

basware

SUPPLIER ACTIVATION SUPPORTS
CARGOTEC CORPORATION'S
A/P STRATEGY TO REACH 100% E-INVOICING
AND SHORTEN PAYMENT TIME



With an automated invoice processing workflow in place, Cargotec Corporation decided to invest in optimizing electronic handling of purchase invoices. To convince hundreds of suppliers of the benefits of e-invoicing, Cargotec turned to Basware for a supplier activation program, the foundation for a successful strategic move to fully electronic invoice processing.

Most Basware customers turn to electronic invoicing to save money. But for Cargotec Corporation, saving time was equally important.

Cargotec, the world's leading provider of cargo handling solutions, is a long-standing Basware customer. The company began by purchasing Basware Invoice Automation solution with an invoice scanning software for its shared service center in Finland.

As the first step towards fully electronic invoice processing and to reduce time spent on in-house scanning, Cargotec decided to outsource the scan and capture function to Basware.



Erol Engin, Accounts Payable Manager at Cargotec

Moving from scanning to true e-invoicing

The location of the outsourced scanning facility meant that all paper invoices had to be sent to the UK, which could take up to six days. With some suppliers having

short payment terms, Cargotec encountered challenges meeting the due dates.

Eventually, as scanned invoices are more costly and less efficient to process and of lower quality than electronic ones, a strategic plan was adopted to move to true e-invoicing.

"We have challenges meeting due dates on paper invoices with short payment terms. Electronic invoicing enables the timely handling and payment."

Supplier activation program encourages switching

As successful e-invoicing depends on suppliers making a quick and easy shift to e-invoicing, Cargotec decided to run a supplier activation project together with Basware. Cargotec chose not only to educate the suppliers about the available e-invoicing options but also wanted to offer them a free-of-charge e-invoicing opportunity through Basware Supplier Portal.

The campaign began with Cargotec identifying 250 of its biggest suppliers. Basware then created a two-step e-mail campaign to let suppliers know that Cargotec was moving to e-invoicing and would at some time in the future stop accepting paper invoices.

"The e-mail was carefully crafted to be

Customer

Name

Cargotec Corporation

Sector

Cargo handling

Location

Global (headquartered in Finland)

Challenge

- Deploy accounts payable strategy to move towards eventual 100% e-invoicing
- Adopt best practices through Basware-led supplier activation program
- Incorporate continuous in-house program of supplier activation

Basware solutions adopted

- ✓ Invoice Automation
- ✓ Basware Connectivity Services
 - ✓ Scan and Capture
 - ✓ Business Transactions
 - ✓ Supplier Portal
 - ✓ Supplier Activation

polite, but firm," says Vesa Koskinen, project manager at Basware.

Basware then followed up with a telephone campaign to drive home the same message. A supplier kit was prepared and included with the e-mail to give suppliers information about e-invoicing and technical advice to help them select the best available options and make the switch.

The supplier activation project also encouraged close cooperation between finance and procurement within Cargotec. While e-invoicing is generally initiated by finance, support and commitment from procurement was found to be crucial for a successful campaign.

As the campaign ran for just four months instead of the normal six, was impacted by the Christmas break and began from a zero percent baseline, the number of suppliers activated did not quite reach the normal average of about 20 percent. However, as Koskinen explains, there's more to an activation campaign than a single number.

"In general, your larger suppliers are more likely to come on board," he says. "So while the percentage of suppliers switching may not seem very high, the actual volume of invoices may be quite significant."

Supplier activation set to become way of business life

On the all-important matter of payment times, Cargotec's manager of accounts payable, Erol Engin, is extremely satisfied as the electronic invoicing enables both automated invoice processing and timely payments.

The Basware Supplier Portal has proven to be particularly popular amongst Cargotec's domestic and Asian suppliers. It allows

accounts staff to log on to an easy-to-use web interface and quickly, simply and at no cost to them, send electronic invoices to Cargotec.

The Supplier Portal enables smaller suppliers to comply with an e-invoicing request with no up-front investment. And for the Asian firms, it removes days of postal delay in sending invoices to the UK. In Koskinen's view, the Supplier Portal ought to be an integral element in any activation campaign.

Cargotec is now set to launch its own activation campaign first, amongst its domestic, then international, suppliers. Having learned best practices from Basware, they are now well prepared to continue on their own.

"Our goal is to train customers to do their own ongoing activation. It's a continuous process, not just a project that takes a few months. Supplier activation should be a normal, everyday way of working," says Basware's Vesa Koskinen.

"We were very satisfied with the way Basware handled the program and with the quality of work. As we continue to centralize our accounts payable operations, we expect to move closer and closer to our goal of 100 percent electronic invoicing."

Erol Engin, Manager of Accounts Payable, Cargotec Corporation

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Vesa Koskinen, Project Manager for supplier activation at Basware Corporation

The journey

Phase 1:

Establish an automated electronic workflow to reduce paper processing

Began with Invoice Automation solution and scanned invoices in-house. Significant efficiency gains compared with manual processing.

Phase 2:

Replace in-house scan and capture with outsourced service

Deployed Basware Connectivity Services and outsourced the scanning of invoices entirely to Basware.

Phase 3:

Move from scan-and-capture to full electronic invoicing ability

Continued deploying Basware Connectivity Services to replace scanned paper with true electronic invoices. Reduced payment time. Experienced cost savings and improved invoice quality.

Phase 4:

Launch supplier activation program to support the accounts payable strategy

Worked with Basware to engage with selected suppliers. Developed in-house ability and a long-term plan to conduct supplier activation using best practices.

Basware is the global leader in purchase-to-pay solutions with more than 1,500 customers and 1,000,000 users in over 50 countries around the world.

Basware solutions are distributed and implemented in Europe, the US, and Asia-Pacific through an extensive network of Basware offices and business partners.

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Cargotec improves the efficiency of cargo flows on land and at sea – wherever cargo is on the move. Cargotec's daughter brands, Hiab, Kalmar and MacGregor are recognised leaders in cargo and load handling solutions around the world. Cargotec's global network is positioned close to customers and offers extensive services that ensure the continuous, reliable and sustainable performance of equipment. Cargotec's sales totalled EUR 2.6 billion in 2009 and it employs approximately 9,500 people. Cargotec's class B shares are quoted on the NASDAQ OMX Helsinki. www.cargotec.com

Email info@basware.com to find out how you can best integrate Finance and Procurement.