

## CASE STUDY

### INTRODUCTION

Mohawk Industries (NYSE: MHK) is one of the world's largest suppliers of flooring for both residential and commercial applications with \$7.3 billion in annual revenue and facilities in the United States, Australia, Brazil, Canada, China, Europe, India, Malaysia, Mexico and Russia.

Mohawk's AP department is responsible for processing invoices for the U.S. operation – interacting with over 8,000 suppliers, ranging from small businesses to large multinational organizations.

### THE CHALLENGE

In 2004, Mohawk's CEO challenged the Accounts Payable (AP) team to evaluate methods to reduce costs by considering alternative and innovative solutions. At the time, paper dominated the processing environment at Mohawk, preventing the AP department from making the kind of breakthrough needed to significantly reduce operating costs. Combined with the need to address tough new compliance issues resulting from the Sarbanes-Oxley Act, and the need to continue Mohawk's position as one of the best players in its industry, the endeavor represented a major challenge. The initial challenge to Mohawk – a need to reduce costs in AP – led to a focus on labor costs, by far the major cost component for AP.

### CUSTOMER SNAPSHOT

**INDUSTRY** Consumer Goods  
**COUNTRY** U.S.A.

#### KEY OBJECTIVES

- Reduce operating and labor costs
- Reduce paper and exceptions in relation to invoice submission
- Take advantage of early pay discounts
- Improve eco-friendly credentials

#### RESULTS

- **75%**  
of invoice volume transitioned to electronic in first few months
- **Savings of \$3 million**  
in early pay discounts and duplicate payments
- **Saving**  
the equivalent of more than 500 trees
- **Reduction**  
of time and resources needed for audit recovery

## SOLUTION

In 2005, Mohawk began working with Tungsten on its JD Edwards ERP. Although Mohawk had thousands of suppliers associated with its US operation, the top 1,135 accounted for more than 600,000 invoices per year, worth \$3 billion. The transition from paper to electronic invoicing began once Mohawk provided the list of those top suppliers to the Tungsten Supplier enrollment team.

Within five months, over 75 percent of those suppliers had enrolled, enabling Mohawk to reduce paper invoices by over 400,000 annually. Mohawk has since initiated a multi-year SAP migration project with Tungsten. The company currently runs Tungsten on parallel ERPs (JDE and SAP) with almost no impact to its supplier base – a testament to Tungsten Network's any-to-any data mapping capabilities.

### THE IMPACT

Mohawk has expanded its Tungsten usage since the initial implementation. The company uses Invoice Status Service to provide detailed payment information to its vendor base via the Tungsten Portal. This minimizes calls into the AP Help Desk and provides significant value/visibility to Mohawk vendors. In addition, Mohawk has chosen to implement Tungsten PO Services with Extended Validations. By sending its own purchase order data to Tungsten Network, Mohawk has enabled a front-end data validation process that provides a virtual match between vendor invoice and purchase order information. This service places the onus on the supplier to provide quality invoice data. Cleaner data leads to faster processing and less manual intervention, and Mohawk's straight through processing metrics improved more than 50% as a direct result of the PO Services implementation. In October 2014, Mohawk mandated Tungsten Network for all in-scope vendors. The response was staggering, with more than 750 new suppliers enrolling within the first six weeks of the mandate communication.

**750**

new suppliers  
enrolled within  
six weeks

**50%**

improvement  
in processing  
metrics

**\$3 billion**

worth of invoices  
each year

**8000**

suppliers

**"We couldn't be happier with our association with Tungsten. Tungsten Network has accelerated our global invoice process, helped us to reduce labor costs significantly, and allowed us to maintain and even strengthen our relationships with our valued suppliers. We look forward to a long and rewarding relationship."**

Mark Dailey, Director Shared Services