HOW FOODSTUFFS SOUTH ISLAND ACHIEVED SUPPLIER RECONCILIATION AUTOMATION WITH BEST VENDOR RECONS

ENTERPRISE WIDE

Foodstuffs South Island

Murray Trim, FCA, Decision Support Manager at Foodstuffs South Island, with over 30 years experience at Foodstuffs South Island, shared his insights into the 2020 implementation of the BEST Vendor Recons Modules at Foodstuffs South Island and the processing of Reconciliations by the Foodstuffs South Island AP team.

The webinar took place on 30th June 2022 and was hosted by SAP User Group Australia (SAUG). The webinar was facilitated by Steven Pozzan, Managing Partner of Enterprise Wide, BEST's Australasian reseller and implementation partner.

WHO IS FSSI?

Foodstuffs South Island is a leading grocery retailer in New Zealand, based out of Christchurch and operating since 1928. FSSI is the largest company on the South Island with a revenue of $3bn+. They are 100% New Zealand owned co-operative. More than half of the food consumed in the South Island comes through the FSSI network.

OVERVIEW OF THE FSSI ACCOUNTS PAYABLE PROCESS

- Annual Payments made of $3.8 billion.
- Have 3,600 Vendors.
- Receive 2.4 million invoices (average invoice $1,600).
- Mix of Weekly and Monthly Payment Terms.
- 35,000 payments = 35,000 reconciliations.
- 12 FTE: dedicated to statement reconciliations (pre introduction of BEST).

FSSI CHALLENGES:

- Should we even reconcile at all?
- Key differentiator is we are spending our members money.
- Highly manual reconciliation process.
  - Actual "cut and paste" was used by some clerks.
  - Highlighters galore.
- Reconciliations performed outside of SAP.
- Inconsistent delivery of information to Vendors.
- No easy management overview of process.
- No centralised issue logging.
- We had created a manual cyclical recon process for our "A" Vendors, but we still manually reconciled them every three months (only took 10% longer to reconcile 3 months vs 1 month).
- Reconciliations were seen as clunky by the Vendors.

Fundamentally, Foodstuffs South Island Vendor reconciliation process hadn't changed since it was created in the mid-1990s and all done in Excel. Recons were manually typed, which meant there was a lot of personalisation in the spreadsheets as well as inconsistencies, which meant there was a lot of labour going into reconciliations.

Reconciliations actually didn't really add up.

WHY BEST VENDOR RECONS?

- We wanted a system with a SAP look and feel.
- Reconciliations should in essence be very easy to do, and the information should be condensed in an easy-to-understand format.
- South African based company, Minabiz (Pty) Ltd, with their BEST SAP Add On Modules, stood out from other systems as easy to navigate and use.

BEST – THE SOLUTION

- SAP Certified add-on module.
- Uses the same SAP instance.
  - No separate log-ons.
  - Same authorisation mechanisms.
  - Secure data, no duplication outside of SAP.
  - No new infrastructure required.
  - Simple plug and play.

- Seamlessly integrates with SAP, no impact to standard SAP processes or customisations.
- Advanced automatic matching algorithms.
- Integrated with our Onbase Workflow and Document Management System (part of our Vendor invoice management automation solution) and matches to the invoices.

IMPLEMENTATION PROJECT

The BEST Vendor Recons module was implemented during the Covid-19 pandemic period in 2020. Enterprise Wide led and partnered with BEST on the implementation. All work was done remotely. Whilst this brings with it some additional challenges, the project team was very professional and knowledgeable. The project approach was according to the discussed plan and timelines and the status reports and status meetings were very effective.

The project started in Jan 2020, BEST presented a quick and effective demo/proof of concept with FSSI data, which was really impressive. The board signed off in May 2020, the Design Workshops took place in July 2020 and we started with User Acceptance Testing in October 2020.

There were some delays due to Covid-19, the wider team online training happened in November 2020 and Go Live took place at the end of November 2020. FSSI utilises the BEST Vendor Recons Modules which loads Vendor Statements received in iDoc format automatically.

The project ran on budget, on time, and our ROI was significantly better than we anticipated. Conservatively we thought it would take around six months.

ADOPTION

The online training really helped. BEST and Enterprise Wide did a really good job in the testing and training realms. The training was done when the staff were available. Even with time differences, it worked. The AP team grasped the system quickly, and the BEST team were able to assist when some issues arose. Only positive feedback has been received from the team. The account reconciliations were quite straight forward, simple and all in SAP, which meant we didn't have to build extra interfaces, just the one interface to Onbase to bring in statements via SAP PI using SAP IDocs. We underestimated how easy it would be.

BENEFITS ACHIEVED

- No more manual intervention is required – this was a very manual process previously.
- BEST is extremely user friendly.
- Consistent terminology and categorisation.
- No typos.
- Live status monitoring of the process.
- Better management of accounts.
- Improved matching using BEST automatic matching algorithms (improved our reconciliations).
- Auditable reconciliation approvals.
- Enhanced reporting.
- Great feedback and increased vendor engagement (we can now look for patterns).
- Down to 6 FTE (all through natural attrition); redeployment of staff who now have time to spend on vendor relationships.

TIME SAVINGS & MORE RECONS ARE BEING ACHIEVED

- One reconciliation used to take 1.5 days to complete:

    - Manually marking off (highlighting) Vendor statement against FSSI payment proposal;

    - Payment proposal would be around 500 pages (high cost and time to print);

    - If it was not marked off accurately, (i.e. room for error) and would sometimes take longer than the 1.5 days to complete.

- Using BEST, we can now run an entire clerk's payment file and reconcile **300 Vendors** in about **25 minutes**. Savings are unbelievable, so much more value add.

300 Vendors → **Reconciled** → **25 Minutes**

REPORTING

- Automatically produced by BEST.
- Flexible.
- Allows for SAP customisation.
- Easier user transitions.

WHAT IS NEXT FOR FSSI?

FSSI is looking into the BEST GL Recons Module from Minabiz , and it could be in the pipeline. Thank you to the BEST and Enterprise Wide team – the project ran on budget, on time, our ROI significantly better than we anticipated.

PLEASE CONTACT US TODAY

If you would like further information regarding BEST Products, please contact us via email on *reconcile@bestsapcbi.com*

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