

OUTSOURCING REDUCES COSTS FOR UTILITY PROVIDER

THE RIGHT ACTIVITIES ENSURE BEST RESULTS



«Our main goals were to standardize the processes to ensure their application in all countries and subsidiaries and to achieve significant cost reductions through systematic outsourcing. Thanks to SPS, both goals have been achieved and we can now focus on our key business.»

– Head of Finance Services, Processes & Performance, Utility Provider

Successful outsourcing depends on the proper selection of an outsourcing partner. But comprehensive analysis and optimization of the processes to be outsourced are also essential, along with regular audits and continuous improvement after handover to the partner. If this is carried out efficiently, sustainable results are achievable. Cost reductions of between 35% and 40% made by the German utility provider in cooperation with Swiss Post Solutions created a significant competitive edge.

The whole industry is burdened by high costs. Accounting or mailroom management, which are not part of the core business, provide potential for optimization through outsourcing.

Outsourcing mailroom management at 33 German locations to SPS resulted in significant cost reductions over a short period due to an innovative concept of personal management, that included the work council which ensured smooth implementation.

But that was only the first phase of optimization. Digitization and the outsourcing of document-based processes to SPS provided the chance to achieve further cost advantages. Invoice processing, travel expenses, application management and personal records management have also been assessed for their outsourcing potential.



Simplification

of processing of travel expenses and invoices

International: Digitization of invoice processing

So far, invoice-processing that has been decentralized has realised the highest optimization potential. Previously, each subsidiary

Customer profile

The utility provider is headquartered in Germany and has many subsidiaries in various European countries. It is successfully established as a reliable supplier of power and gas to private households and also to business and industrial customers. Its success is attributable to maintaining a good price performance ratio and high customer service, as well as decentralized and ecological energy supplies.

Learn more about our solutions:



SPS
Swiss Post Solutions

had followed its own processes with dedicated employees, but centralized controlling was difficult to perform. The strategic goal was to standardize the processes, to ensure a smooth takeover by internal Shared Service Center (SSC) in all countries.

Together with SPS, a standard process has been put in place. All incoming invoices are now digitized by SPS and metadata is captured. After quality checks, invoices are forwarded to SSC. SPS in Germany handles invoices which have to be processed separately due to export laws, while SPS Vietnam manages standard invoices.

Roll-out started in Germany in 2013 and then the process was implemented in all international subsidiaries in a phased manner. Today, about 1.2 million invoices from 12 countries are processed each year by SPS, using seven different languages with a data quality of more than 98%.



Standardization

of invoice processing in 12 European subsidiaries

The changing development of scan volumes is one of the critical success factors in projects like this. During the initial roll-out, email-based invoices were only roughly 10%. By the spring of 2017, they had already reached 50%. Regular auditing of the process ensures the cost savings continue.

National: Optimizing travel expense processing

The streamlining of travel expense processing through outsourcing was only performed in Germany. The volume of documents in other countries was insufficient for such measures.

After inputting the details of a trip, the employees send the signed statement plus receipts to SPS. The receipts are scanned and

digitized using OCR and then validated by SPS employees. Incomplete or erroneous statements are sent back to be corrected, and the completed documents are then transferred to SSC which makes the payment.

OCR technologies, homogeneous IT systems and the standardization of processes led to significant savings, and the required headcount was reduced from 32 to eight employees.

Temporarily: Digitization of applications for employment

Between 2014 and 2016, SPS was responsible for the digitization of applications for employment at 11 of the company's sites.

Incoming applications were scanned and categorized according to the document type. After the metadata was captured, the application for employment was transferred to the talent management system used by HR.

The project was terminated due to the reduced number of incoming paper applications – a good example on how important regular audits are to ensuring lasting economic benefits.

In preparation: Support for digital personal records

Outsourcing of digitization of personal records is still in the planning phase.

Especially with long-term employees, a lot of files are filled with sick notes, evaluations, proof of social insurance payments and salary increases, etc. This means digitization requires a lot of effort. After sorting, preparation for the scanning and digitization



35%-40%

Cost savings

of documents they have to be indexed and classified and then the final electronic file has to be forwarded to the SAP Employee Interaction Center. If this process is outsourced to SPS, significant savings are expected.

The experiences of this utility company confirm the importance of individual solutions for each process and of continuous evaluation. Long-term cost savings ensure competitiveness. Outsourcing if it is done properly, can make a very big contribution.