

Detailed Information Instead of Samples

The Elmer consortium is one of the leading specialist wholesale companies of the plumbing/heating/air-conditioning sector in Germany. With 65 branch offices, the consortium supplies the professional trade in North Rhine-Westphalia, southern Lower Saxony, and northern Rhineland Palatinate. The extensive product range procured from some 150 suppliers leads to an annual total of roughly 130,000 incoming invoices, which in the past could only be verified in detail on a random sampling basis. The risk of paying incorrect invoices was correspondingly high.

In order to be able to systematically verify the correctness of incoming commercial invoices, the process was to be automated. "We were looking for software that would automatically check the individual items of the incoming invoices and provide the basis for the rest of the invoice verification workflow in financial accounting," says the Commercial Director at ELMER, describing the starting situation. Checks were to be carried out in particular for whether the supplied quantities and calculated prices matched the original order.

In the search for a suitable solution, in-house development by ELMER was not considered. The ERP system was already developed in-house by ELMER, and it took up a large part of the available IT resources. In the course of a bid invitation process, the requirements were defined and solution options were evaluated. Four providers made it onto the short list. "We ultimately decided in favor of inubit because it was the only system that could process all tasks in a single tool, ranging from the actual invoice verification to the connection of the existing IT landscape to processing of data of third-party systems."

Keeping an eye on every invoice: The invoice receipt ledger

In order to optimize the verification processes for incoming invoices at ELMER, the invoice receipt ledger

(IRL) was designed and implemented on the basis of inubit.

e-Manager GmbH took the lead during the implementation phase: „The concept we developed covers all requirements without neglecting the necessary performance for the processing. Our technical team was highly demanded here and did a great job," Frank Trenkwald, managing director, summarizes.

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The IRL offers the ELMER employees an online portal interface that allows all incoming invoices to be viewed on the item level. The automated verification process runs in the background: invoices are compared with the corresponding orders and deliveries and checked to ensure that they match; invoice items that differ from the order are visibly marked for the verifier.

Orders are also compared with the delivery note data and the received goods from the stock item entries. For cases in which an order refe-

rence is missing, the system has a logical sequence to follow for finding the order number that matches the invoice. It is also possible to directly consult employees about a specific problem in case of discrepancies.

At the end of this process, there is usually a two-stage approval process (consisting of objective and commercial approval) that ends with a posting in the financial accounting software. The invoice receipt ledger archives all required documents in compliance with GDPdU (Principles of Data Access and Verification of Digital Documents) and supports employees in complying with rules for retention of digital documents and with the duty of taxable entities to cooperate with audits.

A special challenge of the project was the integration of central payer GSH (Gesellschaft für Sanitär- und Heizungsbedarf GmbH & Co. KG) into the processes. ELMER receives invoices either directly from the suppliers or via GSH. These invoices are paid on agreed fixed dates. In order to make it possible to settle differences between invoices and deliveries even after payment by GSH, the option to create and send a debit note electronically was also added to the invoice receipt ledger.

The solution in detail

- In the course of data collection, ZIP files of the suppliers are re-



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ceived and prepared. EDIFACT and PDF documents are processed and transferred to the invoice database. The orders from the in-house inventory management are also transferred and stored in an order table in the database. Posted goods receipt and delivery notes are entered into a database table as well.

- ▶ The data goes through a check process that also makes it possible to make surcharges and discounts in the IRL and financial accounting visible.
- ▶ The employees can view and manage all data in a uniform online portal. In this way ELMER can dispense with time-intensive software installation.
- ▶ Beyond the invoice receipt ledger, inubit is also used as a data hub for feeding data into the IRL from all third-party systems, such as the in-house ordering system, the long-term archive, and financial accounting.
- ▶ The system features the option to use what is known as the mail-response-process to carry out

defined queries in order to determine a number of items of statistical data and take over control tasks.

- ▶ Within the scope of the IRL launch, BME Cat data was also mapped in a customer portal.
- ▶ In addition to the technical implementation, work processes needed to be redefined and harmonized with the technical requirements. The checks that represented a partial ERP expansion were a particular challenge. Solutions implemented at companies with close ties often had a strong ERP background. However, the solution implemented at Elmer represented a self-contained invoice verification process based on a database technology with universal system adapters.

Automation rate: 100 percent

Since the invoice receipt ledger was set up, everything has been running smoothly at ELMER. "Since the launch six months ago, 25,000 invoices have already gone through the

automated verification. While it was previously the case that verification was carried out only on a random sampling basis, the verification rate is now 100 percent," summarizes the Commercial Director, adding that "an automated verification of material cost invoices is also being considered in addition to automated verification of commercial invoices."

What's next? It is first and foremost in the area of system integration that ELMER still has work to do, which can be addressed using inubit. There are thus plans to use the software to support other work processes in the consortium and to bundle the data flow of all systems.