



VOLKSWAGEN FINANCIAL SERVICES AG

A SERVICE-ORIENTED PROCESS FOR EFFICIENT RECEIPT OF INVOICES

“The project is the first step toward automating business processes. Our overarching goal is to integrate all applications along the value chain.”

Sven-Torsten Huster, CIO and COO,
Volkswagen Financial Services AG

QUICK FACTS

Company

- Name: Volkswagen Financial Services AG
- Location: Braunschweig, Germany
- Industry: Financial service providers
- Products and services: Vehicle financing, direct bank business, insurance products, leasing, and fleet management
- Revenue: Approximately €53 billion
- Employees: More than 6,000
- Web site: www.vwfsag.de

Challenges and Opportunities

- Develop an end-to-end process model for the invoice receipt process
- Handle the verification of all incoming invoices digitally
- Integrate all data related to the verification of incoming invoices
- Eliminate integration gaps

Objectives

- Eliminate manual work steps
- Lay the foundation for service-oriented architecture (SOA)
- Create transparency and enable rapid processing

SAP® Solutions and Services

- SAP® ERP application
- SAP NetWeaver® technology platform with SAP NetWeaver Process Integration (SAP NetWeaver PI) offering and SAP NetWeaver Application Server component
- SOA governance based on SAP NetWeaver PI

Implementation Highlights

- Rapidly integrated existing services
- Implemented flexible, standardized model and defined interface for easy, quick expansion

Why SAP

- Flexibility and performance of SAP NetWeaver
- Flexibility of the SAP solutions
- Simple integration of third-party solutions with SAP NetWeaver PI
- Rapid creation of Web services
- Quick addition of additional process steps

Benefits

- Transparency in the invoice receipt process
- Smaller workload for administrators
- Integration of business departments
- Single technical standard
- Greater speed

Existing Environment

- SAP R/3® software (functionality available today in SAP ERP)
- SAP NetWeaver Application Server

Third-Party Integration

- Database: IXOS File System Archiving (now known as Livelink ECM - File System Archiving)
- Hardware: IBM mainframe
- Operating system: IBM AIX and zSeries/ Operating System (z/OS)

VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

SAP Customer Success Story
Financial Service Providers



Today, the automotive value chain covers more than the manufacture of vehicles. Large automotive companies also offer financing, leasing, and insurance packages and fleet management. The added value for customers is that they can remain on the move and be financially flexible. To improve its margins and customer service, Volkswagen Financial Services AG used the SAP NetWeaver® technology platform to enable the invoice verification process and remove integration gaps.

Volkswagen Financial Services is a wholly owned subsidiary of Volkswagen AG and coordinates the parent company's global financial services activities, catering to both business and private customers. Europe's largest automotive financial services provider is headquartered in Braunschweig, Germany, and employs over 6,000 people, of whom 3,600 are based in Germany. With an extensive range of services, the company strengthens customers' loyalty to the brands of the Volkswagen Group, therefore making a key contribution to sales.

Better Service for Customers

Increasing competition puts pressure on Volkswagen Financial Services' margins. At the same time, customers now expect a much higher level of service. In the past, for example, the company verified invoices using a paper-based process. Incoming receipts moved gradually through the various departments, where they were copied and underwent various checks – this all took up time. It was impossible to answer customer questions quickly.

Keeping track of invoices was difficult, and it wasn't possible to monitor the process effectively. Moreover, there were integration gaps between the formal and content verification checks performed on the invoices.

Redesigning the Invoice Verification Process

At the start of 2005, Volkswagen Financial Services decided to redesign its process for verifying incoming invoices. The plan was to use SAP NetWeaver to make processes service oriented and eliminate integration gaps. "The project is the first step toward automating business processes. Our overarching goal is to integrate all applications along the value chain," explains Sven-Torsten Huster, CIO and COO of Volkswagen Financial Services. The result is a service-oriented IT landscape based on service-oriented architecture (SOA).

Initially, the company decided to revise its process for verifying the invoices of Volkswagen's approved repair centers. They submit invoices for the services

performed on leased vehicles to Volkswagen Financial Services as the owner of the vehicles. On receipt of the invoice, the company must determine, for example, whether the winter tire change or other service provided by the authorized repair center is covered by the lease contract. If it is, Volkswagen Financial Services pays for it. This is a core process because the financial volumes at stake are high.

Automating the Process

To improve its invoice verification process, Volkswagen Financial Services opted to automate invoicing and digitize all documents. This task involves a Microsoft-based scanning system with text recognition, an IXOS archiving system, and a correspondence system based on SAP NetWeaver that manages the printing of scanned documents centrally.

First, all incoming documents run through a preliminary check to determine whether the approved repair center is actually authorized to issue an invoice. Then, the system posts the transaction in the SAP® ERP Financials solution, preparing the way for payment later on. With this step, the process also automatically complies with the New Basel Capital Accord (Basel II). In parallel, the data for indexing the scanned invoice passes through a service-based interface to the archiving application based on SAP NetWeaver, which is connected to an IXOS archive. All information is therefore available in a uniform, digitized format. The administrator responsible can now check the amount and scope of the invoice.



Service-oriented architecture will continue to be a focal point at Volkswagen Financial Services because the company needs the greatest possible flexibility to react quickly to new challenges.

Information at the Click of a Button

The ensuing decentralized verification of the invoice content represents a marked change from the old process. The business department receives a message from the administrator that contains all of the relevant account assignment information and provides access to the digitized incoming invoice in the connected IXOS archive. As a result, employees can call up the key information they need to verify the invoice at the click of a button. At the same time, the process is integrated with the independent legacy system, in which the terms and conditions of customers' leases are stored.

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Once the business department has checked an invoice's content, the administrator starts the process to book the invoice. Here, the data is transferred to the general ledger in SAP ERP Financials. Finally, the disbursement process posts the invoice and triggers the payment.

Invoices Integrated into a Digitized Workflow

The invoices are fully integrated into the workflow because they are stored in the digital archive. Paper-based correspondence and copies of original documents are no longer necessary. Another benefit is that the business

workflow both informs the affected employees and provides all the necessary tools. As a result, employees don't waste time searching for the information they need.

Components Connected Without Difficulty

The foundation for this new process-oriented approach is a standardized communication data model for the object "invoice" that can be broken down into individual steps and the associated services. Volkswagen Financial Services has developed a data and process model with numerous different interfaces (based on Simple Object Access Protocol [SOAP], HTTP,

remote function call, and proxy technology). The SAP NetWeaver Process Integration (SAP NetWeaver PI) offering enables the company to manage these interfaces without difficulty. Thanks to SAP NetWeaver PI, the technology remains in the background, allowing Volkswagen Financial Services to concentrate on improving processes. This increases both flexibility and quality.

The object model proved to be a great support in designing the database tables. Moreover, SAP NetWeaver PI made it easier to connect existing archiving and printing services. At the

start, the development team invested a lot of time in modeling, which meant that they could quickly implement enhancements that came later.

Fast, Efficient Implementation of New Processes

Since 2006 the end-to-end invoice verifications have been processed using SAP software. In 2007 Volkswagen Financial Services upgraded to the SAP ERP application – the technical foundation for SOA. At the same time, the company introduced business activity monitoring to quantify the benefits of the new processes.

In the medium term, the company plans to extend the new process to include additional invoice types, such as invoices for overhead costs and vehicles. Thanks to the flexibility of SOA, changes to the design will be minimal.

At Volkswagen Financial Services, the IT department's task is to rapidly implement process improvements. A good example of this was when the company integrated new process steps in a few weeks by using SAP NetWeaver. The result was much shorter lead times for verifying incoming invoices. Losses caused by services being invoiced that should not have been are now a thing of the past. The company can identify services not covered by a contract more easily – and therefore not accidentally pay for them.

SOA will continue to be a focal point at Volkswagen Financial Services because the company needs the greatest possible flexibility to react quickly to new challenges. The SAP NetWeaver technology platform helps the company implement business innovation faster and make better use of existing resources. After all, the old adage, time is money, still applies.

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