Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Invoice Processing Issues – The Backlog

Problem	Potential Breach of Contract Trading Terms
Challenge	1. 10,000 invoices comprising over 140,000 skus were rejected for payment and multiple variables needed to be isolated to clear the backlog. 2. To enable the team to approve invoices the fastest way possible, a new process needed to be built to automate the investigation
Traditional Solution	IT software development estimated at 40 to 60 developer days
Solution	Apply our *Algomatics™* methodology to automatically sort and isolate which Invoices were rejected due pertinent variables and facilitate payment in less than 1 week with 5 development days
Outcomes	1. Saved 35 to 55 days effort by the client's IT developers. 2. Supplier paid on time
Status	Now used daily as a way to improve invoice checking!

The detail

A comparison of the Supplier's PO data (as provided by the supplier) and what has been recorded in the company's *M-AX* PO system was required. Two files would be supplied: The Supplier PO file (as sent by the Supplier) and a *M-AX* PO file

Every single line item (product) on the Supplier invoice data need be checked against very single line item in the *M-AX* Retailer PO line item

Each line item needed to be checked whether the rejection is due to *Qty* or *Unit Pricing* (caused by CPI only as opposed to incorrect pricing)

The outcome of this process will enable the team to look at a smaller data set to make a quick assessment for each invoice and fix accordingly

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Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Invoice Processing Issues – The Daily Process

Problem	Potential Breach of Contract Trading Terms
Challenge	1. Over 1,000 invoices are rejected, it is physically impossible to do the analysis to facilitate payment within the suppliers trading term 2. To enable the team to approve invoices the fastest way possible, a new process needed to be built to automate the investigation
Traditional Solution	IT software development estimated to take 40-60 developer days
Solution	Apply our *Algomatics™* methodology to automatically sort and isolate which Invoices were rejected due pertinent variables and facilitate payment in less than 1 week with 5 development days
Outcomes	1. Saved 35 to 55 days effort by the client's IT developers 2. 4 Team members productivity increased by 30% each 3. Supplier paid on time
Status	Now used daily as a way to improve invoice checking!

The detail

It was requested to build an Invoice / PO checking system for the LP team to use on a daily basis. The reason given was that two products are required: A process that interprets, translates and consolidates two sources of electronic data (two different suppliers using different file formats) and a process allowing the team to investigate invoice rejections.

The supplier's invoices had fallen into the *Match Failed* status (as per their operational system). That is, they will not get paid until manually cleared for payment. All these exceptions (MF invoices) require investigation for reason of non-payment.

Every week, over 1,000 invoices are rejected. There are not enough resources to do the analysis and then clear the invoice for payment within the suppliers trading term.

The investigation can involve over 140,000 lines of data from the suppliers. Each of these invoices had multiple line items per invoice to be checked against store receipting

Multiple variables needed to be investigated including causes due to pricing (CPI increases or other agreed or not agreed pricing variations) or was it due discrepancy between quantity invoiced and delivered.

To enable the team to approve invoices the fastest way possible, a new process needed to be built to automate the investigation. A process is required to identify why the invoice was rejected, whether due to quantity issues and/or due to cost issues (caused by *CPI*) or any other costing issues.

A comparison of the Supplier's Invoice (line items) data (as provided by the supplier electronically) and what has been recorded in the company's *M-AX* PO (receipting) is required.

Two files would be supplied: The Supplier Invoice file and a *M-AX* PO receipting file as well as invoice data comprising of: Invoice No., Invoice Date and Invoice Total

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Having the ability to reproduce the invoice electronically means the time spent waiting for the invoice images or actual invoice is no longer necessary. This in turn improves the time taken to process invoices for payment. The current alternative of waiting for these invoices / images would only result in delayed payment and breaches of payment terms

The new process allows us to reference the information either by supplying the PO data or the Invoice data. This means this product can also be used as a reference tool if one is known and the other not. It also allows to list up to 10 items – hence improving our efficiency.

Every single line item (product) on the Supplier invoice data needs to be checked against every single line item held by the *M-AX* Retailer PO line item. Each line item needs to be checked whether the rejection is due to *Qty* or *Unit Pricing* (caused by CPI only as opposed to incorrect pricing. The outcome of this process will enable the team to look at a smaller data set to make a quick assessment for each invoice and fix accordingly

In Summary – Team Leader Accounts Payable

This product will enable the LP team to quickly identify the error on a MF invoice and process for payment in a timely manner. A team of 4 will be using this product as a reference and investigation tool for their daily work – 70% of their day. Four people will process approximately 100 (Beer) invoices per day for payment

The expected time savings will be substantial. I would expect that team members will be able to approve at least 30% more invoices on a daily basis by using this product.

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Invoice Processing Issues – The Daily Process (superseded by above)

Problem	Potential Breach of Contract Trading Terms
Challenge	1. 4 Team members are trying to process around 100 Beer Invoice rejections every day. 2. To enable the team to approve invoices the fastest way possible, a new process needed to be built to automate the investigation
Traditional Solution	IT software development estimated to take 40-60 developer days
Solution	Apply our *Algomatics™* methodology to automatically sort and isolate which Invoices were rejected due pertinent variables and facilitate payment in less than 1 week with 5 development days
Outcomes	1. Saved 30 to 40 days effort by the client's IT developers 2. 4 Team members productivity increased by 30% each 3. Supplier paid on time
Status	Now used daily as a way to improve invoice checking!

The detail

What was requested was a product that could replicate the supplier's invoices in an Excel format so the LP team could action MF invoices without having to wait for the image to be scanned by *Converga* (3rd party scanning company). By the time the scanned images would be filed into the production system, the time to settle the invoice would have lapsed.

This process relates supplier's invoices have fallen into the *Match Failed* status – that is, they will not get paid until manually cleared for payment. All such exceptions (MF invoices) require investigation for reason of non-payment. Payment terms for the beer vendors are short and if it was required to wait for images the payment terms would not be met. This enabled the team to approve invoices the fastest way possible, this product was introduced and has proven to be very effective.

The Supplier's Invoice (line items) data is provided by the supplier electronically and this is used to create an excel version of the invoice. Having the ability to reproduce the invoice electronically means the time spent waiting for the invoice images or actual invoice is no longer necessary. This in turn improves the time taken to process invoices for payment. The current alternative of waiting for these invoices / images would only result in delayed payment and breaches of payment terms

In Summary – Team Leader Accounts Payable

This product will enable the LP team to action MF invoices faster. A team of 4 will be using this product as a reference and investigation tool for their daily work – 70% of their day. Four people will process approximately 100 (Beer) invoices per day for payment

The expected time savings will be substantial. I would expect that team members will be able to approve at least 30% more invoices on a daily basis by using this product.

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Business Improvement Case Studies

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Invoice Processing Issues – Electronic Invoice Image Library Integrity Check Process

Problem	Corrupted Electronic Invoice Imaging System
Challenge	1. Identifying and correcting integrity issues in the Invoice Imaging system 2. Automate this manual process and improve the integrity of practice
Traditional Solution	IT software development estimated to be in weeks
Solution	Apply our *Algomatics™* methodology to automatically identify and advise correction to incorrectly imaged invoices in the Invoice Imaging System
Outcomes	1. Saved weeks of effort by the client's IT developers. 10 days to build. 2. Saved 2 hours per day for 4 Team members 3. System integrity restored
Status	Now used daily as a way to improve invoice checking!

The detail

Converga is 3rd party Invoice Imaging system the company uses. It stores all invoices electronically – where store no., invoice no and vendor no. are used as the key to link back to our (operational) M-AX system. There are 3 key areas of data that *Converga* matches on: Store number, Invoice number and Vendor number.

If any of the 3 key matching data items are different between *M-AX* and *Converga*, the invoice will fall into an "Exception" status. The invoices will not link back into MAX and therefore requires staff to find a match manually. All such exceptions need to be actioned in a timely manner. To enable the team to manually correct these exceptions this product identifies corrections via the:

Matching Algorithm 1: The product goes about matching invoice numbers and shows where there are incorrect store numbers and / or vendor numbers. ***Matching Algorithm 2:*** The product also attempts to match stores and vendors - highlighting mismatches between *Converga* and M-*AX* systems.

This process improves the efficiency of the *Liquor Payables* team by both identifying the mismatches with guidance on what to correct. This product is also used by the *Liquor Payables* team as a recording tool, for both outstanding issues and as a reporting statistics.

In Summary – Team Leader Accounts Payable

This product enables the *Liquor Payment* team to quickly identify mismatches / errors. Normally, we would have to identify the errors individually. However this product will identify these in one hit. Every day, a team of 4 would clear these exceptions in *Converga*. We used to spend 3 hours per day carrying out detailed investigation until we tracked down the error. This was particularly the case if a batch of invoices were incorrectly scanned by *Converga.*

Now the four team members spend 1 hour per day. The time savings is substantial. I would expect that team members will be able to clear at least 67% more invoices on a daily basis by using this product.

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Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Invoice Processing Issues – Unmatched Beer Report

Problem	Un-receipted Invoice may not be paid – despite being delivered
Challenge	1. Identifying invoices that appear on Supplier's Invoice file but no in AP 2. Build an 'intelligent' checking tool to facilitate ease of investigation
Traditional Solution	IT software development estimated to be in weeks
Solution	Apply our *Algomatics™* methodology to automatically identify and advise potential matches
Outcomes	1. Saved weeks of effort by the client's IT developers. 5 days to build 2. Previous to this, team was unable to do this task 3. Reduced the follow up due to Supplier query about payment
Status	Now used daily as a way to improve invoice checking!

The detail

The unmatched report uses the EDI file data from the Suppliers, which has every invoice created daily for all Retail Segment stores. The supplier data is compared to the invoice data receipted into M-AX and what is left on the report are the invoice numbers that have not been found in M-AX data to match against the supplier data.

A product was built that would identify the invoices that have been created by the suppliers but not receipted into M-AX by the stores. To enable the team to manually investigate the invoices that haven't been receipted the process would try and find / match via:

Matching Algorithm 1 **-** The product goes about matching invoice numbers and shows where there is no matching invoice in the M-AX system. ***Matching Algorithm 2*** **-** The product also attempts to match the PO number if the invoice number is not the same.

This process improves the efficiency of the *Liquor Payables* team by both identifying the invoice numbers that haven't been receipted and where the PO number has been used on multiple invoices or incorrect invoice numbers.

In Summary – Team Leader Accounts Payable

This product enables the Liquor Payment team to quickly identify invoices that are not entered into the M-AX system. It highlights keying errors in the M-AX system where PO numbers used is incorrect

Every day, a team of 4 need to manually action this report to clear and process any invoices not already actioned by stores. Previously we were unable to identify invoices that had not been receipted and they would result in copy invoices (overdue invoices) that the supplier would have to request payment for after the payment terms.

This product has allowed us to reduce the number of outstanding invoices that the beer vendors previously incurred, reducing the discrepancy at stores for these (copy invoices). This means the copy invoice count is extremely low which ultimately frees up a resource to perform other tasks within the team.

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Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Stock Accounting – (Over and Under Stock Adjustments)

Problem	Incorrect stock levels held in production system
Challenge	1. Automate the postings to the GL for adjustments in stock holding
Traditional Solution	IT software development estimated to be in weeks
Solution	Apply our *Algomatics™* methodology to automatically generate journals to adjust the General Ledger for both systems
Outcomes	1. Saved weeks of effort by the client's IT developers. 10 days to build 2. Saves Stock Accounting 2 hours every Monday morning 3. A file listing not possible before due to resource constraints
Status	Now used every period as part of a weekly process

The detail

The objective is to make financial adjustments to two accounts. A CR/DR is raised against the Stores' stock account. A contra entry of DR/CR is raised against DC's Over/Under account.

Each week, stores are listed on the OVUN report. These stores are advised to take a stock count for certain products listed as over/under. They will be advised which stock to count - as per the OVUN report. These counts are entered at the store's SSM (Store Stock Management) system.

This system transmits these counts to M-AX – Liquor's corporate system. M-AX processes these adjustments to adjust its (central) stock holding for those stores for those items. An M-AX extract is run called the STSOA (Store Support Office-advised Adjustments) which lists all the adjustments made by M-AX.

The OVUN extract lists what products were receipted at store from the DC compared to what the DC has issued. A comparison is made between the STOSA adjustments and the differences (between DC and Store) listed by the OVUN extract.

For every record found in the STSOA extract (which lists the Qty adjustment), we need to find an equivalent Qty in the OVUN extract. Either find a record for the same Qty or find a combination of records that sum up to Qty (including partial Qty of that record).

Once quantities are found in the OVUN extract the data is used to generate journals for financial adjustment of that stock (Qty*Unit Price).

Due to resource constraints, the following could never be attempted – but nonetheless were required as part of business as usual processing - The generation of revised STSOA for reuse is listing STSOA records (Store/Stock adjust) that could not be mapped off against the OVUN.

Three reports would be generated:

1. A list of STSOA records was could not be mapped of against the OVUN records
2. A list of OVUN records which were journalised from the OVUN file
3. A list of which Period the OVUN stock were used from

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Business Improvement Case Studies

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Customer Accounts – The Backlog

Problem	Errors in customer accounts causing financial variance so the P&L
Challenge	1. Identify errors in customer accounts 2. Automate the postings to the GL for adjustments to the Debtor Account 3. Provide a detailed audit record explaining the adjustments made
Traditional Solution	IT software development estimated in months – deemed too complicated
Solution	Apply our *Algomatics™* methodology to automatically generate journals to adjust the General Ledger as well as providing an detailed audit log providing detailed textual explanations for these adjustments
Outcomes	1. Saved months of effort by the client's IT developers. 20 days to build 2. Saved Accounts Receivable 9 months of work for one person 3. Accounts Receivable in sync with General Ledger
Status	A one off exercise

The detail

The customer account issues where apparent in the AX Accounts Receivable module due to the system/processes not being configured to account for all scenarios that occur with the process of credit card payments and sales orders being invoiced correctly.

Build a product to automatically find systemic production (in M-AX) errors & create adjusting journals to fix it. There were 10 known system issues which caused customer accounts to be imbalanced. In summary the reasons for these issues were:

1 Cancelled orders - money refunded & money not refunded
2 Delivery Charges
3 Duplicate Sales Order
4 Payments not received in MAX when no token/with token
5 Over returned/under paid/under invoiced
6 Zero $ Invoices
7 Open Sales Orders
8 Open Return Orders

In order to identify these, one needed to investigate each individual customer account. For each customer account, one needed to view every single transaction, to ascertain whether there was an issue. In order to do that, for each transaction one would to navigate around the 4-8 M-AX system's enquiry screens. Once we had ascertained that there was in fact an error, we would have to determine the cause and fix. One would have to prepare a journal that would have a description – the reason to explain the adjustment. Description generated would depend on the issue -these being

1 Transportation Charge
2 No Payment
3 No Invoice
4 Cancelled order not refunded
5 No Return order

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6 Over invoiced
7 Over Paid
8 No Refund
9 Cancelled orders

On average it would take 10 minutes per customer account to fix the account via an adjusting journal. There were no resources available to address this issue

Resources would have to process 7500 accounts in error with 474,000 related transactions. This would take one person 9 months to investigate & correct. In contrast this process would process these in less than 1 hour. This in turn would be reviewed – estimated to take about 2 hours.

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Customer Accounts – Period End Process

Problem	Errors in customer accounts causing financial variance so the P&L
Challenge	1. Identify ongoing errors in customer accounts 2. Automate the postings to the GL for adjustments to the Debtor Account 3. Provide a detailed audit record explaining the adjustments made
Traditional Solution	IT software development estimated in months – deemed too complicated
Solution	Apply our *Algomatics™* methodology to automatically generate journals to adjust the General Ledger as well as providing an detailed audit log providing detailed textual explanations for these adjustments
Outcomes	1. Saved months of effort by the client's IT developers. 10 days rebuild 2. Saved Accounts Receivable 7 days every month for one person 3. Accounts Receivable in sync with General Ledger
Status	Runs ever period

The detail

System issues continue to cause customer accounts to be imbalanced. Due to the Call-centres failure to adhere to procedures and ongoing M-AX AR system production problems which have not been rectified.

This process will need to be continued until such time that the system/processes have been configured to manage the issues that occur when processing the sales orders and payments to the customer accounts. Ideally payment that gets posted to the customer account should get offset with the invoice once the order is completed.

Rebuild of product (fixing the Backlog) to automatically find systemic production (in M-AX) errors & create adjusting journals to fix it. There were 10 known system issues which caused customer accounts to be imbalanced. In summary the reasons for these issues were:

1 Cancelled orders - money refunded & money not refunded
2 Delivery Charges
3 Duplicate Sales Order
4 Payments not received in MAX when no token/with token
5 Over returned/under paid/under invoiced
6 Zero $ Invoices
7 Open Sales Orders
8 Open Return Orders

In order to identify these, one needed to investigate each individual customer account. For each customer account, one needed to view every single transaction, to ascertain whether there was an issue. In order to do that, for each transaction one would to navigate around the 4-8 M-AX system's enquiry screens. Once we had ascertained that there was in fact an error, we would have to determine the cause and fix. One would have to prepare a journal that would have a description – the reason to explain the adjustment. Description generated would depend on the issue -these being

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1 Transportation Charge
2 No Payment
3 No Invoice
4 Cancelled order not refunded
5 No Return order
6 Over invoiced
7 Over Paid
8 No Refund
9 Cancelled orders

On average it would take 10 minutes per customer account to fix the account via an adjusting journal. There were no resources available to address this issue

Resources would have to process 300 accounts in error with 34,000 related transactions. This would take one person 7 days per period to investigate & correct. In contrast this process would process these in less than 1 hour. This in turn would be reviewed – estimated to take about 2 hours.

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Business Improvement Case Studies

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Transport Accounts – Secondary Freight Journal Process

Problem	The journal process was manual, labour intensive and subject to errors
Challenge	1. Reduce the time to complete the Period End process 2. Build a process that accounts for every single transaction – exceeding 50,000 transactions per period 3. Improve accuracy and integrity for journals created
Traditional Solution	IT software development estimated in weeks
Solution	Apply our *Algomatics™* methodology to automatically generate journals to post to the General Ledger
Outcomes	1. Saved weeks of effort by the client's IT developers. 20 days rebuild 2. 5-6 hours reduced down to 20 minutes 3. Improved integrity
Status	In production since January 2012. Runs ever period

The detail

Used monthly by Transport Accounts team for Supermarket, Retail Segment and Fuel Retailer, Grocery Holdings and General Retailer.

It was too time consuming to generate multiple journals for each band where the data is sourced from over 50,000 records. As well as generating the journals for those businesses, it is necessary to derive the journals for the DC cost recovery allocation. This monthly process would take at least 5 to 6 hours to complete. The process would run as follows:

First run a TMS Brand Charging Accrual Period report for all 29 Distribution centres covering all of our 1000+ stores / locations. This report is also used to identify uncosted shipments – that is the report lists shipments which have not been costed or charged. These uncosted shipments are costed using the Uncosted Shipments process (refer Case Study 10). Previously these uncosted journals would be estimated manually and then appended to the posting file which was prepared manually

The output of this process (Brand Charging report that also includes costs of uncosted shipments) is input into Transport Journalisation process – producing 6 SAP journal files for six different businesses units

The output of this file is used to post into SAP and the data is fed into the brand specific reporting analysis process which compares the result with our *Transport Reconciliation Output where any discrepancies are identified and allows to fix them within the same accounting period

This is a high level comparison of financial movements of transport charges where we track the entries as follows: *Last Period Reversals + Period TMS Charges + Period TMS Accruals + Uncosted TMS Accruals + Manual Accruals = Current Period SAP result*

In Summary – Transport Accounts Manager

A process that took 5-6 hours to complete now takes less than 20 minutes with 100% accuracy.

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Transport Accounts – Secondary Freight Uncosted Shipments Process

Problem	The journal process was manual, labour intensive and subject to errors
Challenge	1. Reduce the time to complete the Period End process 2. Reduce manual intervention 3. Improve accuracy and integrity for journals created
Traditional Solution	IT software development estimated in weeks
Solution	Apply our *Algomatics™* methodology to automatically generate journals to post to the General Ledger
Outcomes	1. Saved weeks of effort by the client's IT developers. 3 days to build 2. 2-6 hours reduced down to less than 1 hour 3. Improved integrity
Status	Runs ever period

The detail

Used monthly by Transport Accounts team for Supermarkets, Retail Segment and Retailer Fuel Retailer. The time to cost uncosted shipments varied from month to month – depending on the volume.

Each shipment details needed to be looked at to determine the likely cost we were to incur (shipment was committed but not executed). Details to be considered for each shipment were: From, To, Load or Pallet Charge, Type of Transport, Size of Transport, Penalties, Zone. The charges also needed to be split out businesses, store cost-centre and by department cost-centre. This process could take 2 hours to 6 hours as described below:

Run the TMS Brand Charging Accrual Period for all 29 Distribution centres covering all of our 1000+ stores / locations. This report is also used to identify uncosted shipments – that is the report lists shipments which have not been costed or charged. These uncosted shipments along with a previous month Freight Expenditure Report (FER) is fed into the model

Using the FER report, the process compiles a matrix (From, To, Store, Dept, Pallets, Charge, Transport Type) to ascertain the charge rate. It then uses the derived rate (per pallet) and matches the matrix against the uncosted shipments attributes in the Brand Charging Report

The matrix pallets rate (as compiled from the FER report) is used to cost out the charges for the trip and the stores serviced by the trip. These costed shipments are used to replace the uncosted records in the TMS Brand Charging Accrual file

This amended accrual (unformatted) file is used as input into the journalisation process. This process in turn generates the brand specific journals – with stores and their respective cost-centres being charged.

In Summary – Transport Accounts Manager

A process that took 2-6 hours to complete now takes less than 1 hour

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Business Improvement Case Studies

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Transport Accounts – Backdated Rate Accruals Process

Problem	The journal process was manual, labour intensive and subject to errors It involved processing 140,000 transactions for 60+ carriers
Challenge	1. Produce a process that is able to generate accurate backdated charges 2. Eliminate clerical guess work for backdating 1000s of deliveries 3. Improve accuracy and integrity for journals created
Traditional Solution	IT software development estimated in weeks
Solution	Apply our *Algomatics™* methodology to accurately backdate charges for deliveries made in the past and then automatically generate journals to post to the General Ledger
Outcomes	1. Saved weeks of effort by the client's IT developers. 3 days to build 2. 4 hours reduced down to less than ½ hour 3. Improved integrity – rated at 100%
Status	Runs ever period

The detail

Used monthly by Transport Accounts team for Supermarkets, Retail Segment and Retailer Fuel Retailer. Contract rates are reviewed but fail to reach the TMS Transport Rates system in time to apply these increases. TMS Shipments Rates (Back Dated) percentages need to be accounted for and accrued until they are updated in TMS

It is too time consuming to manage 60+ carriers back dated rate increases and to apply these against 140,000 potential transactions. The increase is based on a percentage allocated which in turn is based on the rail and road, ambient and chill etc. mix

This used to take up to almost four hours - starting from extracting the data to compiling and preparing the journals:

Firstly a TMS Freight Expenditure report (FER) is generated for each period that needs to be backdated. The list of transactions in this report will be used to apply the backdated % increase. This calculation is based on the percentages of various indices governed by both government/private bodies (articulated in the contract)

These parameters are then fed into the model. Each carrier's specific shipment data (as per the TMS to SAP interface) for the month is adjusted by the increase (or rarely decrease). The movement is then calculated and used to generate the adjusting accrual journal

In Summary – Transport Accounts Manager

A process that took 4 hours to complete now takes less than 30 minutes – with 100% accuracy. It has also reduced the business exposure of receiving an expense hit related to back dated carrier payment claims

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Business Improvement Case Studies

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Transport Accounts – Transport Reconciliation

Problem	The journal process was manual, labour intensive and subject to errors It involved processing 140,000 transactions for 60+ carriers
Challenge	1. Produce a process that is able to generate accurate backdated charges 2. Eliminate clerical guess work for backdating 1000s of deliveries 3. Improve accuracy and integrity for journals created
Traditional Solution	IT software development estimated to be months – very complex to build
Solution	Apply our *Algomatics™* methodology to track very single transaction in SAP Financials and every single transaction in the operational system TMS. Then build a two-way bridge to reconcile each of these transactions to each other
Outcomes	1. Saved months of effort by the client's IT developers. 15 days to build 2. 3-4 days reduced down to less than 2 hours 3. Improved integrity – rated at 100%
Status	Used monthly by Transport Accounts team for Supermarkets, Retail Segment and Retailer Fuel Retailer

The detail

We cannot reconcile the financials due to timing issues, system constraints and manual interventions (spot charges). Reconciliation process between past historical transactions and the current transactions

All TMS operational transactions need be accounted for and reconciled against the SAP financial system and vice versa. The solution would be to build a process that accounts for every single transactions - exceeding 50,000 transactions per period

It is too time consuming to track down every transaction between SAP Financials and the 3rd party operational TMS system due to the volume of deliveries between Distribution centres and every single store in the country. Such reconciliation would take 3-4 days per month

The completion of the exercise would take us past the cut-off date for the period where we would never be able to post journals on time. Under the manual process, this would be posted and adjusted for the next period which is technically incorrect.

To start off this process we would take the current period TMS Brand Charging Accruals report for all 29 Distribution centres covering all of our 1000+ stores / locations. Then take the last period TMS Brand Charging Accruals report for all 29 Distribution centres covering all of our 1000+ stores/locations.

See that the above two reports also includes costs of uncosted shipments through a process. Run the RCTI report (actual payment) made for a given period – to ensure all payments are accounted for Run the Shipments report (shipments despatched) made for a given period – to ensure that all commitments are accounted for

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All these reports and then input into the Transport Reconciliation output where the discrepancies are identified between the past accruals vs re-accruals, current accruals vs. shipment list, shipment list versus the RCTI and those accruals which have achieved payment compared against the RCTI file.

This then completes the two-way reconciliation process between TMS and SAP… ensuring that there has not been no intervention unaccounted for between the two systems

In Summary – Transport Accounts Manager

A process that took 3-4 days to complete now takes less than 2 hours to complete. The main outcome from this automated model is all discrepancies per site are identified and are fixed within the same accounting period. This in turn reduces business risk and exposure.

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Business Improvement Case Studies

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Fixed Assets Management – Retirements and Transfer

Problem	Generate a readable *Retirements and Transfer* report. SAP output unusable
Challenge	1. Convert and remap these reports to something that is user friendly
Traditional Solution	IT software development estimated to be around 2 weeks
Solution	Apply our *Algomatics™* methodology to convert the *AR06* and *AR07* reports SAP to be fit for purpose
Outcomes	1. Saved 1-2 weeks of effort by the client's IT developers. 1 day to build 2. 3-4 hours reduced down to 30-40 minutes 3. Improved integrity – rated at 100%
Status	Used monthly – Live since February 2013

The detail

The objective for this process was to simplify the monthly process of generating the Retirements and Transfers report which is distributed to different finance functions of the business for reporting and taxation purposes.

The reports generated through the SAP transaction codes *AR06* and *AR07* are not user friendly and not easy to read and understand for a person with a non-fixed assets background.

Once exported to excel on has to spend time formatting the data to align information that relates to the retirements and the transfers. Therefore prior to being distributed, a fixed asset accountant needs to manually format the report to make it user friendly, remove unwanted information and then paste it to the reporting template.

Given the report is done for the entire Retailer business which includes supermarkets, liquor and fuel, there are 19 legal entity and management entity combinations reporting under in SAP. One of those monthly report can be close to a 1000 lines long or more. This takes a considerable amount of time to format in addition to the 10 columns of information.

Attempts made previously to get SAP to change the formatting for the report but was not successful.

In Summary – Fixed Asset Accountant

Apart from the formatting they are easy to run. They are straightforward reports which should only take about 30-40 minutes to complete. However, given the formatting difficulty and amount of information it could take up to 3-4 hours on a monthly basis. The automation of the formatting has significantly cut down the processing time and the complexity of the report thus saving the accountant few hours which could be utilized towards a more value adding process or analysis for the business.

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Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Fixed Assets Management – Audit Reports

Problem	The current suite of reports required for audit are difficult to read/process
Challenge	1. Convert and restate the *AR5 and AR6* reports to be more readable
Traditional Solution	IT software development estimated to be around 2 weeks
Solution	Apply our *Algomatics™* methodology to convert 38 reports SAP to be fit for purpose
Outcomes	1. Saved 1-2 weeks of effort by the client's IT developers. 2 days to build 2. 4 days of running and formatting 38 reports reduced down to 1 day
Status	Used monthly – Live since February 2013

The detail

Time consuming and tedious process to prepare these reports for the biannual external audit. Due to the layout and structure in which SAP runs the audit reports and export to Excel it takes a significant amount of time to format the report to make it user friendly to be issued for auditing.

Designed an algorithm to auto format the report in the desired format rather than manually formatting each report. The objective for this process was to simplify the bi-annual process of generating the *Additions and Transfers* report which is required by the external auditors to reconcile back to the additions and retirements in the schedule K reports and identify any anomalies. The reports generated through the SAP transaction codes AR06 and AR05 are not user friendly and not easy to read and understand for a person with a non fixed assets background.

Once exported to excel - due to the formatting issues all the information do not align correctly that relates to the additions and the disposals. Therefore prior to being sent to the auditors a fixed asset accountant needs to manually format the report to make it user friendly, remove unwanted information and then paste it to the reporting template so that the reconciliation to the *Schedule K* figures can be performed easily.

Given the report is done for the entire Retailer business which includes supermarkets, liquor and fuel there are 19 legal entity and management entity combinations totalling to 38 reports to be formatted. Also given the strong growth of Retailer CAPEX spending has increased significantly and since run on a biannual basis a single report can have up to 100,000 lines and 10 columns worth of information. Formatting these reports therefore is a tedious task and does not add much of a value to the business process improvements. Attempts have been made previously to get SAP to change the formatting for the report but wasn't successful.

In Summary – Fixed Asset Accountant

Apart from the formatting they are easy to run and straightforward reports which should only take at most 1 day to complete all 38 reports but given the formatting difficulty and amount of information it could take up to 4 days on a biannual basis. The automation of the formatting has significantly cut down the processing time and the complexity of the report thus saving the accountant a significant amount of time annually which could be utilized towards a more value adding process or analysis for the business.

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Accounts Payables (International) – Prime Revenue Reconciliation

Problem	1000s of lines of reporting need to be looked at in order to isolate the 'offending' entry causing SAP and the BRA report to be out of synch
Challenge	1. Isolate financial anomalies between a 3rd party BRA and SAP reports
Traditional Solution	IT software development estimated to be around 2 weeks
Solution	Apply our *Algomatics™* methodology to convert 38 reports SAP to be fit for purpose
Outcomes	1. Saved weeks of effort by the client's IT developers. 2 days to build 2. 3-4 hours of investigation in tracking the issue reduced down to 10 min
Status	Used monthly – Live since February 2014

The detail

No longer have resources to dedicate to this process. Twice a week for several company codes, the reconciliation of 1000's of line items for Prime Revenue Payments is a task that can take hours. This is a tedious manual process checking 1000s of line items between SAP and the BRA (Buyer Remittance Advice).

The process built automatically isolates differences between the two reports – highlighting which account and which line. The Process involved is as follows:

Create a SAP report and unblock vendors using transaction ZFI_AP_SPP_UNBLK_PMT
Print BRA report from Prime Revenue partner – this is a PDF report
Run payment proposal in SAP using existing template and relevant dates
Print SAP payment proposal

Compare the total of the BRA and SAP reports and establish if there is a variance. This is done visually for 1000s of lines. Print SAP payment proposal in detailed format to display vendor and document information. Reconcile the BRA report and the SAP report at vendor level to establish variances

Reconcile the BRA report and the SAP report at document level to establish variances. If there are many of these, this could take hours or days to locate or investigate

If an account varies, we would have to find the line items in the BRA report or the SAP report. Investigate variances and liaise with Account Queries for required adjustments (60min). Accounts Queries to advise when to re run the payment proposal. Compare the new total of the re run SAP payment proposal and BRA report (5min)

With the new Process we create a SAP report and unblock vendors using transaction ZFI_AP_SPP_UNBLK_PMT. Print BRA report from Prime Revenue partner – this is a PDF report. Run payment proposal in SAP using existing template and relevant dates. Print SAP payment proposal

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Simply copy and paste the BRA PDF report. Copy and paste the SAP report. The report automatically reconciles the BRA to SAP and the SAP to BRA. It highlights any differences and lists which report and which *line* is the 'offending' entry

In Summary – Fixed Asset Accountant

The longest time that we can recall would be about 3 to 4 hours to reconcile. Due to the tediousness of reconciling the reports this may be drawn out over several hours in between other jobs. Now the whole process, extracting the reports, applying the process and result takes about 10 minutes.

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Business Improvement Case Studies

(Business Processes – Process Intervention – Process Improvement – Rapid Process Build – Analytics)

Accounts Payables (Hotels) – Automation of Hotel Expense Accruals

Problem	Accruals of invoices not paid – via the comparison of two Invoices systems
Challenge	1. Two separate invoice systems are being run: Hotels and Liquor Retail 2. Invoices captures in one system may not be reflected in the other
Traditional Solution	IT software development estimated to be weeks
Solution	Apply our *Algomatics™* methodology to check and reconcile between the two invoice system whilst determining which invoices need to be accrued
Outcomes	1. Saved weeks of effort by the client's IT developers. 2 days to build 2. 3-6 hours of investigation down to 1½ hour
Status	Used monthly – Live since August 2013

The detail

This is a Period End process to determine which Hotel Invoices have not been processed by the SAP system. Hotels run an Invoice Payment system called HERBIE. Retail Segment uses SAP. Both systems must sync for payment. Ensure both are synched via an automated process which compares both Invoice payments file – difference is accrued. The current process:

Copy and paste general expense invoice data from the Herbie system before Herbie report was created. On average there are around 1000 invoices per week. Accrual is done for the last two week of the period. We then run the SAP report for invoices processed and prepare a pivot table to sum up the invoice amount with and without GST.

Now we check the 'General Expense' invoices by comparing Herbie against SAP. If it is in Herbie but not in SAP, the value must be accrued for. If it is in Herbie and in SAP but a different value, this must be investigated. A match is attempted via Invoice number and amount

However, a match is not always possible as the Invoice number may be miss-keyed or have a prefix dropped. Attempts are made to still try and locate these. Once we are satisfied with that we have got our 'best guesses of matching invoices between the two system files, we prepare & post General Expense Accruals.

Usually this process takes about 3-6 hours – depending on the quantity and quality of data between the two systems.

In contrast, the new process processes the following two input files: SAP Data and Herbie Data. There is a three pass algorithmic check to try and match invoices. Once these attempts have been exhausted, a file is generated of *recommended* journals. The process then allows the operator to review the output and exclude certain recommendations for journaling.

Once the review is completed, it then produces an automated accrual journal for EOP after feel out the necessary information for current month such header, date, etc.

In Summary – Fixed Asset Accountant

This process only takes about approx. 1.5 hours for both weeks.

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Business Improvement Case Studies

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Accounts Payables (Hotels) – Automation of Hotel Stock Invoice Accruals

Problem	Accruals of invoices not paid – via the comparison of two Invoices systems
Challenge	1. Two separate invoice systems are being run: Hotels and Liquor Retail 2. Invoices captures in one system may not be reflected in the other
Traditional Solution	IT software development estimated to be weeks
Solution	Apply our *Algomatics™* methodology to check and reconcile between the two invoice system whilst determining which invoices need to be accrued
Outcomes	1. Saved weeks of effort by the client's IT developers. 2 days to build 2. 3 hours of investigation for 400 invoices is now down to 1½ hour
Status	Used monthly – Live since August 2013

The detail

Hotels run an Invoice Payment system called Future. Retail Segment uses SAP. Both systems must sync for payment. Ensure both are synched via an automated process which compares both Invoice payments file – difference is accrued

The current process is a Period End process:

Copy and paste Stock invoice data from the Future system. On average there are around 400 invoices per week. Accrual is done for the last two week of the period. Run the SAP report for invoices processed and prepare a pivot table to sum up the invoice amount with and without GST.

Now we check the Stock invoices by comparing Future against SAP. If it is in Future but not in SAP, the value must be accrued for. If it is in Future and in SAP but a different value, this must be investigated. A match is attempted via Invoice number and amount

However, a match is not always possible as the Invoice number may be miss-keyed or have a prefix dropped. Attempts are made to still try and locate these

Once we are satisfied with that we have got our 'best guesses of matching invoices between the two system files. We prepare & Post Stock invoice Accruals. Usually this process takes about 3 hours – depending on the quantity and quality of data between the two systems

In contrast, the new tool processes the following two input files: *SAP* data and *Future* data. There is a three pass algorithmic check to try and match invoices. Once the these attempts have been exhausted, a file is generated of *recommended* journals

The process then allows the operator to review the output and exclude certain recommendations for journaling. Once the review is completed, it then produces an automated accrual journal for EOP after feel out the necessary information for current month such header, date, etc.

In Summary – Fixed Asset Accountant

This process only takes about approx. 1.5 hours for both weeks.

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Fixed Assets – Budget and Forecasting

Problem	The Budget and Forecasting cycle and reruns would take days – error prone
Challenge	1. Reduce the Budgeting and Forecast cycle by days 2. Reruns would take hours to complete manually with possible errors 3. Improve data integrity
Traditional Solution	IT software development estimated to be months
Solution	Apply our *Algomatics™* methodology to automate the budgeting and forecasting process. Simplify the process. Integrate various platforms, excel sheets and external data sources onto one platform or operation
Outcomes	1. Saved months of effort by the client's IT developers. 20 days to build 2. 10 days of preparation is now down to 3-5 days 3. Reruns of Budgets and Forecast would be instant and not take hours
Status	Quarterly forecasting and yearly budgeting process – Live since July 2012

The detail

The process which was replaced was manually intensive requiring updating & changes to many spreadsheets. It was also very time consuming, taking couple of days to produce an output. This also required the consideration and analysis of Base Data, BW Actuals, CWIP, CAPEX & Closed store data.

Hence the need to create a process that automates the integration of source data to producing either a Forecast or Budget output with the ability to add additional detail / accounts as the scope of the business grew.

Process being replaced

Run and import the SAP Base Reporting
Obtain and process CWIP Report
Obtain and process CAPEX Report
Obtain and process Store Closing Report
Change formulae to reflect Financial Year and Period (for Forecast), allocations, and exclusions
Customise output to reflect required output format
Final adjustments and reporting in the templates
Repeat above cycle - say 4 times for each company code
Each cycle would take 8 hours…. But was very error prone with formulas forgotten to be updated
Multiple spreadsheets were used for each instance

The new process

Utilise one spreadsheet template for both Forecast & Budget instances
Document process to assist in training purposes and to maintain process integrity
Build in data integrity checks to ensure accurate reporting & assist in locating were issues originated
Run and import the SAP Base Report from SAP
Run and import BW Actuals from SAP BW
Obtain and just import CWIP Report into process

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Obtain and just import CAPEX Report into process
Obtain and just import Store Closing Report into process
Change parameter to reflect Financial Year and Period (for Forecast)
Output format automatically adjusted (Forecast automatically determines Actual / Forecast)
Produce a Summary and Account Detailed output as per business requirements.
Final adjustments and reporting in the templates
Repeat above cycle – once.

In Summary – Fixed Asset Accountant

Dramatically reduced the time taken to create sound accurate reporting for Budget & Forecast purposes by several days. Provided a uniformed process in obtaining the said information by creating a set process with minimal ambiguity.

Included sufficient flexibility to grow with business needs & changes. Provided clear efficient, well presented & formatted output which could be easily distributed to third parties. Build in the ability to self-diagnose issues and assist the preparer in pinpointing where problems & miss-calculation occurs within the model.

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Business Improvement Case Studies

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Stock Accounting – GR Cost Correction Journal Process

Problem	Cost mismatches between *SAP Charges (DC)* and *MAX Receipt Charges*
Challenge	1. Build process that automatically reports any cost mismatches between *SAP Charges (DC)* and *MAX Receipt Charges* 2. Automate correcting journals based on the outcome of 1. above
Traditional Solution	IT software development estimated to be weeks
Solution	Apply our *Algomatics™* methodology to identify differences between the two charging systems whilst determining what needs to be accrued for
Outcomes	1. Saved weeks of effort by the client's IT developers. 3 days to build 2. 2 hours of investigation now down to less than an 1 hour
Status	Used monthly – Live since late 2013

The detail

There are cost mismatches with the DC (WHO/SAP) to operational system *M-AX*. Build process that automatically reports any cost mismatches between *SAP Charges (DC)* and *MAX Receipt Charges.*

The objective for this procedure is to identify cost mismatches of inventory items between GHPL SAP charges vs. MAX receipt (STO). Then a financial adjustments to STO COGS or DC COGS is made accordingly

The input data provided for automation process: GHPL charges (SAP & WHO) + STO receipts (MAX) Approximately 225 WHO/SAP items get checked against 250 M-AX items.

This product automatically compares both sources of data to determine for each stock item the cost differences between SAP versus MAX. This product automatically determines cost differences between SAP versus MAX. It then automatically generates correction journals to SAP's COGS account.

In Summary – Stock Accountant

This used to be a manual process which took over 2 hours to complete. The process now takes less than 1 hour

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Stock Accounting – GR Quantity Correction Journal Process

Problem	Quantity mismatches between *SAP Charges (DC)* and *MAX Receipt Charges*
Challenge	1. Build process that automatically reports any quantity mismatches between *SAP Charges (DC)* and *MAX Receipt Charges* 2. Automate correcting journals based on the outcome of 1. above
Traditional Solution	IT software development estimated to be weeks
Solution	Apply our *Algomatics™* methodology to identify differences between the two charging systems whilst determining what needs to be accrued for
Outcomes	1. Saved weeks of effort by the client's IT developers. 3 days to build 2. 4 hours investigation and processing now down 1 hour
Status	Used monthly – Live since late 2013

The detail

This relates to quantity mismatches with the DC (WHO/SAP) to operational system *M-AX.* The objective for this procedure is to identify QTY mismatches of inventory items between GHPL SAP charges vs. MAX receipt (STO). Then a financial adjustments to the STO COGS or DC COGS is made accordingly.

This process automatically reports any quantity mismatches between *SAP Charges (DC)* and *MAX Receipt Charge*.

Input data provided for automation process: GHPL dispatches (SAP & WHO) + STO receipts (MAX) Approximately 225 WHO/SAP items get checked against 250 M-AX items.

This product automatically determines quantity differences between SAP versus MAX. It then automatically generates correction journals to SAP's COGS account.

In Summary – Stock Accountant

This used to be manual process which took over 4 hours to complete. This now takes about 1 hour

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Stock Accounting – GR Stock Correction Journal Process

Problem	Stock mismatches between *GHPL SAP despatches versus MAX Store Stocktake (STO)*
Challenge	1. Build process that automatically reports any inventory mismatches between *SAP Charges (DC)* and *MAX Receipt Charges* 2. Automate correcting journals based on the outcome of 1. above
Traditional Solution	IT software development estimated to be weeks
Solution	Apply our *Algomatics™* methodology to identify differences between the two charging systems whilst determining what needs to be accrued for
Outcomes	1. Saved weeks of effort by the client's IT developers. 3 days to build 2. 4 hours investigation and processing now down to 2 hour
Status	Used monthly – Live since late 2013

The detail

The objective for this procedure is to identify QTY mismatches between GHPL SAP despatches vs. MAX Store Stocktakes (STO). Then financial adjustments to Stocktake account -210305 identified QTY variances is made

The input data provided for automation process: GHPL dispatches (SAP & WHO), STO stocktake (MAX) and the STO receipts (MAX). Approximately 200 WHO/SAP items get checked against 250 M-AX items.

In Summary – Stock Accountant

This used to be manual process which took over 4 hours to complete. This now takes about 2 hour

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Property Development – Project Management (Delivery Schedule)

Problem	Time and labour intensive preparation of Store Development Schedules
Challenge	1. Build process to automate the production of various store development schedules 2. Integrate, consolidate and interpret data from 4+ sources 3. Build intelligent process allowing 'human decision making' to add
Traditional Solution	IT software development estimated to take many months. It no resource
Solution	Apply our *Algomatics™* methodology to build up store development schedules for stores in the Retail network
Outcomes	1. Saved months of effort by the client's IT developers. 5 days to build 2. 8 hours every Monday morning reduced to 4 hours (2 new stores) 3. 1-2 hours every Monday morning reduced to ½ hour (20 current stores) 4. Accuracy and Integrity of inventory data improved
Status	Used monthly – To be launched in late May 2014

The detail

Automating the production of the 'Delivery Schedule' used as a guide for preparing for store fit-outs is prepared manually. Build a process that automatically generates these Schedules

About 20 schedules weekly (depends on program). Takes about 8 hours – with new tool (to date) takes about 4 hours. Process is 80% completed… Used weekly by the Inventory Manager

The process of uniting minor and major fixtures, fittings and equipment, into a single or unified whole schedule. This report will then be distributed to consolidation stakeholders (internal and external) i.e. Purchasing, Store Development, Dutt Transport and TIC Group on a weekly basis until project completion

Current Process

Currently the consolidation 'Delivery schedule' report is manually created. Initial report will take between two to four hours to create, with subsequent report updates on average taking between one and two hours

On average two initial reports are created each week, with 20 reports then updated on an ongoing weekly basis. Input data is received each Thursday, with reports then created the following Friday, Monday and Tuesday

The following needs to be sourced for each store:
AOS report
Purchasing delivery schedule
Pending Assets / Inventory report
CJI5 report
Minor / Major / Direct to store item classifications (One standard report that covers all)

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Automated Process:
Simply import the above *five files*. The process converts the *Word Document* into an *Excel worksheet* automatically. It then compiles the '*Final consolidation delivery schedule'*. It then enables the person to address missing items and define these manually (Minor/Major/Store, Delivery Date, Departments). It also enables the person to address items that have no item ID to define manually the same information as above. The report then will adjust and include these exception notation – keeping these for next time

In Summary – Stock Accountant

On average two initial reports are created each week taking four hours each to produce. The implementation of this new tool should therefore half this period of time.

Ongoing reports (average 20 per week) currently take one to two hours to produce, Therefore implementation of new tool should reduce this to half an hour each. The accuracy and integrity of the report will have improved

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Campaign Pick list Creator

Problem	Creating Pick lists time consuming and repetitive
Challenge	1. Creating a printable pick list for each order from a master matrix of over 700 orders.
Traditional Solution	IT software development estimated at 40 to 60 developer days
Solution	Apply our *Algomatics™* methodology to automatically create the pick lists for each section.
Outcomes	1. Saved 40 to 60 days effort by the client's IT developers. 2. Save approx. 12 hours processing time per week
Status	Now used daily for every campaign.

The detail

A excel spreadsheet is supplied with the picks for each item for each store, this needs to be converted to a single printable pick list for each store. Quite often the pick list is quite large and is then also split up to sections to be picked separately.

The outcome of this process will enable creation the printable pick lists in a reduced time and will allow for easier handling of late changes made to pick lists.

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Manifest and Label Printing

Problem	Loss of time and unprofessional looking manifests
Challenge	1. To enable team members to make manifests and data inputs for label printing software in the fastest time possible. 2. To improve the layout of the manifests to a more professional standard whilst allowing new data to be input into the various fields effortlessly.
Traditional Solution	Unknown
Solution	Apply our *Algomatics™* methodology to automatically sort and isolate which Invoices were rejected due pertinent variables and facilitate payment in less than 1 week with 5 development days
Outcomes	3. Saved up to 40 minutes effort by the users 4. Enhanced presentation of product for clients
Status	Now used on all consolidation outbound freight daily

The detail

5 to 10 times a week TIC will need to dispatch anywhere from 1 to 50 pallets of goods complete with manifests and shipping labels. The manifests are required to specify each item and quantity on every pallet as well as the supplier and required delivery date. The shipping labels are required to show the destination, delivery date, pallet number and suppliers for each pallet. This information must be extracted from an excel schedule of all items going out for a project. This file is updated by the warehouse team on an ongoing basis as items are received in. Just prior to dispatch from the warehouse all items received in on the schedule are converted into a manifest and shipping labels.

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Freight Register Auto Match

Problem	Loss of productivity and potential errors
Challenge	1. To automate the matching of *Freight Invoices* to *Consignment Notes* 2. To automate the invoicing by department
Traditional Solution	A third party software was being considered
Solution	Apply our *Algomatics™* methodology to automatically sort and isolate which Invoices were rejected due pertinent variables and facilitate payment in less than 1 week with 5 development days
Outcomes	3. Saved up to 70 minutes of daily effort by the users 4. Improved accuracy 5. Ease of reporting
Status	Now used in back office

The detail

All Freight undertaken is documented on the internal 'Freight Register' - using a con-note reference. Receive Freight Invoices from various suppliers to match each individual con-note with already inputted reference

Once a match can be found - manually input date, invoice no. and amount of the particular job. Collate all unknown Con-notes to distribute internally for a verbal description.

Then filter monthly Freight by departments to finalise the end of month invoicing figure - required to on-charge

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