



DPD GEOPOST (DEUTSCHLAND)

PARCEL AND EXPRESS SERVICE GIANT BUNDLES PUD ACCOUNTING IN SINGLE APPLICATION

QUICK FACTS

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Martin Bäcker, Head of SAP Competence Center, DPD GeoPost (Deutschland) GmbH

Company

- Name: DPD GeoPost (Deutschland) GmbH
- Location: Aschaffenburg, Germany
- Industry: Travel and logistics services
- Products and services: International parcel and express services
- Revenue: More than €1 billion
- Employees: 6,000
- Web site: www.dpd.com
- Implementation partners: SAP® Consulting, Asapio GmbH & Co. KG

Challenges and Opportunities

- Standardize processes and software for an integrated procedure with subcontractors
- Centralize IT infrastructure
- Comply with audit requirements

Objectives

- Simplify and standardize processes for service procurement and service accounting
- Enable transparency and integration between depots and subcontractors
- Enhance quality, clarity, and stability of accounting process
- Increase speed in operation

SAP Solution and Services

SAP Supplier Relationship Management (SAP SRM) application

Implementation Highlights

- Produced blueprint and conducted pilot within 8 months
- Completed rollout of application to 62 depots in 8 months
- Benefited from customizing support by SAP Consulting

Why SAP

- Level of standardization of accounting process
- Integration of SAP SRM in software landscape
- Superior quality of process for service procurement and service accounting

Benefits

- Simplified and standardized service procurement and accounting processes
- Reduced up to 40% manual work for creating purchase orders and for creating, approving, and posting invoices
- Increased transparency between depots and subcontractors
- Improved quality of processes and error prevention

Existing Environment

- SAP ERP application
- Business intelligence software from SAP

Third-Party Integration

- Database: SAP MaxDB™
- Hardware: HP Server 2004
- Operating system: Linux



DPD GeoPost (Deutschland) GmbH (DPD) transports over 250 million parcels a year because it knows how to manage procurement and service accounting. And yet, this industry leader felt the SAP® Supplier Relationship Management (SAP SRM) application could help it do more. With a dizzying array of services on offer and the challenge to keep customers like adidas AG, EMI Group, and Yamaha Corporation 100% happy, that was important.

New Corporate Structure, New Requirements

Founded as a franchise organization over 30 years ago in Germany by several logistics companies, DPD has grown to become Germany's number one parcel and express delivery service for the business-to-business market. While the company is known by its thousands of logo-bearing vans plying roads all over Germany making and taking deliveries, DPD has been busy in the background working out strategies and approaches to ensure and maintain its above-average growth.

Run with a decentralized company structure until recently, a takeover at the turn of the millennium by the French key player GeoPost Group, a subsidiary company of French La Poste, occurred. In the phase of postmerger integration, the IT support structure had been merged more to a centralized approach. DPD's aim is to be a big player with new services, for example, extra delivery times earlier in the morning and on week-ends. To force and maintain this sort of growth would also mean processing more parcels through its approximately

1,000 subcontractors in Germany. This and the fact that it still had such a decentralized structure were the main drivers that led DPD to look at how to optimize its IT landscape – in particular in the area of accounting.

Decentralized IT Infrastructure and Accounting Processes

When Bäcker talks about decentralized structures at DPD, he isn't just referring to the many DPD subcontractors dispersed around Germany in the 62 depots of varying sizes; he also means that the processes and applications DPD used for accounting and procurement were anything but standardized. "Before the takeover, the depots were largely responsible for their own IT solutions and developments. All in all, that meant we had several solutions running in the various depots and some different accounting processes," observes Bäcker. "This posed a great challenge to implementing principles for auditing and compliance – and to the scalability and flexibility of our IT landscape. The situation had become more and more difficult to manage."

No Standardization Through Proprietary Solutions

Despite availability of a proprietary accounting solution provided by GeoPost Group, only about 30% of the relevant depots had taken advantage of the solution – and with differing results. As Bäcker describes, "The solutions would have different add-ons, diverse criteria for sending in invoices, and varying levels of development dependent on the staff at the respective depots. The IT environment had become too heterogeneous to operate with standard accounting processes. And it also meant that we had different levels of efficiency in the various depots." On top of that, what made service accounting from 62 depots increasingly challenging was the quantity of items that had to be invoiced and billed through these accounting processes. What DPD needed was, therefore, quite simple. As Bäcker says, "We wanted stable processes. We wanted clear processes. We wanted integrated processes. And we wanted processes that could be applied again and again."

SAP SRM Key to Optimization

After having reorganized their financial and administrative processes with the help of SAP software in 2005, the DPD team decided to approach SAP in 2006 to find a solution that would keep accounting processes clear and organized – both internally and externally – for auditing and accounting compliance. The answer they got from SAP Consulting was to use the supplier self-services functionality in SAP SRM. This would



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not only standardize the account settlement process but also simplify service procurement transactions for all involved. From then on, things went fairly rapidly.

Following interviews with the administrators at the depots to find out what could be done to improve account settlement, and after a series of workshops with SAP Consulting and a second implementation partner, Asapio GmbH & Co. KG, the schedule was agreed upon. “The start of the rollout to the 62 depots was in April 2007,” says Bäcker. “We completed our blueprint and testing in the first quarter of 2007 and were ready to go with the first rollout wave. The plan was to finish this first wave by the summer and the rest by the end of the year.”

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Although the team was quite small, SAP Consulting and Asapio provided substantial project support. Despite the fact that some of the depots were undergoing significant changes, such as moves or construction work, the DPD team managed to get everybody up and running as scheduled. As Bäcker adds, “It wouldn’t have been such a success if the three parties involved – Asapio, SAP Consulting, and DPD – hadn’t worked together as well as they did.”

Automation and Transparency

With SAP SRM ready to go on New Year’s Day 2008, depot after depot quickly went live with the new account settlement processes supported by SAP software. The first benefits followed soon after for the accounts payable department, which no longer had to check whether invoices had been received or booked. SAP SRM had eradicated a whole step from the process. “That used to be done by hand,” says Bäcker. “Invoice processing is now fully automated and fully integrated through SAP SRM. And with about 3,000 invoices coming in per month, that adds up to a 30% reduction in the staff hours we require in accounting.” That meant DPD had already reached up to 40% of the

savings potential it had set out to achieve. However, the technical and operational benefits far outweigh anything else, simply because life is so much easier now for everybody involved in the service procurement and accounting process. Not only does the accounting department profit from its new transparency and level of automation, IT now has a much easier time managing software.

Stability and Accuracy

With the centralized technology DPD has today, the company can adhere to standardized development and programming procedures. In addition, it has greatly cut down the risk of error due to the fact that the process is integrated and therefore common knowledge. As Bäcker says, “We have really managed to harmonize the deployment and management of the accounting process. From an organizational perspective, that means we have optimized the process considerably.” DPD now has better control over all of the steps in accounting, and things are quicker and much more accurate. If errors crop up in the approved process, they are easier to spot and a lot less time consuming to handle. What’s more, SAP SRM gives its subcontractors greater flexibility, for example, to post invoices on weekends. Everyone is much happier now. As Bäcker summarizes, “Even in peak times, SAP SRM performs much better than anything we had before. And with the state-of-the-art solution we now have, our accounting department is a lot more relaxed as they can track down and control invoice settlement centrally. It’s just more stable for all.”

Best Practice for the Future?

"This project has really created enthusiasm," Bäcker says with a smile. "And our next steps will be going in the direction of further integration for reporting purposes with the SAP NetWeaver® Business Intelligence component." DPD is really starting to recognize the potential that standardized processes can bring – especially as far as reporting is concerned. "We could even go so far as to say that we have established a best-practice standard," says Bäcker. "We can quite easily roll this out to other subsidiaries or depots across Europe now."



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