RS Components streamline their invoice delivery

RS Components UK is part of the Electrocomponents Group which is listed on the London Stock Exchange in the Support Services sector. Electrocomponents has 27 operating companies - 2 in the UK, 11 in the rest of Europe and 14 in the rest of the world, including Japan and the USA. Through the RS Components and Allied (USA) subsidiaries, they distribute over 300,000 products to over 1,500,000 technical and industrial professionals throughout the world.

RS Components is known the world over as an innovator in the field of e-commerce. The company was one of the first to successfully embrace the web as a sales channel as well as to integrate its enormous catalog with it's industry leading e-procurement technologies.

"We've always sought to use new technology to make it more cost effective for our customers to trade with us," says Paul Parker, General Manager e-commerce at RS. "In our line of business streamlining the end to end order process is particularly relevant. Our average order value is £80. For many of our customers, the cost of administering that purchase can be more than the value of the items ordered. We, therefore, make every effort to bring that cost down as part of our service offer."

CHALLENGE

"To this end we've created a paperless purchase to pay process, embracing all the major e-procurement technologies, going so far as to create our own free e-procurement tool 'PurchasingManagerTM' for RS customers," says Parker. "Our ordering and procurement control software has removed the hassle from this part of the process, and our goal is to address the whole acquisition process."

"The one problem that we couldn't solve was how to invoice electronically," says Parker. "The obstacles we encountered were manifold. Firstly, each customer had a different system that required a bespoke integration each time. This was manageable when working with a few a customers but not scalable in the long run, especially as we saw the demand for e-invoicing increase. When you consider the size of our customer base, it would be impossible for us to send invoices in the individual formats required by our customers' systems". Secondly, RS were concerned with VAT issues. VAT invoices exhibit many legal characteristics and wishing to send them electronically could have involved complex discussions with HM Customs and Excise. "This meant that for every customer we wanted to send e-invoices to we would have had not only to satisfy the attendant legal requirements but also acquire the blessing of the authorities for each and every customer relationship – and that was just in the UK. The same problem is replicated throughout Europe.

TUNGSTEN NETWORK

SOLUTION

"We were introduced to Tungsten via one of our own customers (Computacenter) who were proactively asking us to send them electronic invoices over the Tungsten Network," recalls Parker.

"Tungsten Network is much more than a point to point solution to us. It has enabled RS to deliver our vision of a complete electronic process – the final piece of the jigsaw if you like."

"What was interesting about the request was that we weren't being asked to send the invoices in a particular format – but could send our invoices as they came out of our accounting systems. Clearly, given our own ambitions in this area we were interested in what Tungsten Network could do for us and the rest of our customer base."

What RS found was a solution that addressed their two main concerns – those relating to multiple invoice formats and VAT issues. The fact that joining Tungsten Network is non-intrusive, without the need for either RS or its customers to install any hardware or software was a major attraction.

RESULTS

- Enabled RS to deliver their vision of a complete electronic process
- Drove down the cost of purchasing for their customers – a crucial competitive differentiator in a market where the number of orders are high, but the average invoice value is quite small
- Reduced the cost of trading without the need for technical integration projects
- Ensured that their e-invoices are tax and legally compliant

"Trying to create an electronic invoicing solution for all our customers would have been prohibitively expensive and complex for us, with Tungsten Network however it just happens. There are no integration issues, all the mapping between our systems and our customers' is done for us, and not just in the UK. In summary, Tungsten Network, built on OB10 e-invoicing, takes all the headaches of electronic invoicing away."

-Paul Parker, General Manager e-Commerce, RS Components

BENEFITS

Tungsten fits into a bigger picture of e-commerce for RS. "Tungsten Network is much more than a point to point solution to us. It has enabled RS to deliver our vision of a complete electronic process – the final piece of the jigsaw if you like," says Parker. "Electronic invoicing means that we can further drive down the cost of purchasing for our customers – a crucial competitive differentiator in our market where the number of orders are high, but the average invoice value is quite small.

FUTURE

"For us and our customers, being on the Tungsten Network reduces the cost of trading and, refreshingly, involves neither party in technical integration projects – a marked contrast to our experiences with earlier e-procurement initiatives," says Parker. "Electronic invoicing seemed like it was going to be the most difficult problem to solve. With Tungsten it's actually surprisingly simple for all concerned. In fact, we have now commenced discussions with suppliers to look at receiving invoices from them via the network." says Parker.

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