TE CONNECTIVITY LTD.

Invoice Processing for the Globalized World

Customer

- TE Connectivity Ltd.
- Year of foundation:
  1941 (AMP Incorporated),
  1957 (Raychem Corporation
- Employees: approx. 75,000
- Headquarters of TE Connectivity Ltd.:
  Schaffhausen/CH

Industry

- Electronics

Key figures

- Annual volume of incoming invoices:
  25,000 - 100,000 per location
- Share of correctly recognized vendors: 98%
- Annual volume of purchase orders/delivery notes: 60,000/125,000
- Connected foreign subsidiaries worldwide: 15

Challenges

Internal processes are to be streamlined and superfluous and error-prone typing saved by using a system for electronic invoice processing. For the international rollout, the solution has to provide documents from a local storage at distributed locations.

Solution

- *FIS*/edc – Electronic Document Center
- *FIS*/fci – document reading software

Benefits

The release workflow enables global electronic approval processes and the elimination of paper-based invoice verification. Automated processes from posting to archiving can help increase process efficiency holistically.

From Upper Bavaria to Bangalore – Automated invoice recognition and SAP-based document processing are a global issue at TE Connectivity. The international electronics group streamlines internal processes by means of electronic invoice processing developed by FIS. The *FIS*/edc release workflow enables global electronic approval processes and, consequently, the elimination of previously paper-based invoice verification in currently twelve European countries as well as in China, India and the USA - more countries will follow!

"Especially our purchasing department and the cost center managers very much appreciate electronic archiving and the combination of invoice image and SAP posting document in FIS/edc. Paper invoices are no longer stored but only saved in the archive. Any possible ambiguity can immediately be tracked from SAP and FIS/edc by clicking the invoice image."

Stefanie Hummel,
Head of SAP FI/CO EMEA

In Germany, TE Connectivity is represented by Tyco Electronics AMP GmbH (Bensheim) and Tyco Electronics Raychem GmbH (Ottobrunn) with a total of five production sites. It was the accounting department of Tyco Electronics AMP GmbH that suggested the implementation of a system for processing invoices electronically.

Andreas Bergdolt, IT project leader for "SAP Architecture, Technology and Solutions" at TE Connectivity, explains: "With such a solution, we wanted to streamline internal processes, save unnecessary typing and eliminate potential sources of error in invoice entry and data synchronization."

In 2005 already, FIS Informationssysteme und Consulting GmbH was chosen for this global project because of its optimizedsoftware solution including the *FIS*/fci document reader and the *FIS*/edc Workflow. FIS was the

only provider to implement the required functionalities and the integration into the worldwide TE Connectivity network within a short period of time. The *FIS*/edc optimization software is completely integrated in SAP and particularly suited for the international rollout. Moreover, it is the only system to automatically select scanned invoices from a local cache instead of the central archive for being postprocessed at distributed locations. This represents a considerable benefit given the frequent lack of network bandwidths. *FIS*/edc enables an easy and automated processing of invoices and other documents in SAP and "FIS also clearly tops the value for money ranking," explains Andreas Bergdolt.

400 invoices a day at the Darmstadt location alone

The core of the project was Tyco Electronics AMP GmbH. Its accounting department receives around 400 invoices every day, which are scanned, read by *FIS*/fci and then electronically transmitted to Bangalore, India. There, Tyco Electronics Raychem GmbH has been operating an accounting service center for several years already. In the past, TE Connectivity sent the invoices to Bangalore by mail, where the Indian colleagues manually entered the invoice data into the SAP system. Tyco Electronics AMP GmbH was the first international subsidiary to make its invoices available to the service center in Bangalore in TIFF format via FTP server. There, at validation workstations, the invoices are manually postprocessed if necessary and updated in SAP. 98 per cent of the invoices recognize the vendors correctly and more than 65 % of all documents are completely recognized by the *FIS*/fci software solution without any correction required. In the second step of the project, Tyco Electronics Logistics AG (TELAG), located in Steinach, was integrated. TE Connectivity uses this European distribution company to process all its end-customer sales for the EMEA region. TELAG's business concept enables TE Connectivity to present itself as a homogeneous company all over Europe. In Steinach, the 250 invoices that arrive every day are scanned, exported to Bangalore directly from the scanning application and then processed by the accounting staff employed there. In the past, invoice data was entered manually into SAP by employees in Switzerland.

From Upper Bavaria to Bangalore

The project gained pace: Now, Tyco Electronics Raychem GmbH in Bavaria as well transfers its invoices exclusively in electronic form. During a one-week implementation phase, Andreas Bergdolt set up four invoice reading work centers in Bangalore.

Bangalore is gradually taking over invoice processing for all major international subsidiaries with high invoice volumes in Germany, Switzerland, Belgium, the United Kingdom and Ireland. Furthermore, TE Connectivity has set up another two competence centers in Schaffhausen (Switzerland) and Stockholm (Sweden), which are responsible for the smaller international subsidiaries, including the Nordic countries and Turkey. For these subsidiaries, multilingual accountants process invoices and also prepare entire month-end closings.

30% "no touch" invoices

At all locations, be it international subsidiaries or service centers, the scanned invoices including index data are transferred to *FIS*/edc by *FIS*/fci and, after various checks, subjected to an automated update attempt. If the invoice is correct, the document will be updated immediately and the supply chain closed. Stefanie Hummel, head of SAP FI/CO EMEA at TE Connectivity, is responsible for coordinating the SAP part of invoice processing. The FIS professionals only provide "remote" support for the rollout of the SAP part of the *FIS*/edc solution. In corporation with Andreas Bergdolt and the FIS Support team, the SAP EMEA team executes the worldwide rollouts on the basis of fixed budgets. No FIS consultants are therefore required on site and the rollouts can be executed at fixed and predictable costs.

Stefanie Hummel estimates the number of SAP MM invoices based on purchase orders at around 70% in the German TE Connectivity subsidiaries, among them approx. 20–30% "no-touch" invoices that the employees in the accounting department no longer have to touch at all. This rate is continuously improving due to self-learning invoice reading software and permanent vendor information on how to improve the quality of their invoices. Invoices without a purchase order reference are sent to the *FIS*/edc approval workflow. This enab-

"Due to the proven benefits of the FIS functions for scanning vendor invoices and triggering workflows in case of variances and approvals, TE extends the FIS solution to all legal entities. This will enable us to have efficient and uniform SAP processes all over the world."

Michael Bald,
S2P Manager Germany

"FIS/edc enables an easy and automated processing of invoices and other documents in SAP and FIS also clearly tops the value for money ranking."

Andreas Bergdolt,
IT Project Manager

les the completely paperless release, ensures an optimized throughput of the invoice and increases the transparency for the management. "Especially our purchasing department and the cost center managers very much appreciate electronic archiving and the combination of invoice image and SAP posting document in *FIS*/edc," says Stefanie Hummel. "Paper invoices are no longer stored but only saved in the archive. Any possible ambiguity can immediately be tracked from SAP and *FIS*/edc by clicking the invoice image."

International subsidiaries in China, the USA, the Czech Republic, the UK, Norway, Sweden, France, Belgium....

Apart from the subsidiaries in Germany and Switzerland and the Shared Service Centers in Bangalore, Schaffhausen and Stockholm, many other subsidiaries have now been equipped with the invoice recognition and workflow solution by FIS, among them the Czech subsidiary in Kurim with almost 100 incoming invoices a day and the British subsidiary in Swindon with approx. 350 invoices per day. The Swindon subsidiary also operates the TE Connectivity subsidiary in Ireland. Since the beginning of 2011, the subsidiaries in Norway, Sweden, Finland, Denmark and a French subsidiary have been working with this system. In the meantime, invoice recognition and SAP approval workflow have also gone live in the US parent company, Europe is to follow with Belgium and the Netherlands. The Chinese subsidiary in Suzhou also uses the live solution in five scanning locations with three others to follow. Processing takes place centrally at the Suzhou Shared Service Center. Rollouts in further Chinese subsidiaries are planned.

Andreas Bergdolt has learned that implementations take time and users need to be involved as early as possible. Currently, he alternately stays in every subsidiary for two weeks. So far, all rollouts have been implemented perfectly. The worldwide rollout includes regular conference calls with all international key users and otherwise interested parties.

Cache function ensures worldwide access in the millisecond range

The Cache function of the invoice reading software is an indispensable prerequisite for high-performing working at international level within the TE Connectivity organization. The SAP archive of TE Connectivity is hosted in Frankfurt and Harrisburg, USA. If colleagues from anywhere in the world had to access the German or American archive server to view an invoice, they would have to wait a number of seconds. Since, however, *FIS*/fci saves all scanned documents from the past three months on a local directory, *FIS*/edc first checks whether the invoice is still there, which is mostly the case. Access times in the millisecond range are the result. In addition to incoming invoices, the FIS optimization software is now used for further document types, such as delivery notes, customs documents and customer purchase orders. At three German production sites in Darmstadt, Speyer, and Wört, the delivery notes are read using *FIS*/fci and stored in the archive together with the corresponding index data. A further step will be to link them to the purchase orders in SAP. Here, another product, i.e. the *FIS*/edc Document Monitor, will be used to assign any kind of document to SAP objects – in this case, a delivery note and the related purchase order. As a result, 125,000 pages of delivery notes are read at TE Connectivity Germany per year.

Identical entry and processing of sales orders and invoices

The entry of all incoming sales orders at the TE Connectivity location in Darmstadt, Germany, is also in operation. Every year, 60,000 purchase orders centrally arrive in Darmstadt where they are read and archived. Andreas Bergdolt: "While the entry of delivery notes is running on the invoice reading server, another server has been specifically installed for the sales orders."

It often happens that the customer calls us just after having sent a purchase order. This means that a rapid response is required and the purchase order needs to be entered in the system immediately without invoices just being processed by the server. This was another project for the FIS professionals, who could successfully contribute their know-how and product range to this international project.

TE Connectivity is one of the leading providers worldwide of passive electronic components, network solutions, wireless systems and underwater telecommunication systems. TE Connectivity develops, manufactures and distributes products for customers in the following sectors: automotive, domestic appliance, aerospace, defense, telecommunication, computers, consumer electronics and energy. For more than 50 years and with a sales volume of USD 12.1 billion, TE has developed and manufactured over 500,000 products that help establish and protect power supply and data connections in products that concern all aspects of our daily lives. Nearly 100,000 employees at TE Connectivity work together with their customers on a partnership basis in practically all industries, such as consumer electronics, energy technology and healthcare, automotive, aerospace and communication nets. TE Connectivity is an independent and listed company whose ordinary shares are traded on the New York Stock Exchange (NYSE) under the "TEL" symbol.

FIS Informationssysteme und Consulting GmbH

FIS Informationssysteme und Consulting GmbH is an expanding, independent company and forms the umbrella of the FIS Group. Within this group, more than 800 employees work to make companies more modern, more economical and more competitive every day. The focus of FIS is on SAP projects and the development of efficient solutions that drive digitalization in companies. As one of the leading SAP system houses in the D-A-CH region, FIS is the market leader in technical wholesale with its complete solution FIS/wws. Together with its subsidiary Medienwerft, FIS covers the complete SAP range of topics for the Customer Experience (CX) area.

In the subsidiary FIS-ASP, more than 100 specialists operate and administer customers' SAP systems in their own data centers in southern Germany. The subsidiary FIS-SST is a competent partner for nearshoring projects. Collaborative solutions for the convenient and secure process handling of different companies on common platforms are developed at the subsidiary FIS-iLog.

Röthleiner Weg 1
D-97506 Grafenrheinfeld

Tel.: +49 97 23 / 91 88-0
Fax: +49 97 23 / 91 88-100

info@fis-gmbh.de
www.fis-gmbh.de/en