

How Coca-Cola saved more than €140,000 per Country in the Accounts Payable departments

Total savings over €1million during 2008

Company background

Coca-Cola Hellenic (CCHBC) serves approximately 550 million people in 28 countries. They are one of the largest bottlers and vendors of The Coca-Cola Company's products in the world, and the largest based in Europe.

Their territory extends from as far west as Galway in Ireland, to Petropavlovsk, the easternmost point of Russia.

Reason for project

Many CCHBC countries had a centralised AP department within their country (either for the whole country operation or for the operations of two countries). The need for the implementation of a scanning, workflow, and archiving solution had been raised by several CCHBC countries, and particularly the need for scanning of AP invoices and credit memos had been requested by several countries.

Key problems before implementation

Before implementation of the solution CCHBC followed a paper based approval process, involving a huge number of paper documents. Documents would be transferred between branches/countries/HQ making it hard to control and monitor documents. This caused significant delays in processing; typically it was one to two weeks from an invoice being received to the invoice being posted.

Extra costs and working time were involved to overcome process weaknesses, including searching for lost documentation, dealing with vendor queries, and time spent searching and investigating issues.

In addition, the problems in processing led to payment delays, and VAT reporting problems resulting in lost opportunities.

Business needs

The need was for a central receiving point, where documents would be scanned and entered on to one shared electronic repository, providing fast and easy access to the electronic image of all documents, and providing search functionality.

Electronic approval workflow process needed to be integrated with SAP (their existing accounting system) and the company chart of authority was to be included in this workflow logic.

The system needed to include Digital Signature functionality (Equivalent Archiving) to ensure that scanned and/or archived documents are not modified in any way.

Realised business opportunities

Paperless company

- Elimination of the paper flows inside the company and extensive use of document management systems to retrieve documents and information. Paperless management of AP invoices, contracts, and many other documents, supported and accompanied by computer-aided workflow
- Ability to archive electronic copies of the documents printed out by mobile solutions where customers signatures are captured (eg deliveries/invoices, CDE service slips etc.)

Cost savings

- Cost reduction for physical archiving
- VAT deduction – earlier, no lost opportunities
- Common application solution has meant cost reductions in system implementation and management. Centrally developed and maintained solution for scanning, workflow, and archiving

See later for realised savings figures

Compliance

- Compliance with audit requirements (SOX and Local)
- It is a legal stipulation in several CCHBC countries to disallow the physical storage of paper documents

Resource optimisation

- Repetitive low value added tasks are automatically managed, releasing resources
- Resources allocated to higher value activities
- Improvement of end-user work quality through the use of innovative tools and applications, and eliminating low-value and time-consuming activities

Flexible organisation

- Back office AP activities are centralised at country level (short-term) or regional level (long-term destination), changes in scope and volume can be easily managed
- Increase in organisation flexibility, digitalised invoices can be processed and posted in remote locations
- Enables possible future move to Finance & Accounting shared services organisation

Performance efficiency

- Better performance in document handling and related cost reductions
- Cutback of invoice processing lead time (from document receipt to payment) due to elimination of low value and time consuming activities (paper archiving, fax and mail management, ...)
- Tracking of each document during each step of the process - from paper invoice scanning to payment release, and with the ability to calculate the main performance process indicators
- Reduction of invoice backlog and easy backlog monitoring
- Strong productivity increase in document posting, matching, and approval
- Shorten approval process to 1-2 days by implementing integrated, on-line workflows

Utilise existing legacy system

- Integrated with SAP Wave2 design and template building

Green IT

- The solution is in line with the Green IT concept through less printouts and paper consumption, including document archiving and scanning instead of copying and filing documents

Realised savings 2008 – per country

Department	Document type	Tangible benefit per year per country
AP	Financial effect of FTE reduction for AP invoices (1)	€110,000 - €120,000 (2)
AP	Additional process changes and soft benefits in AP department (3)	€ 10,000
AP	Process efficiency improvements (4)	€ 20,000
	Tangible benefit in AP department	€140,000 - €150,000

(1) Saving for 50,000 AP invoices per year; FTE reduction in AP department 25-40%. Number of invoices validated through OCR per FTE per day: OCR Light (FI) 150-250 invoices, OCR Full (MM) 400-500 invoices; 50% of invoices with purchase orders.

(2) Incl. €10,000 - €20,000 benefit per year (conservatively calculated), since the required skill level for handling AP invoice scanning and archiving will be changing from Qualified Accountant to Junior AP clerk the future salary level requirements will be less.

(3) Higher purchase order coverage; lower storage costs for paper invoices.

(4) Less time spent for research, queries for past invoices and vendor requirements investigation; reduction in time spent on invoice archiving, copying, internal paper workflow etc.; improved expense control, cash forecasting and lower working capital due to faster document posting and control in SAP; more efficient collection of input VAT; more efficient utilisation of vendor payment terms.

Total savings

The solution was implemented in eight countries, providing a total saving in excess of €1million.

Future steps

Following the success of the initial project, roll out will continue across further CCHBC countries.