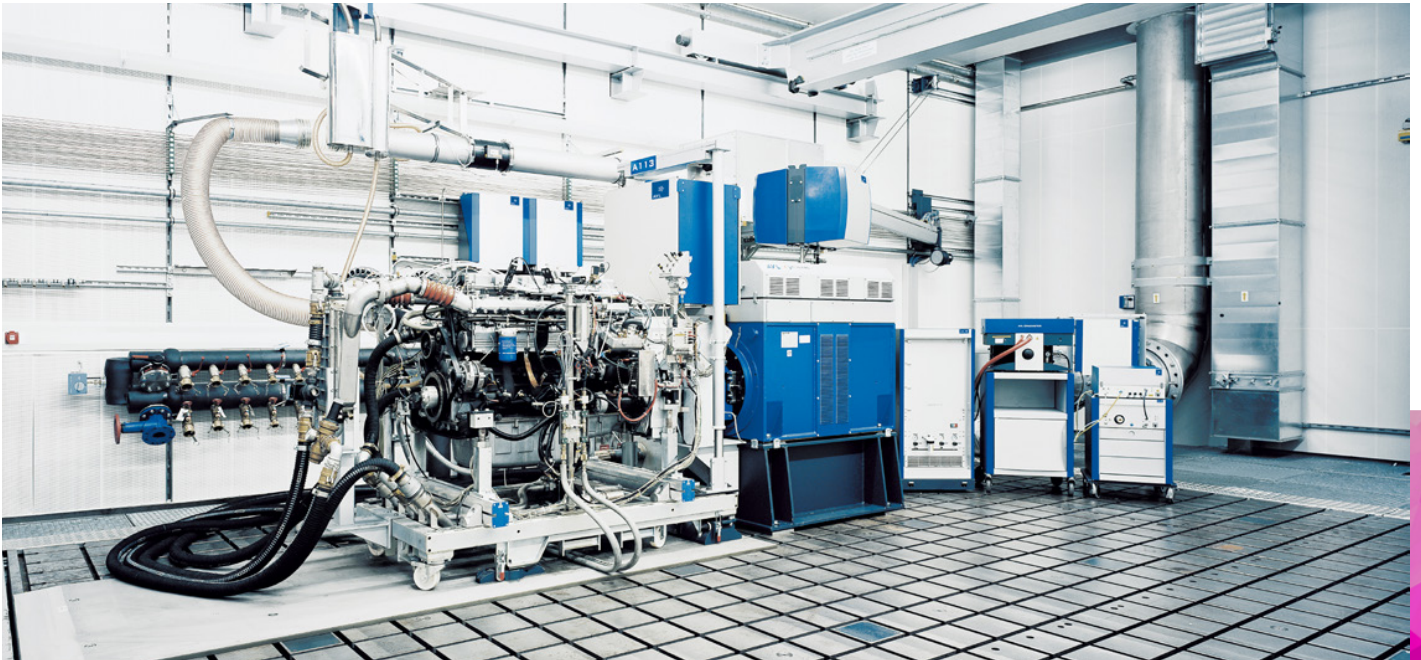ORDER CONFIRMATION SOLUTION
AVL LIST

Challenge:

» Consolidation of entry channels of order confirmations
» Digitization and automation of 60,000 order confirmations per year in Graz in the first instance

Solution:

» Usage of a strong OCR solution
» Connection to SAP ARIBA
» Filter views for convenient working

Benefits:

» Increase of automatic processing
» Hundred percent transparency of processing status
» Prompt capturing of all order confirmations

AFI
SOLUTIONS

Smart drive: incoming order confirmations gather digital pace

AVL LIST knows a thing or two about acceleration. As a specialist for the development, simulation and testing technology of drive systems of any kind, the company also demonstrates a skillful driving style when it comes to its own procurement process strategy.

Digital optimization is primarily about process efficiency and only then do the documents follow. AVL List has grasped this and relies on process know-how to implement a digital solution for the processing of incoming order confirmations.

Project managers Claudia Pritz and Thomas Raunig work as process designers in the background of operative purchasing and prove that a neutral view of daily purchasing processes pays off for everyone involved.

Why 100 percent EDI at AVL does not fit 100 percent

But back to the beginning. As in many - and especially in large - companies, paper is very popular with the employees. In the past, the purchasing department at AVL List also liked to print out order confirmations.

A factor that had been eliminated even before the search for a procurement solution began, as Claudia Pritz recounts: *"Printing of order confirmations had, of course, led to paper stacks as well as bottlenecks and this had a negative effect on delivery reliability and our supplier evaluations."*

Thomas Raunig adds: *"Here at our headquarters in Graz, we process about 60,000 order confirmations per year. The manual entry of order confirmations into our SAP ERP system is a thing of the past. It became more and more obvious that we need a faster and more efficient method."*

At the time of the project launch, AVL List received about twenty percent of the order confirmations via EDI, the rest arrived as PDFs via e-mail. However, from this vantage point, the initiatives to extend the EDI area had to be complemented by other solutions. Pritz illustrates the reasons for this as follows: *"The electronic exchange of documents has its charm with standardized orders for sure. But because of our project business, we collaborate with many different and also very small suppliers, some of whom do not even have an ERP system in use. EDI or WEB-EDI portals are difficult to implement in*

this context – also because of the costs for the suppliers."

In this context, it also became apparent that the clearing options of the current EDI providers are not fully developed: e.g. the employee is informed of deviations in the order confirmation by e-mail and only then can the order confirmation be processed.

One OCR is not like the other

OCR (Optical Character Recognition) was another important aspect in the search for a solution. The accounting department at AVL already has an OCR invoice scanning tool in operation.

Invoices generally have predefined characteristics but order confirmations are more complex. Therefore, there are not many software providers that offer an acceptable OCR for order confirmations. At this point, the market dwindled very quickly and AFI Solutions came into focus: it finally won the race with AFI Confirmation.

AVL Passenger Car Engines Renault

Apart from the strong OCR, the reasons for this were many small benefits which were crucial in total according to Pritz: *"Compared to the competitors, AFI had one or two more functionalities but I would personally stress the user-friendly and attractive user interface within the scope of SAP as well as the fact that the AFI products are already ready for S/4HANA."*

The Stuttgart-based software manufacturer also scored with soft skills and process know-how which is emphasized by Raunig as well: *"The professionalism of AFI Solutions has really made an impression on us. We have sensed that there are process connoisseurs at*

work who understand exactly what AVL List wants."

More knowledge from data

Long processing times are now a thing of the past. By the seamless integration of the solution into SAP, the employees could quickly work with the new system.

There now is a central entry channel for all order confirmations: purchasers can see each and every order confirmation in the AFI Confirmation Monitor and the processing status is thereby comprehensible at any time.

Maintenance of the order confirmations is extremely simple and fast: with just one click, several items of the order confirmation are maintained and securely archived. Original orders can be activated just as quickly directly from SAP. No matter if employees are on vacation or sick - all information is available centrally and comprehensibly.

Furthermore, new insights are opened up by various filter options as Pritz explains: *"We have several purchasing departments at AVL List and every purchaser can set his or her individual view as he or she pleases, e.g. for order confirmations which are still to be processed. Another revealing option are queries. This is where overviews of suppliers with the most frequent incoterm variations can be created for example. Solutions can then be discussed directly with these suppliers."*

And then … SAP ARIBA came along

Sometimes everything comes out… better than expected. When AVL List opted for AFI Confirmation, there was
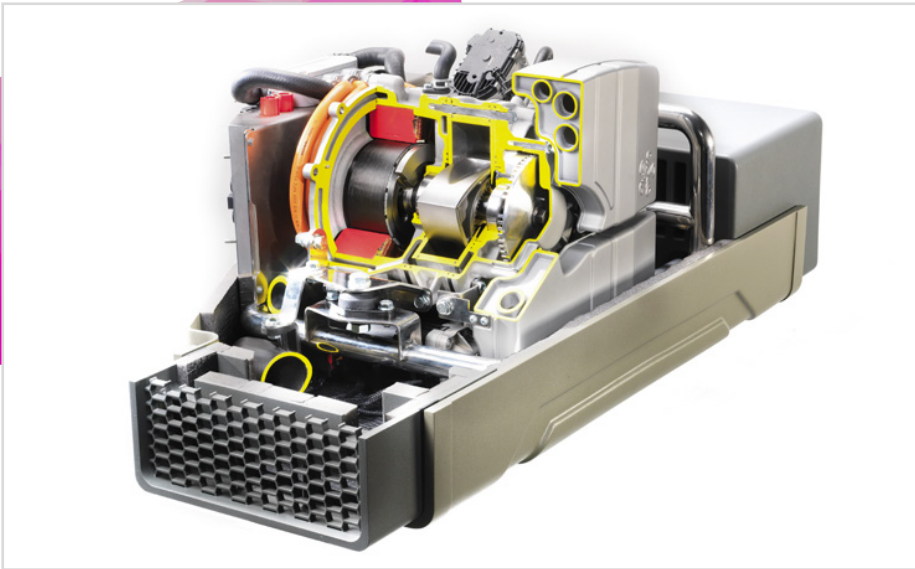
AVL Range Extender

no mention of SAP Ariba. It was of importance to the project team to create a central entry channel for all order confirmations. Therefore, it was planned to let the EDI suppliers enter the AFI Solutions system as well because it also processes IDocs of course. The company then decided in favor of SAP Ariba.

"We actually learned only by a coincidence that thyssen krupp had implemented AFI Confirmation for the sake of SAP Ariba because the SAP purchasing platform does not have its own clearing options for EDI order confirmations. This is why we were pleased to see that we are already optimally prepared for Ariba with AFI Confirmation," says Pritz with a smile.

The software solution was then extended to include Ariba order confirmations. In the case of Ariba, all order confirmations are automatically processed in the background unless there are deviations outside the maintained to-

lerances. This is also the goal for order confirmations in PDF format.

In the case of automatic processing, it must absolutely be ensured that all data is correct. Meanwhile, the purchasing department is already working in the area of PDFs with several suppliers whose order confirmations are of such high quality that they are processed completely automatically by now.

Valuable project advice from experience

Raunig and Pritz have had a process-oriented approach right from the start. Every company has its peculiarities but yet it was important to the two project managers from the beginning not to customize the solution too much and to map as much as possible in the standard system.

"We have of course benefited from the fact that our inhouse order confirmation process is not so complex. Still, we had to adapt two to three features of the solution to our individual needs. It

was clear, for example, that we only wanted one PDF per order and one order confirmation per PDF in the future so that the OCR tool could read this optimally. The challenge is to train your suppliers along the same lines but the success rate is increasing", recounts Raunig.

The two of them have also proceeded cleverly both from a psychological and a project point of view. By the advice of Pritz: *"It is important to get the employees on board as soon as possible. We selected the most critical users from the departments as pilot users. Their skepticism was taken away from them through active participation and we were able to incorporate the valuable feedback directly. Since we are not active in operative purchasing ourselves, we thereby have also made sure that all eventualities of daily work processes are considered."*

In this context, Raunig underlines an additional important insight: *"We kept the testing phase relatively short -*
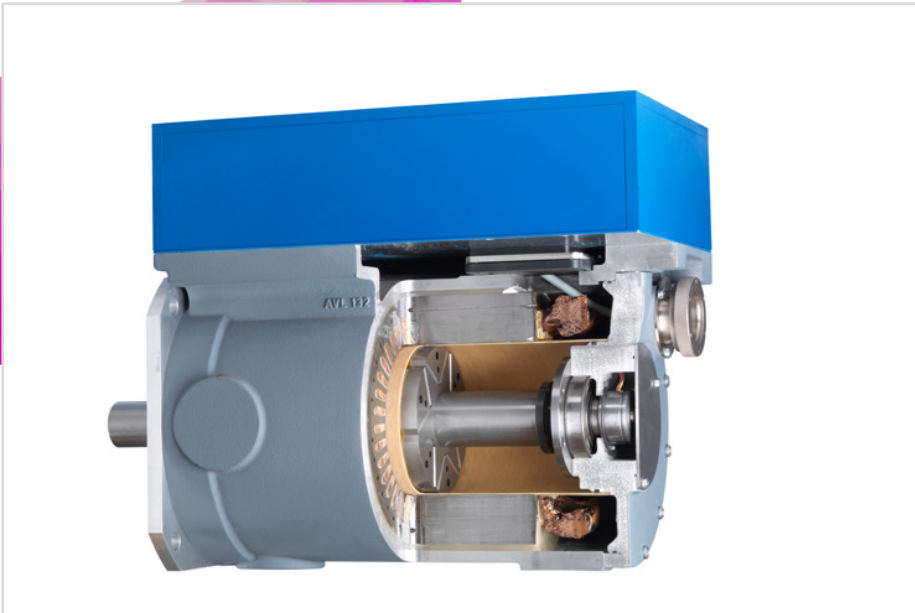
AVL E-Motor

about a month - because it is compli-cated and elaborate to generate test examples. This why we went straight into the production system with the pi-lot users and hereby the sense of the system was also clearly seen by the users. It is not necessary to activate the solution for the whole company right away because it can be implemented simultaneously."

Global rollout of the solution

AVL List has the great advantage that one SAP ERP system is in use for all locations around the world which makes the rollout of the solution much easier. In addition to the headquarters in Graz, two other locations in Germany are currently integrated. The USA, Britain and Spain as well as Europe in general are presently in the implementation process. The Asian region with China and India will follow in the year to come.

AVL is the world's largest independent company for the development, simulation and testing of power train systems (hybrid, internal combustion engines, transmissions, electric motors, batteries and software) for automobiles, utility vehicles and large engines.

www.avl.com

AFI Solutions GmbH is a leading solution provider for the digitization and optimization of document processes around SAP. The solutions cover the entire purchase-to-pay and order-to-cash process.

AFI is the only software manufacturer on the market that offers everything from a single source: With the RedPaperCenter as a managed service, companies can easily outsource the digitization of a wide variety of paper documents. In process optimization, AFI scores with SAP-integrated software solutions. The cloud-based DocumentHub as software as a service (= SaaS) completes the unique product portfolio.

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