HITACHI POWER EUROPE

ACHIEVING TRANSPARENCY IN INVOICE VERIFICATION WITH SAP® INVOICE MANAGEMENT

"With SAP Invoice Management, we now have a precise overview of all invoices and can check them much more easily. This saves us a lot of time and aggravation."

Marius Bruckwilder, SAP IT Manager, Hitachi Power Europe GmbH

QUICK FACTS

Company
- Name: Hitachi Power Europe GmbH
- Location: Duisburg, Germany
- Industry: Utilities – power plant construction
- Products and services: Design and construction of fossil-fuel-fired power plants
- Employees: 1,200
- Web site: www.hitachi-power.com

Challenges and Opportunities
- Map enormous numbers of documents
- Enable customized approval procedures
- Achieve high acceptance among users

Objectives
- Make invoice verification more transparent
- Provide information for project management team more quickly
- Control approvals more efficiently

SAP Solutions and Services
SAP® Invoice Management application by OpenText

Implementation Highlights
Realization of a flexible workflow using digital routing slips

Why SAP
- Smooth integration into SAP software workflow
- Familiar working environment for employees
- Ease of operation

Benefits
- Standard verification processes for all users
- Ability to view status of any and all invoices at any time
- Better flow of information to customers and suppliers

Existing Environment
SAP ERP application

HITACHI
Inspire the Next

At Hitachi Power Europe GmbH (HPE), copying is a thing of the past. Using the SAP® Invoice Management application by OpenText, the company has fully digitized its invoice processing. Employees now perform all verification steps directly in HPE's enterprise resource planning (ERP) software system – the SAP ERP application – and can thus manage even huge quantities of invoices effortlessly.

HPE has committed itself to efficient and safe generation of energy. Its some 1,200 employees design and construct highly efficient, fossil-fuel-fired power plants and key components such as utility steam generators, turbines, and pulverizers. Headquartered in Duisburg, Germany, HPE has subsidiaries in Europe, Africa, Russia, and India and is one of the market and technology leaders in its industry.

One might think that the traditional way of generating energy is becoming less important. But HPE's order books prove the opposite. In 2005, a total of 8,000 invoice documents had to be processed per year; in 2009, the controllers counted 59,000 documents – an increase of more than 600%.

Invoice Verification on a Grand Scale

For the invoice verifiers in particular, this growth presented a tremendous challenge. That's because in the energy industry, everything is bigger. A utility steam generator, for example, can consist of several thousand parts – and the corresponding invoice therefore has several thousand items. Not to mention the 500-page technical documentation attached to the invoice that must likewise be checked.

These massive documents are created centrally and then forwarded to all departments involved. Employees in the purchasing department determine whether the purchase order is correct; quality assurance verifies the individual parts. And on the construction site, workers check whether each component has reached its destination. A separate department is responsible for the documentation, and of course, the project manager of a construction project has to approve the invoices. All in all, this is a huge verification effort that takes between four and six weeks. Given the nature of the industry, HPE and its business partners had long grown accustomed to this – but the company was bothered by the missing transparency.

"Before, we could not track an invoice very well while it was being processed in the company. So if a customer called inquiring about the status, for example, we could not give him or her an answer right away. We first had to make a lot of tedious inquiries ourselves with numerous contact persons," explains Marius Bruckwilder, SAP IT manager at HPE.

At that point, invoices were sent internally to all employees involved upon receipt – in other words, everyone got a copy for his or her own use. Routing slips were used to coordinate the individual verification steps and approvals. When this routing slip was full, the original invoice was submitted to the accounting department where it was then settled. This was a time-consuming process prone to mistakes.

Scanned Documents in the ERP Solution

The managers at HPE quickly realized that they could only optimize this process with sophisticated software. They wanted verifiers to be able to determine the location and status of any and all invoices at any given time. So they decided to implement SAP Invoice Management. "Our employees now have a standard view of every document in a software system they use every day: SAP ERP," reports Bruckwilder happily.

These days, invoices are no longer copied repeatedly but instead are scanned into the system only once. Thanks to the component for optical character recognition (OCR), the application detects individual text blocks in the resulting image data. The software

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Marius Bruckwilder, SAP IT Manager, Hitachi Power Europe GmbH

captures the creditor name, gross and net amounts, project number, delivery date, and other information and enters this data directly in SAP ERP. Employees can thus search for information quickly and easily and filter out specific data. "We wanted to integrate digital invoice management into our existing SAP ERP software system, so that all employees can use it right away. SAP Invoice Management is the ideal solution," explains Bruckwilder.

Digital Routing Slip Simplifies Approval Processes

The new software faced a particular challenge. At HPE, the approval processes and their sequence differ from case to case. In one case, for example, checking the documentation might have priority, but in another, the purchasing department might need to check whether the required guarantees are in place. There is an advantage to having these clearly defined workflows, but they still have to be flexible. Together with OpenText's implementation experts, HPE was able to balance these requirements – with the so-called digital routing slip. Replacing the rigid process, the software makes recommendations as to which persons are next up in the approval process. Keeping in line with the given project specifications, employees can then choose to whom they forward the invoice.

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Nowadays, the company scans all incoming invoices and from then on only uses the digital versions. The original invoices are stored in the archive, which also has a simpler setup than before. Should an employee need the printed document again for whatever reason, he or she can ascertain its scan date in the system and then access the document very quickly. The solution even enables the company to automatically adhere to legal retention periods: when a document is created in the system, the software saves the retention period along with it, preventing the document's premature deletion.

All Invoices Stored Centrally

In the past, every department managed its own to-do lists, either in Microsoft Excel spreadsheets or Word documents, or on pieces of paper. Questions like "What invoice have I already looked at? Who must I send it to?" were common, primarily because approval processes were different in every project. If employees happened to be off sick, their invoices would not get processed, because their substitutes did not know the appropriate system. With the new software, the lifecycle of every invoice is stored centrally. Users can specify their substitute, such as for vacation coverage, directly in the solution. The system then automatically transfers the employee's tasks to the substitute accordingly.

Today, controllers log on to the ERP system once and can then access all the invoices in addition to their previous data. Some employees work exclusively with Lotus Notes. They are notified automatically via e-mail when they receive a verification request and can then switch over to the SAP software system right away. "No one has to log in based on a hunch anymore," says Bruckwilder.

HPE is enjoying another special feature of the solution: Normally, documents are created first, then released, then posted. As a result, project managers can see invoices only after they are posted, which means they become aware of the costs only after these costs have already been incurred. At HPE, however, invoices are posted before they are approved in the system, so project managers can immediately see the amounts due and can plan accordingly. As before, the invoices are paid only when all approvals have been submitted.

From Analog to Digital

The implementation of the software was just as efficient and simple as the new processes. Following the actual installation, the project members spent six weeks testing the new workflows with old invoice data. At the same time, employees from the various departments and technical administrators were trained on-site. Once all the requirements had been implemented – especially the custom-developed digital routing slip – the software was put into operation. From one day to the next, invoice verification went from analog to digital. Around 550 users now work with the new software. Project manager Bruckwilder sums up the benefits as follows: "We reduced our effort and have a better overview, more control, and much less paperwork. In a nutshell, we reached every one of our goals."

Other subsidiaries of the company will now benefit as well from the increased transparency and the improved ability to provide information to customers and suppliers. Following the project's success at its German headquarters, HPE now plans to implement SAP Invoice Management at its South African subsidiary.

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