

At a glance

Customer

- SPAR Österreich-Gruppe
- Founding year: 1954
- Company headquarters: Salzburg
- Employees in Europe (2012): 75,000
- Sales revenues (2012): 12.6 billion €

Industry sector

- Food retailing

Key figures

- Vendors: approximately 3,000
- Annual amount of goods invoices in paper format: 1 million
- OCR vendor recognition rate: 98.4%

Challenges

The invoice processing department of SPAR Österreich used to consist of 110 employees spread over 7 locations, which were too many to work productively. Moreover, the vendors were assigned alphabetically to the accounting clerks, causing an unbalanced distribution of workload.

Solution

- FIS/edc® - Electronic Document Center

Benefits

Thanks to the FIS solution, SPAR Österreich's productivity has increased significantly. FIS/edc® helps the group to identify invoice processing errors more quickly and to correct them using electronic workflows. Due to the reorganization within accounts payable accounting, every accounting clerk now has access to invoices for all vendors. Consequently, the workload among the accounting clerks has been distributed more effectively and they are able to substitute each other for events such as sickness or holiday

FIS/edc® Satisfies All Trade-Specific Requirements at SPAR Österreich

Invoice Processing for the Retail Industry



"Our wish was to read item data. Two weeks later, the FIS consultants already provided us with a concrete solution proposal. FIS quickly implemented our suggestions in the project which particularly impressed us".

*Andreas Kaserer,
IT Department*

The small alpine dairy on the mountain is a typical regional supplier of the Austrian SPAR group. SPAR Österreich contracts with thousand of such suppliers and therefore needs a large accounts payable accounting. Until recently, 110 employees alone have been dealing with invoice processing, which were too many to work productively. This is why the business group implemented an SAP integrated FIS solution for automated invoice recognition and processing. The productivity has increased significantly thanks to FIS/edc®: nearly one third of the invoice verification clerks could be made available for important inventory controlling tasks.

SPAR has become indispensable for the Austrian food retail trade sector. In 2012, the group counted 1,586 supermarkets in Austria plus 1,100 stores in the neighboring foreign

countries, which consequently leads to varied and numerous business relationships. Every year, the Group receives nearly 3.5 million invoices from an estimated number of 3,000 suppliers. 60% are goods invoices, i.e. purchase order-related invoices; three-quarters of them are invoices in paper format, the others are EDI invoices. Only 10 percent of the vendors use the EDI procedure at all since the food trade sector cooperates with many small suppliers such as the alpine dairy on the mountain or the vegetable farmer from the neighboring village. For them, it is easier to send invoices via the post than creating the IT resource required. Another technical reason is the empties management, for instance.

Every year, the group receives around one million goods invoices in paper format by mail. Until 2009, 110 employees of SPAR Österreich's



From left to right: Robert Lackner, Head of Goods Controlling, Manuela Toferer, Group Leader "Scanning and Validation" and Andreas Kaserer, IT Department

financial accounting department have been dealing with invoice verification and further processing. Half of them at the Salzburg location (invoices for wholesale, shelf stable food, 60 INTERSPAR hypermarkets and Hervis sports retail) as well as at the 6 regional administration offices (invoices for around 800 SPAR supermarkets).

In 2009, the company intended to implement a solution for electronic invoice processing to increase the productivity of the accounts payable accounting. SPAR Österreich invited 8 out of 25 preselected software producers for a presentation on site.

FIS GmbH was chosen ahead of the other solution vendors. "We were not looking for a system that was exactly tailored to our requirements but rather for one allowing the verification of invoices in the SAP standard," says IT professional Andreas Kaserer. "The reason why we chose FIS GmbH is that we manage everything within the ERP software – from the winemaker to the chain store. At the same time, the solution should provide sufficient room for adjustments," he continues.

Creating debit memos to vendor with FIS/edc®

FIS/edc® maps essential trade-specific requirements of SPAR Österreich. It enables, for instance, the creation of debit memos to vendor even if no item is available in goods receipt. SPAR creates such credit memos whenever the clearing of the vendor

does not correspond with the goods receipt. The employees either wait for the vendor to issue a credit memo or issue a debit memo to vendor themselves. This means that the vendor is burdened with the difference by posting the fully invoiced value while a debit is issued. "This happens all the time in the trade sector and a software solution must enable this procedure," says Andreas Kaserer. In the SAP standard, this is only possible if a GR item is available. However, many vendor invoices show an item that does not appear in goods receipt. FIS/edc® enables SPAR to create such debit memos to vendor even without a goods receipt.

Dynamic header data processing

Another trade-specific characteristic of the FIS solution is the "dynamic header data processing". SPAR quickly abandoned its initial plan of reading all item data of its invoices since FIS was able to implement a considerably more efficient solution. It should be sufficient that the total sum of the invoice corresponds with the purchase order. The FCI OCR component only reads item data if differences occur. "At the beginning, it was our wish to read item data. Two weeks later, the FIS consultants already provided us with a concrete solution proposal. FIS quickly implemented our suggestions in the project, which particularly impressed us," says Robert Lackner, head of goods controlling at SPAR Österreich. For him, this is the unique selling feature of its software partner – a standard product combined with a software developer that reacts very flexibly to changes.

In January 2010, SPAR Österreich changed over the first 400 vendors to OCR recognition using the FCI invoice reading software. 98.4% of the vendors were recognized correctly. Immediately after the FCI OCR solution had gone live, all other header data was identified correctly in approximately 60% of the invoices so that a valida-

tion was no longer necessary. The recognition rates increased steadily in the following time due to the learning capability of the FCI invoice reading software. In the course of the FCI implementation, SPAR Österreich wrote to all vendors asking them to adapt their invoices to defined layouts, which yet again slightly increased the already excellent recognition rates.

SPAR Österreich differentiates strictly between the validation and verification of invoices. After the scan process, FCI reads all legal and fiscal invoice components, i.e. vendor, invoice number, document date etc. and verifies them by using a set of plausibility tests. If the invoice reading software does not find the invoice number or if the vendor does not correspond to the master data, the employees responsible for invoice validation will receive the respective invoice and can correct it manually.

Subsequently, the invoice is transferred to the invoice verification department where it will be linked to the goods receipt. If a GR cannot be found, the employee starts specific workflows in FIS/edc® to identify missing goods receipts, price or quantity differences. 40% of the invoices do not require such workflows but can be posted directly. It is typical for the trade sector that the number of invoices is less than 50%. There are always technical and organizational reasons that cause price errors, such as promotion offers that the retail runs every week and whose periods can be extended or shortened spontaneously. Consequently, the data quality in this area can be inconsistent, which is also characteristic for the trade sector.

FIS/edc® helps SPAR Österreich to

identify such errors more quickly and to correct them using electronic workflows. "We have had different error statuses implemented into the invoice verification software," explains Manuela Toferer, group leader of the "Scanning and Validation" department. Error status 2, for instance, means that each invoice item has a goods receipt but there are quantity errors. By triggering the FIS/edc® workflow, a request is sent to the recipient on site to clarify the difference. It may happen that there is a second goods receipt for this specific item that only must be added, which

accounting based in Salzburg receives 800 responses. Robert Lackner, in turn, has to send 800 emails to the purchasing department with the request to identify the error. "This is why we wanted to find a way to collect these responses so that the purchaser has to decide only once which price is the correct one," says Lackner. For such cases, FIS has integrated another trade-specific characteristic into FIS/edc®: "the aggregated mass price change". All documents are collected in a special table and the request for the correct price is sent to the purchaser only once.



"Today, only 70 instead of 110 employees deal with validation and invoice verification. Since the implementation of the electronic invoice processing, 40 employees have been made available for inventory controlling, an extremely important activity for us which involves the accuracy check of stocks and the determination of inventory differences".

Robert Lackner, Head of Goods Controlling

must be checked by the invoice processor. Status 3, however, means that all invoice items are linked to a goods receipt, i.e. all quantities are correct but price errors exist. It is now up to the purchaser to determine the correct price (price defined in master data or invoiced price).

Aggregated mass price change

Things become tricky if such an invoice is sent to many stores, maybe even to all 800 supermarkets. Many vendors invoice every store separately. If the price is not correct, the financial

In the course of the changeover to the electronic invoice processing, SPAR Österreich-Gruppe has reorganized its accounts payable accounting. The vendors used to be assigned alphabetically to the accounting clerks. Since some vendors send hardly readable invoices and some send invoices that can be posted immediately, the distribution of workload used to be unbalanced. Today, however, every accounting clerk has access to invoices for all vendors. Consequently, the workload among the accounting clerks has been distributed more effectively and they are able to substitute each other for events such as sickness or holiday.

"FIS/edc® helps us to identify invoice processing errors more quickly and to correct them using electronic workflows. Therefore, different error statuses could be easily implemented into the invoice verification software."

Manuela Toferer, Group Leader "Scanning and Validation"

SPAR Österreich Gruppe

SPAR Österreich-Gruppe is a Central European trade distributor whose activities are based on four pillars: food retailing in Austria (SPAR, SPAR-Gourmet, EUROSPAR, INTERSPAR, Maximarkt), food retailing in neighboring countries (northern Italy, Slovenia, Hungary, Czech Republic, Croatia), sports retail (Hervis) as well as real-estate and shopping center activities (SES Spar European Shopping Centers) in Austria and abroad. SPAR Österreich-Gruppe achieves around half of its sales revenues abroad and has 75,000 employees.

FIS GmbH

FIS Informationssysteme und Consulting GmbH is an independent enterprise with approximately 500 employees focusing on SAP projects. FIS, an SAP full-service provider, works on all hardware platforms released by SAP and, as an internationally operating SAP VAR partner with "Gold" status, concentrates on the sectors "industry" and "technical wholesale". FIS develops separate solutions that can be used independently or complement and enhance the SAP standard software products. All software systems and tools offered by SAP are consulted, supported and licensed by FIS.



One third of the accounts payable accounting department redeployed elsewhere in the business

In the department of Robert Lackner, only 70 instead of 110 employees deal with validation and invoice verification. Since the implementation of the electronic invoice processing, 40 employees have been made available for inventory controlling, an extremely important activity for trade companies which involves the accuracy check of stocks and the determination of inventory differences. "Inventory controlling has

become more accurate and we are now able to prepare the information for sales. We would not have been able to make these personnel resources available without the IT support in invoice processing," he says. These are benefits that derived from the automation of goods invoices alone.

SPAR Österreich already plans system enhancements for the near future. The group also wants to process service invoices within SAP FI via FIS/edc® as soon as all subsidiaries are connected to the uniform SAP system.

FIS Informationssysteme und Consulting GmbH

Röthleiner Weg 1
D-97506 Grafenheinfeld
www.fis-gmbh.de

Tel.: +49 97 23 / 91 88-0
Fax: +49 97 23 / 91 88-100
info@fis-gmbh.de

