

HONDA LOGISTICS TURNS AP INTO A PROFIT CENTER WITH DOCUMENT AUTOMATION

Based in Ohio, Honda Logistics North America, Inc. was founded in 2013 and operates nine separate companies under Honda Logistics, Inc. In total, the organization is comprised of Honda Logistics North America, Midwest Express, One World Logistics, One Solution Logistics, South East Express, New South Express, Promex, Komyo de Mexico and Komyo Logistics, most of which were established long before 2013. Honda Logistics is the central service company for these nine entities that support Honda Manufacturing. The company's line of business includes providing special warehousing, storage services, freight, sub-assembly, transportation, logistics and parts for Honda.

CHALLENGE

Brad Gerritsen, Accounts Payable Coordinator, manages the Accounts Payable department for Honda Logistics' seven companies. He has been in the industry for 21 years, spending the last 11 years in Finance under Midwest Express and now Honda Logistics. Honda Logistics processes 120,000 invoices per year, which were all previously handled manually by a team of people, requiring lots of time and data entry into their JD Edwards system. Gerritsen knew there was a better and faster way to process invoices, so he began researching invoice automation at industry conferences.

After proving that a streamlined automation solution was the right path, the Manager of Finance gave Gerritsen the approval to spearhead the automation project and move forward. Gerritsen researched and vetted three different companies that would satisfy the requirements of handling all seven companies' invoices and the associated workflow and approval routing into JD Edwards. Tungsten Network was a clear winner by meeting all the prerequisites using a combination of Ephesoft Transact and Tungsten Network Workflow platforms. "We needed a system that could manage all seven companies' invoices separately as well as having a clear authorization matrix for approvals. Tungsten Network offered us the best solution for a complex business," said Gerritsen.

CUSTOMER

COMPANY

Honda Logistics, North America

SECTOR

Transportation & Logistics

COUNTRY

Operates worldwide
Headquartered in Germany

RESULTS

- ✓ AP department has transformed into a Profit Center with SUA payments
- ✓ Cashflow visibility allowing deep discounts and cash management
- ✓ Ability to track 120,000 invoices per year with 2 staff
- ✓ Ageing process has decreased
- ✓ Fast, seamless audits and reporting
- ✓ Job satisfaction with strategic decision-making
- ✓ Improved vendor relations

SOLUTION

In October 2015, Tungsten Network successfully implemented Ephesoft for advanced document capture and Tungsten Network Workflow tool for routing, approvals and integration into JD Edwards. Honda Logistics North America processes approximately 120,000 invoices each year. Gerritsen trained all new vendors to send in an electronic PDF format, but the vendor paper invoices dominate because of One World Logistics brokerage requires a paper process. The brokerage, which contracts out freight services, processes approximately 2,000 to 2,500 invoices per week, often with multiple backup documents. Once the invoices arrive, they are barcoded and scanned using Fujitsu scanners. The scanner separates the invoices by barcode to tell the system which company it relates to and then goes to the list of authorized approvers, who all use a centralized general ledger (GL) codes.

In Ephesoft, the platform uses its patented, machine learning technology to read and determine that the invoice is from a valid vendor based on a vendor number. Every invoice is validated internally as part of their thorough process and is then sent into Tungsten Network Workflow to an approver who assigns a GL code, authorizes the payment and finally is sent to JD Edwards to be paid. Once the payment is made, JD Edwards sends the payment data back into Workflow to complete the cycle. Every night, updates or information from tables are automatically made from JD Edwards back into Workflow. This ensures auditors have all the remittance data easily accessible. "The integration between all the systems is streamlined and offers us tremendous efficiency," explained Gerritsen.

RESULTS

"The solution has freed up our time by transforming data entry roles into more managerial roles. We can now quickly answer vendor questions, track invoices and monitor cashflow. We have visibility into all of our documents, so when auditors come, they have immediate access to all information, which saves us an entire week's worth of work," said Gerritsen. "Productivity has increased because we don't have to track down invoices and open file cabinets. And, I have more time to make strategic decisions."

SERVICES

- ✓ Workflow
- ✓ Advanced Capture
- ✓ Invoice Status Service

TUNGSTEN NETWORK

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- ✓ Delivering knowledge, data, best practices and innovation since 2000
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Further, he explained how there are no more lost invoices. Other benefits are that the ageing process has gotten better and no invoices go unpaid longer than 90 days, where as previously they often went longer because tracking was so difficult. Now, invoices are validated within 48 hours, which make more accurate accruals possible. Once the invoice goes through Ephesoft, Gerritsen described how the team has access to manage the check flow of about \$2.3 million per week. "The platform gave us a clear picture of our cashflow so we could make better decisions. We now have increased flexibility with vendor payments. Additionally, with visibility into our cashflow, we can work with vendors on deep discounts," noted Gerritsen. With the insight from Ephesoft and Workflow, month end reporting became easier and faster with access to their data.

One of the most exciting results is that Gerritsen is using his freed-up time to turn the AP department into a Profit Center. Due to visibility and efficiency, the AP department can strategically save money by negotiating deep discounts, but more importantly, they are driving revenue through rebates. With Single-Use Account (SUA) payments, Honda Logistics receives a percentage of the payment back in the form of a rebate, similar to how some credit cards work. A SUA is a card-based payment solution that acts like a check by providing a 16-digit virtual account number for each payment, which allows you to set each SUA with a credit limit that matches the specific payment amount.

Gerritsen is actively trying to get more vendors to convert to using this SUA payment method to help grow his AP Profit Center. "Now that I have time, I can focus my efforts into transitioning the AP department into a Profit Center, so we are making a big impact and bringing in revenue for the company," stated Gerritsen. Larger companies are trending towards making departments like AP and Purchasing into profit centers thanks to their buying power volume.

FUTURE

Honda Logistics North America has already started the move to upgrade their Ephesoft platform, which is expected to increase productivity and visibility even more. Gerritsen explained that they have been live for two years now with proven success and now they will be able to continue growing. The significant time savings, insight into cashflow and the transformation of AP to a Profit Center will all contribute the success of Honda Logistics North America and its multiple companies.



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