

opentext™

Success story

Pioneer Foods

Industry

• Consumer Goods: Food and Beverages

Solution

• OpenText™ Business Center
for SAP® Solutions

Partner Support

• JHN Solutions

Results



Increased ability to take early settlement discounts and staff costs lowered



At least **50 percent reduction in reconciliation time**



Instant access to GR/IR reports, saving many hours



Able to handle increased volumes with a smaller team



Pioneer Foods tackles supplier reconciliation challenges with OpenText

OpenText™ Business Center for SAP® Solutions helps streamline processes, reduces errors and lowers costs

"Without OpenText Business Center for SAP Solutions, we would not have been able to reach the levels of automation that we have achieved with our reconciliation process to date. We are now saving at least 50 percent of the time it used to take for manual reconciliations, thanks to the solution."

David Nel
Accounts Payable Manager
Pioneer Foods



Pioneer Foods, established in 1997, is one of the largest South African producers and distributors of a range of branded food and beverage products. Operating mainly across South Africa, it provides wholesale, retail and informal trade customers with products of a consistently high standard. Pioneer Foods also exports to more than 60 countries across the globe. It operates a number of production facilities producing a range of products that includes some of the most recognizable and best-loved brand names in South Africa, including: Weet-Bix, Liqui-Fruit, Ceres, Sasko, Safari, Spekko and White Star.

Having grown substantially, Pioneer's finance functions, including accounts payable, had become highly decentralized. Pioneer took the decision to centralize certain financial operations into a Shared Service Center (SSC) in Cape Town, South Africa. Among the objectives of this move was to drive process consistency, improve efficiency and reduce costs. Each year, Pioneer receives around 400,000 invoices, from 6,000 domestic suppliers. A team of around 60 personnel was responsible for reconciling supplier statements in order to pass invoices for payment. However, the manual nature of the reconciliation, involving spreadsheets and checklists, meant the staff were unable to keep pace with the workload.

David Nel, Accounts Payable manager at Pioneer Foods explained the impact on the business. ***"When we set up the SSC, staff came from various locations and divisions, each with their own way of doing things. The reconciliation sheets consisted of various Microsoft® Excel® formats across the different divisions. The manual processes meant it was impossible to reconcile the thousands of statements we receive each month in a timely manner. We needed to automate and eliminate human error to take advantage of settlement discounts with our suppliers. We were potentially missing out on these discounts as manual reconciliations took longer to complete and review."***

Automation the key to success

Pioneer uses SAP® as its core financial system, and so began to look for a solution that could automate as much of the supplier statement reconciliation process as possible. With many of Pioneer's suppliers only able to provide statements in PDF format or on paper, Pioneer chose OpenText™ Business Center for SAP® Solutions to handle the automatic extraction and capture of the statement content using optical character recognition (OCR). Further processing is then carried out in SAP after the extracted data has been uploaded, thanks to the tight integration between OpenText and SAP.

"For the supplier statement reconciliation process, we looked at a number of options and selected OpenText partner JHN Solutions' Supplier Statement Reconciliation (SSR)," says Nel, explaining that the functionality of Business Center for SAP Solutions and JHN SSR clearly meets Pioneer's needs, but that the company also wanted a service provider with a local presence in Cape Town. ***"JHN, which is based here, has numerous reference customers in the area."*** JHN's implementation timeframe was also much shorter than other providers, just three months, with the nearest competitor planning for at least six months.

Once OpenText has captured and extracted the statement data, SSR from JHN, a SAP-certified ABAP add-on application, automates the reconciliation between the statements and vendor accounts.

"Without Business Center for SAP Solutions, we would not have been able to reach the levels of automation that we have achieved with our reconciliation process to date. OpenText reads the contents of statements, whether they were received by email in PDF format or were scanned, again using OpenText."



"I can now produce a GR/IR report at the touch of a button, as many times a day as needed, saving me many hours every time."

David Nel
Accounts Payable Manager
Pioneer Foods

“We are now saving at least 50 percent of the time it took for manual reconciliations, thanks to the solution,” said Nel.

In order to match supplier statements to transactions in the vendor accounts, OpenText extracts a unique supplier identifier and other key metadata from the statement header. The solution extracts the line items of the statement, which it then matches to transactions in the SAP vendor account. Exception handling takes care of any remaining items not matched automatically.

Ability to claim discounts and reduce costs

The Pioneer SSC has a service level agreement (SLA) with the business. The SSC works to pay suppliers on time, and should it choose to do so, pay them early. By ensuring statements are reconciled within the terms of the SLA, the business can now take greater advantage of early settlement discounts.

“The ability to settle with suppliers early, if we choose, allows us to claim discounts we would previously have missed out on. Not only does this present a cost saving to the business, it can be replicated so is not just a one-off saving,” said Nel.

With the accounts payable team spending less time on reconciliations, they are able to handle higher value tasks and more queries. As transaction volumes increase, the team has also been able to take on extra work.

“As well as taking on extra workload, through natural attrition, we have reduced headcount by seven full-time positions. Adding this recurring cost saving to the discounts the business can now claim, the solution is clearly providing a return on investment. We will perform a formal measurement at some point, but we’re confident that we’re saving money, year on year,” said Nel.

Greater transparency, improved reporting and audit compliance

With fewer errors and greater accuracy, reporting is now more reliable. In the past, it would take three to four hours to produce a Goods Receipt/Invoice Receipt (GR/IR) report, and it would lack detail.

Nel says that since the data is live, the report is completely up to date and contains greater detail than the old manual reports. ***“I can now produce a GR/IR report at the touch of a button, as many times a day as needed, saving me many hours every time.”***

The OpenText and JHN solutions combine to provide a range of new capabilities that were just not possible in the past. A supplier reconciliation report can be exported to help resolve queries, and can easily be emailed to a supplier. The solution is flexible, allowing modifications to the reconciliation sheet, such as adding supplier bank account details and payment terms. This helps with checking if master data is accurate and up to date.

“We are now able to provide auditors with a system-generated audit trail on who carried out a reconciliation and who approved it. Our auditors have welcomed this greater transparency and see it as an improvement on the previous manual processes,” said Nel.

Pioneer has already identified other opportunities that could benefit from Business Center for SAP Solutions. Any new accounts payable department coming into the SSC will immediately go onto the new solution, too.



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“Together, the OpenText and JHN solutions have become an important part of accounts payable processing,” said Nel. “Having a local implementation partner in JHN has been a huge and important part of that success and we look forward to continuing to work together.”

About JHN Solutions

JHN Solutions is a SAP software solution and technology partner and an OpenText technology partner. It specializes in SAP Financials and assists customers to optimize their business processes by automating critical, often time-consuming tasks.

jhnsolutions.co.za



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