

**Rexel**

ELECTRICAL SUPPLIES

**CASE STUDY:**

REXEL UK

**INDUSTRY:**

Electrical

**COUNTRY:**

United Kingdom

**B2BE SOLUTIONS:**

3 Way Matching

**AT A GLANCE****BUSINESS OBJECTIVE**

The initial remit was to look at the payment processes for suppliers, but the remit soon expanded to encapsulate a full supplier engagement solution to improve processes across the supply chain.

**BUSINESS BENEFITS**

B2BE has been able to achieve the objectives which has ultimately allowed Rexel to realise productivity and profit gains as well as substantially increase the ease by which suppliers and customers can trade with Rexel.

**The Client**

Rexel is the worlds' leading electrical wholesaler. Within the UK & Ireland Rexel is a business-to-business distributor of electrical installation supplies. They focus on the industrial MRO (Maintenance Repair and Operations), safety and electrical markets. In each of these markets, Rexel satisfies customers' demand for improved productivity through innovative services, products and partnering.

**The Challenge**

Rexel UK used a heavily modified Movex ERP system, particularly in the area of accounts payable and supplier Invoice matching. Rexel viewed that a move from the current Movex version to the latest version, M3 would provide a number of strategic advantages. It was a good opportunity to also remove a number of modifications to help with a structured upgrade path for future system releases and to operate on a common platform.

Rexel UK had also embarked on a project to amalgamate a number of their electrical wholesaler brands and businesses onto the new M3 platform. Each of these businesses were on separate legacy systems which Rexel UK wanted to gradually retire in favour of the M3 system to enable greater leverage of back-end systems and resources.

This presented a problem for accounts payable however. The M3 accounts payable module was not designed to handle the sheer volume of supplier Invoices processed each day by the Rexel UK Birmingham Shared Services environment easily without increasing the team size. With the larger amalgamated group, Rexel UK now processes around 90,000 - 100,000 supplier Invoices each month with plans to have the shared services team handle more businesses, further increasing volumes.

Where supplier Invoices failed the three way matching process it meant an accounts payable resource had to review the Invoice against the Purchase Order and the Goods Receipt and then take the appropriate remedial action, which in some cases meant manually creating a Debit Note. This could take a Rexel accounts payable resource considerable time as the paper trail was not always straight forward and having over 300 branches across the UK and Ireland it also meant quite a bit of interaction with branches to rectify some issues.

With the move to M3, Alex Whewell, Rexel UK Group's Head of Accounts Payable explains, 'we wanted to touch as few of these Invoices as possible, and those that we did have to deal with, we wanted to deal with as quickly and efficiently as possible'.

Ideally Rexel wanted to do this within their ERP system (M3) after upgrading from Movex but this was far from easy as Alex says 'Manipulating data within M3 was going to be difficult, because we needed to apply our matching rules to the data but M3 was not able to allocate error codes effectively to mismatches which meant the accounts payable operators would have had to individually scrutinise the Purchase Order, the Goods Receipt and the supplier Invoice to determine the issue.



## REXEL UK

In our business we can receive over 5,000 supplier Invoices per day so this would have meant doubling the team to manage supplier Invoice processing. This was obviously not practical given the cost implications’.

Alex adds ‘It was a classic case of wanting a solution that would fit our business’s needs, rather than trying to make our business fit in with our ERP’s capabilities’.

B2BE were supplying Rexel with digital solutions which enabled Rexel to receive all its Invoices electronically, either via EDI or digitising those arriving in paper or fax form using the B2BE Document Digitization Process (DDP). So Rexel asked B2BE for a way to automate the accounts payable matching of their Invoices with the goods they had ordered and received.

### The Solution

B2BE, as an existing supplier to Rexel, knew how the electrical

wholesale industry and Rexel operated so proposed augmenting the current solution with the B2BE Three Way Matching product. This checks the Invoice against the Purchase Order and the Goods Receipt, it applies the client’s rules to the Invoice and it then sets matches, rejections and the exceptions into a workflow.

B2BE CEO Richard Evans says ‘In the B2BE Three Way Matching, the Invoices come in a number of ways; they can be faxed, emailed, posted, or they can arrive electronically (via EDI). B2BE converts them all with our existing digitisation products into one electronic format so they are ready for matching which provides an end-to-end automated solution and the client only needs to deal with the exceptions’.

The product is called Three Way Matching because simply it matches the supplier’s Invoice to the Purchase Order and the Goods Receipt (which Rexel calls a GRNI). B2BE also utilises other

(Rexel) data required by the Three Way Matching system to check other areas and workflows.

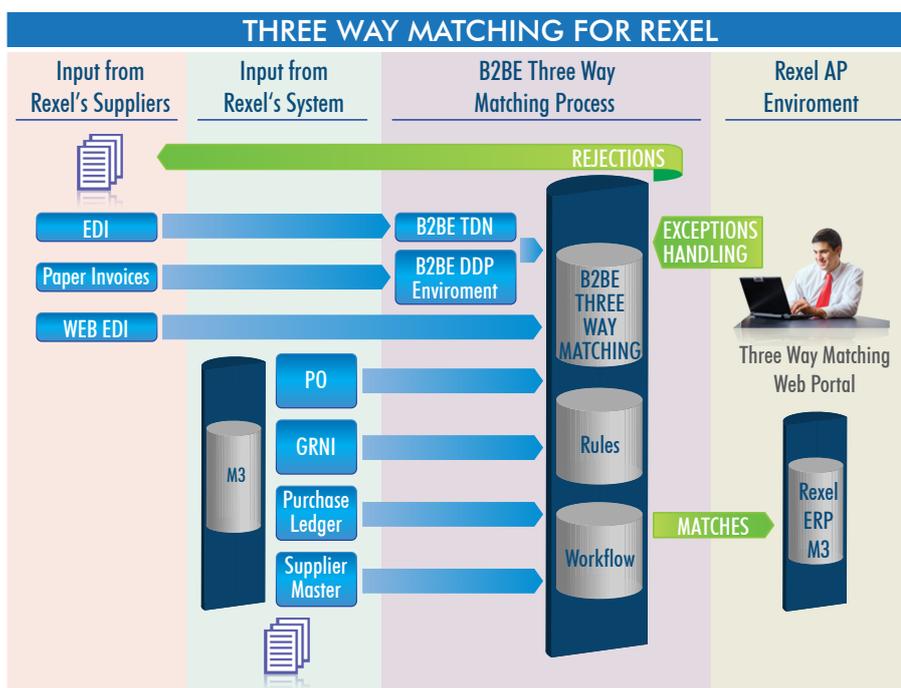
Once Invoices and the other Rexel data are electronically placed in the B2BE system, the Invoices then go through a series of validation and enrichment processes to cleanse and manage data into the correct workflow.

As the Invoice is checked, the Three Way Matching rules determine what happens during the process of matching. These rules were specifically written for Rexel to reflect how the Invoice is managed, processed and sent into M3 for payment.

Once Invoices hit the matching engine, the possible outcomes are well defined and straight forward. Invoices are either: Matched; Rejected; create an Exception; or Processing. The latter scenario occurs where an Invoice is awaiting a Goods Receipt.

Those Invoices that are automatically matched are sent directly from the B2BE system into Rexel’s ERP system without any need for manual intervention.

For Invoices that the rules determine as a “Rejection” the system automatically sends it back to the branch or the supplier (depending on the rule), via email, with appropriate details explaining the reason for the Rejection and remedial actions if necessary. This gives the supplier and or the branch, visibility and a chance to rectify any issue with the Invoice prior to a payment run.





## REXEL UK

The “Exceptions” are sent to the Rexel Three Way Matching Web Portal, which B2BE provides and hosts for Rexel. The Three Way Matching system is also intelligent enough to classify the reasons for the non-matched Invoices and groups them in the Web Portal according to type.

The Web Portal has workflow that fits Rexel’s accounts payable team’s processes for dealing with each Exception type. This means that the Exceptions are put into work queues according to their type and are processed based on a pre-set workflow for that type. For example, where the system is unable to determine which Invoice line is associated with which Purchase Order line.

The other status is that of “Processing”. If the B2BE matching engine cannot successfully match the Invoice lines using the GRNI (if any) then (depending on the rules relating to the non-match) some Invoices will remain for a pre-determined period of time, until the goods are received. Either the GRNI arrives once goods are booked in and is matched to the Invoice or the Invoice is treated as an Exception which will automatically create a Debit Note.

Rexel have a number of options when manually matching Invoices (currently 7 – 8% of daily volume) so they can be

resolved and processed. This functionality is part of the B2BE Three Way Matching solution and is managed through the Web Portal interfaces.

Some of the main Functions within the Web Portal that allow Rexel staff to resolve exceptions are:

- Rejecting Invoices via email or fax;
- Debiting the entire Invoice (creating a Debit against the supplier and transmitting automatically a Debit Note);
- Making header adjustments (to handle additional discounts at Invoice header level);
- Locking Invoices (which stops different user(s) working on the same Invoice simultaneously);
- Creation of a Debit Note and a Debit Note Cancellation.

The solution also provides to Rexel and their suppliers a number of other functions which all assist in trading more efficiently. All suppliers have access to the Rexel Web Portal so they can access any document they have traded with Rexel and they are all linked. The supplier’s Invoice is linked to the Purchase Order and Remittance Advice for example. These documents are available as PDFs that represent

the true business documents produced by Rexel’s M3 system. Where documents have been traded electronically these are provided in both the PDF and raw data versions. Suppliers that are not capable of trading electronically are also able to use the Rexel Web Trader environment to convert Purchase Orders to Invoices online.

The Web Portal is designed to operate on a profile basis meaning access to sensitive information can be restricted by Document Type, Division (each Rexel Banner), branch and supplier numbers.

Alex Whewell describes the implementation process saying ‘we had used B2BE for a number of years to handle supply and customer side documents through a number of different mechanisms, to further augment what we did with B2BE made sense. The decision to use the B2BE Three Way Matching solution was relatively straight forward after viewing what else existed in the market place. They (B2BE) were able to provide external Three Way Matching for M3 and the other Rexel Banners as part of our transition to M3. They scoped and delivered exactly what we needed and they were able to implement our automated Debit Note process amongst other initiatives and requirements’.



## REXEL UK

### The Result

The system does five great things for Rexel:

Firstly it has cut down the number of Invoices that require manual intervention to match and or investigate. Based on indicative numbers this has seen a greater than 15% reduction in the number of Invoices that needed manual intervention. Or in volume terms another 750 Invoices on average per day now need no manual intervention before moving into the B2BE solution. This gives Rexel tremendous savings and process improvements.

Secondly, Rexel now cuts out all the effort in verifying data that is erroneous as it is rejected immediately and sent back to the supplier, and provides the supplier with the reason for its rejection. This saves time and

money for Rexel but it also gives the supplier faster and more specific information which helps the supplier take immediate remedial action when need be. All Invoices are processed in real time as well which means immediate responses.

Thirdly the Rexel Invoices that are treated as Exceptions are grouped by exception type and can be worked on (with the workflow in the Three Way Matching interfaces) in an optimum manner and this cuts down the work needed on processing these Exceptions as well as applying the same best practice processes to all Exceptions.

The Fourth area that Rexel has benefited from is less direct but just as real. Rexel's suppliers and other supply chain partners benefit from the better visibility and speed of resolution of any

issues with their Invoice that the automation of Invoice matching has brought.

Finally, the solution automates the creation and distribution of Debit Notes based on specific scenarios. For example, price variation and quantity variation (from the Purchase Order). This means Rexel's supplier accounts are kept clean and suppliers have immediate feedback for issues which means they can be resolved prior to the Rexel payment run. The Debit Notes also benefit from the improved matching statuses allowing clear grouping of reason descriptions and resolution approach.

Ultimately, as Alex Whewell states, 'we now have on average a 92% automated match rate which means we do not have to touch on average 4,600 Invoices each day'.