

Customer Case Study: Constellation Europe

Invoice Automation is a real corker for Constellation Europe

Introduction

Constellation Europe is one of the largest drinks companies in Europe, formed in April 2004 following the integration of Constellation Wines Europe Ltd and Matthew Clark plc. Constellation Europe is part of Constellation Brands Inc, the largest wine company in the world and a leading producer and exporter of wine from the USA, Australia and New Zealand. The company has a strong portfolio of brands from the wine, cider, fortified wine, wine-style drinks and bottled water categories.



The decision to automate Accounts Payable



Constellation Europe's Accounts Payable (AP) department consisted of 13 people processing in the region of 180,000 invoices per year from suppliers across Europe. Invoices need to be approved by 250 individuals from 3 offices in the UK, 11 depots and 2 manufacturing plants, in addition to users in Mainland Europe.

Dealing with this volume in a manual operation was causing several problems for Constellation Europe. The process was extremely paper intensive; a considerable amount of time and effort was spent data inputting, chasing paper invoices and filing. It was often difficult to locate invoices and the AP team would waste time contacting the business users to trace invoices. This resulted in a lack of efficiency and a lack of control over the process. There had also been an issue of making a number of duplicate payments.

The decision was made to automate the invoice processing; to streamline the department and ultimately to be benchmarked as an exemplary AP process. The search began to find a solution that could meet their needs: integrate tightly with their ERP solution, JD Edwards, be sufficiently flexible to mirror their processes and be easy for the AP team to use. Documation had been known to the Accounts Payable Manager, Andy Tiller, previously and were an obvious choice:



“We chose Documation because we felt they took the time to really investigate our process, work with us to design the most efficient system and were able to prove the seamless integration with JD Edwards and had a very effective workflow solution.”

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How the AP department has been automated

Paper invoices entering the AP department are now scanned into the IMS (Invoice Management Solution) system. Using Automated Data Capture technologies, the header information, such as invoice total, supplier name, etc, is automatically read from the invoice. The integration between IMS and JD Edwards then enables this data to be populated directly to register the invoice in JD Edwards, with minimal manual data entry required

If IMS does not recognise the vendor, workflow automatically sends this as a query to the business user, who can then select whether this is a new vendor to be set up in JD Edwards or is just a one-off vendor. The integration between IMS and JD Edwards triggers the creation of the appropriate vendor in JD Edwards. This ensures that delays are not created with unknown vendors and speeds up the process of adding new vendors to JD Edwards.

Auto pre match with JD Edwards

Invoices that are associated with a Purchase Order (PO) are now matched in JD Edwards within a tolerance. This is done using the Universal Business Engines (UBE) technology within JD Edwards and was introduced at the same time as the IMS solution. Any invoices that fail to successfully match the PO are automatically routed to the procurer using workflow, for resolution using IMS.

Non-PO related invoices need to be coded and approved by the original procurer. Previously this was an entirely manual process, with each invoice being posted via the internal mail from AP to the individual who codes the invoice, then returned to AP, then sent out to the procurer of the goods to authorise. This process was not only time consuming but fraught with errors and the risk of invoices getting lost.

IMS now routes each invoice to be coded and authorised by the correct individual. Some invoices are automatically sent by IMS and others are routed by the AP clerk. If the system is not entirely confident of this selection, the AP user will initiate the distribution of the invoice to the procurer for authorisation. If they do not have the correct sign-off limit, IMS determines the appropriate individual to forward it to until final approval is achieved.

Once the data has been captured from an invoice, it has been successfully matched to a PO or it has been approved by the business, it is posted automatically to JD Edwards for payment.



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Integrated retrieval

Invoices can be retrieved from IMS at any stage, the full audit trail and a history of the workflow determines exactly where in the process each invoice is. It is also possible to retrieve invoices directly from JD Edwards due to the integration with IMS. The full audit trail is vital as Constellation Europe have to comply with Sarbanes Oxley legislation. The IMS solution is used to assist in this compliance, with the audit trail providing a complete history of the lifecycle of each document.

One of the key strengths of the operation is the tight integration between JD Edwards and IMS. This is based on a transfer of Shared Reference Data that happens nightly that ensures each system contains the most up to date information e.g. PO numbers, GL codes and new vendors.

The outcome of automation

The solution has considerably automated the AP department, this is resulting in an increase in control over the process. At the end of each month, JD Edwards produces an AP Log report that lists all the invoices that are with the business users. It is expected that the slicker and faster process will lead to a considerable reduction in the number of items on this log.

Another outcome is an increase in efficiency; the AP department can instantly find an invoice without having to waste time chasing the business users. With approximately 70% of the invoices now matching the PO immediately, a considerable amount of invoices only require scanning, after which the process is entirely automated. This efficiency has directly resulted in a reduction in the number of people required in the Accounts Payable department; before the system was installed the team consisted of 13 people and there have been reductions in headcount, as Andy Tiller substantiates:

“The IMS system has increased efficiency in our Accounts Payable department to such an extent that on full implementation we expect to reduce our headcount by 4.”

An additional benefit of the solution is that IMS reduces the possibility of duplicates being paid, the system includes validation that picks up possible duplicates and alerts the AP team. This will reduce the estimated £80,000 per year that was previously being spent on duplicate invoices.

Summary of key benefits

- Increased control
- Increased efficiency
- Reduction in AP headcount by 4 people
- Elimination of manual data entry
- Reduction in lost invoices
- Elimination of duplicate invoices
- Reduction in time spent locating and chasing invoices

Extending the solution

Now that the solution is fully implemented, Constellation Europe are already looking at the next steps. An obvious move is to capture invoices that originate electronically, either as EDI or that are sent by email. Although the data entry problems may not exist with these invoices, they still need to be approved in the same way as paper invoices so the workflow will be of benefit. IMS also includes a Management Information module with full reporting capabilities which is also being investigated.