



INVOICE PROCESSING FOR THE RETAIL TRADE

At SPAR Österreich, FIS/edc satisfies all trade-specific requirements



Customer

- SPAR Österreich-Gruppe
- Year of foundation: 1954
- Headquarters: Salzburg
- Employees throughout Europe (2016): 77,480
- Sales: 13.80 billion Euro

Industry

- Food retail

Key figures

- Vendors: approx. 3,000
- Annual volume of goods invoices in paper format: 1 million
- OCR recognition rate of vendors: 98.4%

Challenge

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

Solution

- FIS/edc - Electronic Document Center

Benefits

FIS/edc helps the group to identify invoice processing errors more quickly and debug them using electronic workflows. As each accounting clerk processes the invoices of all vendors due to the reorganization within accounts payable accounting, working is now much more efficient.

The small alpine dairy on the mountain is a typical regional supplier of the Austrian SPAR group. SPAR Österreich contracts with thousands of such suppliers and therefore needs a large accounts payable accounting. Until recently, 110 employees alone were dealing with invoice processing, which were too many to work productively. This is why the business group implemented an SAP integrated FIS solution for invoice recognition and processing. 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.

“We were strongly interested in reading item data. A request for which the FIS consultants provided a concrete solution proposal after only 14 days. We were therefore particularly impressed by how quickly FIS took up and implemented our suggestions in the project.”

Andreas Kaserer,
IT Department



SPAR has become indispensable for the Austrian food retail trade. In 2012, the group counted 1,586 markets in Austria plus another 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 ten 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 not easy to establish the technical infrastructure required for this transmission channel, such as empties management.



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

Every year, the group receives around one million goods invoices in paper format by mail. Until 2009, 110 employees of SPAR Österreich's financial accounting department alone had 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 stores) as well as at the six regional administrations (invoices for around 800 SPAR markets).

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 eight out of 25 preselected software producers for a presentation on site. FIS finally won the race.

Creating debit memos to vendor with FIS/edc

This is how FIS/edc maps essential trade-specific requirements of SPAR Österreich: At first, debit memos to vendor are created even if no GR item is available. SPAR creates such debit 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 therefore enable this procedure," says Andreas Kaserer. In the SAP standard system, this is only possible if a GR item is available. However, there are many invoices that the vendor uses to clear an item that is not part of the goods receipt. FIS/edc enables SPAR to create such debit memos to vendor even without 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 FIS/fci OCR component only reads item data if differences occur. "We were initially very interested in reading 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 manufacturer that reacts very flexibly to changes.

In January 2010, SPAR Österreich changed over the first 400 vendors to OCR recognition using the FIS/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 validation was no longer necessary. The recognition rates increased steadily in the following time due to the learning ability of the FIS/fci invoice reading software. In the course of the FIS/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.

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

Manuela Toferer,
Group Leader „Scanning and Validation“

SPAR Österreich differentiates strictly between the validation and verification of invoices. After the scan process, *FIS/fci* reads all legal and fiscal invoice components, i.e. vendor, invoice number, document date etc. and verifies them by means of diverse plausibility criteria. 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. It is typical for the trade sector

Aggregated mass price change

Things become tricky if such an invoice is sent to many chain stores, maybe even to all 800 markets. Many vendors invoice every store separately. If the price is not correct, the financial accounting based in Salzburg receives 800 feedbacks. Robert Lackner, in turn, has to send 800 e-mails to the purchasing department with the request to identify the error. "This is why we wanted to find a way to bundle these feedbacks so that the purchaser has to decide only once which price is the correct one," says Mr. 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



"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 correctness check of stocks and the determination of inventory differences."

Robert Lackner,
Head of Goods Controlling

that only 40 % of the invoices (which is less than half of all invoices) do not require such workflows but can be posted directly. 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 is rather poor, which is characteristic for the trade sector.

FIS/edc helps SPAR Österreich to identify such errors more quickly and debug 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 needs to be added, which 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: the price defined in the master data or the invoiced price.

and the request on the correct price is sent to the purchaser only once.

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. Today, however, every accounting clerk verifies the invoices of all vendors of "their" store. Since some vendors send hardly readable invoices and some send invoices that can be posted immediately, the division of work used to be unbalanced. Today, every employee processes the invoices of all vendors. Consequently, the division of work and the comparability have been optimized and everybody can substitute each other.

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 correctness check of stocks and the determination of inventory differences. "Inventory controlling has become more accurate and we are now able to prepare the data 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 its expense invoices for SAP FI via FIS/edc as soon as all subsidiaries are connected to the uniform SAP system.



SPAR Österreich Gruppe

SPAR Österreich-Gruppe is a Central European retail group whose activities rest on four pillars: food retail in Austria (SPAR, SPAR-Gourmet, EUROSPAR, INTERSPAR, Maximarkt), food retail in neighboring countries (Northern Italy, Slovenia, Hungary, Czech Republic, Croatia), sports retail in Austria and abroad (Hervis) and real estate and shopping center activities in Austria and abroad (SES Spar European Shopping Centers). SPAR Österreich-Gruppe achieves around half of its sales revenues abroad and has some 77,000 people employed.



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.



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