



Pharmaceutical Group Klosterfrau: Purchase-to-pay process with automatic budget control



The Klosterfrau Healthcare Group now has SAP S/4 HANA, but even before that, it implemented highly automated processes in purchasing and accounts payable using xSuite Group solutions. And now Fiori Apps too make ordering processes, including budget checking and invoice verification, easier and more user-friendly.

With around 1,700 employees and over 220 products, Klosterfrau is a German pharmaceutical company established almost 200 years ago. It has 15 offices throughout Europe. Its headquarters and sales offices are in Cologne, Germany, and it has production sites in Berlin and Lüchow in Germany. In 2021, the company successfully migrated its existing SAP system to S/4HANA for these sales and production sites. As a result, these offices now operate with a standardized system, based on harmonized processes – and S/4HANA is gradually being introduced to the other locations. Klosterfrau has been optimizing its purchasing and invoice processing workflows with xSuite solutions since 2014.

Martina Grund, an SAP key user in financial accounting at Klosterfrau, says, “We have reduced processing times and eliminated shadow accounting, and we now have insight into the processing status of annual and monthly financial statements whenever we need it.”

A central electronic document archive enables comprehensive tamperproof documentation of processes and releases.

Company

Web: www.klosterfrau.de
Sector: Industrie, Health Care
Headquarters: Cologne, Germany

xSuite® solution

- SAP integrated solutions for purchasing and invoice processing
- Workflow to check marketing budget

Decisive arguments for xSuite

- Many years of positive experience with already installed xSuite solutions
- Extended use of the existing workflow solution

Systems integration

- SAP S/4HANA

Paper-free processes from purchase orders to posting

Over the years, the pharmaceutical company has added features to the solution. By mid-2021, it was being used for 14 company codes; more than 8,000 purchase orders and nearly 26,000 invoices per year are now created, released and processed in the modules for purchasing and accounts payable. These modules interact with each other to create a purchase-to-pay process which is entirely digital: In the “Feeder” of the purchase solution, an employee initially records his or her requirements, which is primarily used for asset procurement. After successful approval, this feeder is automatically converted into a purchase requisition, which is later used by the purchasing department to generate the purchase order. The subsequent receipt of the goods – or services – is followed by the invoice-processing workflow: Invoices arrive at the company, are digitized, read, parked in SAP, checked, approved (only cost accounts), entered, and paid – all without anyone at Klosterfrau ever picking up a piece of paper.

Whereas an invoice used to take around ten days from receipt to posting, today the financial accounting department often gets it back checked and approved in just 24 hours. These are peak figures, but even on average, throughput times have been reduced by half. Klosterfrau Group staff particularly appreciate the flexibility of the xSuite solutions. For example, they can configure agent determination on their own or set up additional processes, which reduces the need to call in IT support.

Marketing budget now consistently within limit

In 2019, the company went live with a new ordering process for marketing. Marketing expenses at Klosterfrau are controlled via SAP CO internal orders and were previously allocated manually. The annual budget was stored in SAP, on the basis of which marketing measures were requested separately and later assigned to the invoice manually – instead of matching the two automatically. Marketing wasn’t able to track which activities had already been invoiced, and thus had to put a lot of effort into matching. Since the budget overview wasn’t updated automatically, the department was always in danger of going over budget.

To optimize the process, the following goals were set: A flexible, automatic release flow with audit-proof documentation, no more duplicate releases of measures and invoices, simple adjustments of organizational changes (without IT support), and integrated budget checks including consideration of current status. These goals were achieved through a standard SAP process with open item management (for budget monitoring and control) and the use of xSuite’s P2P solutions. This is how the company achieved greater transparency and budget control in the area of marketing.

Today, the controlling department still enters the total budget into the system at the beginning of the year. The marketing department next creates a request in SAP, which then undergoes a budget check. The system checks the stored annual budget, deducts invoices already received, confirms outstanding payments (open orders) and checks whether the available remaining budget is sufficient. If the budget is overspent, the xSuite workflow routes the order directly to controlling. A transparent overview of the actual invoices, liabilities and available budget can be viewed as needed in the reporting system.

After a successful budget check, the individuals responsible release the order. Release levels can be flexibly adjusted via agent determination. As before, this is based on the invoice type. Invoices for goods receipts with a purchase order reference are posted directly, whereas in the case of services, Marketing also confirms that the service has been performed. Since Marketing’s implementation, this process has been adopted by other departments such as the medical-scientific department, which started using the solution after the introduction of S/4HANA.

One log-in for everything

Working with the new SAP generation is most tangible for employees of the Klosterfrau Healthcare Group through the new way activities are handled from the Fiori interfaces.

“We call this the one-stop shop,” says Martina Grund. “Log in once, do it all.”

Before S/4HANA, the process was not user-friendly for end users. While purchase orders were created in the ERP system, end users entered their approvals via the xSuite web interface. Now, with SAP S/4HANA, all steps are performed within SAP Fiori.

Overview with maximum detail

The two tiles “PO Overview” (overview of purchase orders including approvals) and “Inbox” (review/ approval tasks for the end user) are the Fiori Apps of the xSuite Group relevant to the process. Here, information on all documents within the P2P process is brought together in a central location, providing an overview that includes all information required. The P2P process has been further optimized by the introduction of S/4HANA, including SAP Fiori in conjunction with the xSuite Apps. The xSuite solutions have proven to be of value for the Klosterfrau Group, which is why they are being adopted across the group.

Martina Grund: “With xSuite, we have established a uniform procurement process for services and goods and, thanks to its flexibility, we can map different business processes. With the account assignment we have for purchase orders, invoices can be posted more quickly and we benefit altogether from transparent control and overview of the budget. The processes with the xSuite solutions have proven valuable, which is why we are gradually implementing them in other business areas.”

About Klosterfrau

The Klosterfrau Healthcare Group is a German pharmaceutical company that looks back on a history of almost 200 years. Enterprises within the Klosterfrau Group include the Divapharma GmbH (Berlin, Germany) and Cassella-med GmbH & Co. KG (Cologne, Germany). Production and sales of over 220 products are managed from the company's headquarters in Cologne. The best-known product in the range is the herbal tonic Klosterfrau Melisengeist.