Invoice processing at Charles Vögele: careful process analysis forms the basis of successful optimization
A Case Study

Since 2012, Swiss fashion company Charles Vögele has carried out procurement and invoice processing for its non-merchandise (shop equipment, office materials, etc.) using a highly efficient, fully digital process. Since autumn 2015, the corresponding process for merchandise (primarily clothing) has also been digitized. Given the 18,000 invoices processed annually and a total volume of around CHF 290 million, it was clear from the start that the management saw significant potential here and had high expectations.

The process for non-merchandise, developed together with workflow specialists Tessi Solutions from the Swiss municipality of Urdorf, has proved extremely successful and served as the basis for the new process to be developed. However, due to differences in internal processes, it could not simply be copied.

At Charles Vögele, merchandise is generally ordered by the procurement department at the company's headquarters using the internal merchandise management system CVLog. This ensures that all relevant data for each individual order is correct and available digitally. Each order

– and therefore each invoice – only contains one item. This significantly reduces the complexity of processing. Incoming goods are counted and checked and the results recorded in CVLog. Once this recording process is complete and the corresponding invoice is available in the system, the data can be compared for discrepancies. The software "Basware" is used for this, and is the same software used in the pre-existing process for non-merchandise. For every discrepancy (e.g. between delivered and invoiced quantities), the system generates a digital discrepancy record. If the discrepancy between the invoice and delivered

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goods is under a defined tolerance threshold, the missing amount is automatically recorded in a special account. If the tolerance is exceeded, the discrepancy record is sent to the purchaser using the integrated "Basware Autoflow". The purchaser must then intervene and can accept the discrepancy, which requires their superior's electronic signature. If the purchaser does not accept the

discrepancy, they contact the supplier to request a (partial) credit note.

At Charles Vögele, incoming invoices are immediately scanned and further processing is carried out entirely digitally using Basware. The user enters the order number from the invoice into an input screen and the system automatically inputs the associated information from CVLog. This guarantees efficiency and accuracy and further processing can continue problem-free.

Project Leader Daniel Heller, Head of Trade Finance at Charles Vögele, stresses the significance of comprehensive process analysis and revision before technical implementation: *"There is no long-term benefit in digitizing an unsuitable process; it just leads to new problems"*. This led to significant resources being invested in carefully considering Charles Vögele's requirements, while at the same time ensuring that these requirements could be implemented in a technically efficient manner. Charles Vögele's close collaboration with specialists from Tessi Solutions in the previous

project and the knowledge gained from it by both sides greatly contributed to the success of the solution.

The quality of the results was always a priority and as such, Charles Vögele readily accepted that there would be a few delays due to necessary changes. The iterative project approach ensured that occasional discrepancies between customer needs and the realized solution could be quickly recognized and resolved. Great value was also attached to comprehensive testing and lasting error resolution. According to Daniel Heller, this was the main factor for success. As the project team at Charles Vögele only consisted of a few people and the number of employees affected by changes was minimal, training and documentation costs were manageable and the project faced little resistance. After almost a year's worth of development work, the new process was put into operation in October 2015 and has since met with total customer satisfaction.

The list of benefits is impressive:

- All relevant processes were extensively analyzed and optimized.
- Manual processes with paper documents were eliminated thanks to Basware.
- Invoices cannot be paid twice, meaning retrospective corrections are kept to a minimum. This is a huge advantage particularly for suppliers from some Asian companies, as it is difficult to reclaim amounts due to legal payment restrictions and bureaucratic obstacles in those countries.
- Discrepancy management (discrepancies between deliveries and invoices) has been significantly improved. The figures provided ensure

"Even during the initial electronic invoice verification project, extensive tests were critical. In the follow-up project relating to adjusting for discrepancies in merchandise orders, intensive testing prior to system implementation also proved worthwhile and contributed significantly to the project's success."

Daniel Heller, Head of Trade Finance and Project Leader at Charles Vögele

- Suppliers are also gradually switching to digital invoices in PDF format, with the Internet platform Billexco.com playing a key role in this. This can be expected to lead to even greater efficiency and significantly speed up the entire process.

Only a few months after the system was put into operation, Daniel Heller is extremely pleased that Charles Vögele's expectations have been fully met and expects the investment to pay for itself within two years. •

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Client

Charles Vögele

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Introduction

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Process

Service

Software

The Swiss branch of the French company, Tessi S. A. was established following the acquisition of RR Donnelley Switzerland.