

INBOUND INVOICE SOLUTION

Lilly

Challenge:

- » Global organizational concept
- » Reduction of costs in the processing of incoming invoices
- » Overview of 50,000 incoming invoices per month
- » Digital processing of customer orders

Solution:

- » AFI Invoice in almost 100 countries
- » Equipment with hard- and software
- » Seamless integration into existing Lilly SAP workflow
- » Integration of e-invoices with OB10
- » Implementation of AFI Order for the digital processing of customer orders

Benefits:

- » Efficient processing of 600,000 incoming invoices per year on a global scale
- » Transparency of all incoming invoices
- » Reduction of process costs
- » ROI achieved after 18 months
- » 50 percent time saving in processing customer orders





AFI solutions go international: Europe, Asia, Africa, Australia and America

Transparency is important! The bigger and more global the company, the more important is transparency. Eli Lilly and Company, one of the world's largest pharmaceutical companies, receives over 50,000 incoming invoices per month from vendors across the globe. The company must maintain a clear overview of these and reduce costs at the same time! With the electronic incoming invoice processing system, AFI Invoice from AFI Solutions GmbH, both objectives can be achieved.

It is hardly surprising that – following the invoice project – Lilly also focuses on over 150,000 incoming customer orders which shall be processed digitally throughout Europe with the AFI solution AFI Order. Further locations outside Europe are to follow.

Simplifying invoice receipt processing

As is normal in the pharmaceutical industry, the patents for medicines will expire sooner or later. This always means: Savings, i.e. reducing process costs without affecting research, development and production. Among the costs looked at were the overheads. This includes processing of the numerous vendor invoices. Some invoices were, of course, received as electronic e-invoice files. Most, however, were the typical paper variety. A paper invoice was given a receipt stamp at the mail centre and could then spend up to 6 weeks in the release process.

At least the e-invoices were verified electronically and approved by SAP workflow. Electronic processing of

invoices was therefore significantly faster but, in some cases, quite complex due to the lack of a clear overview. The initial objective was to simplify document processing.

Adapting the decision

The original objective was simply to find a new service provider for e-invoices. One who could provide a simplified map of the process for the company's users. The paper invoices were initially to be retained; no major change was planned here, despite the clear consensus that these were cumbersome, lacked transparency, and that the approval process is a major cost factor. However, as is often the case, the experience gained in the project itself showed that other methods of working could be more

effective. Lilly therefore reconsidered its original intention of sticking with paper invoices and decided to couple an SAP incoming invoice component with the e-invoices. Now a provider had to be found for both components.

As a result of recommendations, Lilly opted for AFI. At the outset, it seemed a little odd that a global company with sales of several billion USD would rely on the expertise of a small to medium-sized European IT company for a core process such as the processing of vendor invoices. However, after a series of selection and decision phases, AFI emerged as the top choice. With its AFI Invoice software, AFI provided exactly what Lilly was looking for: And the results proved it.

Collaboration of OB10 and AFI

In close collaboration with OB10, the new service provider for e-invoices, AFI defined the specifications for the transfer of electronic data to AFI Invoice.

Global concept

The way was thus paved for electronic incoming invoice processing of paper invoices. In order to efficiently process the large monthly volume of paper incoming invoices, certain prerequisites must be fulfilled. AFI and Lilly came up with a global organisation concept for this. First, all branches were integrated into the company's SAP ERP system. Then a suitable Business Process Owner (BPO) was sought which would not only convert the paper to electronic data but would also be incorporated into the Lilly invoice process. It was immediately evident that the BPO had to be a company that had sound experience in the field and also sufficient resources in different countries. The company chosen for this role was Hewlett Packard (HP).

Detailed questions on invoices are clarified by Lilly SSC

In Poland, China and India, a Lilly invoice address was set up in cooperation with the BPO. Each vendor company was informed of the valid invoice address in the relevant country. Since then, HP has received the Lilly paper invoices, digitised them and extracted and validated the data. Not only that: HP posts the invoices directly in Lilly's SAP system.

To ensure that any detailed questions on invoices, which may be asked by the BPO, can be answered quickly, Lilly set up SharedServiceCenters (SSC). These Lilly-internal SSCs based in Mexico, Kuala Lumpur and Ireland are equipped with the necessary know-how to provide prompt answers to the BPO's questions using AFI Invoice. For traceability, both the BPO and SSC call the same application and clarify the transaction within the AFI system.

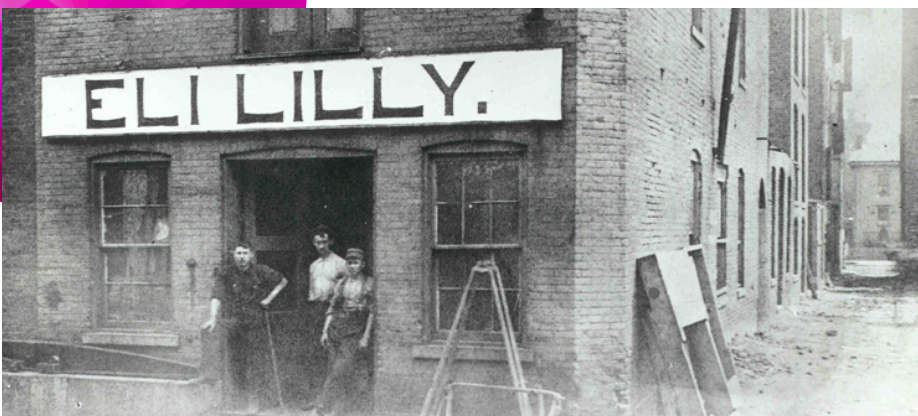
Special invoices not digitised by BPO

Some invoices cannot be processed using the BPO. For example, the invoice contents may be sensitive or complex. In some countries the postal transport service providers are not reliable or invoices from specific countries cannot be sent. For the above mentioned reasons, local scanners are installed in the relevant Lilly branches. In total, there are currently 17 countries which digitise invoices directly in the branch and then transfer the invoice data to the BPO using AFI Invoice.

Smooth collaboration in the global Lilly group

In addition to the cost reduction through AFI Invoice and the associated process changes, there are two further major advantages: Transparency and convenient, fast collaboration across national boundaries. The collaboration of employees in the global Lilly group runs smoothly, is well documented and uncomplicated. The responsible Global Senior Projects and Release Manager at Lilly agrees:

„Since July 2017, Lilly has also been working with AFI Order productively in Europe and benefits





from time saving of over 50 percent in order processing. The USA and Asia-Pacific region are next on the roadmap and planned for 2018/2019.”

Consulting. Software. Hardware.
Training: AFI

In addition to providing process consulting and concept design, AFI equipped all BPO locations and 17 Lilly branches with scanners and the incoming invoice processing software. AFI Invoice has already been installed in almost 100 countries for the Lilly company. Appropriate training courses were held in different countries and also in suitable venues at international airports. The knowledge and expertise relating to AFI Invoice and the specific Lilly process knowledge was combined by key users and transferred to the SSCs, branches and to the BPO. Regular refresher courses ensure that the employees' knowledge remains current. Only by understanding how the process works, people can use it quickly and effectively. Speed is, of course, also an important aspect since high-quality and precise processing also saves time in the long run.

Tables for the reports, monitor for the overview

The activities of the BPO are monitored through weekly reports which are evaluated by the competent SSC in each area. Based on the AFI Invoice tables, an in-house Lilly z-transaction generates detailed reports. The meaningful data contained in these reports not only facilitates monitoring but also enables statistical evaluations and derivations. For example, you can see how long the different processing steps take and the average idle periods of the invoices. This enables you to monitor the working of the service level agreement with the BPO.

Using the core component, the AFI Invoice monitor, which clearly displays the processing status of invoices, employees can spot immediately if invoice processing is not working efficiently. From its head office in Stuttgart, AFI provides a support service to Lilly with a reaction time of one hour. Due to the differing time zones, AFI's support team is available until 11:00 p.m. CET and can quickly connect via remote access to any of the worldwide Lilly sys-

tems. Where necessary, 24/7 support is available immediately

AFI Invoice in Lilly
worldwide: Soon to be completed

In the near future, Lilly expects to have AFI Invoice implemented in all remaining locations. AFI's solution will then be rolled out in the USA and Canada. This will redouble the invoice volume that is to be processed with AFI Invoice.

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The company was founded in Indianapolis (USA) in 1879 by the pharmaceutical chemist, military officer and entrepreneur, Colonel Eli Lilly. Today it is one of the world's largest manufacturers of pharmaceuticals. Since its establishment, Lilly has introduced numerous, significant medicines to the market. In the areas of endocrinology, oncology, psychiatry and neurology, urology, cardiology and infectious diseases, Eli Lilly and Company continues to develop new treatment approaches and technologies.

The consistent high quality of the medicines is of paramount importance. The first insulin treatment, the first mass-produced penicillin, the first polio vaccine, and the world's most prescribed antidepressant, fluoxetine, are examples of medicines developed by Lilly. With its investments in research and development and with more than 38,000 employees, Lilly is a world leader as an innovative, research-focused company in the pharmaceutical sector.



AFI Solutions GmbH is a leading solution provider for the digitization and optimization of document processes around SAP. The solutions cover the entire purchase-to-pay and order-to-cash process.

AFI is the only software manufacturer on the market that offers everything from a single source: With the RedPaperCenter as a managed service, companies can easily outsource the digitization of a wide variety of paper documents. In process optimization, AFI scores with SAP-integrated software solutions. The cloud-based DocumentHub as software as a service (= SaaS) completes the unique product portfolio.

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