Fisher Scientific

The UK e-Invoicing Advocacy Group was set up in 2010 as a self-funded initiative of industry associations, public sector bodies and solution providers to promote e-Invoicing in the UK public and private sectors. **Our mission is to help UK public bodies and commercial enterprises of all sizes save money** and understand the benefits of replacing paper invoices with wholly electronic transactions.

It is our intention to champion and advocate widespread adoption of electronic invoicing between buyers and sellers of goods and services. The UKeAG promotes the benefits of e-Invoicing to the UK Public Sector and the wider UK economy, meeting regularly at the Houses of Parliament and the Department for Business. As the official UK forum on e-Invoicing, sponsored by the Department for Business, we delegate the UK participants that provide expert input to the current EU Commission Multi-Stakeholder Forum. Our UK delegates lead the working group on best practice within EU Commission Forum and our participation ensures that emerging EU policy and regulation supports UK public and private interests.

We are committed to help commercial enterprises and public bodies of all shapes and sizes to understand the business case and benefits for electronic invoice adoption, in particular reducing the administrative burden on small and medium-sized enterprises and to promote a lively and innovative UK market for the provision of relevant solutions and services. The benefits of electronic invoicing are clear;

- *Substantial cost savings through reduction in manual work, material and transport costs.*

- *Additional cost savings from fraud and loss prevention, and lower auditing costs for trading parties and tax authorities.*

- *Enabling of accelerated payments, improved cash flow and reduced credit losses for both large and small enterprises. E-Invoicing could unlock the potential for new collateralised lending services at a time of subdued growth in traditional credit products, especially for SMEs.*

- *Raising productivity and customer satisfaction in both the public and the private sector, and improving UK competitiveness overall.*

- *Enabling workforce transition to more productive activities and a learning vehicle to increased use of electronic practices throughout the public and private sectors.*

- *A direct contribution to carbon savings and resultant environmental gains*

Through this series of case studies the UK e-Invoicing Advocacy Group aim to show that electronic invoice automation is not a new concept, and that best-in-class organisations are gaining competitive advantage.

Electronic invoice delivery at Fisher Scientific

Fisher Scientific, part of Thermo Fisher Scientific, is the UK's leading supplier of laboratory products and the only major UK based manufacturer of inorganic chemicals, analytical reagents and solvents. The company employs almost 500 people and distributes over 136,000 products (both branded and own-label) via 3000 international suppliers to over 40,000 end-user laboratory customers. The company has a long history of innovation often implementing new technologies and processes in its on-going mission to achieve greater efficiencies in its business. For example Fisher Scientific was one of the first organisations to provide its catalogue online.

As part of its continuing drive to both innovate and improve efficiency, Fisher Scientific is always on the look-out for areas where new technologies and processes could benefit the company.

"We analysed many aspects of the business and found the accounts payable department to be a prime candidate for increased automation and the application of new technologies," says Paul Owen, Fisher Scientific's General Manager Operations. Receiving and processing a paper based invoice is an inherently inefficient process," says Owen. "The process is dogged by laborious manual tasks such as data entry and filing.

Summary…

Fisher Scientific received 85,000 paper invoices annually.

By removing manual tasks and wasteful paper their invoice processing costs have been reduced.

Fisher Scientific predicts that the implementation of e-Invoicing could save as much as 80%.

Our staff must physically open incoming paper invoices, check the information and input the data into our accounting system." In addition, UK tax law requires that every company must keep copies of incoming invoices for six years. Storage of these documents, either in physical form or on microfiche, is costly and retrieval can be an inefficient and time-consuming process.

Fisher Scientific's internal research concluded that the handling and processing costs associated with the 85,000 paper invoices it receives annually could be dramatically reduced if those invoices were received electronically.

However whilst the idea of moving from paper to electronic invoicing was compelling we knew there were a number of practical issues that needed to be resolved. For instance, we didn't want to insist on a specific electronic invoice format for our suppliers to adhere to. We knew that asking all of them to create a special output for our benefit wouldn't encourage them to join our e-Invoicing initiative.

"Moving from paper to electronic invoices was an obvious route for us to go in reducing our accounts payable processing costs. We knew that if we could get our suppliers to submit their invoices directly into our accounts system we could side-step the tedium and expense that comes with handling paper."

Paul Owen, General Manager Operations Fisher Scientific

Beyond that we were aware that establishing direct, one to one, electronic links for the exchange of invoice data would need the sign off by HMRC (HM Revenue and Customs)- who would have to approve each and every link. Also we weren't sure how the legal requirement to store invoices for six years would be affected if we moved into the electronic realm. We elected to use the OB10 service because it answered all these questions for us".
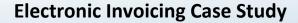
Clearly, getting a critical mass of Fisher Scientific's suppliers attached to the OB10 network was crucial to the success of the company's e-Invoicing initiative. This is why at a technical level OB10 has been designed to offer no barriers to adoption. OB10 has been designed as a non-intrusive solution to ease supplier participation and does not require the installation of any software or hardware. (Because the service can map any invoice format provided by a supplier into a buyer's preferred invoice format, suppliers are not burdened with the task of changing their invoice output). "We were confident that our suppliers would see the benefit of the service as it reduces their own costs, guarantees invoice delivery, removes the inevitable errors that occur during re-keying the paper process, which in turn reduces disputes and exceptions and increases our ability to pay them promptly," says Owen. To this end Fisher Scientific worked closely with OB10 on a supplier enrolment programme based around a series of one to one meetings and seminars for larger suppliers and a simple letter distributed to smaller suppliers.

"By offering to send those invoices electronically we are proactively predicting what our customer want. And because OB10 handles all the translation between systems we can assure our customers that they will receive those invoices in the format they want."

Paul Owen, General Manager Operations Fisher Scientific

After just 6 months Fisher Scientific was dealing with large volumes of invoices using OB10 and Owen predicts that in another 6 months the majority of its invoices will be flowing through OB10.

OB10 has also been scrutinised by the UK Tax Authorities to ensure that users of its paperless invoice delivery service continue to meet UK tax standards. Significantly, this means that companies using OB10 are no longer required to process and retain paper invoices to satisfy HMRC's (HM Revenue and Customs) requirements, thus saving both time and money. In addition, the OB10 central data warehouse will enable

audits of the supplier and buyer tax accounting records to be carried out remotely, subject to the approval of the parties.

Since using OB10, accounts payable costs have decreased, staff have been redeployed within the company and the speed of processing invoices and resolving disputes has improved significantly. Fisher Scientific predicts that the implementation of OB10 could save as much as 80% of the cost of receiving, processing and storing an invoice in the long term.

> "The initial reaction from our community of suppliers has been overwhelmingly positive. The process has been relatively painless as it has been easy to educate our suppliers that OB10 represents a new, more efficient way of delivering invoices which will ultimately save them time and money with only a minimal investment."

Paul Owen, General Manager Operations Fisher Scientific

"We have been delighted with the immediate benefits of joining the network," says Owen. In fact, encouraged by the reaction of its own supplier base Fisher Scientific is now actively promoting the system to its own customers. "We send out 500,000 invoices a year," says Owen. "By offering to send those invoices electronically we are proactively predicting what our customers want. And because OB10 handles all the translation between systems we can assure our customers that they will receive those invoices in the format they want.

From our own experience with our suppliers we've seen how sending invoices electronically also delivers cost and efficiency benefits. We see submitting invoices via OB10 as another way to make sure that our customers remain happy with us."

The UK e-Invoicing advocacy group meets on a regular basis and operates in an entirely non-competitive, cooperative space. Our meetings are inclusive of both public and private sector stakeholder interests. We operate in an open, transparent and informal manner.

Whilst addressing an area requiring strategic transformation, the group adopts scoped and realistic objectives. Initiatives undertaken are agreed among the group to be concrete, feasible and effective and their execution always closely monitored.