



AUDI AG TRANSPARENCY FROM PROCUREMENT TO PAYMENT WITH FIS/EDC®

At a glance

Customer

- AUDI AG
- Founded: 1909 (as Audi Automobilwerke GmbH)
- Employees: 58,000
- Company headquarters: Ingolstadt

Industry sector

Automotive industry

Key figures

- Annual volume of vendor invoices: approx. 625,000
- Active vendors: approx. 15,000

Challenge

With SAP SRM 5.0, Audi implemented item-based purchase orders as well as goods receipt/service confirmations for its procurement transactions. Consequently, the invoice verification process has been changed, too: In the past, header data only was checked but now it is also item data; this means that the error risk will be reduced as it is now easier for Audi to identify erroneous invoice items. As line item data requires more manual invoice verification, Audi was looking for an appropriate tool for reducing that workload within the system.

Solution

FIS/edc®

Benefits

The FIS/edc® Monitor for incoming invoices enables Audi to master its invoice volume with a constant number of employees. At the same time, invoice processing in SAP has become more transparent and secure.

If a large international automotive manufacturer/group like Audi changes its 'non-serial' procurement process from host-based systems to SAP, one can be sure that this will be a large-scale IT project also effecting, for instance, the accounts payable accounting. Here, Audi changed its invoice processing from just header data to include all line item data by implementing SAP. Consequently, the invoice volume was tripled. Thanks to the FIS/edc® Monitor for incoming invoices, Audi was able to master the invoice volume with a constant number of employees. At the same time, invoice processing in SAP has become more transparent and secure.

Audi receives approximately one million invoices per year, out of which one third are EDI invoices that have been processed within the group. 15,000 active vendors send 625,000 documents of

was the most important factor. "With SAP SRM 5.0, we implemented item-based purchase orders as well as goods receipt/performance confirmations for our procurement transactions,"



"We were looking for a tool enabling us to check invoices within the system. The SAP solution does not really fit our processes. You have to click through a number of levels to be able to view specific invoices and their items. With FIS/edc®, however, we have found the appropriate solution."

Werner Neuhold, Head of Open Item Accounting

which 45% is received electronically with a digital signature. All other invoices are sent to Audi as paper documents and scanned by Audi accordingly. These invoices are read by OCR and sent to Accounts Payable clerks who check, process and post them. Invoice processing was not a crucial factor when Audi decided to implement SAP. The standardization of procurement transactions

explains Werner Neuhold, head of Open Item Accounting. "However, this had direct influence on invoice verification. Therefore, we stopped checking header data and started to check item data."



Invoice verification efforts reduced thanks to FIS/edc®

The item data recognition reduces the risk of error and makes it easier for Audi to identify erroneous invoice items. Vendor invoices sent to Audi have an average of three items but sometimes have up to several hundreds. This meant higher invoice verification efforts. “Therefore, we were looking for a tool for reducing these efforts within the system,” says Werner Neuhold. “SAP does not really fit our processes. You have to click through a number of levels in order to be able to view specific invoices and their items.”

FIS Monitor for incoming invoices with workflow application as a core item

In October 2009, FIS/edc® by FIS (integrated in SAP portal) ‘went live’ in the Accounts Payable Accounting. Audi IT specialists, external SAP consultants, FIS experts and Audi employees from procurement, vendors and controlling worked closely together to implement this project. The solution consists of the FIS Monitor for incoming invoices with workflow application, the Document Monitor for document archiving and the EDI Monitor. FIS adjusted the existing Scan/OCR applications (custom developed for the ageing host system) to the new processes focusing above all on the change from header data recognition to item data recognition. Audi received an integrated system guaranteeing full transparency from procurement to payment. Audi had already installed SAP for general ledger, customers and controlling before it started to implement automated invoice processing. Moreover, there were many legacy systems with various interfaces, particularly in the ‘non-serial’ pro-

urement environment. An advanced workflow application based on the legacy systems and with a high automation level already existed in the vendor area. This level could even be enhanced in the course of the project. The legacy systems were either replaced by SAP or connected to the SAP system via interfaces.

Efficiently processing daily business

Above all the FIS solution reduces error risks and enables the Accounts Payable Accounting of the premium automotive manufacturer to master its item-based (and therefore more complicated) invoice verification with the same number of personnel in an automated and transparent way.

“The FIS Invoice Monitor enables us to efficiently conduct our daily SAP business in the Accounts Payable Accounting,” confirms Hans-Dieter Czempik, head of Accounts Payable Accounting at Audi. For Kurt Witt, head of



▲ Kurt Witt, Head of Process Control Open Item Accounting

“The greatest benefit of the FIS solution is the increased transparency within the procurement and financial processes. We are able to retrace the entire process chain in a system from sourcing up to payment.”

Kurt Witt, Head of Process Control Open Item Accounting

Process Control Open Item Accounting at Audi, the greatest benefit of this solution is the increased transparency within the procurement and financial processes. “We are able to retrace the entire process chain in the system from sourcing up to payment,” he explains.

FIS/edc® with completely new workflow technique based on SAP NetWeaver® Webdynpro

The decision in favor of FIS as solution provider

was not only based on the best price/performance ratio; FIS was the only manufacturer to present an executable system to the Audi team. Another crucial factor was the completely new workflow technique based on SAP NetWeaver® Webdynpro that FIS could provide for invoice verification. All release processes are completely integrated in the Audi intranet portal. "In our opinion, *FIS/edc*® is a very advanced

clerks to view all information relative to invoices and current payables at a glance; in the SAP standard they would have to click through a number of levels which is a disadvantage particularly with regard to the mass processing of invoices. "The FIS software facilitates invoice processing in the Accounts Payable Accounting," says Helmut Krieger from Process Control Open Item Accounting.

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system for this specific area," says Kurt Witt. Since October 2009, all incoming invoices at Audi have passed through the *FIS/edc*® Monitor for incoming invoices; 625,000 of these invoices were from external vendors and therefore relevant for verification. This does not only concern the 'non-serial' business: While the standardized serial business is always executed via credit memo procedure, the Accounts Payable clerks have to identify the service or goods receipt for each invoice item in the 'non-serial' business and match them unless they have already been matched automatically.

Now, all this is done by the FIS Monitor for incoming invoices. As Audi uses the goods receipt-related SAP invoice verification, the clerks have to check each and every item. Therefore, this software enables the Accounts Payable

Automatic posting and dunning procedure

FIS/edc® also enables an automatic posting of workflow 'returns' from the approval/recognition process as well as an automated dunning procedure in case of unprocessed workflows including escalation to the supervisor. Under certain conditions, an automated posting of invoices in the monitor is possible (automatic matching, postprocessing etc.). It is possible to go from the line item report directly to the *FIS/edc*® Monitor for incoming invoices. The Accounts Payable clerks benefit from this when it comes to vendor reminders and balance confirmation, for instance, because they will have access to all relevant information more quickly. Moreover, it is possible to rapidly convert payables processing from SAP MM to SAP FI once it becomes clear that there is no reference to a purchase order.

Vendors can be informed quickly on the phone about the status of their invoice. All these new functions make the entire Audi process chain from procurement to payment more transparent and enables Audi to identify weak points more quickly and consequently reduce error risks which is of great importance in view of increasing compliance requirements. All this enhances the job specifications of Accounts Payable clerks as their work gets more and more complex and therefore more demanding!

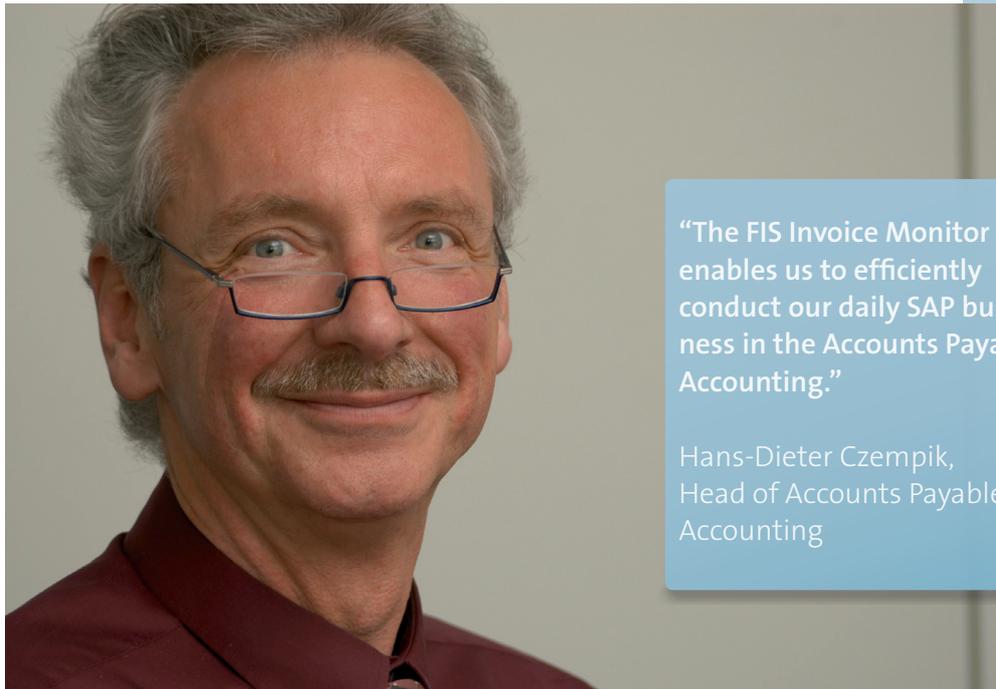
AUDI AG

AUDI AG is one of the most successful international premium automotive manufacturers with a total number of approx. 58,000 persons employed in the AUDI group. Its head-

quarters are located in Ingolstadt as well as the technical development, sales and distribution, administration departments and a

FIS GmbH

FIS Informationssysteme und Consulting GmbH is an independent enterprise with approx. 400 employees focusing on SAP projects. As an SAP full-service provider, FIS works on all hardware platforms released by SAP. Being a VAR partner of SAP with 'Gold' status, FIS concentrates on the industry and technical wholesale sectors. FIS develops separate solutions that can either be used independently or as a complement to the SAP standard software products. All software systems and tools offered by SAP are consulted, supported and licensed by FIS.



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▲ Audi Forum Neckarsulm

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