

**Dis-Chem PHARMACY**

**LONDON PIE Co.**

**AUTOMATED VENDOR  
RECONS IN SAP**



**Dis-Chem**  
PHARMACIES  
Pharmacists who care



Script dispensary  
Health clinic  
Beauty products  
Vitamins  
Sports supplements  
Baby products



# Dischem Vendor Function

**300,000** vendor invoices and credit notes **each month**

A centralised shared service centre **reconciles and pays** about 1,200 external and inter-company vendor accounts





## Why Does Dischem Require Vendor Statement Recons?

- Standard SAP provides invoice processing and three way matching.
- However, Dischem reconciles the supplier statement as well:
  - Identify vendor invoices not paid, and categorise according to processing status,
  - Identify our claims, payments or discounts not credited by vendor,
  - Ensure all credits granted by vendor are taken,
  - Prevent over-payment or duplicate payment,
  - Validate vendor ledger balance,
  - Reduce vendor queries & improve relationship,
  - Identify Procure To Pay issues.



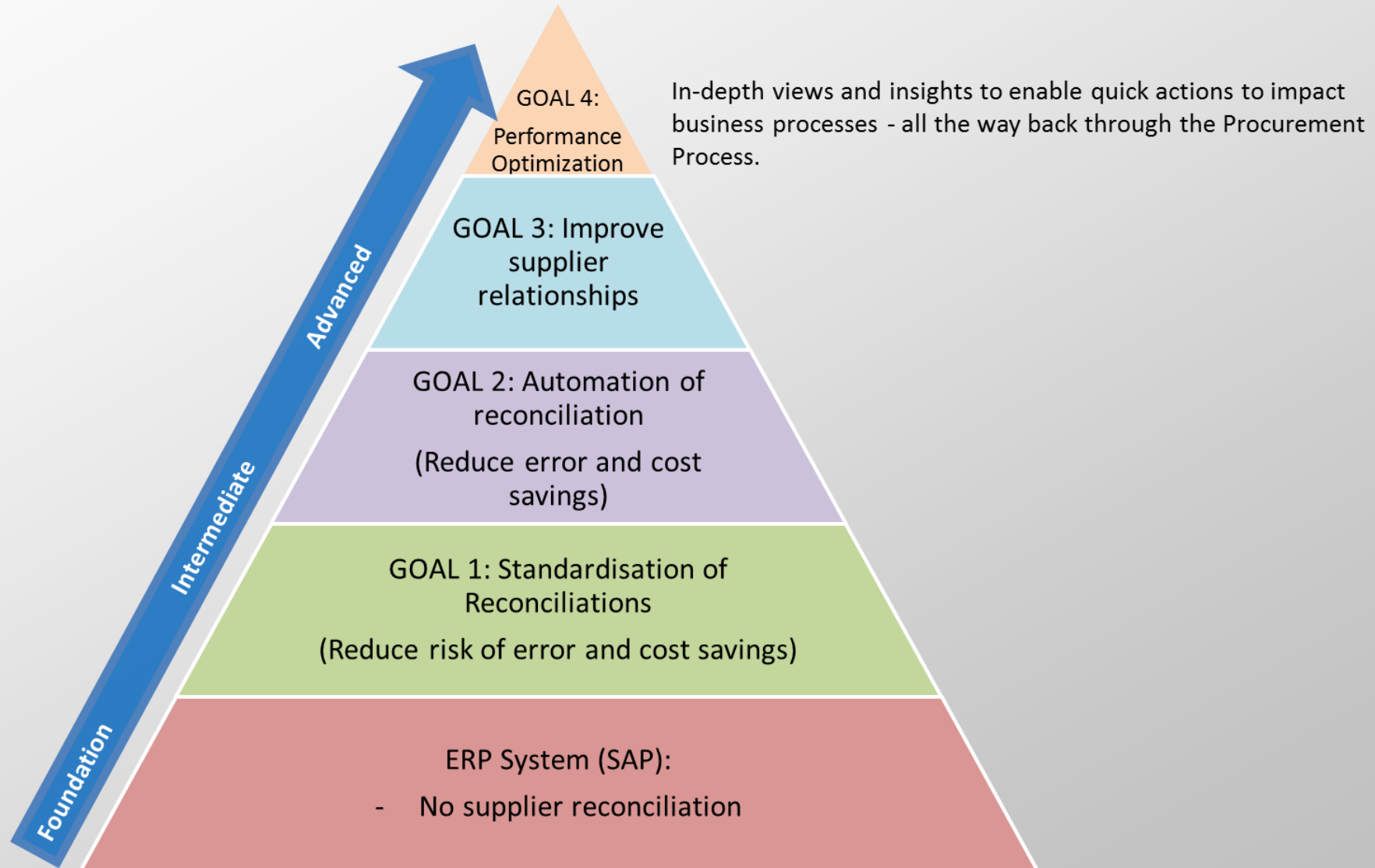
# Problems With Reconciling Vendors Outside of SAP

- Costly
- No system controls or audit trails
- Limited and inaccurate reporting
- Risk of:
  - reduced cash flow,
  - lost discounts,
  - overpayments,
  - delayed payments,
  - supply disruption.





# Dischem Vendor Recon Goals





## What is BEST?

**BEST** is a **SAP** certified add-on module





# Reconciling Vendors With BEST in SAP

## Multiple Statement Formats

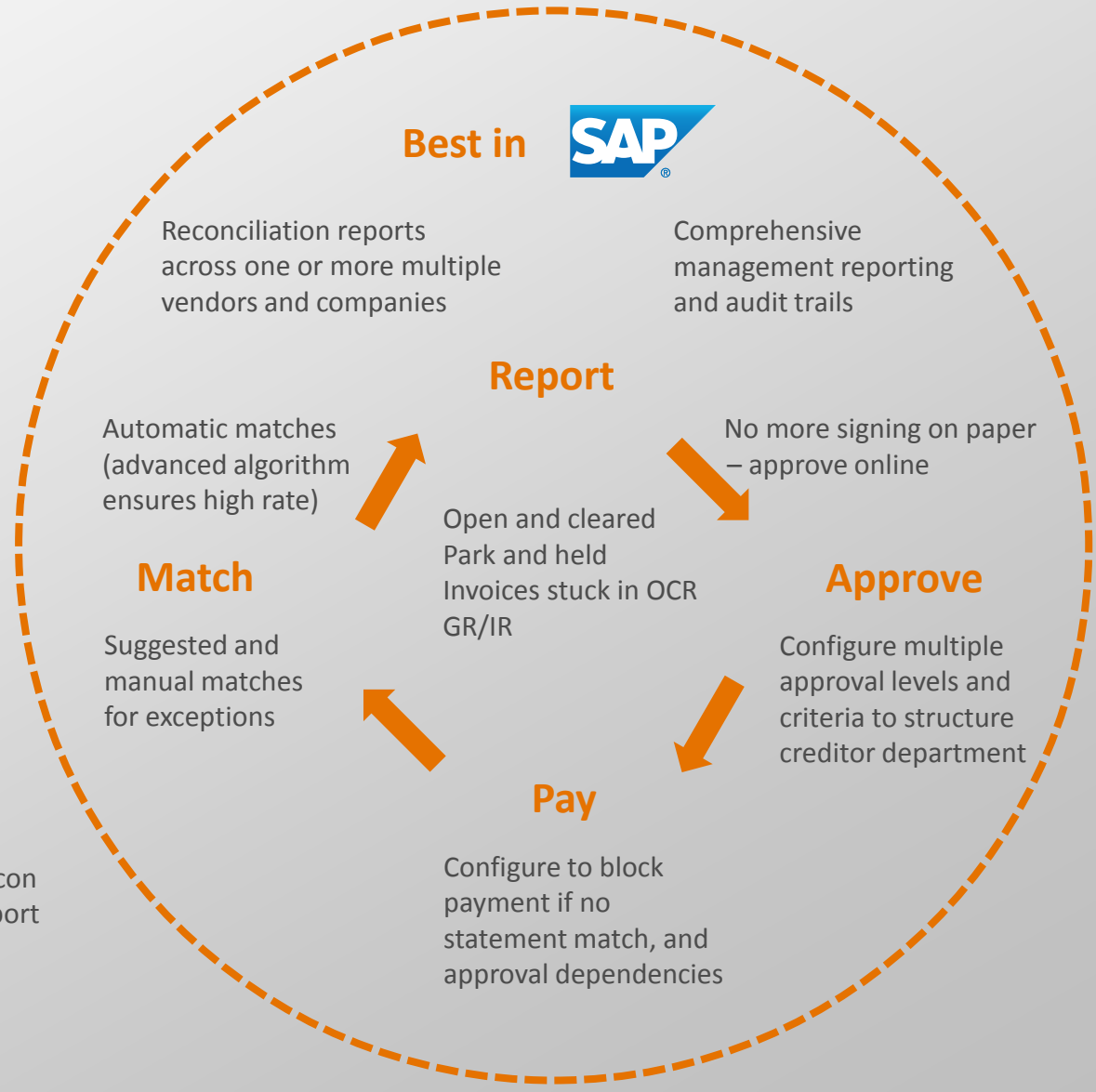
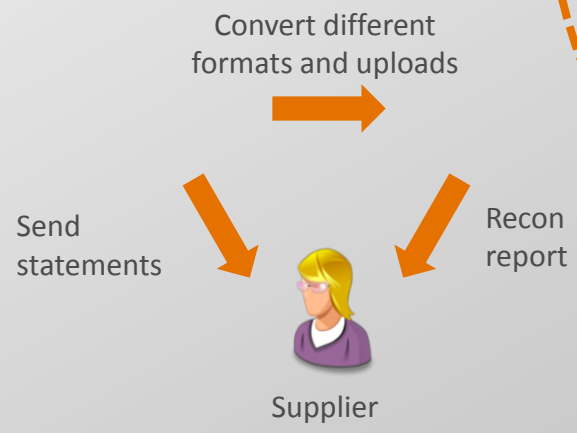
Electronic EDI/FTP/iDOCs

Paper

Website/portal

Email

OCR/ Scanning



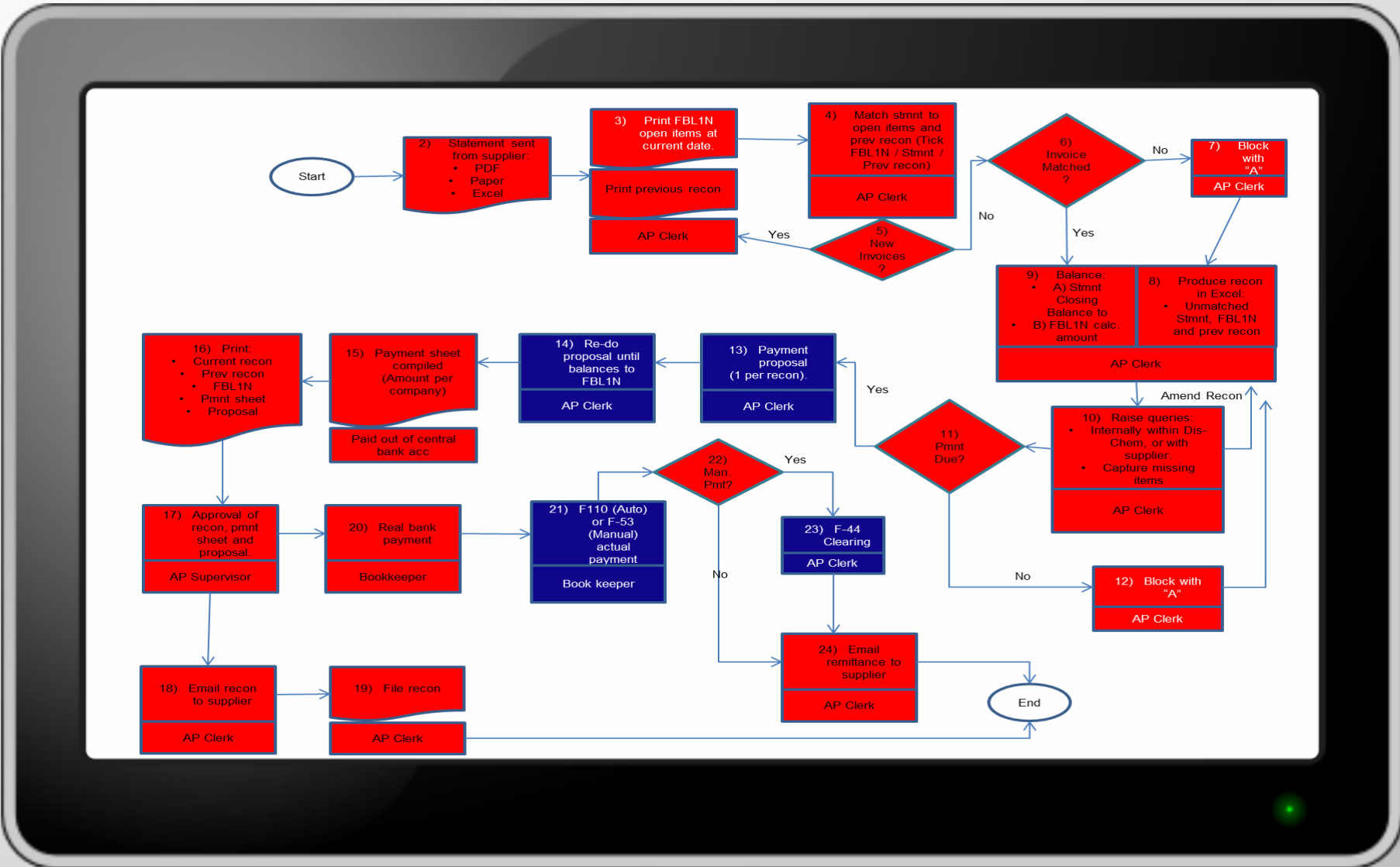




# Dischem Vendor Recon Process – “Before”

Manual

SAP



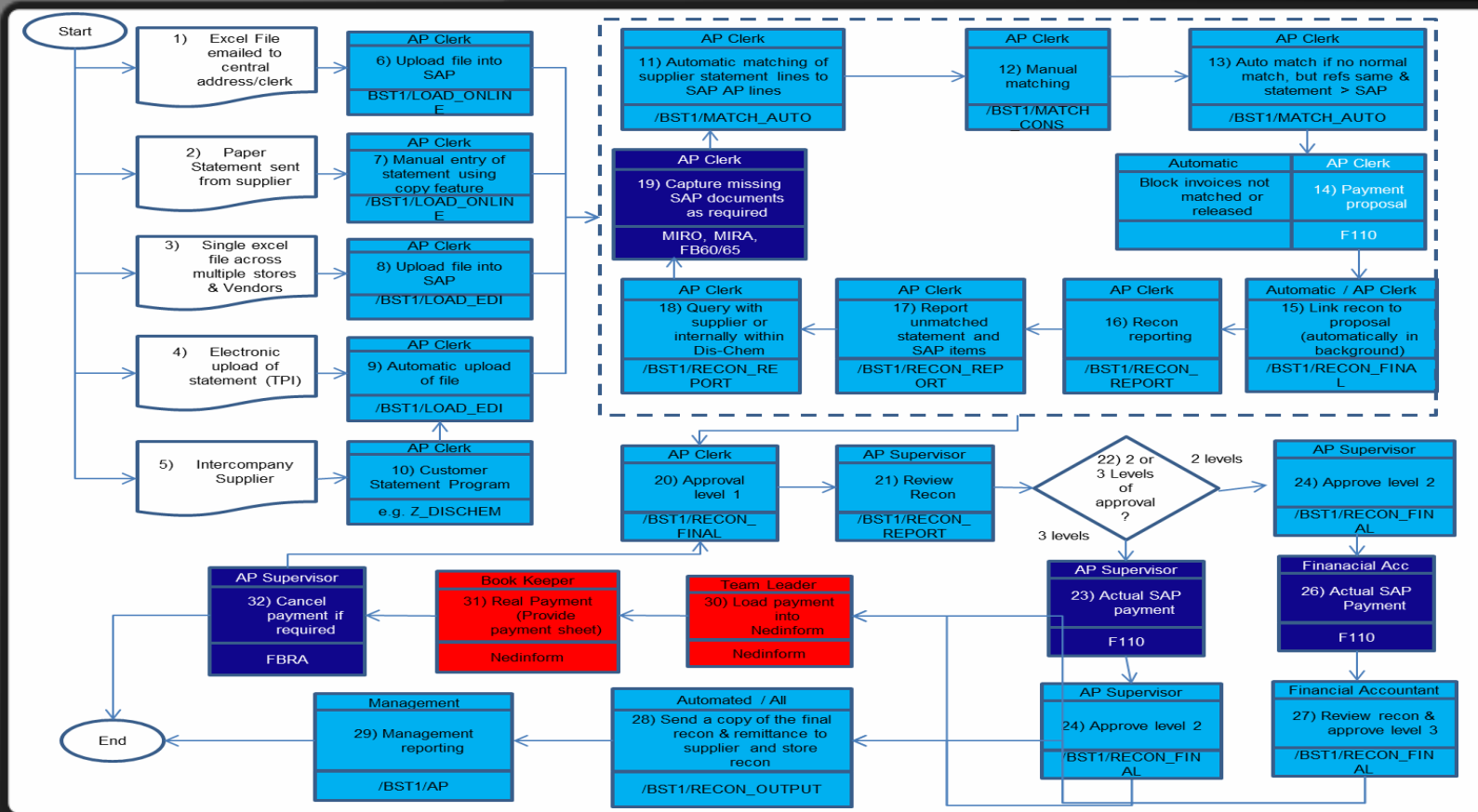


# Dischem Vendor Recon Process – “After”

SAP

Manual

BEST in SAP





# Dischem Recon Format & Categories

<b>Balance per statement/s for all the pharmacies</b>	<b>30.04.2013</b>	<b>2.056.284,14</b>
<b>Statement invoices not paid</b>		<b>-1.068.612,63</b>
Invoices not paid - not yet due per terms	-29.089,24	
Invoices not paid - please provide invoice	-26.737,36	
Invoices not paid - not received (invoice & pod required)	-458.074,41	
Invoices paid - not allocated	-554.711,62	
<b>Credits due (claims / credits passed by Dis-Chem not reconciled)</b>		<b>-107.656,99</b>
Short delivery / damaged / not ordered	-75.987,38	
Goods return notes	-25.709,67	
Price debit notes	-1.673,07	
Credits to be passed as per previous recon	-4.286,87	
<b>Supplier credits not yet matched</b>		<b>526.365,52</b>
<b>Other adjustments - Supplier</b>		<b>267.235,86</b>
<b>Other adjustments - Dis-Chem</b>		<b>-1,88</b>
<b>Amount due to supplier</b>		<b>1.673.614,02</b>
<b>Less settlement discount 1,00%</b>		<b>16.736,23-</b>
<b>Less rebates discount</b>		<b>-50.208,42</b>
<b>Less other creditors deductions</b>		<b>-54.392,46</b>
<b>Our payment</b>	<b>dated 31.05.2013</b>	<b>1.552.276,91-</b>



## Loading Statements Into SAP

98% of statement lines loaded electronically

- Suppliers send spreadsheets to a central email
- Only smaller or sundry vendors still send paper – loaded quickly using “copy” feature





# SELF-MEDICATION COUNTER



**BUSINESS  
BENEFITS**



## Time Savings

**10%** staff reduction in a year due to natural attrition

Statement Size	Pre BEST Processing Time	With BEST Processing Time
Small – 5 Lines	< 5 Minutes	< 5 Minutes
Medium – 50 Lines	20 Minutes	5-10 Minutes
Large – 1000 Lines	1 Hour	10 Minutes
Very Large – > 10 000 Lines	1 Day	20 Minutes



## Vendor Spend

Clerks now have time to resolve queries.

Saving on vendor spend:

- Only invoices due are paid
- Discounts due are claimed and received
- Claims are credited by vendors
- Payments are correctly allocated by vendors



# Auditing

- Recon report stored in SAP for future
- Audits much simpler
- Reports to validate vendor balances
- First audit with BEST went very well







## Recon Reporting & Approval

Approval of reconciliations no longer a signature on paper, but online in the system.



Reconciliation report & remittance advice automatically emailed to supplier.

Management and statistical reporting allows improved management action:

- Missing statements.
- Number of matches or unreconciled lines by vendor, document type, clerk etc.



## Summary

- Cleaner supplier accounts
- Structured department
- All recons follow the same logic and structure
- Less mundane
  
- More resolution of issues and exceptions
- Improved supplier communication and relations





# Summary

- Improved management reporting and audit controls
- Operational issues are highlighted
- Reduced personnel costs
- Reduced printing and storage costs
- Positive feedback from suppliers





Questions?