Molson Coors Improves Supplier Collaboration and Saves on Invoice Costs with AP Automation

Company Overview

Molson Coors Brewing Company is one of the world's largest brewers with operating segments including Canada, the United States, Europe, Asia and Latin America. The company has a diverse portfolio of owned and partner brands, including signature brands Coors Light, Molson Canadian, Staropramen and Carling. Molson Coors is listed as the beverage industry sector leader on the 2012/2013 Dow Jones Sustainability World Index, the most recognized global benchmark of sustainability among global corporations.

Challenge

Like many companies, Molson Coors struggled with managing invoicing processes in a growing business four years ago. While paper-based processes were the historical approach, the company, and its suppliers, were both seeking dramatic improvements in the efficiency of invoice processing.

"We were doing manual invoicing across the board," explained Rick Kneebone, IT Senior Business Partner, Molson Coors. "We were still doing faxes five to seven years ago. Our internal teams and our suppliers were both eager for an easier, less manual solution." The company began a multi-phase project to increase AP automation.

At the start of the project, Molson Coors moved a number of small suppliers to OneSCM® a SaaS-based supplier collaboration portal. OneSCM enabled the suppliers to login and manually create PO-associated invoices for 3-way match and payment. Both supplier and buyer were able to view the status and address any issues or delays quickly.

Next, Molson Coors wanted to make AP automation available to their mid-tier supplier group in a form that would encourage maximum participation. Mid-tier suppliers account for approximately 70% of the trading partner base. These mid-size suppliers' invoice volume was too large to make it efficient to manually create invoices, however they were not large enough to make EDI connections worthwhile. This meant the new solution needed to be flexible, save time, improve accuracy and shorten the invoice cycle.

"We needed a solution that would give us an end-to-end way of integrating with our vendor base, regardless of size,"

**Rick Kneebone,** IT Senior Business Partner, Molson Coors

OneSCM's Solution

Because of the success with smaller suppliers and the scalability of the solution, Molson Coors again selected OneSCM® to meet their AP automation requirements for mid-tier suppliers:

- The flexible integration meant that OneSCM could continue
  to easily connect with Molson Coors' back office systems, including SAP;
- Configurable workflows allowed Molson Coors to match existing AP review and payment processes as well as make future adjustments without significant cost;
- The SaaS-based, monthly subscription model allowed for faster implementation and ROI with lower upfront investment.

Suppliers have the option to submit invoices manually into the central collaboration console as the smaller suppliers have done previously, or via data upload, providing the flexibility and reduced manual entry the mid-tier suppliers had requested.

"OneSCM helped us solve this dilemma… and take advantage of all the benefits automation offers," Kneebone raved.
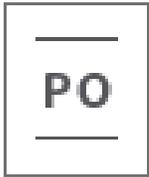
PO

The cost to handle PO/invoice transactions has dropped by approximately **$2.50 per transaction.**

Results

Since rolling out OneSCM to their mid-tier suppliers, Molson Coors has seen significant improvement in the efficiency of its AP operations. The cost to handle PO/invoice transactions has dropped by approximately $2.50 per transaction. The company has a three year target to move 120,000 invoices from manual to automated, resulting in a potential annual cost savings of $300,000. Because of the lower upfront investment with the OneSCM portal, Molson Coors projects a modest 12% IRR and a 18-month break even (on a gross basis).

In addition to the cost savings due to automating previously manual processes, Molson Coors has seen a decline in errors, including the reduction of late payments to suppliers and fewer overpayments due to PO/Invoice mismatches.

- Molson Coors records 95% of on-time invoice payments with OneSCM.
- Since implementing OneSCM enhancements in February 2014, Molson Coors has saved over 750 hours in processing time.

Feedback from suppliers has been positive across the board. "We are using OneSCM daily and it is saving us a lot of time and hassle. Time spent tracking an invoice is impressively reduced with OneSCM. Before, it was a very manual process, tracking down information via email and waiting for responses. Now tracking is immediate! I get efficiency and reliability!" Francios Lachance, President of Productions K, a Montreal based promotional marketing agency.

The company and suppliers both have benefited from the real-time access to invoice status – suppliers can find out when they will be paid without calling or emailing and requiring an AP clerk to take time to look up the status.

"Companies can save thousands of dollars by implementing the OneSCM platform," Kneebone said. "And with the low implementation costs, ROI comes very quickly."

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