping or external data bases
- Examples and Chain of Thought (COT)

Input
Unprocessed invoices via E- mail, Scan, E- Invoicing

SAP Hypatos for SAP
Processed document created in SAP with rejection codes or user instructions

Insights
Analytical overview of all processed document and findings by type

Document Processing

- Processes invoices, credit notes, and other AP documents.
- Handles line-item extraction, duplication checks, document classification/routing, and automatic rejection of non-invoice documents.

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Agentic Automation

- AI Agents handle automated return-to-vendor (RTV) for non-invoices.
- Vertex integration for US Sales Tax compliance checks.
- AI Agents handle VAT and sales tax compliance checks, GL coding prediction, WHT capturing, automated vendor lookups, and more.
- Generative AI and natural language prompts for flexible configuration; no deep coding skills needed to make changes.
- eInvoice integration to leverage predictive coding for eInvoices

Integration
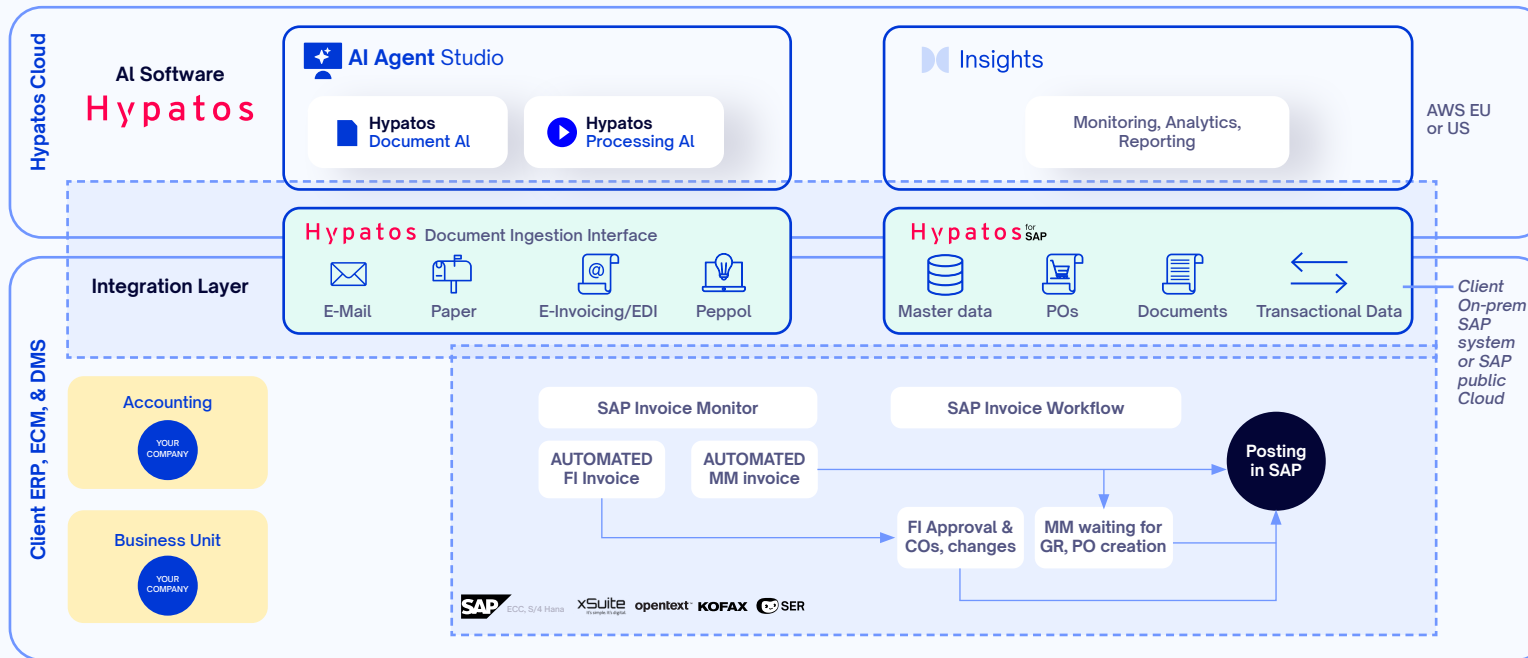
- Integrated with CUSTOMER's SAP ECC and OpenText VIM.
- Vertex for US Sales Tax Database Validation.
- Hypatos REST APIs and SAP Add-on connectors manage the flow of documents, transactional data, master data, and posting data.
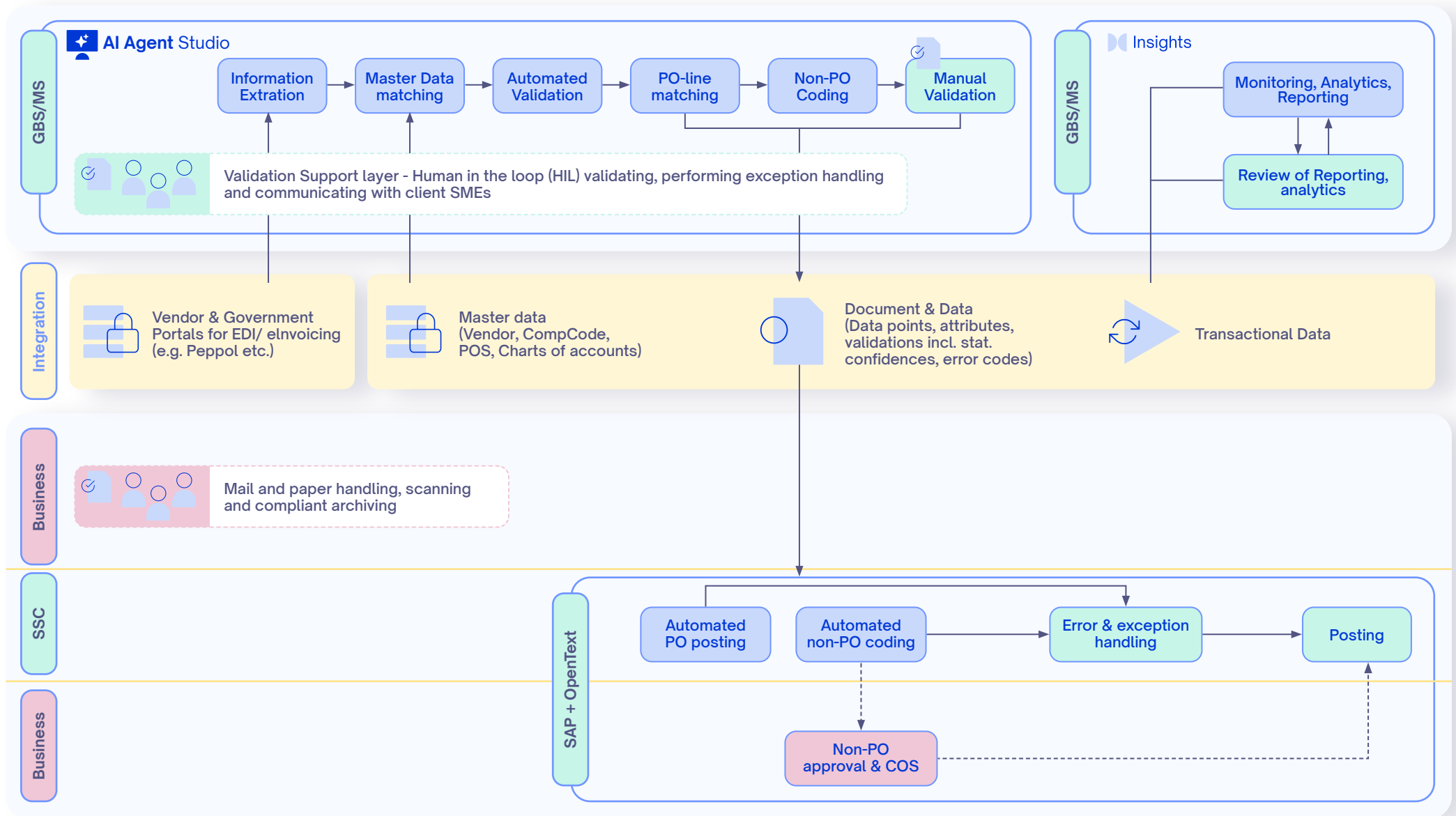
#	Integration	Direction	Purpose
1	Ingestion of document images	CUSTOMER → Hypatos	Document images are required for extracting document content and starting the enrichment process.
2	Supplier master data	CUSTOMER → Hypatos	Enrichment of supplier data to documents
3	Company master data	CUSTOMER → Hypatos	Enrichment of company data to documents
4	Purchase Order Data	CUSTOMER → Hypatos	Basis for Purchase Order Line Matching
5	Ground truth posting data of processed documents	CUSTOMER → Hypatos	Basis for re-training of accounting prediction models, improving extraction results and for performing analytics.
6	Extracted & enriched document data	Hypatos → CUSTOMER	Creation / enhancement of documents in VIM with Hypatos data
7	Chart of Accounts, Chart of Cost Centers, Chart of Tax Codes	CUSTOMER → Hypatos	Searching and selecting accounting attributes in AI Agent Studio
8	Vertex US Sales Tax Rates	Vertex ← → Hypatos	Hypatos sends invoice information (sender, recipient states and line-level item categories), vertex returns tax rate and other key information for compliance validation

Deployment Model

- Cloud-based Hypatos environments (Dev, Test, Model QA, Prod)
- Master Data Enrichment (vendors, company codes) and Attribute Prediction (e.g., GL, cost center, VAT code) are trained using historical ERP data in the cloud environment.

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Future Process Design

AI Agent Studio

GBS/MS

- Information Extration
- Master Data matching
- Automated Validation
- PO-line matching
- Non-PO Coding
- Manual Validation

Validation Support layer - Human in the loop (HIL) validating, performing exception handling and communicating with client SMEs

Insights

GBS/MS

- Monitoring, Analytics, Reporting
- Review of Reporting, analytics

Integration

Vendor & Government Portals for EDI/ eInvoicing (e.g. Peppol etc.)

Master data (Vendor, CompCode, POS, Charts of accounts)

Document & Data (Data points, attributes, validations incl. stat. confidences, error codes)

Transactional Data

Business

Mail and paper handling, scanning and compliant archiving

SSC

SAP + OpenText

- Automated PO posting
- Automated non-PO coding
- Error & exception handling
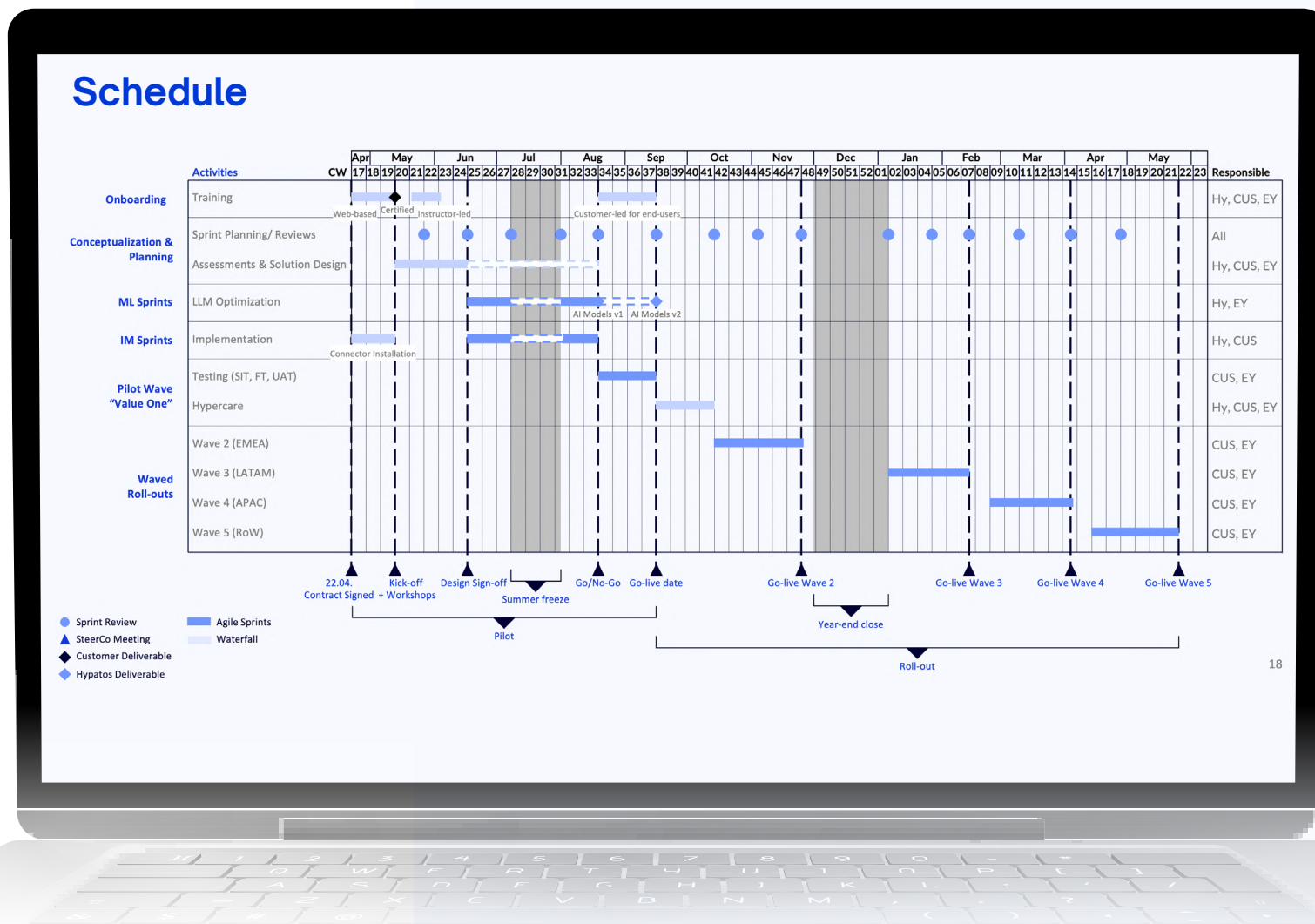- Posting

Business

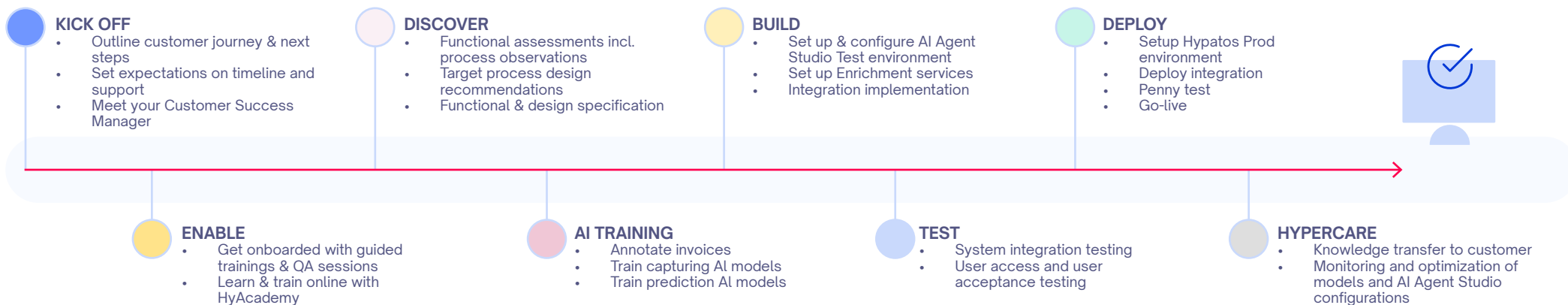Non-PO approval & COS

Implementation Approach

CUSTOMER and Hypatos structured the project around **five main waves**—Pilot, EMEA, Americas, APAC, and Rest of World. The timeline featured key milestones: design sign-off, wave-by-wave go-live, and a hypercare period for each region. A **hybrid project methodology** combined agile sprints (using Jira Kanban) for technical work and more traditional milestone tracking for overall governance.

Key Milestones

- Wave 1 (Pilot): Included Australia, Japan, Denmark, Ireland, and Switzerland, covering ~3,500 invoices/month.
- Wave 2 (EMEA): Larger rollout across key European markets.
- Wave 3 (Americas): Focus on US sales tax compliance integration via Vertex.
- Wave 4 (APAC): Addressing more complex multi-language invoices in Asia-Pacific.
- Wave 5 (Rest of World): Final consolidation of remaining countries.

Schedule

Approach

KICK OFF
- Outline customer journey & next steps
- Set expectations on timeline and support
- Meet your Customer Success Manager

DISCOVER
- Functional assessments incl. process observations
- Target process design recommendations
- Functional & design specification

BUILD
- Set up & configure AI Agent Studio Test environment
- Set up Enrichment services
- Integration implementation

DEPLOY
- Setup Hypatos Prod environment
- Deploy integration
- Penny test
- Go-live

ENABLE
- Get onboarded with guided trainings & QA sessions
- Learn & train online with HyAcademy

AI TRAINING
- Annotate invoices
- Train capturing AI models
- Train prediction AI models

TEST
- System integration testing
- User access and user acceptance testing

HYPERCARE
- Knowledge transfer to customer
- Monitoring and optimization of models and AI Agent Studio configurations

Hypatos and Customer applied a phased transition approach to hand over configuration and application maintenance ownership throughout the global roll-out project, where customer resources were trained during the project phases to configure, change and maintain the system. With this approach the client achieved to reduce the overall 3rd party implementation fees by 1.5 waves in the following way: Wave 4 was only for counter-shadowing by Hypatos and wave 5 independently roll-out by the customer.

Milestone	Start Date	End Date	Service Coverage
Kick-off	22.04.2024	22.04.2024	
Design Sign-off	24.05.2024	24.05.2024	
Summer Freeze	08.07.2024	26.07.2024	
Wave 1 Go-/No-Go Decision	05.08.2024	05.08.2024	Hypatos Full
Wave 1 Go-live	17.09.2024	17.09.2024	
Wave 1 HyperCare Sign-off	14.10.2024	14.10.2024	
Wave 2 Go-live (Rest of EU)	16.09.2024	04.11.2024	Hypatos Full
Year-end Close Freeze	05.11.2024	05.01.2025	Support + Managed Service
Wave 3 Go-live (LATAM)	07.01.2025	03.03.2025	Hypatos Full
Wave 4 Go-live (APAC)	10.02.2025	28.03.2025	Transition to CUSTOMER
Wave 5 Go-live (Reserve)	17.03.2025	09.05.2025	Support + Managed Service

Additionally, Hypatos leveraged its strong Big4 partner relations and handed over most implementation work to one of its Big4 implementation partners which added additional value to the overall implementation:

Big 4 Value-add   pwc EY KPMG

Project Management
1. Big4 PMO leverages an extensive repository of PM tools, best practices and methodologies.
2. Big4 PMO has deeper insight & exposure into the customer's organization, leading to less effort for the customer's personnel to manage internal stakeholders

Requirements Management
- Deep Industry Knowledge through wide network of professionals
- Holistic Approach beyond Technology-focused implementation
- Change Management
- Future-proofing

Testing
- Creation of user stories and UAT scripts for the customer
- Coordination & Monitoring of UAT
- Optional: execution of user testing on behalf of the customer
- Best Practices & Benchmarks across industry

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Hypatos provided the following roles during the implementation:

- **Engagement Lead & QA** – to look after quality assurance of the project and deliverables. Specific attention is paid to stakeholder management to ensure key decision-makers are well-informed in a timely manner.
- **Project lead** – responsible for day-to-day operations as part of this engagement and the first point of contact.
- **AP Experts & Developers** – support the core team with the execution and configuration of the platform. These specialists may also fulfill a dedicated role focusing on process design, workshops, configuration, training, testing or project management support.
- **Support & Service** – supports with annotation of AI engine and potential customer care.
- **VAT & tax experts** – (optional but not included in current service scope) for support with setting up the decision tree (VAT coding engine) for the countries in scope. Key tax expertise is required to ensure that predictions gives accurate results that comply with country specific laws and regulations.

On customer side following roles were recommended, leading to a successful project without delays:

- **Program Manager:** Oversees the program success, progress and alignment of deliverables quality with overall CUSTOMER objectives.
- **Process Owner:** Subject Matter Expert to consult Implementation Team in defining requirements, and ensuring the quality and behavior of the AI. In later phases the Process Owner takes over more ownership in evaluating and optimizing the AI performance according to CUSTOMER requirements and objectives.
- **Product Owner:** Provides the user stories and ensures that AI Agent Studio functionality is defined properly, requirements are prioritized and deliverables meet acceptance criteria (functional and technical).
- **CoE CUSTOMER:** AI Agent Studio experts that take over ownership of Hypatos Suite product administration and configurations.
- **SAP Consultant:** Consults during technical solution design & requirements management, provides accesses to SAP environments, is responsible for configurations on CUSTOMER SAP side to achieve posting-through in SAP (e.g. auto-parking) and consults in the installation of the Hypatos SAP Add-on.
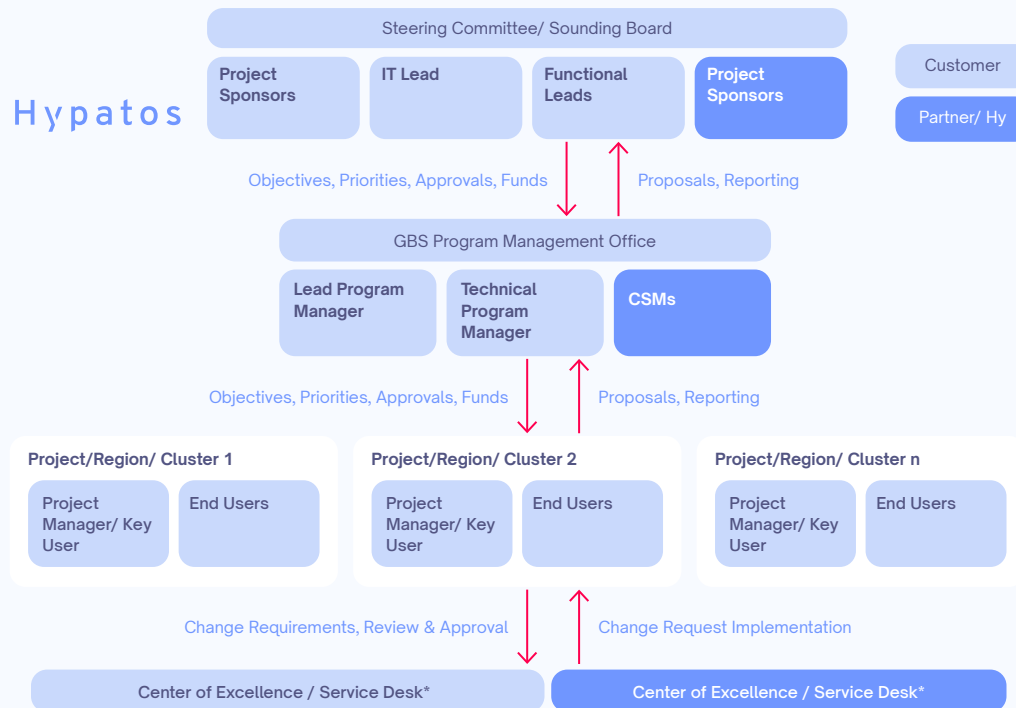
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Throughout these waves, CUSTOMER leveraged the **Insights dashboards** to track KPIs such as straight-through processing (STP) rate, auto-completion rate, and tax compliance accuracy.

A dedicated project governance framework (e.g., weekly joint forums, monthly SteerCo meetings) ensured alignment between CUSTOMER's business teams, Hypatos' technical experts, and the external implementation partner providing PMO and test coordination.

Hypatos

Steering Committee/ Sounding Board			
Project Sponsors	IT Lead	Functional Leads	Project Sponsors

Customer

Partner/ Hy

Objectives, Priorities, Approvals, Funds → ← Proposals, Reporting

GBS Program Management Office		
Lead Program Manager	Technical Program Manager	CSMs

Objectives, Priorities, Approvals, Funds → ← Proposals, Reporting

Project/Region/ Cluster 1		Project/Region/ Cluster 2		Project/Region/ Cluster n	
Project Manager/ Key User	End Users	Project Manager/ Key User	End Users	Project Manager/ Key User	End Users

Change Requirements, Review & Approval → ← Change Request Implementation

Center of Excellence / Service Desk*	Center of Excellence / Service Desk*

Scope

Pilot Regions: Chosen to represent diverse languages, currency rules, and tax systems (e.g., Japan's complex alphabets, Switzerland's VAT).

Hybrid Sprints: Implemented standard Hypatos Document AI templates, then iterated with custom rules for each region's tax codes, vendor master data matching, and AI-based coding.

Rolling Wave Deployment: While one wave went live, the next wave's specific data training and configurations were already in progress, reducing overall project timeline and ensuring knowledge transfer early.

Results & Benefits

CUSTOMER defined several Key Success Indicators (KSIs) in the SoW. Most notably, **straight-through processing (STP)** rose from **30% to 80%**. There is also a **40% reduction** in FTE requirements for invoice handling. Full tax compliance integration with Vertex further mitigates the risk of penalty fees.

"I feel super confident to continue with our current approach. The collaboration on this complicated project is going very well. Additionally, we already see the impact in the pilot countries and are saving roughly 40% of the time in processing invoices."
Head of Controlling Global Finance

Success Criteria

KSI 1:
Customer will increase Straight Through Processing (STP) rates and reduces exception rates to a minimum required level. This entails successfully identifying all necessary information on the invoice, assuming all required details are provided.

KSIs
Success rates for each header field are as follows: **95%**

KSI 2:
Customer will be enabled to use predictive coding applied to the following fields: Cost Center, GL Account. The prediction is depended on the logic for line-item extraction that has to be defined (preferably hybrid). VAT Code will not be predicted but solved via integration mapping. Tax rate and recipient capturing rates are used to derive potential VAT Code automation rate.

KSIs
60% success rate for <3 known attributes,
30% success rate >= 3 known attributes,
10% success rate for a new vendor.
85% success rate for Tax Code

KSI 3:
Customer will be enabled to automatically identify all non-invoices and do an automatic RTV (return to vendor) from the validation tool based on email address stated on invoice. Customer will perform a sample selection to evaluate the accuracy of automatic detection of non-invoices.

KSIs
Actual **invoices are never returned** to vendor (false-positives) and for **non-invoices** we aim for an **accuracy rate of 80%** (true-positives).

KSI 4:
Customer receives a tool that is flexible enough to satisfy Customers global requirements and that is providing sufficient data transparency to derive data-driven financial and process decisions.

KSIs
1. Company and vendor level customizations
2. Exception Reason Transparency
3. Performance and Processing Dashboards

Quantitative Results

83.16%

Eliminate paperwork

With 99% or higher automation of incoming transactions, we outperform traditional OCR and RPA setups. Understand new transactional data, regardless of channel, file type or layout on capture. Instantly translate 200+ languages into your working language.

Streamline data flow

Don't let transactional and business information just sit disconnected. Get 98% of master data leveraged correctly at the right time – from multi-way matching to staying compliant with regulations. Enable

Business Impact

Financial Benefits:
- Reduction of data entry staff by 40%
- Reduced error rates and lower tax and other compliance penalty payments

Operational Improvements:
- Faster turnaround on invoices, with 40% time savings in initial pilot countries.
- Teams reallocated to value-added tasks rather than manual data entry.

Strategic Value:
- Standardized processes across CUSTOMER's diverse markets.
- Scalable framework for further AI-driven automation.

Implementation Insights

Future Plans

Critical Success Factors

- **Cross-Functional Alignment:** Close cooperation between CUSTOMER's business and IT teams ensured all process nuances were captured.
- **PMO Support & Requirements Management:** Involving the implementation partner early helped balance resource demands and track deliverables in high-demand periods.
- **Technical & Tax Expertise:** Hypatos SMEs on solution architecture and partner SMEs on US Sales Tax integration provided specialized knowledge.
- **Consistent Governance:** Weekly touchpoints, monthly steering committees, and a robust risk management approach helped address issues quickly.
- **Flexible Scope:** Even as new use cases (PO invoices, sales tax validation) were added mid-project, the original schedule held firm thanks to Hypatos's configurable architecture and agile approach.

Lessons Learned

- **Earlier Enablement for IT Teams:** Demonstrating the AI Agent approach (coding predictions, interpretability) ahead of time would have sped up alignment with SAP and other systems.
- **Importance of Master Data Quality:** Inconsistent vendor master data can affect the performance of automation and leads to additional cleansing tasks pre-deployment.
- **More investment on customer training and enablement before solution design** workshops helps manage expectations and avoid later scope change requirements.

CUSTOMER plans to continue scaling the solution beyond AP to adjacent finance processes. With **SAP ECC** set for a potential **migration to SAP S/4HANA** in the next few years, CUSTOMER intends to leverage the same Hypatos integration layers, ensuring a smooth transition. There is also ongoing evaluation of further expansions—such as **lease contracts processing, order management automation, and advanced analytics on spending patterns** using Insights.

Autonomous Business Services	Example use cases
Purchase to Pay	• Accounts Payable Invoice Automation • Delivery notes/goods receipt automation (centralized and de-centralized) • Payment reminders and dunning letter processing • Customs and tax document processing
Order to Cash	• Sales order processing and order execution • Payment remittances and bank statement reconciliation
Hire to Retire	• New employee onboarding (IDs, birth certificates incl. hand-written forms) • Travel expense processing and validation
Record to Report	• ESG reporting from supply chain documents or utility bills • Insurance claims handling (invoices, cost estimates, damage reports) • Loan application handling (payslips, bank statements, ID documents) • And many more…

"As we move toward a global standard for finance, Hypatos has become a key partner. We look forward to extending this automation to other back-office processes across CUSTOMER's portfolio." Head of Controlling Global Finance

For more information about how Hypatos can transform your accounts payable processes with intelligent automation, contact us.

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About Hypatos

Hypatos brings global business services to the 21st century with agentic process automation.

Our AI agents handle business transactions with the expertise of a human—at the speed and accuracy of AI—enabling organizations to scale while reducing operational overhead.

Spread across 11 countries and counting, with hubs in Berlin, Miami, and New York, we empower clients to build fully AI-driven back-offices, process transactions 100x faster, and reduce errors by 75%, transforming complex business challenges into seamless automation.

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