Accounts Payable automation at AlzChem AG

alzchem group

Some of the business units at AlzChem AG have long had experience with electronic processing of incoming invoices. Starting from its previous Lotus-Notes-based system, over time Alzchem has transitioned to a solution from xSuite Group that is completely SAP-integrated.

AlzChem goes back to 1908, the year the Bayerische Stickstoff-Werke AG was founded. Numerous name changes and mergers later, the last being with Degussa Hüls AG, the AlzChem sites at Trostberg, Schalchen, Hart an der Alz, and Waldkraiburg left present-day Evonik Industries AG to become the AlzChem Holding GmbH in 2006. Renamed AlzChem AG in 2011, the headquarters are now located in Trostberg, Germany. With 1,350 employees and an annual revenue of over 280 million Euro, AlzChem is now an internationally active chemical company focusing on NCN chemical products. After the spin-off in 2006, the decision was made to process incoming invoices directly within the SAP system. Founding AlzChem Group member company AlzChem Trostberg GmbH had used an individualized Lotus-Notes workflow solution while part of Degussa AG. The knowledge of processes necessary for a transition was thus present, and the advantages of electronic invoice management were clear: processes speeded up through escalation of workflow tasks, costs cut through elimination of lost discounts and reminder fees.

Approval Based on SAP Technology

Running processes within a standardized SAP solution promised a clear reduction of maintenance, support, and processing costs. As a preliminary study had predicted, the xSuite workflow solution that was installed now already covers 90% of the necessary functions with its standard selection. The company now uses xSuite Invoice, a workflow module from the xSuite product family based on the SAP standard. xSuite automates the mapping of document-based processes in SAP. The SAP-certified software xSuite Invoice now allows users from business units at AlzChem to approve and release their vendor invoices based on SAP technology.

Company:
- Web: www.alzchem.de
- Sector: Chemical Industry
- Headquarters: Trostberg, Germany

xSuite® solution
- SAP-integrated invoice processing

Decisive Arguments for xSuite
- Completely SAP integrated
- Quick, easy invoice release via iPad or Smartphone
- Standardized, generic SAP solution

Systems integration
- SAP ERP

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Each year, the company receives around 60,000 invoices in paper form or by email in PDF format. They are scanned with a capture component, after which the relevant invoice data is extracted. The SAP-certified xSuite Interface transfers the extracted data and invoice images to SAP Net-Weaver for integration into processes. Introduction of the solution has led to clear acceleration in invoice processing at AlzChem. The approval workflow now functions according to the four-eye principle with automated factual verification. AlzChem defined a ruleset for the software to determine how approvers are to be identified. No one needs to search by hand for the next approver in line in the workflow—the ruleset has already established the sequence.

Approval Ruleset, Parallel Processes
Since both invoice processing and procurement take place in SAP, it is possible for Accounts Payable to forward invoices with price discrepancies or missing goods receipt directly to Purchasing for checking. From SAP, the system will search for the purchasing agent responsible and suggest him or her as an approver. Invoices without purchase order reference also have rulesets. The criterion normally used is the invoice amount. In a release table in xSuite Invoice, AlzChem can set whether invoices with amounts above a set maximum are only to be signed off by authorized staff. This manages the release process via SAP authorization objects dependent on the amount. What did not work in the previously used Lotus Notes system for electronic processing was release on the line-item level: an invoice could only be passed on as a whole from one endorser to the next. In the new system, the line-item data is extracted, often with ten invoice items to be released by five different approvers. xSuite Invoice sends the invoice to all five in parallel. An incoming invoice ledger serves as an analytics tool for tracing day-to-day operations.

According to Stefan Hahn, head of IT at AlzChem AG,
"With the invoice approval workflow within SAP, we ensure greater overall transparency in accounting. This is apparent in improved results shown in monthly and annual financial reports."

Processing Time Reduced from Five to Two Days
Since the introduction of SAP-integrated invoice processing, AlzChem AG has raised the number of invoices with SAP PO reference from 53% in 2006 to 91% in 2013. The average processing time of AlzChem invoices has been reduced from five days to two. Approval of SAP MM-based invoices is greatly simplified in the end, as the accounting and vendor-related information in the transactions has already been established in advance. Checks for identifying any possible discrepancies are done with software that is integrated in the invoice-approval workflow in SAP. As such, the invoice-approval workflow is located at the same level as that for purchasing, which considerably accelerates the checking process.

In 2012, the enterprise moved yet another step forward, replacing the external component previously used for document capture and data extraction with xSuite Capture. This allows validation and plausibility checks of invoice data against SAP master and line-item data to be performed entirely in SAP. This offers clear advantages to AP staff as they no longer need to leave the environment where they perform the bulk of their work. Including xSuite Capture in their installation has enabled AlzChem to achieve a ten-fold improvement of performance in record transfer to SAP. Since the xSuite Capture installation, the chemicals company has added two more functions to its solution. The module Interface Mail monitors designated mailboxes receiving invoices in PDF format and automatically extracts invoice contents. Also, the increasing desire among staff to access SAP from iPad or Smartphone has not escaped the attention of AlzChem management. Approvers wish for quick, easy invoice release that is just as quick and easy on the road as it is in the office. The module xSuite Interface Mobile makes this possible.

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