"Digitalization is an issue that every company has to face."
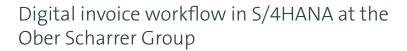
Dr. Alexander Tkotz, Head of Corporate Development

OS
OBER SCHARRER GRUPPE

Digital invoice workflow in S/4HANA at the Ober Scharrer Group

In parallel with a move from Microsoft Navision to SAP S/4HANA, the specialist in ophthalmology replaced its manual paper-based invoice processing with the digital invoice workflow from xSuite.

With 120 locations, among them nearly 50 surgery centers, the Ober Scharrer Gruppe GmbH (OSG) is one of Germany's leading providers in ophthalmology. Each year, more than 300 ophthalmologists perform over 150,000 IVOM (macular degeneration) and cataract surgeries at these locations. OSG also has subsidiaries in Switzerland, the Netherlands, and the UK.

In addition to the big sellers cataract surgery and intravitreal therapy, OSG offers the entire ophthalmological spectrum, ranging from conservative and refractive treatment all the way to the treatment of premature infants. OSG's business is flourishing, and the natural decline of eyesight in an aging population supports continued growth. Along with this expansion, correspondence is increasing; and with it, the number of paper invoices arriving daily at its 120 locations.

Administering digital treatment

In an organization as far-flung as OSG, it's easy to picture just how time-consuming basic steps must be: manual entry of invoices, forwarding from checkpoint to checkpoint, and the final step of posting; not to mention the errors that tend to crop up due to the manual nature of the work. Add to this a lack of transparency in incoming invoice status, piles of documents lying unprocessed, looming reminder fees, and opportunities for cash discounts gone lost... With all these classic disadvantages of analog work coming increasingly to the fore, Head of Corporate Development Dr. Alexander Tkotz and his team resolved to make the company fit for a digital future by subjecting it to a basic "treatment in digitalization."

Company
Web: www.osg.de
Sector: Ophthalmology
Location: Fürth, Germany

xSuite solution
• SAP integrated invoice processing (xSuite Invoice)

Why xSuite?
• Invoice validation within SAP
• Very good price-performance ratio

Systems integration
• SAP ECC

xsuite.com

xSuite
It's simple. It's digital.

Image Source: Ober Scharrer Gruppe

Dr. Alexander Tkotz
Head of Corporate Development
at OSG, Fürth

The Corporate Development department is basically an "in-house consultant". Its function is to identify potential for optimization in internal processes, as well as to develop the appropriate solutions. One 2020 project was the transition from the outdated Microsoft Navision ERP to SAP S/4HANA with a greenfield approach. This transition necessitated a number of other IT projects: using middleware to connect the productive systems at doctors' offices to the new ERP landscape; integrating software for consolidation and reporting to accommodate the Group's process of internationalization; setting up a new data warehouse; and establishing dynamic state-of-the-art reporting with the SAP Analytics Cloud. Ultimately, a near total of ten IT systems all had to go live at the same time.
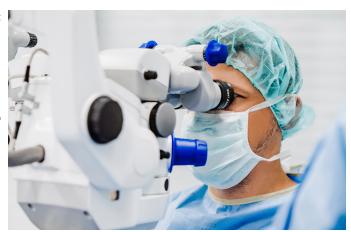
Multiple IT projects running simultaneously
Converting the invoice process from what was once paper-based and manually handled into a workflow that ran on a digital basis was just one of many new projects. Reliability in the implementation was critical, and so OSG chose xSuite Group as their technology partner, banking on their many years of experience in the industry and the thorough integration of their solution into SAP.

"Digitalization is an issue that every company has to face," Alexander Tkotz is certain. The ERP conversion opened up a broad range of options in digitalization for OSG. One thing that had long been an issue was the analog invoice processing system. As the development strategist points out, it was "absolutely out of date, to the point of being painful." In some cases, incoming mail needed to be opened in the mailroom in order to identify the department to which it was to be routed. Once invoices had arrived by interdepartmental mail, barcodes and the classic account-assignment stamps were applied. After the first factual check, a second check was made, involving a manager to approve it with a written signature. Until these two steps had been completed, the actual accounting process could not be initiated. "From a financial point of view, it was like stumbling along in the dark," says Alexander Tkotz.

xSuite
It's simple. It's digital.

Image Source: Ober Scharrer Gruppe

Abolishing shadow archiving

For preparation and review of the 50,000+ invoices per year at 2-3 minutes of processing time per document, a full-time equivalent (FTE) was required. In addition, a half to a full FTE was required for archiving. For, as at numerous other enterprises, OSG used what is known as "shadow archiving" – duplicate archiving steps performed both at the headquarters and locally. The stamped, signed invoice was copied, and the copy was filed on site; at the same time, the original was scanned and sent to Accounting for posting, and the hard copy was sent to the central archive, with only the copy remaining in local circulation. In other words, Accounting had double, or even triple the work. With the xSuite invoice workflow, the company not only digitalized its invoice processing, but put it through a comprehensive overhaul as well. To this aim, a process had to be designed to accommodate all parties involved — a task that was far from trivial in view of the structures that had evolved over the years, as well as the major organizational differences between outlying sites and headquarters. And then the question had to be resolved as to who would carry out which step in the future. Hundreds of previously unlisted local suppliers were identified, and master data entries were set up for them. Most importantly, nearly 500 employees — primarily medical staff with little to no affinity for commercial processes — had to be trained to work with the digital workflow.

Who is responsible for invoice approval?

Agent determination is a particular challenge in a far-flung organization such as OSG. How do you really reach the employees who execute the process if they are located at 120 different sites? They must be stored in the workflow software as the individuals to whom the invoices are delivered. Long Excel lists were developed to identify responsible individuals and their respective rights. To this end, it was necessary to clarify on site who would have which tasks in the future, and how the process would change.

The project team linked the agent determination to the suppliers, specifying for each supplier who was responsible for factual verification, and who was responsible for approval. Applied to both of these aspects, there were two alternatives — location or headquarters —, resulting in a matrix of four. However, even if the invoice recipient was correctly located at a given site, some invoices could not be factually verified by that location. The workflow fixed this difficulty by intercepting invoices such as these in advance and forwarding them directly to the appropriate department at headquarters for processing.

xsuite.com

xSuite
It's simple. It's digital.

Automatic escalation levels built in

The entire approval/release process has now been digitalized. "We designed it for maximum simplicity," explains Alexander Tkotz. It is restricted to four levels only, the first two being mandatory, and levels three and four only used for amounts ranging above defined limits. In level one, each invoice is factually checked, and in level two a manager at the site gives his approval for payment in accordance with the four-eye principal.

Various escalation levels have been defined in the workflow: If a factual check remains unprocessed for four days, the releaser will be informed; after six days, the process will be automatically routed to regional management; and finally, after eight days, to the COO. This ensures that invoices are processed quickly. All potential discounts are cashed in since payment is made at an early stage, and late fees are avoided as well.

In the xSuite solution reporting function, OSG has set up three layers: The first shows KPIs for management — for each process step, the number of open invoices and their sum total, or the total amount of current document volume. Which invoices for larger amount (starting at €10,000) are in circulation can also be identified immediately — a function that is particularly important for accrual at month's end. The second layer shows KPIs by company and location as a management tool for the Accounts Payable team. Here, open invoices are broken down to individual locations and individual statuses. Finally, the third level contains additional details for each document, e.g., lead time, discount date and current site of processing.

Shorter throughput time, greater transparency

Since January 2021, invoice approval and release at OSG have been digitalized 100%. This has resulted in a significant acceleration of turnaround time, as well as full transparency on the status of every invoice. OSG also plans to digitalize the entire invoice receipt process in the near future. The company has asked suppliers to send digital invoices rather than paper ones. Digital invoices can be fed into the workflow much faster, and the results are virtually error-free. After processing, the documents are filed in the digital xSuite archive.

The next major step that OSG intends to take is to set up an ordering system in SAP that will be linked to the invoice workflow to enable end-to-end P2P processes. Automatic invoice verification will then take place with the three-way match method: If the purchase order, goods receipt and invoice match up, the system will automatically perform touchless posting of the invoice, eliminating the need for separate checking and release. OSG is currently having its digital archiving audited. In the future, it will be possible to destroy paper documents as soon as they have been scanned into the system — one more step in the increasingly efficient progression from analog to digital. There's no denying it — the process of digitalization at OSG has truly come into full swing.

xsuite.com

xSuite
It's simple. It's digital.