

PURCHASE-TO-PAY: PURCHASE REQUISITIONS,  
INCOMING ORDER CONFIRMATIONS, INCOMING INVOICES

# MERCER



## Challenge:

- » Replacement of an existing workflow solution outside SAP. Best possible automation of the complete purchase-to-pay process

## Solution:

- » Introduction of AFI solutions for the digitization of requisitions, incoming order confirmations as well as incoming invoices

## Benefit:

- » Transparency across the entire purchase-to-pay process
- » High data quality
- » Reduction of manual processing
- » Faster processes
- » Location-independent data access



# How Mercer Rosenthal is going all digital with the purchase-to-pay process!

The Irish writer George Bernard Shaw was once asked which of three factors is most certain to lead to success: work, money, or intelligence. Shaw responded with a counter question, wanting to know which wheel is the most important to mount a tricycle and get ahead.

The pulp manufacturer Mercer Rosenthal gives a similar answer with regard to the digitization of the purchase-to-pay process in SAP. Rainer Ackermann, project manager at Mercer Rosenthal, explains in which way:

*„Lean and efficient processes are absolutely essential if we are to remain a leader in the market. That’s why we felt that the only right way to go was to automate the complete processes from requirement creation to order confirmation to incoming invoices at the best possible rate.“*

## **F**inding suitable digital solutions for the purchase-to-pay process in SAP

Mercer Rosenthal also had to deal with many manual transactions and media disruptions prior to launching the purchase-to-pay offensive. Although digital workflow software was available, it was not integrated in SAP and led to complex interfaces. This, in turn, created a lot of monitoring effort for the IT department. So it was about time to make a change.

The task was to find a supplier whose portfolio covered the entire purchase-to-pay process and was seamlessly integrated in SAP. AFI Solutions quickly came to the attention of Mercer Rosenthal and scored with convincing references, as Mr Ackermann reports:

*„Another key point in the decision-making process was the opportunity to*

*examine a reference installation that roughly met our requirements. We wanted to know whether the solutions for the purchase-to-pay process also deliver in practice what they promise in theory.“*

AFI Solutions stood out and implemented a comprehensive and cross-site process harmonization of the purchase-to-pay workflow together with the pulp manufacturer.

## **C**ompletely digital purchase requisition and ordering processes

Handouts that are passed through departments to the purchasing department no longer exist at Mercer Rosenthal. These days, the staff enters requirements digitally by means of the purchase solution which is seamlessly integrated in SAP and also available to non-SAP users.

The connection of OCI catalogs to the solution additionally increases data quality: the values from the internet catalog are transferred directly to the SAP purchase requisition when the order is placed. Because of the electronic transmission of texts and order add-ons, there are no errors or media disruptions.

The purchasing department can view all purchase requisitions clearly in the central solution Monitor - directly in SAP. This allows the processing status to be tracked at any time.

In addition, a first approval level by the requester accelerates the pace of the approval process. This means that every internal requirement is assigned to an account by the requester himself. The purchasing and accounting departments no longer have to worry about this, as the project manager also confirms:

*„The approval process for purchase requisitions is still very complex for us, but it has been simplified considerably compared to the past. Among other things, this is ensured by this first approval level, which is seamlessly integrated into SAP and noticeably speeds up the transaction.“*

### **C**reating a digital document base for the purchase-to-pay process

In order to provide initial harmonization of document receipt in the follow-up process, Mercer Rosenthal has asked all vendors to send incoming order confirmations and invoices only digitally as e-mails with PDF attachments in the future. The majority of customers are complying with this request.

*„Digital receipt of the documents is the basis for automated processing in the purchase-to-pay process. High accuracy of optical character recognition also plays a role here, which in our case was already at 90 percent without training. This significantly minimizes the effort required for modifications and checks in purchasing and accounting,“* Mr Ackermann explains.

Apart from digital document capture and recognition, other functions within the solution also reduce manual effort, *„above all, the feature in AFI Confirmation for automatic maintenance of info records at the push of a button makes the work of data maintenance noticeably easier for the purchasing department,“* continues the project manager.

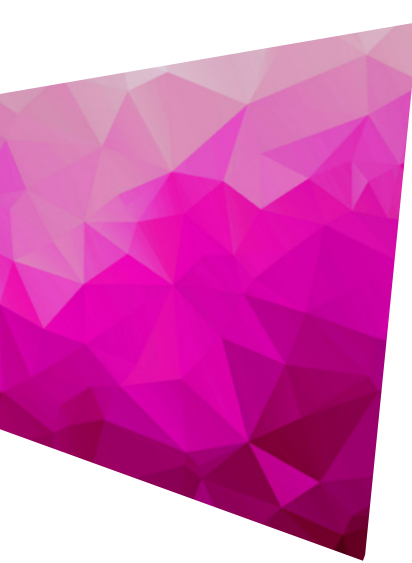
### **H**ow order confirmations affect the high data quality of incoming invoices

Reducing the error rate when processing order confirmations is a real driver of efficiency in the purchase-to-pay process. If there are variances between the order confirmations and the purchase order, system assistants warn the purchasing department. As a result, any variance is automatically recorded and the order data corrected. And this is exactly the point which makes every process management heart singing. Because that is where data errors are eliminated and the doors are opened to the best possible automation of the subsequent purchase-to-pay processes.

If this cleanup step is missing, the purchase-to-pay process stumbles and slows down. In the end, purchase orders often have variances. If these are not recorded, companies only notice that something is wrong upon invoice receipt. And sorting this out can take time. Therefore, digital processing of incoming order confirmations is a real booster at this point in the purchase-to-pay process.

Mercer Rosenthal is now experiencing this increase in data quality on a daily basis. The upside is that everyone benefits, as Ackermann explains:

*„We now have increased transparency throughout the purchase-to-pay process: for requesters, the purchasing department, the finance department, and the approvers. In addition, all AFI solutions have a similarly structured Monitor. So anyone working with the AFI Purchase Monitor will easily find his or her way around the AFI Confirmation or Invoice Monitor. This is*



a great thing, especially for buyers who are involved in many sub-processes of purchase-to-pay.”

## Pandemic, digitization and working from home

The pandemic has brought the urgency and benefits of digital operations into sharper focus as a recent 2021 survey conducted by the digital association Bitkom also confirms. Two-thirds (64 percent) of the 500 companies surveyed stated that digital technologies are contributing to coping with the pandemic.

Mercer Rosenthal can also confirm this, as no adjustments were necessary in the company during the increased time spent working from home, as seamless processing had already been ensured beforehand.

After all, each of the SAP add-on solutions used archives the extracted documents in the electronic archive at an early stage. The information is then available directly in SAP to authorized persons digitally and from any location. This in turn accelerates access and reduces internal processing times.

## Conclusions: seamless purchase-to-pay processes are on the inside track

Mercer Rosenthal had the digitisation of its entire business processes on the agenda. Because the processes from purchase order to payment are interlinked in the purchase-to-pay process since they are geared to each other.

However, the fact is that the transactions are often not digitally interconnected in practice. The pulp manufacturer recognized this and went all out.

The success proves Mercer Rosenthal right, as Rainer Ackerman concludes:

*„Starting with the internal purchase requisition through the processing of incoming order confirmations as well as incoming invoices, we now benefit from end-to-end efficiency in the purchase-to-pay process.*

*From our point of view, the processes are automated to perfection. Staff members are spared unnecessary manual tasks, and the transparency makes work easier. Since we have optimized processes that are interlinked, the data quality is growing exponentially.*

*We are very satisfied. For this reason, we will soon also integrate the AFI solution for digital travel and expense processing into our SAP system.“*



Mercer is one of the world's largest producers of market pulp and a growing leader in the solid wood products space. The company produces NBSK (softwood) and NBHK (hardwood) pulp in modern mills. Mercer also operates one of the world's largest softwood lumber facilities. In addition, the production sites generate bioenergy and produce biochemicals based on the renewable raw material holf.

Mercer generates electrical and thermal energy from biomass byproducts created from the pulping and sawmilling processes. This enables optimal use of forest resources and reduces waste.

<https://mercerint.com>

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.

**AFI Solutions GmbH**  
**Sigmaringer Straße 109**  
**70567 Stuttgart**

**[info@afi-solutions.com](mailto:info@afi-solutions.com)**  
**[www.afi-solutions.com](http://www.afi-solutions.com)**

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