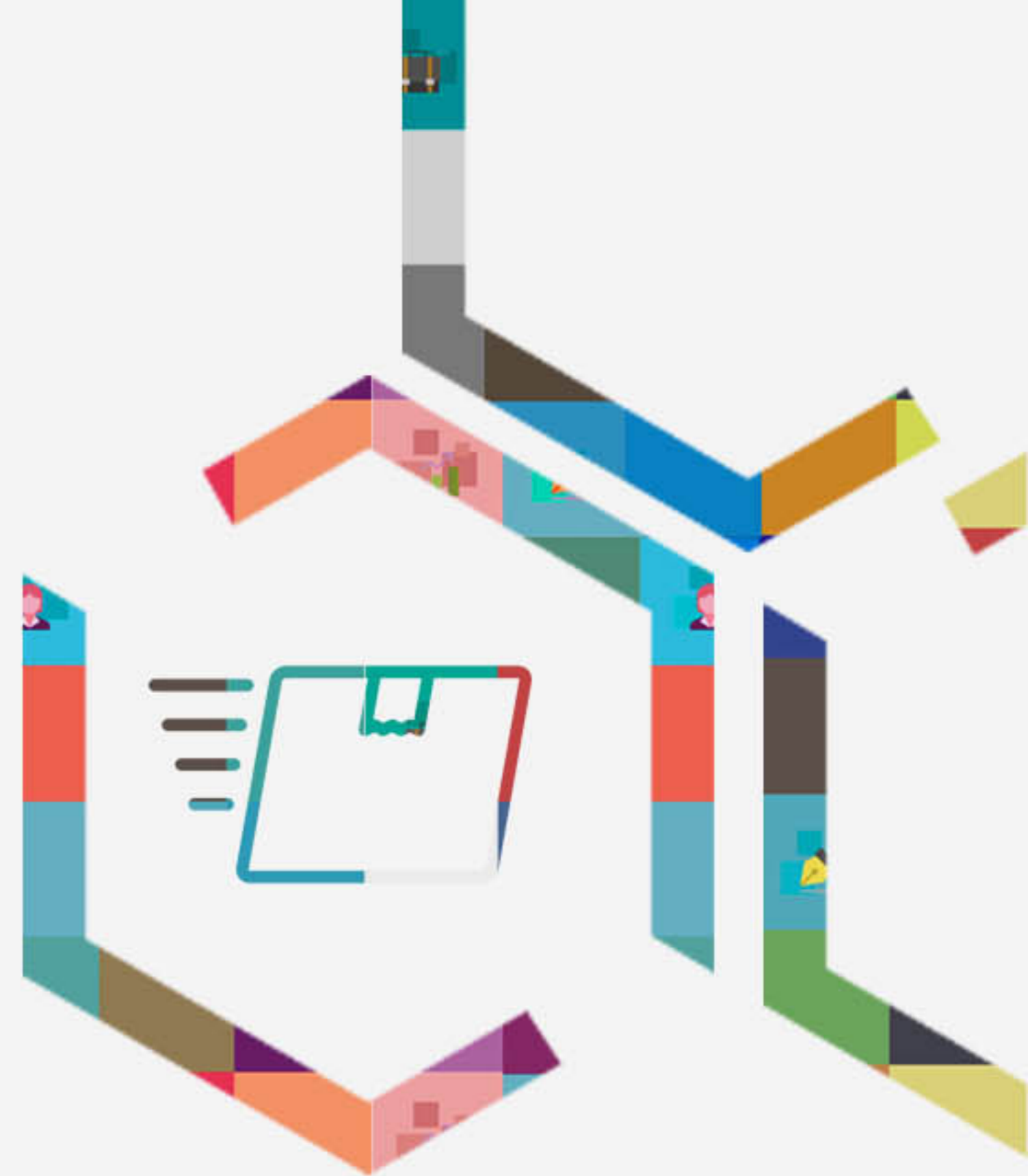


# Upgrade supply chain relations with **paperless** procure-to-pay process



# Paperless Suite

## Digitizing

### the exchange of business documents

Movement of goods – domestic or international – comes with a huge number of transaction documents during the supply chain process with producers, distributors, importers, dealers or suppliers.

More complex and internationally distributed supply chains require advanced technological solutions that deliver full B2B integration and transparency between supply chain partners.

The aim of this paper is to build awareness and deeper understanding of digital document flow and its crucial role in the

automation of B2B transactions across the supply chain.

This document will provide you with all information needed to make decisions about automating your B2B environment.



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# Latest Trends in B2B integration & Supply Chain

## Unified B2B solution

Building the integrated ecosystem of IT solutions around EDI platform is vital. It is crucial for the electronic document exchange solution to be integrated with a variety of enterprise systems. These days, companies are looking for a broad spectrum of integration possibilities using standard methods based on VAN-protocol, AS2, or modern integration possibilities like WebServices that eliminate or significantly reduce the costs of adjusting the platform to the business partner's ERP as well as make the EDI deployment shorter.

## Global proliferation of e-invoicing

Electronic invoicing, or e-invoicing, has been gaining ground in the B2B channel worldwide

with the estimated annual technology adoption rate of **20%**.<sup>1</sup> Given the VAT introduction in the GCC, electronic invoicing becomes an important part of the transformation, ensuring smooth adjustment of your business to the new regulations and administrative processes.

Also, more and more countries make e-invoicing obligatory in B2B relations - e.g. Turkey, Panama, Columbia. Companies implementing e-invoicing solutions with their business partners report **31%**<sup>2</sup> reduction in invoice processing costs.



## Government advocated paperless strategies

The trend of paperless transactions is strongly advocated by the Emirati government. The recently released **Dubai Paperless Strategy** claims that by 2021 all transactions across government institutions will be 100% paper-free. This marks a new era of the digital government that should go hand in hand with business transformation towards an integrated paperless framework of B2B transactions.

<sup>1</sup> Billentis Report, 2015

<sup>2</sup> Hackett Group, Onboarding Suppliers to an E-invoicing Solution, 2015.

# Major supply chain challenges






## -how does paperless document flow handle them?

Lessons learned by Infinite IT Solutions while working with companies from FMCG, logistics, automotive and pharma helped to identify the following areas that prove to be the most challenging to companies without electronic document exchange in place:

### **[D]**ata discrepancies in transaction documents

Typing errors and data discrepancies between purchase orders, invoices and the service levels (percentage of delivered vs ordered goods). Suppliers and buyers point out that lack of data accuracy triggers a lot of costly issues.

## Top 5 issues triggered by lack of data accuracy:

-  Errors in data inventory
-  Missing paperwork
-  Incorrect pricing on transaction documents
-  Paying incorrect invoices
-  Delivery delays

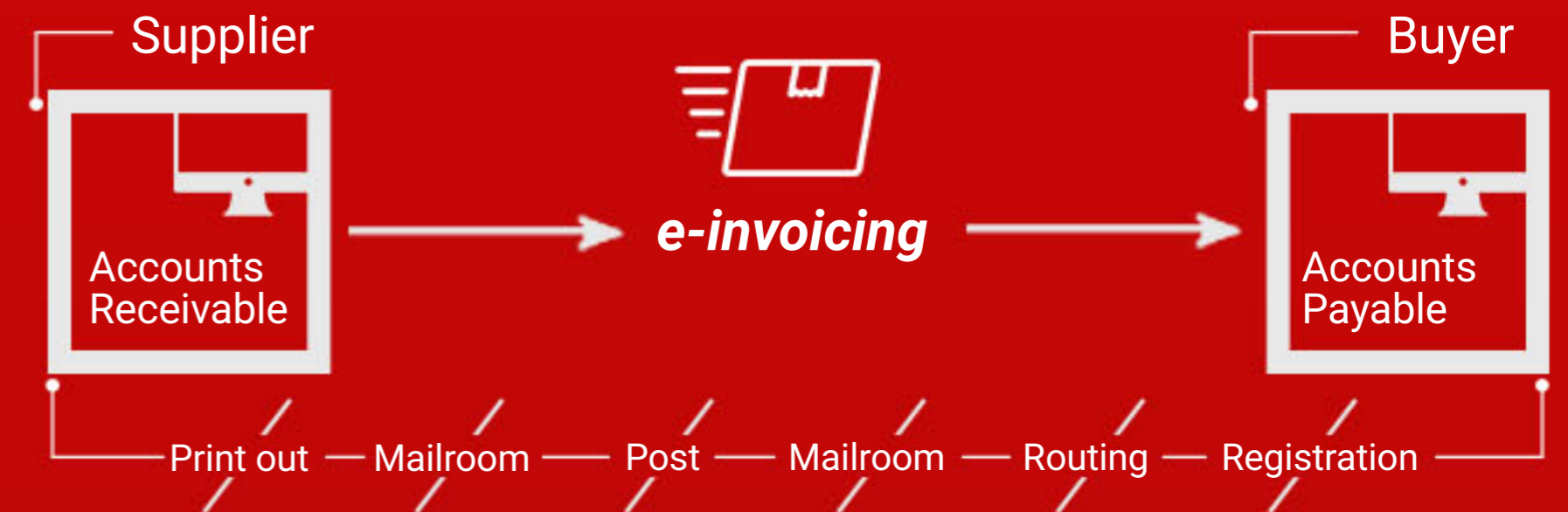
Data accuracy lies at the heart of Electronic Data Interchange. With advanced validation mechanisms in place, invoices and orders do not require additional verification. There is no paper-based mailroom, manual data entry and verification, what ensures smooth supply chain and accounting processes.

### **[L]**ate payments

Invoices are issued and verified manually, consequently the incidents of late payments happen a lot in the supplier-buyer relationship.

E-invoicing adopters report that going paperless in the invoicing process improved on-time payments by **32%**<sup>3</sup>. This solution seamlessly handles the process of receiving digital invoices from sellers (Accounts Payable – AP) and sending digital invoices to buyers (Accounts Receivable – AR).

To understand the full potential of e-invoicing, it is important to realise just how time-consuming and costly paper-based invoice management is. In order to process each and every paper invoice, whether you are a seller or a buyer, you have to perform a number of activities which become redundant upon adopting e-invoicing:



<sup>3</sup> Hackett Group, Onboarding Suppliers to an E-invoicing Solution, 2015



## [S]taff productivity

Both buyers and suppliers report that handling transacting documents in paper consumes a lot of time of their employees:

- ✔ typing data into IT systems
- ✔ data verification
- ✔ routing documents between departments
- ✔ handling data disputes with business partners

By switching from paper-based tasks in favour of e-invoicing, staff becomes more productive and can concentrate on higher-value tasks. Buying companies with e-invoicing notice that their staff spends **24% less time** on handling issues with suppliers.<sup>4</sup>



## [P]aper document archiving

it comes with various extra overheads & additional administrative duties, including:

- ✔ paper consumption & print-out costs
- ✔ storage (space rental) costs
- ✔ risk of data loss
- ✔ risk of unauthorised access to documents

By implementing electronic archiving, businesses transform the paper repository of transaction documents into the paperless archive. With sustainability and green economy being one of the major themes of Expo 2020 in Dubai, EDI adopters follow the „go green“ initiative by reducing their paper consumption.



<sup>4</sup> Hackett Group, Onboarding Suppliers to an E-invoicing Solution, 2015.

# Paperless Purchase-to-Pay Process

1.

## ORDER CAPTURE Purchase Order (PO)

PO is checked with master data (products, UoM) and stocks availability. Afterwards Sales Order is automatically created and transferred to the shipping department.

2.

## ORDER PREPARATION & SHIPPING

### Despatch advice

Despatch advice with information on the goods is sent automatically to a buyer when the shipping starts

3.

## DELIVERY

### Receiving advice

Upon the arrival of goods, the buying party informs the supplying party about the actually delivered goods using the receiving advice. It is validated against the despatch advice.

4.

## RETURN

### Return

Buyer informs a supplier about the returned goods and the reason for return. What helps on next delivery/invoicing level.

5.

## PAYMENT

### Electronic invoice

Supplier sends an electronic invoice to a buyer. The invoice matches exactly the goods and the master data delivered so the buying party can release the payment much faster than before automating its B2B transactions. Supplier is informed about the invoice/payment status.

6.

## ARCHIVING

### Electronic archive

Electronically archived documents: invoices or purchase orders, are accessible via the web platform 24/7 so it's much easier to retrieve them during the tax audit.

Paperless purchase-to-pay process allows supply chain partners to exchange commercial, logistics and financial information with minimum human involvement. With the automated document exchange, supply chain processes are based on timely and accurate data. Electronic Data Interchange gives the buying party and the supplying party full visibility into data that is essential to achieving efficiency in the purchase-to-pay cycle: stock availability, status of order, payment status.

# VAT / TAX Compliance of Electronic Invoices

With VAT in place across the GCC, the process of invoicing became as important as never before. Electronic invoicing helps to achieve full transparency of invoice circulation

between sellers/buyers and tax authorities and this way avoid any potential penalties arising from non-compliance:

Requirements arising from VAT	Technological solution
Charging VAT on supplies	E-invoicing solution can automatically match a correct VAT rate to a particular product.
Calculating VAT deductible	E-invoicing solution can automatically calculate VAT deductible on purchases.
Calculating the total net amount of VAT to pay / to refund	Validation mechanisms are embedded in the e-invoicing solution to check the net amount for its accuracy.

Importantly, under VAT, companies across the GCC need to give better attention to their cash flow management. Cash flow management, i.e. settling bills and collecting payments, is directly linked to the timing of VAT recovery on costs.

Electronic invoicing solution by far improves accounts payable and accounts receivable processes. As a consequence, VAT recovery on costs takes place faster.

# How to motivate suppliers to digitise their document flow

## Major drivers for suppliers to implement EDI:

1. Minimum IT requirements  
- all that a supplier needs is an Internet access
2. Unified communication protocol with a buyer  
- replacing e-mails and faxes
3. Visibility into the purchase-to-pay process
4. On-time payments

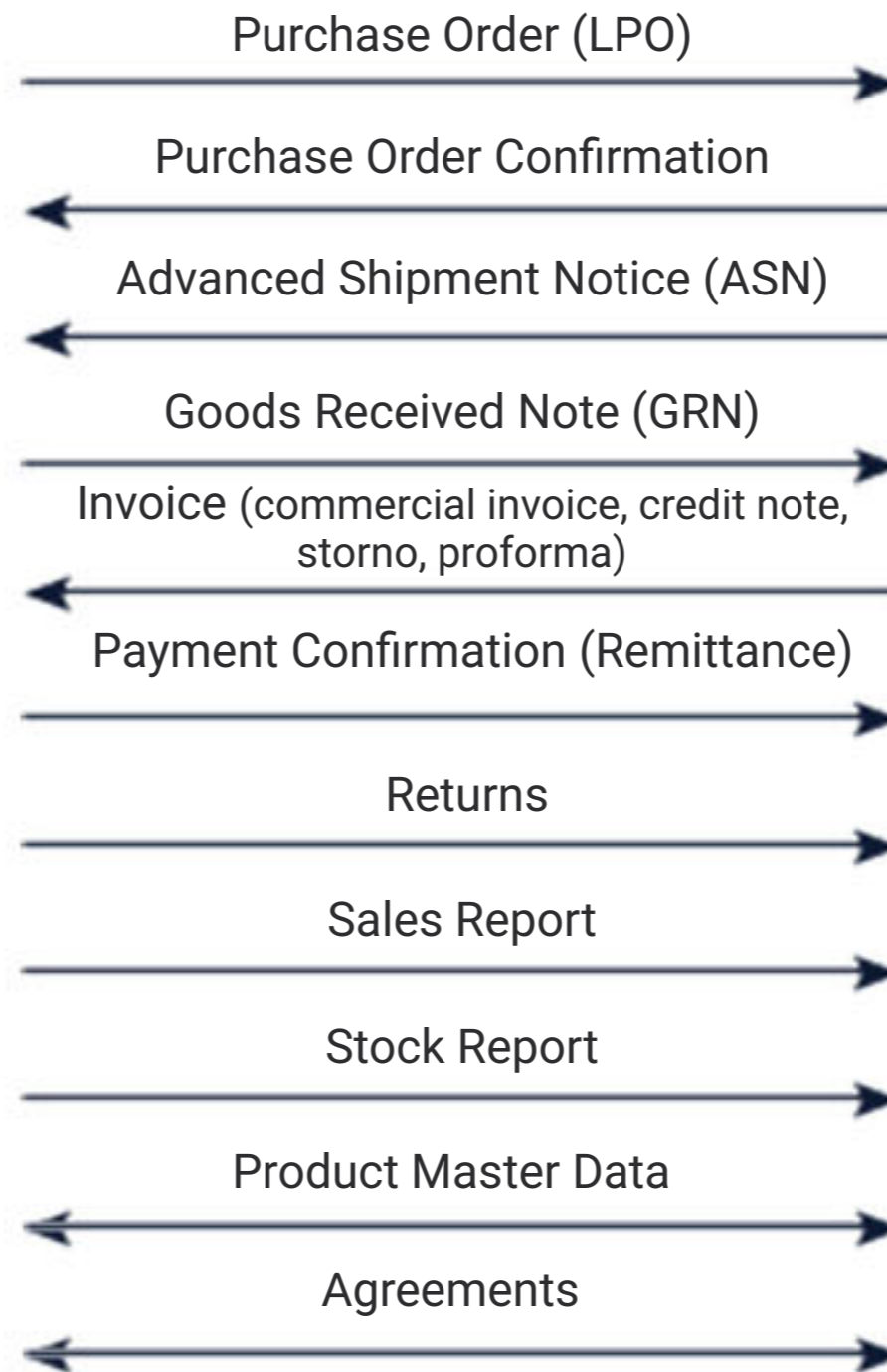
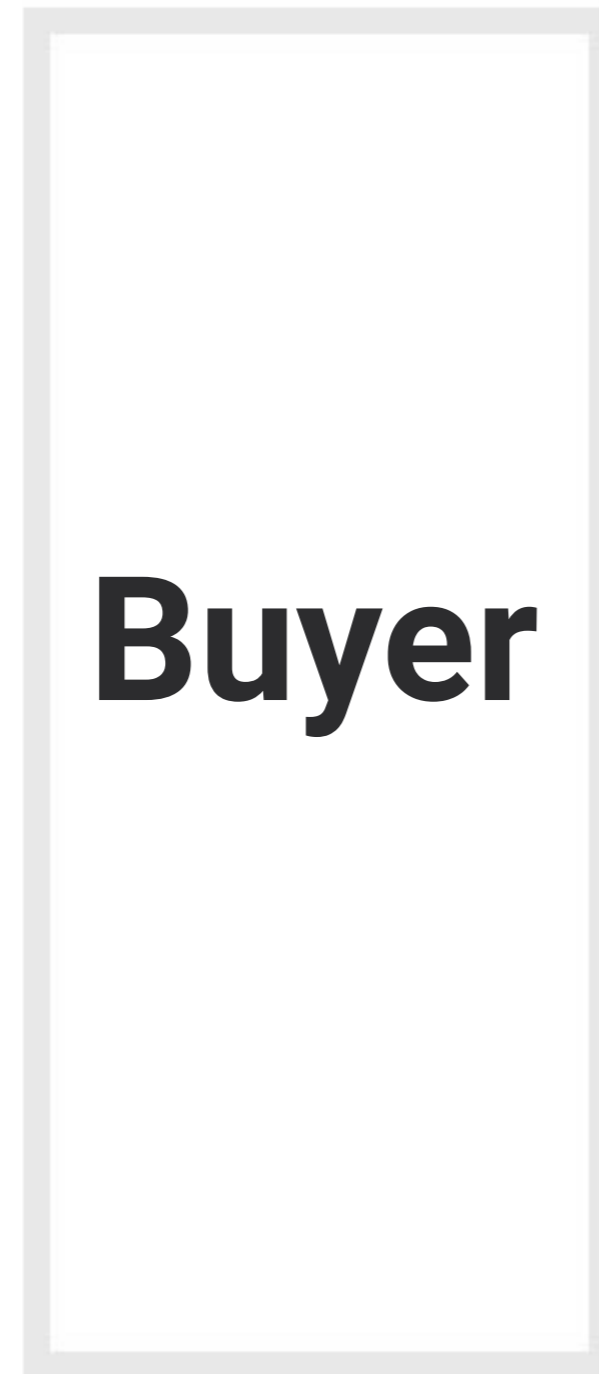
# Industry considerations

# FMCG



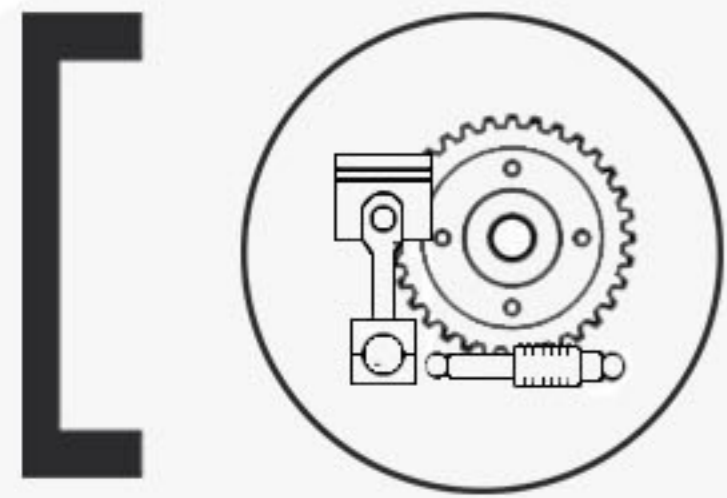
## FMCG

With the multi-layered structure of the FMCG's supply chain there is the outlook for the business process optimization powered by e-documents.



**Suppliers**



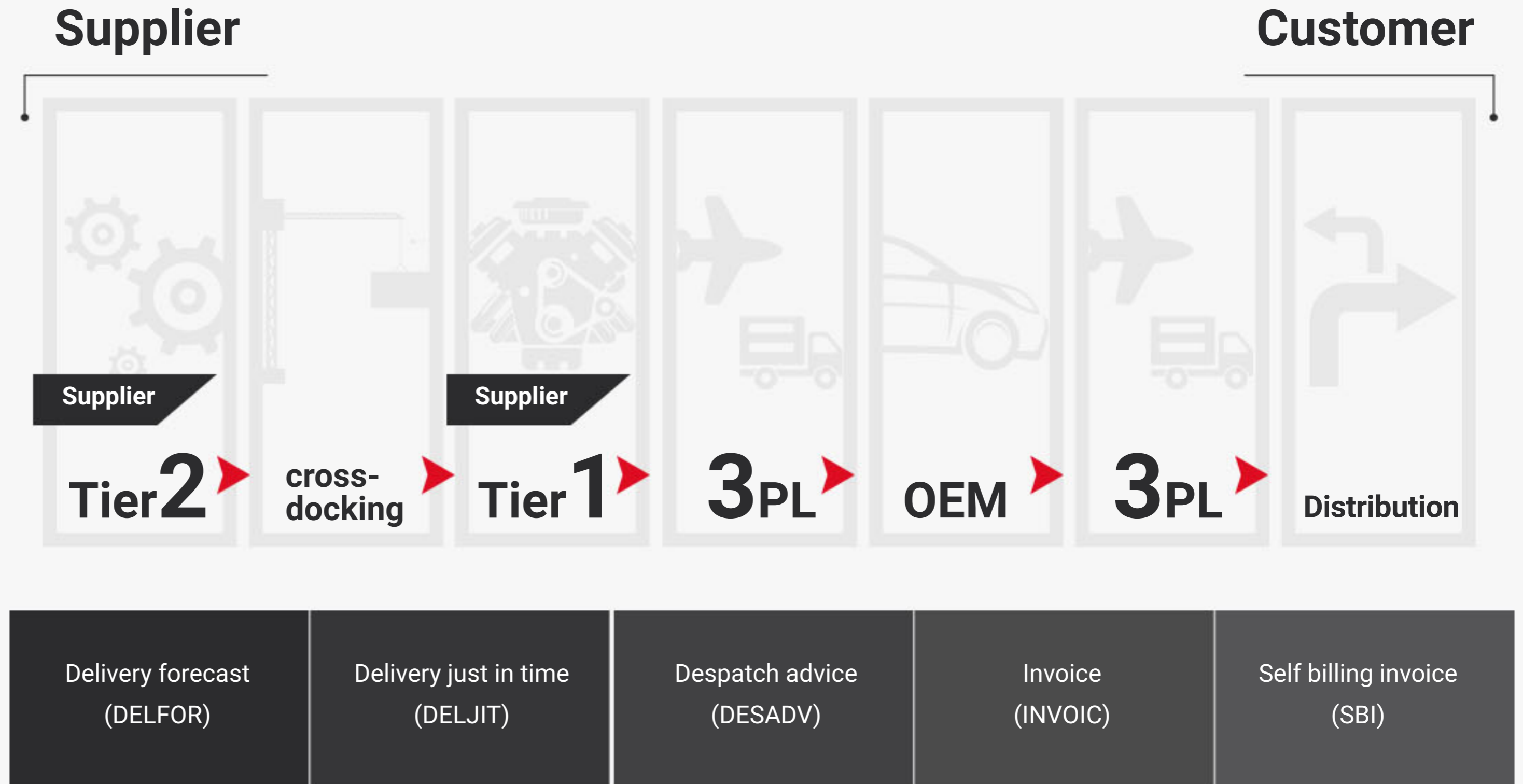


# Automotive

## Automotive

Paperless document flow is essential to lean and efficient business processes in the automotive industry. The supply process of production materials, spare parts, and stocked general materials can be supported a dedicated solution for exchanging business documents.

Document exchange platform can facilitate the exchange of structured business data and product data between a car manufacturer and business partners. Custom messages are widely used in the automotive industry:

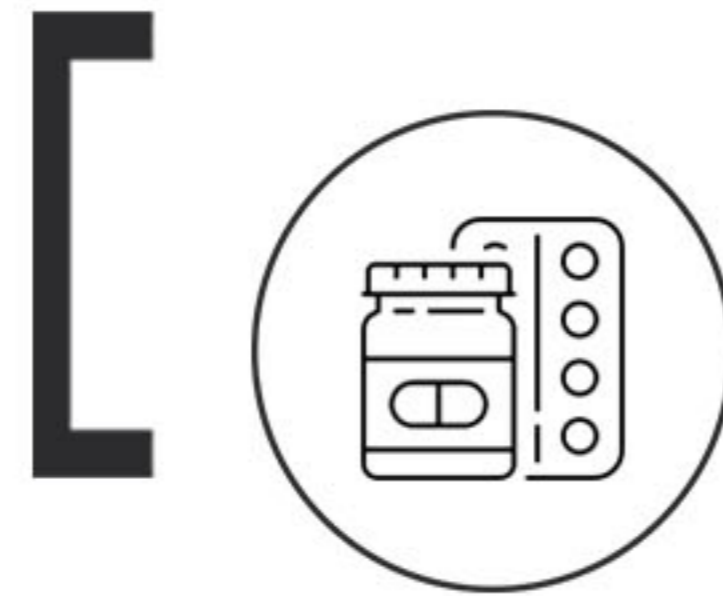




# Logistics

Logistics companies keep products moving locally and internationally – that is why, they require global data exchange services. EDI for logistics is a standard way to exchange data between producers, third party logistics and buyers. E-documents commonly used in the logistics industry include:

- ✔ Sales Order
- ✔ Transfer Order
- ✔ Good Receipt
- ✔ Advanced Shipment Notice
- ✔ Shipping Confirmation
- ✔ Inventory Report
- ✔ Master Information



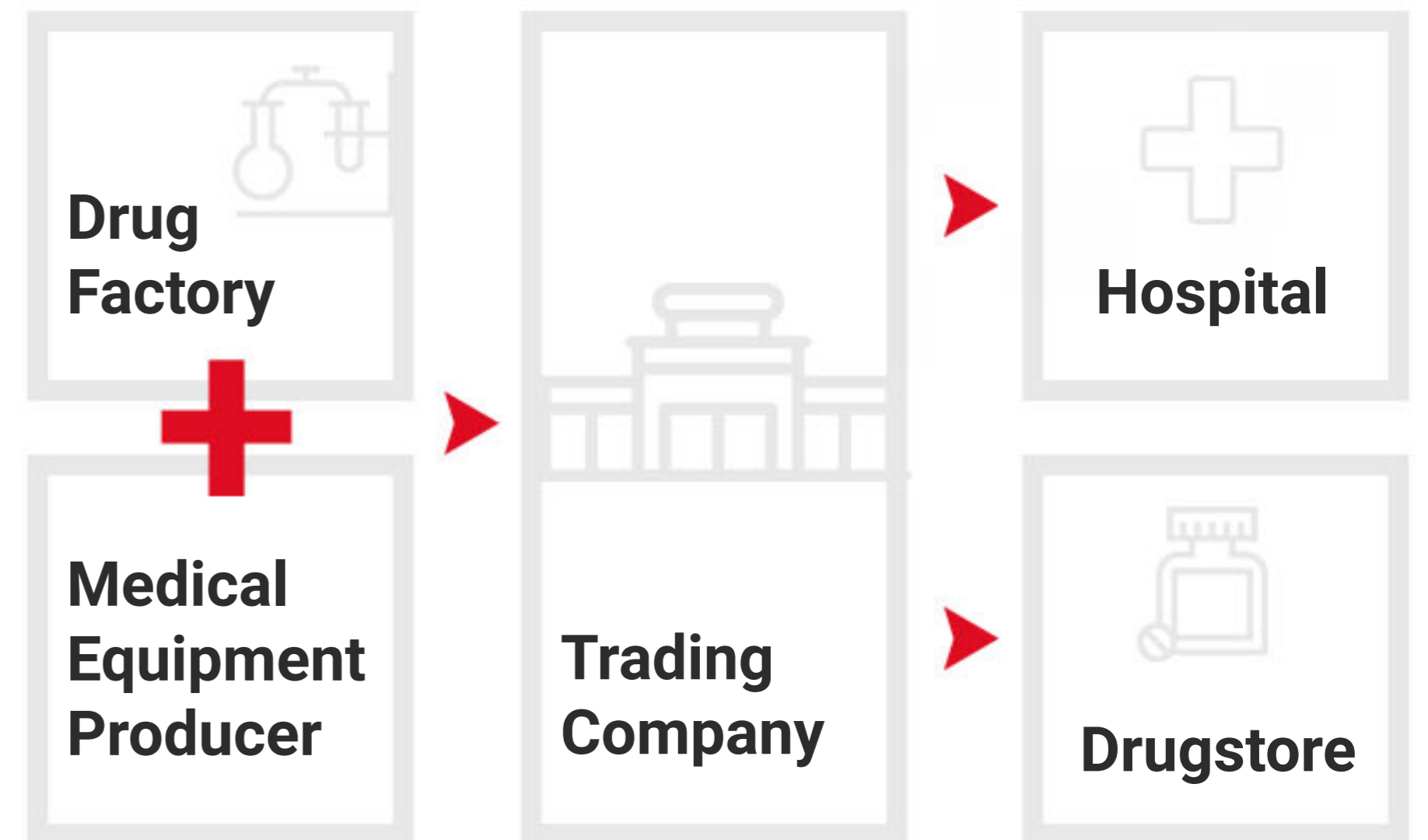
# Pharma

In the pharma industry, EDI offers a structured way to exchange data between drug factories, medical equipment producers and trading companies.

Messages exchanged electronically in the pharma industry:

- ✔ Claims
- ✔ Medical billing
- ✔ Health records
- ✔ Purchase orders
- ✔ Invoices
- ✔ Shipping notices

# Pharma



# EDI Projects in the GCC

## Digitising the document exchange at NTDE/INL

NTDE – the leading FMCG distributor in the UAE, along with its sister 3PL company – INL, decided to deploy Infinite EDI Suite to support its supply chain network. Under the contract concluded, Infinite IT Solutions is to establish Electronic Data Interchange (EDI) between NTDE Group and its business partners across the globe.

Infinite EDI Suite, which works on a computer-to-computer basis, will connect the central systems of NTDE Group and its business partners. This way the parties will

be able to send and receive transaction and transport documents instantly, via a dedicated EDI platform. This technological change is expected to introduce a number of improvements for NTDE Group, including:

- ✓ Shorter order-to-delivery cycle
- ✓ Processing more transaction documents in shorter time with nearly 100% data accuracy
- ✓ Tightening business relations
- ✓ Improving data security



**NTDE**  
Group with Infinite EDI Suite



## NTDE Group

NTDE Group opted for the services of Infinite IT Solutions given the provider's experience in implementing B2B solutions in the Middle East and substantial business knowledge of logistics and FMCG industries. Being a cloud-based solution, Infinite EDI Suite can be used to establish EDI connectivity with business partners worldwide, so the solution is ready to grow with NTDE's business.

# Paperless document flow

at Ali Abdulwahab Al Mutawa Commercial Co – AAW

Ali Abdulwahab Al Mutawa Commercial Co – AAW Consumer Department, has entrusted the project of establishing EDI connection with its business partner to Infinite IT Solutions. Trade documents will be exchanged electronically, thus removing manual document handling.

Infinite EDI Suite will allow AAW Consumer Department to send and receive trade documents automatically, this way the Kuwait's retail and distribution conglomerate will be able to process more B2B transactions in shorter time.

Also, increasing data accuracy is an important reason for implementing the EDI platform. With advanced validation mechanisms transaction documents will not require additional verification by AAW employees, who will be able to concentrate on higher-value tasks. Moreover, mistakes that occur when documents are retyped, processed and validated manually, will be significantly reduced.



To avoid duplicate entry of data, Infinite EDI Suite will be integrated with the ERP system used by AAW Consumer Department. EDI-ERP integration will make it much easier to track any changes, ensuring permanent control of the transaction document status.



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التجارية ش.م.ك.م  
ALI ABDULWAHAB AL MUTAWA  
COMMERCIAL CO. K.S.C.C.



# Paperless document exchange - project deliverables

## **Faster business cycles**

Complete business transactions in minutes – not days or weeks, because you no longer need to rely on the postal services and error-prone e-mail and fax.



## **Reduction in transactions with errors**

Thanks to Electronic Data Interchange businesses can forget once and for all about errors from illegible handwriting, lost faxes/mail and typing and re-typing mistakes.

## **Order-to-cash cycle improved**

Automating the order-to-cash cycle allows EDI adopters to handle more business transactions in shorter time and improve customer experience.

## **Maximized employee productivity**

By switching from paper-based tasks in favour of digitally managed documents your staff becomes more productive and can concentrate on higher-value tasks.

## **Business-relevant data in real time**

Digital document exchange gives up-to-date and consistent data across all systems within the supply chain. Companies can see real-time information to build the competitive edge.





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