NMBS Improves Invoice Processing Efficiency and Reporting, and Reduces Costs with OpenText

OpenText™ Freeway Enterprise provides Electronic Data Interchange for large invoice volumes

National Merchant Buying Society (NMBS) is the most successful trading platform and buying group in the United Kingdom for independent builders, plumbers, hardware, and timber merchants. Founded in 1963, its primary aim is to enable members to get the best possible deal from suppliers by offering them a cost effective route to the independent marketplace. In 2015, the total purchasing power of NMBS amounted to £1.4 billion, serving more than 1,000 members, representing more than 3,000 branch locations.

NMBS specialize in providing exclusive supplier offers and terms to independents via framework deals, marketing, and event activities. Members enjoy an average benefit of approximately four percent in rebates, as NMBS continuously negotiates better terms by pooling the turnover and invoicing of its members. The organization also speeds up the invoice-to-payment process of manually processing invoices and credits and offers a payment pledge to guarantee bad debt and on-time payment for its suppliers. NMBS has also developed an exclusive online "Report Centre" which gives members and suppliers 24-7 access to online accounts information and an automated query resolution system.

NMBS receives around 2.5 million invoices from suppliers each year. This volume would not have been possible had they not introduced the Freeway Enterprise solution enabling a largely electronic invoice handling process, using Electronic Data Interchange (EDI).

Andy Hextall, Head of IT at NMBS explains, "In the early 90's, all of our supplier invoices were received in paper format. This meant manually entering around seven key data points into our financial systems, a time consuming, resource intensive, and error-prone process. We decided to investigate implementing an EDI solution to enable the majority of our invoices to be received electronically, in a standard data format. In doing so, we could speed up our processes through automation, reduce errors, make payment settlements faster, and gather more data for reporting and analysis."

INDUSTRY

Buying and Trading Platform for Building Materials Supply

CUSTOMER

National Merchant Buying Society Limited (NMBS)

CHALLENGES

- *Drive for efficiency in invoice processing, to reduce data entry time, errors, and cost*
- *Growth in invoice volumes slow and expensive to handle manually*
- *Minimal data points entered from invoices limited reporting and analysis*

SOLUTION

- *OpenText™ Freeway Enterprise*

BENEFITS

- *Improved efficiency through automation, processing more invoices in less time, with fewer errors and lower costs*
- *Enabled growth not possible with paper invoice processing*
- *Increased number of data points facilitates better analysis and reporting*

> *"Using OpenText, we're now handling 92 percent of our invoices electronically through EDI, massively reducing the workload for manual data entry."*

ANDY HEXTALL, HEAD OF IT, NATIONAL MERCHANT BUYING SOCIETY LIMITED

Improving Services to Members with Greater Accuracy and Speed

NMBS members buy from suppliers that have agreements in place with NMBS using framework deals. The member orders directly from the supplier and the goods are sent directly to the member. The invoice is then sent to NMBS, who then invoices the member. By doing so, the supplier knows that the invoice will not only be processed quickly, but is guaranteed to be paid.

To cope with the growing volume of invoices, NMBS selected the OpenText Freeway Enterprise solution. "By receiving our files from OpenText in one standard format, we are confident that the data being transmitted can be automatically updated into our core finance systems. OpenText deals with the mapping of the different formats it receives into our required format, taking away our need to deal with any data mappings. This helps get suppliers set up quickly to invoice us electronically," adds Hextall.

The primary objectives for the solution were to improve the service provided to members. Should service levels fall short, members will simply go elsewhere. "The solution from OpenText means that we can process invoices much faster, can capture a lot more information for use later, and eliminate the errors associated with manual data entry from paper documents," explains Hextall.

With the old paper-based processes, limited information about each transaction was entered into the core systems. This meant analyzing purchasing patterns and identifying the highest volume items etc., was impossible. With faster, more accurate processing, comes the ability to negotiate better terms with suppliers on behalf of members.

Process Automation and EDI Handles Increased Volumes and NMBS-Specific Processes

Supplier invoices can vary from as little as one line to regularly 20 or 30 lines, and occasionally hundreds. Invoice volumes have grown in recent years to 2.5 million invoices being received each year, which are now processed electronically. This would not have been possible with the old manual processes.

"Using OpenText, we're now handling 92 percent of our invoices electronically through EDI, massively reducing the workload for manual data entry. This allows us to spend more time on the remaining eight percent of documents, which are processed manually, to ensure they are entered 100 percent correctly. This means we can also provide scanned copies of our manual documents, giving merchants a single point of access for all their copy invoices," adds Hextall.

The processes at NMBS do not follow the traditional EDI processes of most businesses. NMBS receive invoices from suppliers, processes them, and then resends to the appropriate member. To make this process as efficient and smooth as possible, OpenText customized the solution to meet the specific needs of NMBS.

"We wanted to automate processes wherever possible, improve our efficiency, and offer more services to our members. The changes that OpenText made helped build on the core capabilities of Freeway to meet our specific needs, and they've made a very positive contribution to our business," says Hextall.

NMBS, using its in-house development capabilities, has built a portal for its members where they can access invoices in PDF format, download, and reprint them, review their purchasing history, and more. Suppliers also benefit, as they can send all invoices to NMBS via EDI, rather than dealing with multiple formats on a per customer basis.

"The solution has also enabled us to send invoices on to our members by email. This has greatly reduced our reliance on paper and especially postage, reducing cost," adds Hextall.

Continuous Improvement for the Benefit of Members

The Freeway solution is well established and has proven its worth to NMBS, its members, and suppliers. With the knowledge they have built up, the organization is continually looking at ways that they can further leverage the analytic and reporting possibilities of the solution. NMBS is also reviewing how it can improve information access for members.

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