

RS Components

RS Components is part of Electrocomponents PLC, London, a global business operating in 32 countries and distributing to 160 countries worldwide. The company represents nearly 500,000 products—a big challenge for the UK-based finance team when invoicing suppliers. The UK team handles 50,000 supplier invoices a month from 4,000 vendors, and in eight currencies.

Challenge

At RS Components, the task at hand was volume and variety. The UK finance team handles 50,000 supplier invoices a month from 4,000 vendors across Europe. “It adds up to paying out more than £30 million a month, in eight currencies”, according to Sally Adams, Head of UK Finance at RS.

The company has a Europe-wide SAP Enterprise Resource Planning (ERP) system, which has been successfully implemented in nine territories (including the UK) between December 2005 and May 2007. At the UK operation, around 20 full-time AP clerks were involved in manually posting supplier invoices to the SAP system.

Building a Europe-wide SAP platform

“We needed to save costs and recognized that the use of technology for automated invoice processing and approval would enable us to meet that goal and further leverage the advantages of our SAP platform,” says Stuart Leveridge, Accounts Payable Manager.

Equally important to RS Components was the ability to develop the roles within the AP team. Desiring a “continuous improvement culture,” the company wanted to increase the level of “valued-added” tasks and job satisfaction among staff. To do this, the AP team had to handle fewer invoices by hand and get better at account management of suppliers.



RS Components

The company is the world's leading high-service distributor of electronics, automation and control components, tools and consumables, serving more than one million customers globally. With a global network of distribution centres, RS Components ships more than 44,000 parcels daily. Its products are sourced from 2,500 leading suppliers.

Started in a garage in Northwest London in 1937 under the name Radiospares Limited, and rebranded as RS Components in 1971

Products in Use:

◆ Kofax ReadSoft Invoices™

Focus: AP Automation for SAP

Partner: Cogent Consulting UK Ltd

“Having automated invoice approvals and online storage of documents also favorably impacts our productivity and bottom line.”

Sally Adams, Head of UK Finance, RS Components

Solution

Responses to an 'Invitation to Tender' led to the short-listing of three potential suppliers for an automated invoice solution. The company selected a combined solution from Kofax and Cogent Consulting. Kofax ReadSoft Invoices is the most widely used solution for invoice processing into SAP. Cogent Consulting is a leading consultancy in automating Accounts Payable Invoice Processing for SAP customers.

Seeking 'best in class' invoice automation

Following discussions about the challenges faced, Kofax and Cogent decided to introduce new methodologies to the scanning process, such as added supplier fields to help reduce issues with VAT or currency differences.

"Working together to enhance the system enabled both stock and non-stock invoices to be integrated into a fully automated process within SAP," says Leveridge.

Maximizing the benefits

The invoice automation solution from Kofax and Cogent provided RS Components with the following advantages:

- ◆ An automated invoice entry process to eliminate keying
- ◆ Complete centralized control by AP of all supplier invoice processes
- ◆ Complete integration with SAP, including workflow
- ◆ Electronic archiving of invoice documents for retrieval
- ◆ Elimination of filing or retrieval of paper invoices
- ◆ Ability to use electronic workflow for subsequent invoice approvals processing
- ◆ Rapid invoice verification and query resolution
- ◆ Tools for continuous improvement of invoice processes.

Further system and process improvements for RS Components over time have ensured the ongoing success of the project. The company has taken care to have clearly defined targets and performance metrics.

Results

The company says two of the biggest benefits of the solution are in auditing and compliance. The solution implemented at RS Components is integrated with its SAP ERP system—a major reason for choosing Kofax technology.

Following implementation, RS Components has increased the number of invoices processed per month to 55,000 from 42,000, and reduced the number of full-time AP staff from 20 to 10. The company now has 90% of invoices going through the automated system—only 10% need verification. Overall, employment costs have been reduced by 36% per year.

Expanding the benefits

"Our UK team achieved 'star awards' for ongoing process improvements and we want to continue to be seen here as innovators within our global organization," Adams says. "The system we have in place from Kofax and Cogent will enable us to achieve that."

With a track record of success, Adams and her team are looking at process improvements that involve suppliers.

"So far we have been focused purely on processing paper supplier invoices," she says. "We are now looking at how email invoices can also be brought into the process. We're confident that this is the next step."

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