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Roy Walton, Transactional Shared Services Center Manager, Huntsman Tioxide

AT A GLANCE

Summary

Huntsman Tioxide is one of the world's largest producers of titanium dioxide – a key pigment in many paints, plastics, and cosmetics. It employs more than 2,000 people at 8 sites in 7 countries. The company used the mySAP® Business Suite family of business solutions to help it reduce accounts payable (A/P) costs and improve control over invoicing procedures.

Web Site

www.huntsman.com

Key Challenges

- Improve ability to process invoices involving a broad range of languages, legal entities, and tax rules
- Streamline processing of more than 120,000 invoices per year
- Cut costs in market where profits are continually squeezed

Project Objective

Implement automated, standardized accounts payable solution

Solutions and Services

mySAP Business Suite

Why SAP® Solution

- Enabled high degree of integration with existing SAP® landscape and e-payables business partners
- Provided workflow tools that supported company's best-practice goals

Implementation Highlights

- First implemented solution in divisions in Europe and South Africa
- Included project for shared-service center, which took about 1 year to complete
- Achieved straight-through processing for 60% of invoicing in first 2 months (versus target of 40%)
- Achieved return on investment within 12 months
- Subsequently installed solution in the United States and Canada

Key Benefits

- Improved efficiency of A/P processes threefold
- Reduced invoicing costs by 75%
- Enabled remaining staff to focus on exception processing
- Improved data integrity
- Provided managers with transparent, quality information, enabling them to leverage supplier discounts
- Reduced paper volume

Implementation Partner

Atos Consulting

Existing Environment

SAP R/3® software, functionality now available in the mySAP ERP solution

Database

Oracle 9.2

Hardware

IBM pSeries UNIX server

Operating System

AIX 5.1

HUNTSMAN TIOXIDE

mySAP® Business Suite Helps Chemicals Giant Cut Invoicing Costs by 75%

“E-payables was a natural outgrowth for the purchase-to-pay area,” explains Roy Walton, manager of the Transactional Shared Services Center at Huntsman Tioxide. “The challenge was to establish standardization in a company that is geographically widespread and deals with many different languages, legal entities, and tax regimes. mySAP Business Suite helped us achieve this.”

Huntsman Tioxide is one of the world's largest producers of titanium dioxide – a key pigment in many paints, plastics, and cosmetics. Based in Billingham, England, the company employs more than 2,000 people at eight sites in seven countries.

Looking for ways to improve profits in the highly competitive chemicals industry, Huntsman Tioxide had been working to streamline its procurement processes for some time. With more than 120,000 invoices to process annually, the company wanted an automated e-payables solution that would speed invoice processing, improve data integrity, and reduce procurement costs.

“We felt we could move aggressively into e-payables because 85% of our invoices were comparable with our purchase orders,” says Walton. “People were buying within the approved procurement structure, but the processing was quite inefficient.”

New Shared-Services Approach

After a larger implementation of SAP® solutions that was part of an overall efficiency push, Huntsman Tioxide looked at opportunities in a shared-services environment. A new shared-services center replaced separate teams at different sites that were focused on individual functions like purchasing and finance. At the new center, multilingual, multifunctional teams support end-to-end processes such as order to cash, purchase to pay, and reporting.

Previously, Huntsman Tioxide employees entered data manually from paper invoices. While 70% of the invoices went through without further processing, the company wanted greater automation and centralization. It also hoped to streamline expense reimbursement for employees worldwide.

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Roy Walton, Transactional Shared Services Center Manager,
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In response, Huntsman Tioxide applied a two-pronged approach that goes like this: Intelligent scanning capabilities from Atos Consulting collect data from paper invoices and validate the data for completeness and accuracy. Atos then forwards the data to Huntsman Tioxide for payment through the mySAP™ Business Suite family of business solutions. Through Open Business Exchange – another partner – suppliers may also send electronic invoices in any format to be merged with the Atos data file. The system handles any variance in price or quantity and pays the invoice based on the relevant supplier’s terms.

Rapid ROI Through Lower Staff Costs

Within the first two months of the e-payables launch, Huntsman Tioxide was able to handle 60% of its invoices with straight-through processing – versus a target of 40%. The company hopes soon to increase the portion to 70%. With human intervention only needed for invoices with data anomalies, the company was able to reduce the staff involved in invoice processing – along with invoicing costs – by about 75%. These savings helped Huntsman Tioxide realize a return on its investment in less than a year.

Huntsman Tioxide should see further savings as more suppliers use electronic invoicing, which is about 50% cheaper to process than paper invoicing and requires less archiving. The company hopes to increase electronic invoicing from 10% to 100% over the next three years.

Using mySAP Business Suite, Huntsman Tioxide can now process invoices at a single, centralized location – much faster and easier. With scanned invoice images and electronic invoices readily accessible, more than 2,000 users throughout the world can retrieve information once available only to the company’s finance department.

A Good Workflow Fit

In addition to the e-payables project, Huntsman Tioxide chose to use mySAP Business Suite for procurement tasks – in part because of the software’s comprehensive workflow tools and its ability to support the company’s e-procurement strategy. To standardize procurement procedures among its various business units, the company focused on best practices within the units that were compatible with those in mySAP Business Suite.

“The result has been greater accountability from the people who are actually spending the money,” Walton notes. “This has put pressure on some of the fringe areas of the company that would otherwise be less efficient.”