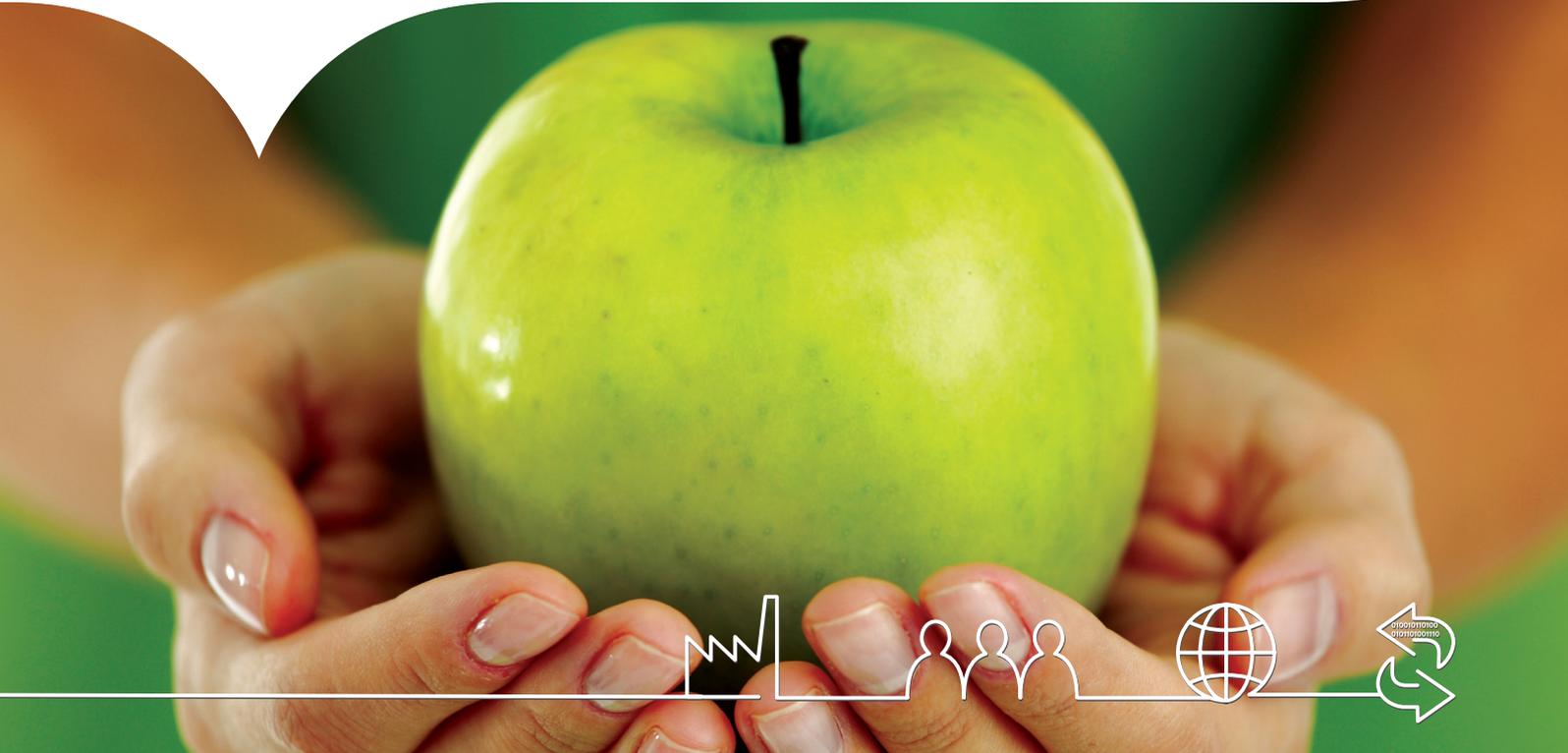


Improving Agrana's supplier relationship management



Keeping track of suppliers' payment terms and ensuring that invoices are processed and paid on time is crucial.

Agrana, the largest producer of juice concentrates in Europe, uses the concentration process to convert natural fruit juice into concentrated juice. Once the juice is in a concentrated form, it can be shipped to the fruit juice manufacturers.

Different factors play a major role in the process of producing high-quality concentrates. The ability to find the right fruit varieties, the freshest products and the best areas of cultivation as well as efficient post-harvest processing are key factors. The main challenge for Agrana is relying on good and reliable suppliers. This is because the company must purchase high-quality raw materials and ensure that the production process is not affected by any late shipments. To minimize delivery problems or delays, Agrana had to implement an efficient Accounts Payable (AP) process to ensure that each supplier is paid on time.

Optimizing and automating the AP process

Juice concentrate producers' main challenge is building sustainable and trust-based relationships with suppliers through an efficient AP process. Producers must ensure that their outstanding invoices do not progress into overdue invoices as a delay in payment can directly impact their production chain. Keeping track of suppliers' payment terms and ensuring that invoices are processed and paid on time is crucial. One of the most time-consuming parts of the AP process is matching supplier invoices to purchase orders (POs) to assure that all payments can be authorized.



This process is even more complicated when the manufacturer has to deal with a multitude of POs at the same time.

Producers usually take the following actions to reduce the AP departments' workload:

- Using "Blanket POs" to shrink the number of POs to be matched: long-term POs, typically created for a one-year period, which cover all expected purchases from a supplier
- Applying automatic three-way matching: the auto-matching engine compares the data appearing on the vendor's invoice with the information on the purchase order and the quantities actually received. Thus, it automates the matching process so that the company only deals with exceptions
- Implementing simplified procedures for ad hoc invoice payments: a no-match procedure that requires only appropriate signature authority to log an invoice for payment within stated terms
- Setting tolerance for processing variances: we refer to variances in unit cost, quantity and due dates

Agrana faced a problem: it used to frequently book invoice to the wrong PO number; this was because suppliers used the weighing ticket number on the invoice instead of the PO. As a result, it was very time-consuming for Agrana to find the correct PO numbers in SAP and enter them manually while posting the invoice. To make Agrana's AP process easier and more efficient, Capgemini proposed Agrana to implement a new feature: "create with dialog", in the SAP Workflow. The aim was to connect the weighing ticket with the PO number through an automated process to reduce manual work.

Capgemini's main challenge was to help Agrana minimize back office delays and achieve more efficiency by automating the entire AP process. Automatically connecting the weighing ticket with the PO number in the SAP Workflow was a crucial step of our improvement plan. The data from the purchase order was automatically uploaded to SAP, automating the whole matching process. Thanks to this improvement, the time of processing invoices has been reduced and the posting accuracy increased.

Our successful transformation optimized and automated Agrana's AP process and enabled the company to build good supplier relationships – an essential part of ensuring the business' health and growth. As a result, Agrana has become a valued customer that is able to authorize payments on time. This transformation had a real impact on Agrana's daily business, as the company can make better deals with its suppliers, while negotiating favorable delivery times and payment terms. Above all, it eliminates the risk of late shipments that could potentially affect the whole production process and Agrana's capability to deliver products on time.

For more details **contact:**

Bernadetta Plonka
Bernadetta.Plonka@capgemini.com

Capgemini successfully completed the project with Agrana. Some of the benefits include:

- **Data accuracy:** weighing tickets directly connected with correct PO numbers through an automated process
- **Payment delays:** invoices paid according to agreed payment terms
- **Time-savings:** implementation of efficient task management

Agrana was able to achieve significant benefits:

- Building sustainable and trust-based relationships with suppliers
- Paying invoices on time and negotiating better conditions with suppliers
- A strengthened brand image



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