itim

Sainsbury's

Customer Story

Sainsbury's achieves 90 percent automation of its invoice matching using itim software

As the UK's second largest supermarket chain, Sainsbury's receives over five million supplier invoices a year. Thanks to itim's invoice matching software, the accounts payable department is able to run a very efficient operation, processing 90 percent of invoices without manual intervention and ensuring that 98 percent of supplier invoices are paid to terms.

"We are fully geared up for extremely high volume and we really push it. When you think about the number of locations, number of transactions, number of suppliers – there's an enormous amount that runs through Didos."

Anthony Robinson, Group P2P Manager, Sainsbury's

Challenge

With hundreds of thousands of SKUs coming from a network of over 4,000 suppliers, Sainsbury's receives over five million supplier invoices a year for the food and non-food products that it sells in its stores. The accounts payable team is responsible for matching these invoices against receipts to ensure they are only paying for stock that has actually been received and at the contracted price. "You certainly don't want to be manually handling those volumes over a year!" says Anthony Robinson, Group P2P Manager at Sainsbury's.

Solution

Using itim's invoice matching solution, Didos, and the very streamlined process that they have created, Anthony and his team of just 25 people are able to handle 400,000 invoices a month with only 10% requiring any manual intervention. He explains how the process works.

"Our process is very well configured," says Anthony. "We require that our suppliers send invoices via EDI so 95 percent of supplier invoices come in this way and are fed straight into Didos ready for matching. All store receipts are also interfaced directly into Didos from

Sainsbury's network of 26 depots around the country or – in the case of deliveries of high-volume goods like bread and milk – straight from the company's 1,800 supermarkets and convenience stores. We also have robust processes to pick up anything that might fall through the net."

"We are fully geared up for extremely high volume and we really push it. When you think about the number of locations, number of transactions, number of suppliers – there's an enormous amount that runs through Didos."

The system runs every night matching thousands of invoices with receipts. Just over half of Sainsbury's invoices are a "perfect match" with the goods delivered. For the remaining half, Didos uses logic (within tolerances set by Sainsbury's) to automatically identify discrepancies and resolve as many as possible, automatically raising debit notes, undercharges and quantity extracts (for instance where only part of a delivery has been invoiced and a further invoice is expected).

"With our process and the automated query resolution and debit note functionality that Didos provides, we've been able to achieve a 'match and clear rate' of 90 percent, which is massive," explains Anthony.

Additional efficiencies

For the invoices that do require manual intervention, Didos provides functionality to help the team identify the issue and take appropriate action manually, including raising price queries to the buying team and quantity queries to stores. The system also provides an approval process to ensure appropriate controls before any invoices can get released. For example, if the team decides to make an override and pay an invoice that falls outside of the set parameters, they can do so only with the appropriate user access levels. "This is good from our perspective as it helps to maintain a controlled environment," says Anthony. "It's flexible to administer it as well."

If, after investigation, a debit note needs to be reversed, users can easily access it from the archive and process the reversal with the system prompting them for a reason code that is automatically matched to the appropriate Sainsbury's ledger codes. "This simplifies the process and reduces the scope for errors," explains Anthony. "The debit note reversal functionality and integrated audit trail is very useful to ensure we are paying our suppliers correctly and complying with the Groceries Code Adjudicator."

Reporting is another area where Didos brings efficiency. "The team find the DataView functionality particularly useful if we're looking to do some investigations or to pull out data for a report. We like being able to design our own reports rather than needing to go elsewhere (and potentially incur charges)."

"We've been able to achieve a 'match and clear' rate of 90 percent which is massive."

Customer Profile — Sainsbury's

£29 billion
approximate annual revenue

1,800 +
stores

---

5 million
supplier invoices a year

Challenge
Matching 400,000 supplier invoices a month to ensure the company is only paying for the goods it has received and at the agreed price.

Solution
Itim's Invoice Matching solution is used to automate the matching of supplier invoices against delivery notes, send debit notes to suppliers for overcharges and flag issues for efficient resolution.

Results
Sainsbury's is able to process 90 percent of invoices automatically, saving significant headcount and ensuring 98 percent of supplier invoices are paid to term.

Results

The high level of automation that Didos brings has allowed the team to significantly reduce headcount over the years, directly boosting Sainsbury's bottom line.

The users are also very happy with the system:

"A couple of years ago we did a user-experience feedback survey on all our applications and, for the finance team, Didos came out on top," says Joanne Bootman, Product Owner – Finance at Sainsbury's.

Working with itim

"Working together for over twenty years, the itim and Sainsbury's teams have built a great working relationship," says Joanne. "The itim team are always on hand if we need them and are very responsive. We're always looking at ways to further optimise our processes and itim help make it easy for us to understand the 'art of the possible'."

"Having seen other products, Didos is the best one I've seen. It handles the high volumes and is very flexible; but most importantly, it just works! I can't recall a time when it's gone down or that we've had a major issue. It's become part of our DNA."

Anthony Robinson, Group P2P Manager