

Worldwide Rollout of an Invoice-Processing Standard



Global supplier KIRCHHOFF Automotive uses xSuite's invoice-processing solution as a tool to standardize accounts payable processes. KIRCHHOFF Automotive is globally present as a development partner to the automotive industry and a full-range supplier of complex metal and hybrid structures for body-in-white and chassis, as well as crash management and dashboard supports. In existence since 1785, the family-owned company is part of today's KIRCHHOFF Group, which is made up of the business units KIRCHHOFF Ecotec, KIRCHHOFF Mobility and WITTE Tools. KIRCHHOFF Automotive boasts 9,000 employees and 26 production plants in 11 countries, making it the largest business unit of the KIRCHHOFF Group.

Up to a few years ago, the different plants in the various countries where KIRCHHOFF operates handled their accounts payable on their own, and the finance departments acted more or less autonomously. The group is undergoing steady growth and acquiring new plants in the process. It is therefore inevitable that there will be slight differences in how each location handles its invoice processing and establishes its processes and logic.

An example is the area of shipping invoices, where the way the process chain „Generate purchase requisition in SAP – approve – order and delivery – invoice“ was performed sometimes varied from location to location. Differences such as these tend to produce more work. This is particularly the case when an SAP purchase order is absent, since then the question often arises as to who is responsible for releasing the invoice.

Company:

Web: www.kirchhoff-automotive.com
Sector: Automotive
Headquarters: Iserlohn, Germany

xSuite® solution

- SAP integrated invoice processing (xSuite Invoice)

Decisive arguments for xSuite

- Validation of invoices takes place within SAP
- Very good price-performance ratio

Systems integration

- SAP ECC

A typical scenario was when someone would place orders over the phone, which would not show up in SAP. As a result, goods were delivered without PO reference, and a search necessarily ensued to find out whose invoice it actually was.

General overview of important key figures

„This made it difficult to draw comparisons,” says Martin Jonczyk, Global Consultant for the xSuite solution at KIRCHHOFF Automotive. „The turnaround times before an invoice was posted and released varied widely. Therefore, when the invoice receipt software was implemented, a key system of controls was set up. This is now used to compare these processes in the respective plants, with the aim of uncovering any wastage.” To unify processes, the company implemented xSuite Group’s solution for processing incoming invoices.

„We particularly liked the fact that the validation of invoices takes place within SAP. The price-performance ratio was very good and the interpersonal aspect felt right too,” says Martin Jonczyk.

New financial shared services center

The decision to go with the product was made in 2013. Since then, the software has been rolled out bit by bit in the different national subsidiaries, with new functions being added. Over the course of the implementation, KIRCHHOFF Automotive also set up a financial shared services center near Porto in Portugal.

„The plant there was best-practice in processes. We were able to use it well as a blueprint for standardization in order to exploit future synergy effects,” explains Martin Jonczyk, who coordinated the implementation of the invoice processing solution from the very beginning.

75% of invoices are now PDFs

By the end of 2020, the invoice workflow had been activated in thirteen company codes. KIRCHHOFF processes 250,000 invoices a year worldwide, 80% of which are ones with PO reference in SAP MM. Barring any price or quantity differences, 80% of these MM invoices are posted directly. Of the invoices that the company receives today, 75% arrive by e-mail in PDF format and are routed to a central mailbox in the shared services center. There, the xSuite software extracts header data in the first step and then starts the release workflow for the cost invoices from SAP FI. Worldwide, as many as 2,000 individuals are now connected to the workflow. They check the invoices via their SAP account and then release them. After final posting, the software takes over the posting. The next stage of installation will involve extraction of line-item data.

Transparent overview for accountants

The 25% of invoices that still come in on paper are sent by suppliers to 26 plants in 11 countries, where they are scanned and transmitted to the shared services center for further processing. Local SAP FI key users support end users in the plants and drive important improvements forward. Accounting specialists can click right into the data that will give them a clear overview: How many invoices are currently in circulation? Where are they located?

Today, information of this sort is standardized and readily available in the SAP system. Based on this data, an external central system of financial controls was developed for comparing and analyzing processes, in some cases on a daily basis. Profits achieved through discounts granted on the basis of early payment definitely play a role at KIRCHHOFF Automotive.

Although, according to Martin Jonczyk, this sort of cash discount tends to be more of a factor in German business, the foreign plants also benefit from the recent implementations — processes have been simplified to a significant degree, and payments are made more quickly. The information regarding the amount of work that goes into processing an invoice has therefore gained in value. It's all based on the principle that the simpler the process, the more invoices an individual can process per hour or day. This is particularly important when seen against the backdrop of a steadily growing volume of invoices, which KIRCHHOFF Automotive has been recording for years in tandem with its growing business volume.

In early 2021, KIRCHHOFF Automotive planned to connect its plants in Mexico to the workflow, followed by the plants in the USA and China. Technically, the automotive supplier also intends to intensify its shift to the XML and EDI formats. This will raise the level of automation yet another notch and lead to further improvement in validation.