

At a glance

Customer

- Loewe Technologies GmbH
- Founding year: 1923
- Employees: 1,062 (2010)
- Head office: Kronach

Industry sector

- Home entertainment systems

Key figures

- Incoming invoices per year: 70,000
- Proportion of purchase-order-related invoices: 80%
- Foreign subsidiaries supported: 4

Challenges

The ordering system for purchasing overhead and services used to be quite heterogeneous, which caused deficiencies in the process workflow of invoice verification. This resulted in cash discount and interest losses. Therefore, the objective was the implementation of a new all-in-one solution consisting of an e-procurement purchasing solution for indirect material and C-parts based on an SAP system and software for automatic invoice receipt processing.

Solution

- FIS/edc® - Electronic Document Center
- FCI Invoice reading software

Benefits

The electronic, SAP-integrated workflow provides for a better overview, short processing times and cost savings. The solution supports the entire posting process in SAP, enables automated posting up to item level and can easily be accessed by any employee by means of an approval procedure via the e-mail system.

Loewe Technologies GmbH

All information on the screen - Premium manufacturer sets new standards in accounts payable accounting with FIS/edc®



"Via the FIS/edc® monitor, we can verify and post invoices very easily, send them to the e-mail system for approval and monitor the subsequent process."

*Ilona Gerber,
Head of Accounting Department*

To deliver quality that is always a little better than that of others has always been the key to Loewe's outstanding success. Like hardly any other provider, the TV pioneer from Kronach and premium supplier of audio-visual system solutions for home use masters the art of getting optimal picture quality from delivered components for its panels. In financial accounting, the situation is similar: The standard there had already been high and virtually error-free in the past. By implementing an all-in-one solution for invoice processing by FIS GmbH, the accounts payable accounting has reached a new quality level.

The solution used consists of the FIS/edc® workflow including the preliminary FCI invoice scanner for OCR recognition. The result is a modular structured application completely integrated in SAP that enables Loewe to process scanned documents such as incoming invoices and EDI messages automatically and homogeneously.

The manual work that had to be done by accounting clerks in the past has drastically reduced with the implementation of the new solution. FCI independently reads relevant information of scanned documents, validates it by using master data and plausibility criteria and transfers it to SAP. "Via the FIS/edc® monitor, we can verify and post invoices very easily, send them to the e-mail system for approval and monitor the subsequent process," Ilona Gerber, Head of Accounting Department at Loewe, explains. 70,000 invoices are processed per year with this system, including 10,000 invoices from four European subsidiaries.

Integrated purchase-to-pay solution consisting of invoice processing and e-procurement

At Loewe, electronic processing and archiving of incoming invoices is closely connected to a system-based check of purchase orders in the area of overhead and services.

The procurement of production materials alone amounts to approximately 200 million EURO per year in Kronach. Each purchase order inevitably involves an incoming invoice. In the past, Loewe's ordering system for purchasing overhead and services used to be quite heterogeneous, which caused deficiencies in the process workflow of invoice verification: Missing goods receipt postings concerning a specific purchase order and incomplete references on the delivery notes delayed the information flow and increased the processing times until payments could be executed. This resulted in cash discount and interest losses. Therefore, the objective was the implementation of a new all-in-one solution consisting of an e-procurement purchasing solution for indi-

times and cost savings. The product selection was preceded by an exact cost-benefit analysis. In this connection, the all-in-one solution by FIS GmbH was able to score in particular with the high recognition rates of FCI, excellent clarity in invoice processing, depth of the SAP integration of FIS/edc® as well as the system's expandability up to a digital in-box.

Additional processing of overhead in FIS/edc®

The solution supports the entire posting process in SAP, enables automated posting up to item level and can easily be accessed by any employee by means of an approval procedure via the e-mail sys-

whether the invoice refers to SAP or to the overhead ordering system and, subsequently, processes it continuously as an MM invoice." 80% of Loewe's invoices are purchase-order-related invoices, the rests consists of FI documents.

The incoming invoices arriving in the mail room are immediately forwarded to Gerwin Zwosta, who distributes them to his accounting clerks according to their areas of responsibility. As a consequence, each invoice that arrives in the morning will be scanned until 11:30 a.m. at the latest.

The accounting clerks compare the information read with the purchase order data and prices in the SAP system. Furthermore, they can see the scanned image (or the digital data record), the data recog-

via FIS/edc®. More than 100 approvers are connected to this workflow at Loewe.

FCI provides high recognition rates for any kind of layout without

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*Reinhold Bienlein,
Head of Application Supports*

having to train the system in advance. Reinhold Bienlein, Head of Application Supports at Loewe, reports that it had been a particular challenge within the project at the beginning to recognize vendor invoices with a specific layout. In such a case, the free-form recognition technology of the FIS solution can additionally be enhanced by a template solution, which enables a complete and automatic recognition of invoices. Simultaneously, the software "learns" more and more from day to day, stores this data in the integrated knowledge database and improves itself more and more.

Effective for item data

Ilona Gerber: "We have very high demands on data extraction as not only header, but also item data has to be read from invoices with very different layouts." In this area, the invoice reader of the FIS solution is particularly efficient and this attribute becomes more and more worthwhile the more comprehensive and complex the invoice is. In case of purchase-order-related invoice receipt verification, the vendor also has to indicate the purchase order number on the invoice. As far as invoices for orders of finished materials are concerned, Loewe receives so-called collective invoices, which can contain 40 or 50 ordered items. The purchase order numbers of the individual parts are "hidden" in a huddle of numbers and each of them had to be compared with the

purchase order in SAP in the past. The software finds and recognizes this item data by itself, additionally reads the prices and quantities and transfers the data to SAP and FIS/edc®, where automated verification and posting take place.

"In the past, it took our accounting clerks half an hour to verify a single collective invoice. Nowadays, they only monitor this process, which does not take more than two minutes," Gerwin Zwosta

explains.

Interest gains and higher cash flow

With FIS/edc®, Loewe can handle its accounting processes faster, achieves shorter processing times and has optimized its processes. Ilona Gerber gains a better overview, can recognize immediately which invoices are currently processed by a specific employee and can follow up faster if problems should arise. As a consequence, all cash discounts can be claimed completely and, moreover, Loewe can deduct the input tax earlier, because all invoices are parked in SAP. "In this way, we achieve direct interest gains, obtain refunds from the tax office a lot faster and can improve our cash flow," the head of the accounting department points out. Even the vendors benefit from Loewe's use of the software, because they always receive their money on time. And vendors that obtain their money more punctually, are more satisfied and, consequently, more committed to working for Loewe.

Use in foreign subsidiaries

In spite of this IT automation, the enterprise from Kronach will not cut back on staff. In fact, the software helps to manage an increasing volume of invoices and to process it efficiently. Loewe compensates the additional workload caused by an increasing invoice volume by using an intelligent system. These advantages are particularly evident in the involvement of foreign subsidiaries in invoice processing. Since the software was applied for the first time at the end of 2006, Loewe has increased its use conti-



"Thanks to the FIS/edc® Workflow, release levels can be added or removed more easily and with less configuration effort than in the native SAP system. This is a major benefit of the solution. Moreover, the support and consulting services provided by the competent FIS employees have been excellent during this project."

*Gerwin Zwosta,
Accounts Payable Team Leader*

rect material and C-parts based on an SAP-system and software for automated invoice receipt processing. The automation of business transactions in procurement and payment (purchase-to-pay) by means of an electronic, SAP-integrated workflow was to provide for a better overview, short processing

tem. In 2010, Loewe introduced an overhead ordering system for goods-receipt-related invoice verification and, therefore, can use FIS/edc® as well to process overhead invoices. Gerwin Zwosta, Accounts Payable Team Leader at Loewe, explains: "By means of the purchase order number, FIS/edc® recognizes

nized and the associated purchase order at a glance on a tripartite monitor. Subsequently, FI invoices are transferred to the release workflow, MM invoices are posted and – if there are price or quantity differences – forwarded to the responsible material requirements planners or purchasers for approval



Reinhold Bienlein, Head of Application Supports

nously. Shortly after the system had been implemented in the corporate headquarters, the enhancement for the subsidiaries in Austria, Italy, Great Britain and France was started. Their financial accounting as well is controlled by the headquarters in Kronach, which therefore represent the Financial Shared Service Center for Loewe's European subsidiaries. The subsidiaries assign the arriving invoices to

Loewe Technologies GmbH

Discerning individuals in Europe and selected major cities regard Loewe highly as the leading premium brand in the home entertainment systems sector. The company impresses its customers with products with a timeless aesthetic, technology for the senses and ease of operation. Furthermore, Loewe creates a fascinating brand environment, which in addition to the products also encompasses brand communication and premium service. The premium brand strategy is the most important factor driving Loewe's international growth.

Loewe established an impressive level of quality as early as 1931, with the first public television transmission worldwide. Loewe has been producing quality "made in Germany" at its location in Kronach since 1948. In the last 20 years, in addition to the "Art 1" from 1985 becoming a design classic, Loewe has received numerous national and international awards. In 2005, Loewe became the leading premium flat screen television provider. It made its breakthrough with the "Loewe Individual": the first flat screen television with individualized housing versions, set-up options and inset colors. In 2008, with the "Loewe Connect", Loewe heralded a new, digital television age where non-system end devices could be connected to a flat screen television set.

FIS GmbH

FIS Informationssysteme und Consulting GmbH is an expanding, independent enterprise with approximately 500 employees focusing on SAP project implementation and consulting. FIS develop advanced and efficient solutions complementing and enhancing the SAP standard software products. With the FIS/wws® industry template, the SAP-certified all-in-one solution for the technical wholesale industry, FIS is market leader in Germany, Austria and Switzerland. In addition, FIS, as an SAP VAR partner with "Gold" status, offers industry-independent SAP add-ons – the FIS Smart Products. In our subsidiary FIS-ASP GmbH, more than 80 specialists operate and administrate the customers' SAP systems in own data centers in Southern Germany.



a specific account, scan them and, via a server connection, transfer them to Kronach, where postprocessing and posting take place. All in all, the supervisory possibilities are improved as well, because the software enables direct viewing of the subsidiaries' financial accounting in Kronach.

In 2010, FIS GmbH installed additional functions for multiple account assignment, substitute arrangements and invoice receipt linkages

at Loewe. "We are very satisfied with the competence and efficient working method of FIS GmbH – this is in fact an enormous support for our IT department," Reinhold Bienlein points out. Ilona Gerber and Reinhold Bienlein are convinced that the operation of the FIS solution also influences the entire company and its products. The reason is that Loewe wants to achieve the highest possible quality standards in all areas, also in financial accounting.

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