How to make your e-invoicing program a sweet success, the Mondelēz International story

27th January 2015

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Presented by:
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Questions

• Send me your question early
• Use this opportunity to get the answers/info you seek
• The sooner you send me the question, the more likely it will be asked
• Remember to stay on for Q&A in the last 10 minutes of the show
Agenda

• Context
• The Mondelēz International story
• Benefits beyond e-invoicing
• Questions
Context

• E-invoicing is gaining momentum
• 170bn B2B invoices globally – only a fraction of which are processed in any electronic form
• Buyers driving widespread adoption on basis of cost savings, good ROI, working capital optimization, and the corporate social responsibility agenda
• Government mandates – Mexico, Brazil, Turkey, Italy, etc.
Poll question 1

How many invoices do you process annually?

Poll Results (single answer required):

- Less than 100,000: 19%
- Between 100,000 and 250,000: 21%
- Between 250,001 and 500,000: 9%
- Between 500,001 and 999,000: 13%
- More than 1,000,000: 38%
e-Invoicing is gaining momentum

* European e-invoicing Service Providers Association.
** E-invoicing / e-billing (opportunities in a challenging market environment) by Billentis. Includes legacy electronic solutions such as pdf invoices within emails, EDI, websites, as well as network platforms

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e-Invoicing: The journey to value

- Mailroom and AP Clerk replacement
- STP enablement
- Supplier query management
- Reduce call centre
- Working capital management
- Liquidity in supply chain
- Enhanced analytics

Value creation

Level of automation

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- **Fortune 500**: Serves 56% of the Fortune 500, 67% of FTSE100
- **Invoices Processed**: Transacts over $187 billion of invoices annually
- **Compliant Countries**: Tax and regulatory compliant in 47 countries
- **Suppliers on Network**: Access to over 171,000 active suppliers on the Tungsten Network

The World’s Largest Invoice Network
Poll question 2

How do you currently process your invoices?

Poll Results (multiple answers allowed):

- Manually via paper: 65%
- Scanning/OCR: 72%
- EDI: 42%
- e-Invoicing: 52%
- Email: 57%
How to make your e-invoicing program a sweet success, the Mondelēz International story.
our agenda

• About Mondelez
• The context for our process improvements
• Driving the strategies with Procurement
• Capturing benefits beyond eInvoicing
• Effectively partnering with your eInvoice provider
• Six Top Tips
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fast facts

- Net revenues of $35 billion in 2013
- Global snacks powerhouse
- Products marketed in 165 countries
- #1 in biscuits, chocolate, candy & powdered beverages *
- #2 in gum & coffee *
- Over 100,000 employees
- Donated more than one billion servings of food since 1997

* Source: Euromonitor market share
we offer many of the world’s favorite brands

Our portfolio features nine billion-dollar brands: Cadbury, Cadbury Dairy Milk and Milka chocolate, Jacobs coffee, LU, Nabisco and Oreo biscuits, Tang, Trident gum.
Our purchase to pay organisation overview

• Shared services history
  – Established in 2004 and originally located in Bratislava, Slovakia
  – Transitioned to Manila, Philippines in Q4 2014
  – Serves all of Mondelez Europe and North America
  – Accounts Payable, General Ledger, T&E, Treasury, Inter Company

• Central Business Process Team
• Procurement Service Centre in Bratislava
• Volume of invoices – more than 3 million globally
• ERP Platform in Europe - SAP and SRM v7.0
Evolution of the role - My experience

• 1990’s
  – Engineering and Manufacturing background

• 2000’s
  – Transition through Supply Chain to Procurement
  – Directs and Indirects Procurement
  – Global Strategy
  – Procurement org design and growth

• 2010 +
  – Procurement, BPM Lead for Europe
  – Source to Pay process owner
  – Team re-aligned with Procure to Pay objectives
our agenda

- About Mondelez

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- Driving the strategies with Procurement

- Capturing benefits beyond eInvoicing

- Effectively partnering with your eInvoice provider

- Six Top Tips
Invoice automation through electronic invoicing is one important element in our Procure to Pay Optimization Program

<table>
<thead>
<tr>
<th>Work stream</th>
<th>Key Actions</th>
<th>Main Impact</th>
<th>2015 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Master data</td>
<td>- Vendor reduction&lt;br&gt;- Data additions – parent/child&lt;br&gt;- Data cleansing</td>
<td>Compliance Efficiency</td>
<td>Vendor reduction</td>
</tr>
<tr>
<td>Policy &amp; Process</td>
<td>- Training / awareness campaign on new simplified Global Procurement policy&lt;br&gt;- Escalation process to change behaviours</td>
<td>Compliance Simplification</td>
<td>Purchase Orders after the fact PO compliance</td>
</tr>
<tr>
<td>Order &amp; Receive</td>
<td>- Reduce non PO based transactions, move to 100%&lt;br&gt;- Implement well trained shoppers&lt;br&gt;- Best Buying channel implementation; use of catalogues, MRP etc</td>
<td>Compliance Efficiency Simplification</td>
<td>Automated transactions PO's based transactions</td>
</tr>
<tr>
<td>Invoice Automation</td>
<td>- Increase eInvoice volume&lt;br&gt;- Increase eInvoice auto-posting&lt;br&gt;- Extend PO Covert usage&lt;br&gt;- Roll out in Central Europe</td>
<td>Efficiency</td>
<td>eInvoking entry +60%&lt;br&gt;eInv Touchless processing +70%</td>
</tr>
<tr>
<td>Invoice exceptions</td>
<td>- Address invoice issues with root causes analysis&lt;br&gt;- Invoice processing harmonization</td>
<td>Efficiency Compliance</td>
<td>Invoices with exceptions On time payments</td>
</tr>
</tbody>
</table>

Invoice automation through electronic invoicing is one important element in our Procure to Pay Optimization Program.
Our scope for eInvoice is mainly in Europe and North America, we are starting in LA and AP.

By geography…

By sourcing area…

- Direct
  - Packaging
  - Raw materials
  - Commodities
- Indirect
  - Marketing
  - Manufacturing
  - Corporate Services
  - IT

By invoice type…

- Purchase Order invoices
- Non-PO invoices
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• Six Top Tips
eInvoice success is key to automate our shared services and drive financial benefit

• There are benefits for both Mondelez and our vendors;
  
  • reduction in cost versus paper handling
  • reduction in Shared Service headcount (~$significant saving)
  • faster invoice delivery versus post and scanning
  • standard solution across company
  • instant supplier feedback on invoice status
  • reduction in call volume to shared service centers
  • faster three way match process
  • increased “payment on-time” versus paper (~8%)

• Senior Leaders in Mondelez are already convinced this is the way forward; challenge to translate intention into result through organization
Procurement is a key function to make any eInvoice program a success

Objectives

1. Build Volume - Convert from paper to electronic invoices
2. Achieve Straight Through Processing - Obtain a high rate of auto-posting (no manual “touch, check or intervention”)

Why Procurement?

- Nominate & convince vendors to “sign-up”
- Support work on vendor data, PO quality, user behaviour
You need to listen to their needs before they can be expected to be involved

- What does Procurement want? ....”not to be diverted with invoice issues”

- Don’t bother me with invoice issues!
- Pay my vendors on time
- I have savings to find...that keeps me busy
- The idea is good but I don’t have the time
- My suppliers want to know when they will be paid
Focus on the key benefits to Procurement

- What does Procurement want?....Not to be diverted with invoice issues”
- faster invoice delivery versus post and scanning
- instant supplier feedback on invoice status
- faster three way match process
- increased “payment on-time” versus paper
- reducing the need for the supplier to call the buyer
- making negotiation focus on what matters

- Other functional support will be required;
  - Heavy drive from within Accounts Payable (shared services)
  - Involvement of Technology Team
  - Support from Finance (ensure delivery and tracking of benefits)

- A framework needs to be in place (knowledge, technology, people, process.) in order to realize the potential benefits

Key benefit to Procurement
It is important to align targets and establish an eInvoice "team"
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eInvoice success is key to automate our shared services and drive financial benefit

• The basic benefits are driven from two aspects – both are required to drive a step change

• 1) Shift the **volume** of paper invoices to electronic invoices
  
  • Reduction in handling post
  • Reduction in scanning
  • Increase of invoice data accuracy
  • Simple ability to reject basic poor quality invoices

• 2) Achieving **auto-posted and straight-through** processing of invoices
  
  • Ability to match automatically to Purchase Order data
  • Enrichment of missing invoice data
  • Better recognition and elimination or invoice issue root causes

  **Base Benefit $**

  **Significant Benefit $$**
elInvoice is an enabler to identify gaps in your existing process.

• Recognize the power of increased volume AND high auto-posting rates

• Paper based PTP Process is hides human intervention and manual process

• elInvoice can force one way of operating which then drives consistency, scale and a harmonization opportunity…. 
  
  • Shared Service manpower is reduced
  • Cost per invoice is reduced
  • Vendors are paid on time
  • Invoice queries reduce

• Other opportunities become available with “invoice control”
  • PO Convert (sending a PO and receiving a matched invoice)
  • Supply Chain Finance
  • Invoice Status Service
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Auto posting has had very positive progress from 8% to 50% at year end.

- A close working partnership is essential for success
- Technical expertise needs to be leveraged – workshop style
- Regular commercial governance
- Project reviews – track progress and drive action

The improvement are based on developments on:
- Bank account data alignment
- PO line item improvement
- Vendor data clean up
- State Central Bank indicator
- Tax coding
- Use of PO Convert
Volume has doubled with sharp increase in 2014 after auto-posting stabilization

- Exchange of existing database with already “live” Tungsten vendors
- Alignment with Tungsten on communication style and messages
- Revised website and training materials
- Dedicated Mondelez Team in the Shared Service Centre

The improvement are based on developments on:
- Stable auto-post
- New campaigns in Q3/Q4
- Better communication
- Close links to Procurement on vendor selection process
- Exchange of existing database with already “live” Tungsten vendors
- Alignment with Tungsten on communication style and messages
- Revised website and training materials
- Dedicated Mondelez Team in the Shared Service Centre

**Volume Growth 2013 & 2014**

- Increase from 15% to +32%

- Volume as percentage of all invoices
Meaningful reporting is essential in order to drive progress, measurable KPI’s need to be developed with the experience of Tungsten

1) Determine “main” reasons for auto posting failure area...

2) Best and worse performing vendors....

We can now identify our best and our worse performing vendors for auto posting issues. We need resources to take corrective actions.

<table>
<thead>
<tr>
<th>Vendors with 90 Invoices per year</th>
<th>Auto-post %</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Performing Vendors - Top 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor 1</td>
<td>84%</td>
<td>98</td>
</tr>
<tr>
<td>Vendor 2</td>
<td>90%</td>
<td>122</td>
</tr>
<tr>
<td>Vendor 3</td>
<td>92%</td>
<td>99</td>
</tr>
<tr>
<td>Vendor 4</td>
<td>89%</td>
<td>90</td>
</tr>
<tr>
<td>Vendor 5</td>
<td>94%</td>
<td>204</td>
</tr>
<tr>
<td>Vendor 6</td>
<td>98%</td>
<td>158</td>
</tr>
<tr>
<td>Vendor 7</td>
<td>87%</td>
<td>98</td>
</tr>
<tr>
<td>Vendor 8</td>
<td>100%</td>
<td>343</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Worst Performing Vendors - Bottom 10</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor 106</td>
<td>92%</td>
<td>304</td>
</tr>
<tr>
<td>Vendor 107</td>
<td>92%</td>
<td>238</td>
</tr>
<tr>
<td>Vendor 108</td>
<td>92%</td>
<td>114</td>
</tr>
<tr>
<td>Vendor 109</td>
<td>92%</td>
<td>128</td>
</tr>
</tbody>
</table>

3) Progress reporting....
Working with Tungsten we have developed the training materials and vendor commercial packages

1) Bespoke web page.....

2) In house training materials....

3) Training, contacts and videos for vendors and Procurement....

There is a lot of documentation available

Click below to visit the team site
https://partners.kraft.com/sites/CE10ElectronicInvoicingPortal/Shared%20Documents/Forms/AllItems.aspx

Click below to visit the video store
http://tungsten.com/de/DE10-portal-tutorial-videos#video=42987214
• About Mondelez
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Top Tips

1) Make it part of a company agenda.
2) Drive eInvoice as part of a PTP program
3) Compelling reason for Procurement to act.
4) Set SMART targets
5) Leverage Tungsten
6) Think bigger than just removing paper. Add value.
Poll question 3

Do you have clear business goals in place to remove paper from AP?

Poll Results (single answer required):

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The case is in place and we have started e-Invoicing</td>
<td>54%</td>
</tr>
<tr>
<td>Yes our business case is in place but not yet started</td>
<td>17%</td>
</tr>
<tr>
<td>The case will be defined within 6 months</td>
<td>8%</td>
</tr>
<tr>
<td>The case will be defined in 6 to 12 months</td>
<td>6%</td>
</tr>
<tr>
<td>No, we have not yet assessed the goals</td>
<td>15%</td>
</tr>
</tbody>
</table>
End to end benefits

- **Procurement**
  - PO distribute through the portal
  - Purchase order

- **Invoice**
  - Any source: paper, email, fax, etc.
  - Invoice documents and data
  - Capture

- **Validation**
  - Compliance
  - PO number
  - VAT
  - Send invoices directly to your ERP system
  - Workflow

- **Submit**
  - Invoices sent for approval and processing
  - Submit
  - Payment

- **Payment**
  - Early payment
  - Payment

- **Procurement**
  - Line-level spend visibility
  - Identify price variances
  - Analytics

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### What you can expect

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased output per FTE by 3 times</td>
<td></td>
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<tr>
<td>75% Improvement in invoice processing</td>
<td></td>
<td></td>
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<tr>
<td>Increase on-time payments by 25%</td>
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<td></td>
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<tr>
<td>90% first time match</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved annual AP operating cost by 25%</td>
<td></td>
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</tr>
<tr>
<td>+£7.8* billion cost recovery opportunity in TN’s existing direct customer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65% Reduction in supplier calls within first year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 1.7% potential savings from price variances identify by Tungsten Analytics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Error rate reduction by 1000 fold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17% Reduction in AP headcount</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on an average sample from 23 Tungsten Network Buyer customers*
Poll question 4

How do you currently uncover price variances?

Poll Results (single answer required):

- We use a 3rd party analytics tool: 7%
- We use our own in-house analytics tool: 65%
- We don’t have visibility of price variances: 27%
Key takeaways

• Significant savings and benefits
  o Streamline your invoice process
  o Automate your accounts payable
  o Enable your operation to handle more with less

• e-Invoicing is an important foundation for touchless processing and gaining visibility in your spending patterns
  o True touchless invoice processing is an iterative but highly achievable goal
  o The solution: people, process and technology

• Strategic vision for P2P is critical
  o Accountability and transparency are essential
  o Close working partnership between procurement and finance is essential
Questions?

For further information:

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Thank you

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