B2BE
Business to Business e-Solutions

IRRIGEAR STORES

CASE STUDY:

IRRIGEAR

INDUSTRY:

Agriculture

COUNTRY:

Australia

B2BE SOLUTIONS:

EDI   Web   Document
             Portal   Digitization

AT A GLANCE

BUSINESS OBJECTIVE

The Irrigear marketing group needed to streamline their Accounts Payable processes between their suppliers, head office and their stores.

SOLUTION

Using B2BE's DDP, key Invoice information is captured, validated and available in an electronic format for Irrigear's financial system.

The Web Portal provides head office and all the stores with online access to a digitised copy of each Invoice.

RESULT

All invoices are now fully electronic. Irrigear have a 100% accuracy rate; large amounts of work and rework have been eliminated, saving costs, and timeframes and visibility have improved.

The Company

Irrigear is a marketing group with a national network of 66 independently owned retail stores, focused on delivering quality irrigation services to the agriculture sector. Many of the store owners have worked in the irrigation industry for decades, creating a depth of knowledge and experience within the Irrigear group.

The Challenge

Running 20 different financial systems throughout the group, Irrigear had some issues that are typical of marketing groups and franchise organisations. Their strength comes from the commitment and skill of the owner operators, as well as the combined purchasing power as a group; but that independence also means it is hard to build and streamline systems and processes that give them easy visibility, reporting and co-ordination of purchases and the Accounts Payable process.

A key Irrigear head office function is to achieve economies of scale by facilitating the group's purchasing on behalf of the stores. Simon Treptow, General Manager of Irrigear, explains "Head office act as a clearing house. We pay each supplier a collective monthly payment and then we charge the relevant amounts back to the stores, so a key function of head office is to process about 4,000 Invoices every month".

Irrigear stores independently place their orders with Irrigear's 40 suppliers. The suppliers send a copy of the Invoice to both the store and to Irrigear head office. Irrigear head office was receiving the Invoices (via paper, fax and email), entering the information into the head office Arrow financial system for payment purposes, and then re-entering key details into a spreadsheet which was emailed to the stores.

Only two of their suppliers were EDI enabled, which left Irrigear rekeying paper and PDF Invoices from 38 suppliers. This process was time consuming and error prone. "At month end there was a lot of manual input. As well as putting the balance into a spreadsheet, there would also typically be 500 to 600 Invoices rekeyed into a spreadsheet at a detailed line item level. There was no value-add in this process, it took a lot of time and with rekeying, discrepancies inevitably occur," says Treptow.

To make matters worse, stores often needed information about specific Invoices, for which they had not received a copy through the post or via email, so Irrigear head office then had to find the Invoice and send a copy to the store.

The Solution

B2BE used three products: DDP (Document Digitization Process), Web Portal and EDI.

DDP is the conversion of hard copy documents, such as Invoices, to create an electronic (digitised) file which reduces costs and improves accuracy and business processes timeframes.

Web Portal provides an online single point of access to processes, applications and data; providing all supply chain partners with improved access, visibility, business processes and accountability; all in real-time.

IRRIGEAR

EDI is B2BE's global EDI framework which provides a secure and reliable communication infrastructure for document transmission.

Document Digitization

Stores still order directly from suppliers and suppliers still send an Invoice (fax, email or paper based) to both the store and to Irrigear head office, however, all the head office Invoices (fax,

The client either sends the hard copy documents to B2BE, or, as Irrigear decided to do, they scan the paper Invoices themselves and forward the scanned images (PDFs) to B2BE. "We have the scanning machine automated to send the scans direct to B2BE so it is very easy, you just fill up the hopper and away you go," says Treptow.

Two B2BE operators' double blind enter the data. The outputs are compared electronically.

Web Portal

The Web Portal contains all data processed via DDP, as well as a copy of each Invoice in a PDF Format. Irrigear can view and extract information from the Web Portal. They have various criteria available to them to specify which Invoices they want in a report. Each store has a profile, so they can access, view, search and display only their own information.
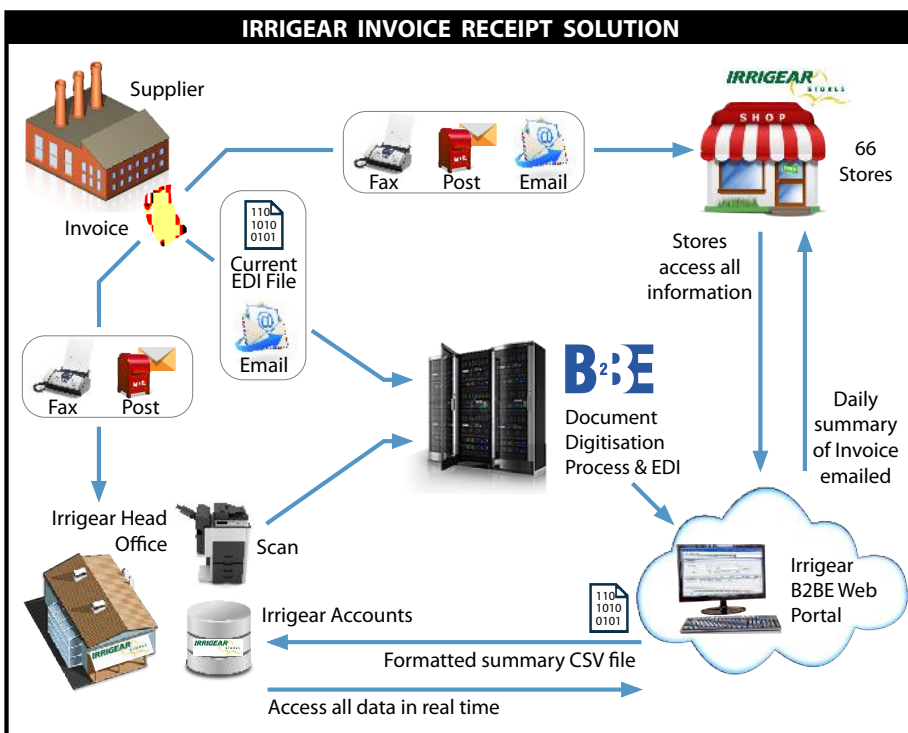
Every morning the stores also receive an email of all their Invoices that have gone through DDP. "It is a lot faster for the stores to have everything grouped together", says Treptow.

EDI

The suppliers sending EDI Invoices to Irrigear continued doing that. Their Invoices are now also loaded into the Web Portal and Irrigear staff are able to review a readable PDF version of each EDI Invoice, as well.

Implementation

"You take your life in your hands implementing a new computer system, but it worked tremendously well. Everything B2BE said would happen, has happened, and even the things we changed during the implementation were no problem for B2BE to configure", says Treptow. "With a new system you expect a few teething problems. But there haven't been any," he added, and the project only took four months from start to finish.

IRRIGEAR INVOICE RECEIPT SOLUTION

Supplier — Invoice — Current EDI File — Email — Fax — Post — Email

Irrigear Head Office — Scan — Irrigear Accounts

66 Stores — Stores access all information — Daily summary of Invoice emailed

B2BE Document Digitisation Process & EDI

Irrigear B2BE Web Portal

Formatted summary CSV file — Access all data in real time

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email and paper) now go through DDP.

During the DDP set-up, the client defines which parts of the document are important and a requirement for their business (e.g.: document type, Invoice number, supplier number, store number, Purchase Order number, Invoice value, Invoice date, etc.).

Discrepancies are flagged and rectified. The data is then loaded into the Web Portal. All Invoices go through a series of Irrigear based validations and business rules and Invoices which fail the validations and rules are loaded into the Web Portal as an "Exception" (e.g. the Invoice has an invalid PO Number). This process provides for 100% DDP accuracy.

IRRIGEAR

Results

Removed errors

"I am astonished just how accurate DDP is. I ran a series of tests on its accuracy in the first month and it is reconciling our monthly supplier Invoices correctly, to the last cent. I was also pretty impressed with the one supplier account that did not balance, as it highlighted that the supplier had not sent a group of Invoices to us and so we were able to identify and rectify that very quickly," says Treptow.

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> Simon Treptow, General Manager, Irrigear.

Removed unnecessary work

"DDP has eliminated the rekeying of Invoices so that head office staff can focus on things that actually add value to our members", says Treptow.

100% electronic e-commerce

By using DDP, Irrigear immediately shifted all their supplier Invoices to a single electronic solution.

Enabled self-service for the stores

Stores now get Invoice images and data from the Web Portal. This is faster for the stores and no longer involves head office.

Import manual data into business systems

"Now I get an accurate CSV file that I can import into my financial accounting system", says Treptow.

Real time visibility

Irrigear can now accurately track spending at a consolidated level, or any other level that is important to them, such as by store or by supplier and this is now all available to stores and head office in real time.

Easy implementation

"A great thing about this solution is that the stores and the suppliers don't have to do anything differently," says Treptow.

Where to From Here

"DDP and the Web Portal have proved to be so accurate and reliable that we may get those suppliers that send a copy of the Invoice direct to the store, to discontinue the practice, as it's better for each store to get a summary email with all their Invoices, just once a day, and it will also reduce the cost and effort on the supplier side", says Treptow.

Due to the success of the initial project, Irrigear are now also looking at a second project, which will be to put Purchase Orders onto the Web Portal, allowing the stores to purchase from within the same web based platform. Irrigear, head office could then set purchasing rules, such as setting a hard credit limit for all stores or adjusting them for a particular store (for example if they are above or below their sales targets). This would allow proactive management of the group's buying rules.

Irrigear are finding out that making their business processes electronic is opening up a whole new world of supply chain improvements … receiving Invoices electronically is just the beginning.