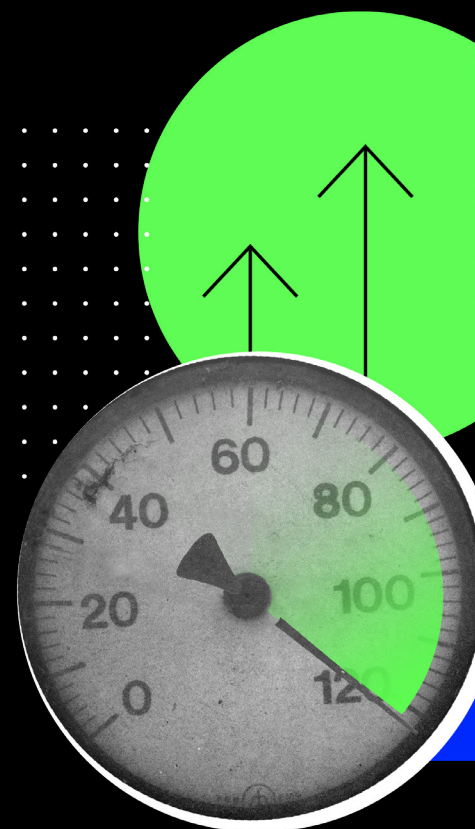


The Little Book of EMS Use Cases: Procure-to-Pay

How to maximize the execution capacity of
your P2P process with Celonis



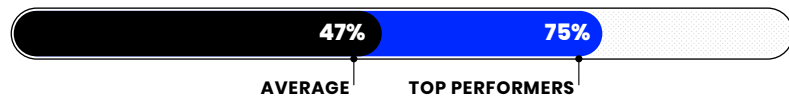
What are you doing about your execution capacity problem?

Every company has a set execution capacity — the level of performance it can achieve with the available time and resources. But most companies are not running at their maximum potential.

Take Procurement, for example:¹

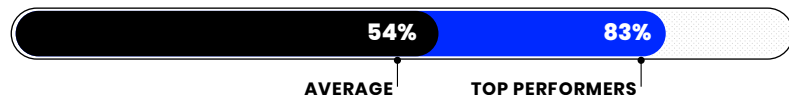
Spend under Management

The average company influences **47% of their total spend**.
Top performers influence **75% of their total spend**.



Supplier Delivery Reliability

The average company's supplier deliveries are only on time **54% of the time**.
Best-in-class organizations receive supplier deliveries on time **83% of the time**.



Operational Cost per PO

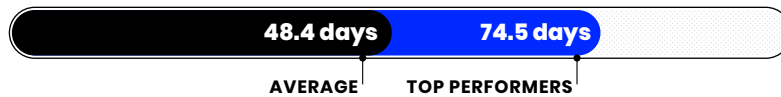
The median company spends upwards of **\$15** to process a single PO.
The most efficient organizations have reduced their cost of processing to just **\$1.35** per PO.



In Accounts Payable, on the other hand, it looks like this:²

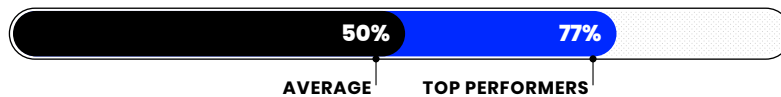
Days Payable Outstanding

The average company has a DPO of just **48.4 days**.
Top performers achieve a DPO of **74.5 days**.



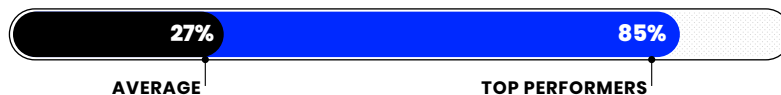
Paid on Time Rate

The average company pays their suppliers on-time only **50%** of the time.
Best-in-class organizations are paying their suppliers **77%** on time.



Touchless Invoice Rate

The median company's Touchless Invoice Rate is **27%**.
Top performing organizations achieve touchless processing rates of **85%**.



² The State of Business Execution Benchmarks Report 2021 and JP Morgan Working Capital Report 2020

So what is in the way of lifting the limits of execution capacity?

The answer lies in understanding the impact that today's modern IT environment has had on execution. In simple terms, execution capacity is limited because it is trapped inside of rigid and fragmented IT systems.

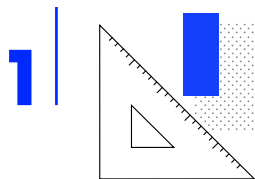
It's not the processes' fault. They just can't deliver on their desired results because of the complexity of their system landscape. This creates artificial limits on capacity, leading to what we call **execution gaps**.

These gaps are the symptoms of your systems' execution constraints. They are the all-too-common errors, inefficiencies and delays getting in the way of performance.

To eliminate execution gaps and maximize your execution capacity, you need a different kind of system. One that liberates your business from these artificial constraints.

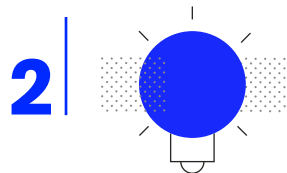
The Celonis Execution Management System (EMS) is a new class of technology built to achieve execution capacity breakthroughs. It maximizes the execution capacity of your processes, so you can achieve the outcomes your customers, stakeholders and leaders expect.

How it works:



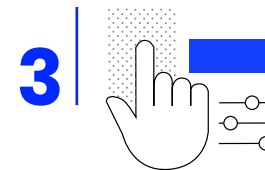
Measure

The EMS leverages **Process Mining** technology to extract data in real-time from source systems and measure capacity. It identifies and visualizes the execution gaps limiting execution capacity.



Know

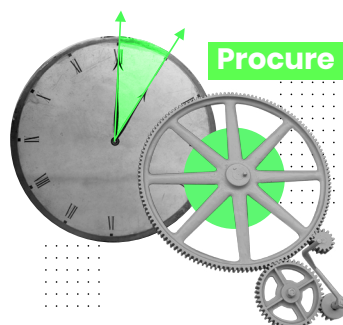
It knows the right course of action to close gaps. Based on machine learning and execution best-practices, it suggests the best steps to eliminate the most impactful execution gaps and help maximize execution capacity.



Act

The EMS takes action in a number of ways, both by automating real-time actions across systems, as well as deploying the right people to remove gaps.

The results? Outcomes worthy of the best performers out there.



96%

'Perfect Purchase Order' rate

vodafone

Vodafone increased their 'Perfect PO' rate — right-first-time ordering — **from 73% to 96% in a year**. They also reduced the **cost of each PO by 11%** and improved their **time-to-market by 20%**, too.

75%

reduction in maverick buying

zalando

Zalando reduced maverick buying by **75%**, and increased electronic invoicing by **50%**. They were also able to improve their cash flow by optimizing payment terms.

\$80M

saved across Procure-to-Pay

T . .

Deutsche Telekom achieved a paid-on-time rate of **over 90%**, and a **cash discount rate of 96%** with Celonis. Not to mention that maximizing the execution capacity of the P2P process helped them **save over \$80M**.

\$6M

in material purchase price savings

CHART

Chart Industries leveraged Celonis to realize more than **\$6M in material purchase price savings** through vendor price book compliance and **recapture \$200K in annual missed cash discounts**.

90%

cash discounts realized

FRESENIUS KABI

Fresenius Kabi increased their cash discount realization rate **from 61% to 90%**, **saving over \$109k** in 6 months. They also **increased DPO by improving payment terms**, which has already saved them **€500K in capital costs**.

Intrigued? You should be.

The last year has driven home how interconnected every process is, particularly those that are two halves of a whole — like Procurement and Accounts Payable. And the best way to drive value and achieve efficiency is undoubtedly to look at Procure-to-Pay holistically, all the way from purchase requisition to invoice payment.

Cash is king and working capital has never been as crucial as it is now, in the wake of the COVID-19 crisis. While AP and AR are natural levers to pull, you also have some room upstream in procurement to improve your cash position with moves as simple as just making sure the right payment terms are being used.

As we look ahead to this coming year, there is a real opportunity to drive better supplier partnership, engagement, and visibility, while also reaping the benefits downstream by paying on time, accelerating touchless processing and improving DPO.

In this eBook, we're going to focus on how the Celonis Execution Management System can help you **maximize the execution capacity of your Procure-to-Pay process** specifically. We'll dive into:

- The outcomes and KPIs you can improve
- The execution gaps getting in your way
- Their impact and their likely root causes
- How EMS can help you eliminate them — automatically
- Even more real-life examples of customers' results

Ready to see across the full value chain to optimize engagement with suppliers, cash position and operational costs?

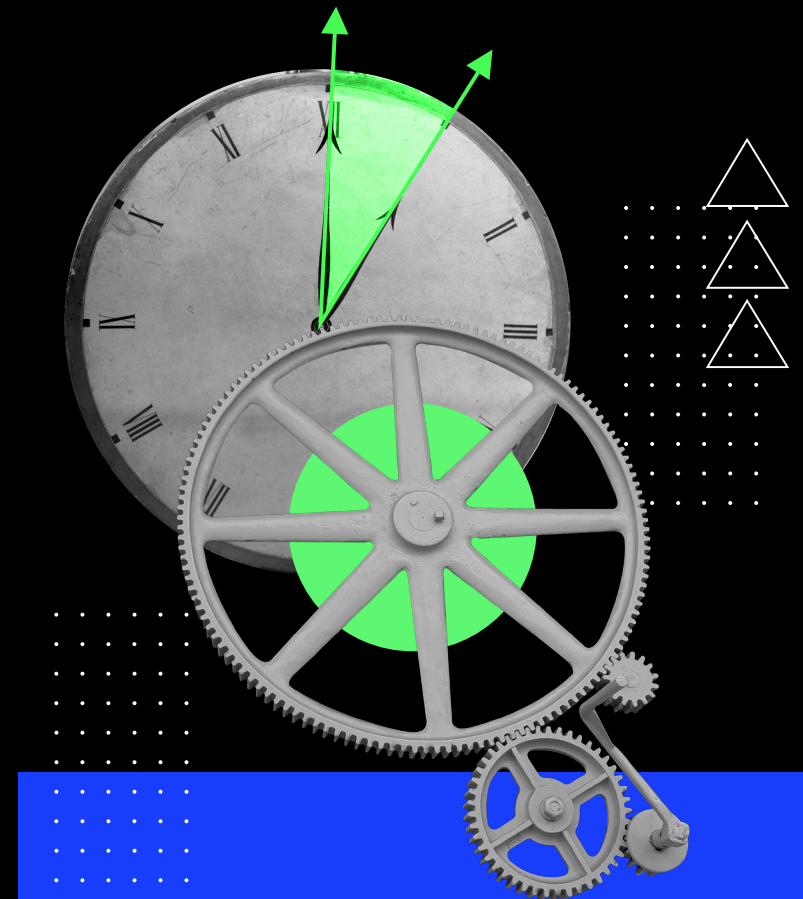
Let's go.



Maximizing Procurement's execution capacity

At its best, procurement delivers real strategic value to the organization — all while continuously reducing costs. Although traditionally viewed as a cost management function for the organization, it has the power to set the pace for how fluidly departments like Supply Chain and Accounts Payable can run.

The COVID-19 crisis has highlighted the need for procurement to adjust for the dynamics of a volatile supplier ecosystem and a strained supply chain more nimbly than ever. Procurement leaders shouldn't be wasting time dealing with PO changes, manual blocks, or even maverick buying when these issues can be easily, automatically and intelligently resolved by technology.



Maximizing Procurement's execution capacity

	Employee Productivity	Supplier Performance	Compliance
Execution Capacity (KPI)	Processing time of Purchase Requisitions	Inbound On-time Delivery Rate	Spend Under Management
Execution Gap	High volume of free-text requisitions	Late supplier deliveries	Maverick purchases
Why it's happening	Requisitioners manually create free-text requisitions due to lack of knowledge, negligence, or haste rather than selecting a standard vendor with pre-negotiated terms from a contract.	Master data around internal planning parameters is incorrect, leading to orders that go out with insufficient lead times - resulting in late deliveries.	Requisitioners try to speed up their purchase or order from a personally preferred vendor by circumventing the internal procurement procedures.
Impact on performance	Free-text requisitions slow down purchasing time - even when they refer to a contracted item.	Deliveries that arrive later than the internally planned delivery date drive the need for inventory buffers, increasing inventory costs.	Maverick purchases reduce the ability to negotiate with vendors and cost money by circumventing negotiated lower-price contracts with strategic suppliers.
How the EMS acts to fix it	Use a Machine Learning model to either automatically convert a free-text PR to a PO, or recommend an item from an existing catalog to the requisitioner.	Identify patterns in delivery date confirmations that are significantly later than the requested/planned delivery date and then either automatically update these planning parameters or notify the planning team of a potential systemic issue.	Notify category managers of repeat offenders and provide them with the ability to block requisitioner system access, reject maverick purchases, or contact vendors that repeatedly fulfill maverick purchases.

What maximizing execution capacity can deliver

\$10M

in negotiated savings

An American manufacturer of cryogenic equipment used Celonis as a single source of truth for their spend analysis as well as suppliers' activity and performance to drive more effective negotiations. As a result, they secured **\$10M in negotiated savings** in 2019, while also freeing up **25% of their category managers' monthly time**.

20%

supplier consolidation

One of the top 5 US aerospace and defense companies used Celonis to **consolidate their supplier base by 20%** and optimize their spend when the government told them to cut costs or lose their contract.

They kept their contract.

\$1M

saved in 3 months

A global medical device company saved **more than \$1M in 3 months** by identifying likely maverick buying and proactively clamping down, as well as by completely eliminating duplicate invoices.

[Learn More](#)

Watch a demo of how the Celonis EMS works for Procurement

Maximizing Accounts Payable's execution capacity

With the advent of the pandemic, Accounts Payable has gone from a lackluster back-office function to one of the most important levers at the CFO's disposal for fast working capital impact.

Processing as many invoices as quickly as possible remains key, but balancing the needs of working capital with supplier relationships has never been so important, either. AP leaders need to maximize their capacity to optimize DPO and cut costs while keeping supply chains going.



Maximizing Accounts Payable's execution capacity

	Optimize Working Capital	Supplier Relationships	Cut Costs
Execution Capacity (KPI)	Days Payable Outstanding	Paid on Time Rate	Touchless Invoice Rate
Execution Gap	Early payments	Price changes	Incorrect invoice fields
Why it's happening	Invoices are posted for payment before due date and payment runs include these invoices.	Suppliers used outdated prices when invoicing.	Incorrect or missing fields like currency, VAT, address, or due date can occur because of master data issues and manual errors on the vendor's side.
Impact on performance	Invoices are paid unnecessarily early, increasing working capital.	Price changes require additional processing - which can prevent an invoice from being paid on time.	Incorrect invoice fields increase costs by requiring manual intervention.
How the EMS acts to fix it	Automatically check and apply the contracted payment terms while issuing a notice to the supplier to inform them of the discrepancy.	Automatically check and apply the contracted price while issuing a notice to the supplier to inform them of the discrepancy.	Identify discrepancies in invoice fields by comparing the PO, historical data, and the invoice for standard fields like currency/VAT. Automatically update the fields based on the PO and historical data.

What maximizing execution capacity can deliver

37%

reduction in late payments

A top 5 global Pharma company **reduced late payments by 37%** in a year by adjusting payment run frequencies, modifying payment run selection criteria to align with cutoffs, and addressing vendor specific issues.

€33M

working capital impact

A French automotive company were paying 20,000 invoices early – **impacting working capital by €33M**. They are adjusting how they process and enforce payment terms accordingly.

\$620K

recovered in one quarter

A top 10 Industrial Manufacturer **identified and recovered \$620K** in Q1; ongoing blocking has prevented an additional **\$300K** in outflow.

[Learn More](#)

Watch a demo of how Celonis can maximize the execution capacity of Accounts Payable

This is bigger than just process improvement.

History has shown all of us that breakthroughs in processes lead to breakthroughs in execution.

That's because processes have always been the backbone to business execution. They have an immutable connection.

But improving processes is no longer the end game. It's merely the first step to capturing a much bigger opportunity – to increase and maximize the execution capacity of your entire business.

Take Procure-to-Pay as your starting point. As for what's next... there's another **70 examples of ways the Celonis EMS can help you increase execution capacity**, in over **20 use cases**, spanning **5 business areas** in the **Big Book of EMS Use Cases**.

Ready to get started?

Get in touch



The Celonis Execution App for Accounts Payable

A purpose-built application that helps you intelligently execute each step of the A/P process, powered by the Celonis Execution Management System.

- Let the app prioritize work based on the KPIs you're trying to achieve
- Detect execution gaps and fix them automatically, by impact
- Automate what can be automated and free up your people's time
- Get the information you need, when you need it with role-based views

Preserve cash, boost productivity and cut costs.

Learn more now

About Celonis

Celonis believes every company can unlock its full execution capacity. Powered by its market-leading process mining core, the **Celonis Execution Management System** provides a set of instruments and applications, the Celonis Studio as well as platform capabilities for business executives and users.

The Celonis EMS offerings help companies manage every facet of execution management from analytics to strategy and planning, management, actions and automation.

Celonis has thousands of customers, including ABB, Astra-Zeneca, Bosch, Coca-Cola, Citibank, Dell, GSK, John Deere, L'Oréal, Siemens, Uber, Vodafone and Whirlpool. Celonis is headquartered in Munich, Germany and New York City, USA and has 15 offices worldwide.

