

Business Insight Report

Summary of E2E Process of Source to Pay

Report on Source to Pay Process

1. KPI: Purchase Order Items Deleted

- Related Performance Indicator: Purchase order items open and overdue
- Potential Root Cause: Old and open transactional data
 - Recommended Action: Set delivery completed indicator for purchase order items where goods receipt postings are no longer expected
- Impact Area: Reduce Data Management Cost

2. KPI: Purchase Order Items Deleted

- Related Performance Indicator: Purchase order items created
- Potential Root Cause: Missing end user training
 - Recommended Action: Train users to convert stock transport requisition items into stock transport order items
- Impact Area: Reduce Overall Supply Chain Planning Cost

3. KPI: FI-AP Items Not Cleared via Payment Run

- Related Performance Indicator: Company codes without payment runs
- Potential Root Cause: Unused standard automation capabilities
 - Recommended Action: Check if payment runs can be run for the relevant company code to avoid early or late payments
- Impact Area: Improve Days Payable Outstanding

4. KPI: Purchase Order Items Deleted

- Related Performance Indicator: Purchase order items open and overdue
- Potential Root Cause: Insufficient master data
 - Recommended Action: Consider maintaining underdelivery tolerances in the purchasing info record
- Impact Area: Reduce Overall Supply Chain Planning Cost

5. KPI: FI-AP Items Cleared with Account Maintenance Transaction FB1K

- Related Performance Indicator: Open items where supplier is blocked for posting
- Potential Root Cause: Organizational misalignment
 - Recommended Action: Remove posting block in supplier master data until open items are cleared
- Impact Area: Improve Days Payable Outstanding

6. KPI: Purchase Order Items Deleted

- Related Performance Indicator: Purchase order items open and overdue
- Potential Root Cause: Transactional data no longer reflecting real world data
 - Recommended Action: Set delivery completed indicator for purchase order items where goods receipt postings are no longer expected
- Impact Area: Reduce Overall Supply Chain Planning Cost

Additional Information:

It's important to note that the efficiency of the source to pay process can be significantly improved by addressing the root causes identified above. Regular training for end users, proper use of automation capabilities, and maintaining accurate and up-to-date data can help reduce costs and improve key performance indicators. Furthermore, organizational alignment, particularly in terms of supplier management, can also contribute to improved performance.

Further insights based on performance indicators not given in correction recommendations by Signavio

Information for Errors during payment runs:

- 'Errors during payment runs' refers to mistakes that occur during the process of executing batch payments, often due to data inaccuracies, system glitches, or procedural errors.
- Root causes often include inaccurate data entry, outdated or malfunctioning software, and lack of staff training or oversight.
- Value drivers include accurate and timely data input, reliable and up-to-date payment systems, and well-trained, vigilant staff.
- Recommendations include regular data audits, system upgrades or replacements, and ongoing staff training and performance monitoring.

Information for Terms of payment usage in FI-AP invoices (per company code):

- 'Terms of payment usage in FI-AP invoices (per company code)' indicates the frequency and type of payment terms used in financial accounting-accounts payable (FI-AP) invoices across different company codes.
- Root causes for variations could include differing vendor agreements, company policies, or operational inefficiencies.
- Value drivers include standardization of payment terms, improved cash flow management, and enhanced vendor relationships.
- Recommendations: Regularly review and update payment terms to ensure alignment with company objectives, streamline payment processes across all company codes, and negotiate better terms with vendors for improved cash flow.

Information for Overdue and open Accounts Payable items:

- 'Overdue and open Accounts Payable items' refers to unpaid financial obligations or invoices that have exceeded their due date. Root causes can include inefficient payment processes, cash flow issues, or disputes over goods/services received.
- Value drivers include timely payment processes, effective cash flow management, and strong vendor relationships.
- Recommendations: Implement a robust accounts payable system to track and manage payments, improve cash flow forecasting, and establish clear communication channels with vendors to resolve disputes promptly.

Information for Supplier invoices with overdue FI-AP items:

- 'Supplier invoices with overdue FI-AP items' is an indicator that measures the number of supplier invoices that have not been paid within the agreed payment terms, leading to overdue financial accounting and controlling (FI-AP) items.
- Root causes can include inefficient invoice processing, cash flow issues, disputes over invoice details, or poor supplier relationship management.
- Value drivers include improving cash management, enhancing supplier relationships, and optimizing invoice processing efficiency.
- Recommendations include implementing a robust invoice management system, improving cash flow forecasting, and fostering better communication with suppliers to resolve disputes promptly.

Information for Terms of payment usage in FI-AP invoices (cross-company code):

- 'Terms of payment usage in FI-AP invoices (cross-company code)' indicates the usage frequency of different payment terms in financial accounting accounts payable (FI-AP) invoices across various company codes.
- Root causes for variations could include differing business practices, regulatory requirements across regions, or lack of standardization in payment terms.
- Value drivers include standardization of payment terms, improved cash flow management, and enhanced supplier relationships.

- Recommendations include implementing uniform payment terms across all company codes, regular review of payment terms usage, and training for staff on the importance of adhering to standardized payment terms.

Visual Analysis

