

Informore Book-to-Pay Solution for larger Shippers

“The Book-to-Pay solution of Informore allows our Business Units to gain control of their logistic processes leading to a direct and substantial contribution to our bottom line” Hans Buurman working for Akzo Nobel Sourcing.

“In a business case for one of our customers we concluded that they could save up to €50 mio per year by using the Informore Book-to-Pay solution on a world wide basis” Frank Kuitems working for Atos Consulting.

Current Situation for many companies

Although transportation costs often is the 2nd or 3rd largest overhead of a company the control of these costs usually is inadequate. Companies are often not aware of the original agreement with carriers and/or not aware of the reasons whether or why higher amounts have been charged than originally agreed upon.

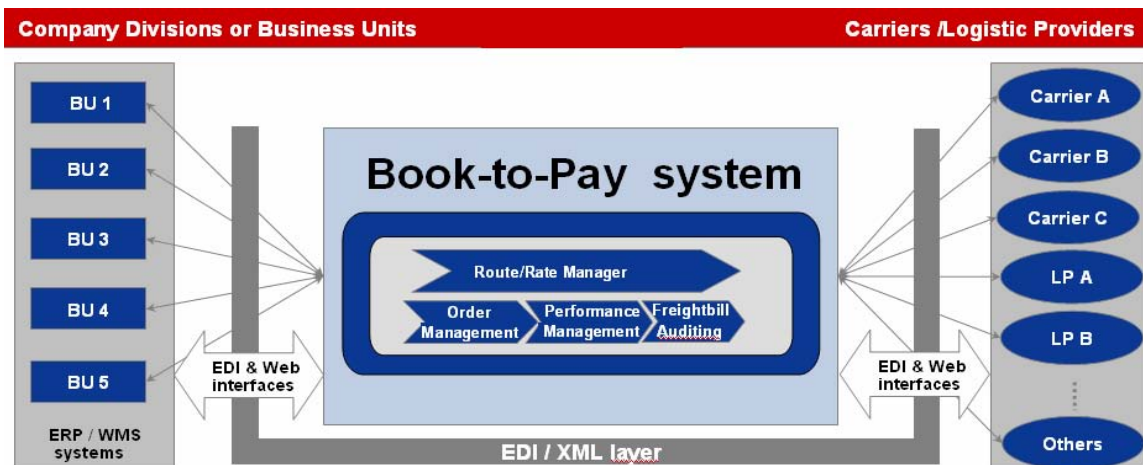
When entering into rate negotiations with carriers, companies often do not know how much they spend with these carriers on a corporate level which weakens the negotiating power.

Solution

After a detailed functional analysis by Atos Origin of the solution of Informore, Atos Origin has concluded that the solution based on J2EE/Oracle architecture (SOA) developed over the past 15 years, is richer in functionality and more suitable as Book-to-Pay solution than the more single company oriented ERP software.

Some shippers looked at large logistic service providers to audit freight invoices. The problem here however is that it is undesirable, also because of compliance regulations, to have execution and control of transportation in one hand.

To allow shippers to save on their transportation spend, Informore links the ERP systems of the various Business Units of a shipper and the systems of all the carriers of that shipper to the neutral Book-to-Pay Platform, running in one of the Atos Origin Datacenters (see figure 1 below). The Book-to-Pay process ranges from booking and rating a shipment till payment instruction.



This means that the platform translates any currently used DeliveryOrder or SalesOrder generated by ERP systems, into Transportation Orders in a format which can be read by the system of each individual carrier. The transportation order specifies the amount payable to the carrier. This amount has been calculated by the platform and is based on the agreements between shipper and carrier. During the transportation process carriers can negotiate electronically about extra costs via the platform. Once amounts and reports match, the Informore solution leads to both errorfree (credit-) invoicing per period per carrier instead of per shipment and detailed insight in all transportation cost-elements.

Benefits

- a webbased solution to manage freight contracts including costs and all accessories for the entire company.
- a powerful sourcing solution to compare quotations of carriers including the possibility to simulate what would have been the total transportation costs if the quoting carrier would have handled the relevant freight volume
- Fully automated freight costs control & auditing and automatic creation of accruals and purchase orders eliminating the need of carrier invoices leading to an estimated saving of > €20,- per transportation order in operational costs.
- Avoiding incorrect freight invoices combined with leveraging global spend more effectively leading to an estimated savings of >5% on total transportation budget.

Costs

To ensure that the shipper will start earning money as from the first transportation order which is processed by the platform, Informore charges this service on a transaction basis. Normally this ‘no cure – no pay’ fee of Informore amounts to less than 10% of the savings realised by the shipper.

Simplified business case example: realise 12% savings on freight budget

A shipper with 100.000 transportation orders and a total freight spend of €25 mio per year, saves 100.000 * €20 operational costs plus 5% of €25 mio, totalling to €3.25 mio. Informore transactioncost being well below 10% of the savings, leads to nett savings for this shipper on a yearly basis > €3 mio, representing 12% of their transportationbudget.

According to a survey (March 2007) of the Aberdeen Group among 380 shippers with freight spend over €25 mio, “81% of these companies will implement new transportation procurement or payment technology in the next 24 months, saving an average of 8.8% on their overall freight budget”.

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