DocuWare

DAF Trucks

Case Study

Driven by Quality

Maximum customer satisfaction...that's the number one goal for commercial vehicle manufacturer DAF Trucks N.V. To meet this goal, this Dutch based company is always looking for ways to provide top quality, not only in the production arena but in its administration processes as well. At the heart of their approach: a central document pool.

DAF Trucks N.V. was the first commercial vehicle manufacturer in the world to be certified according to the new global standard ISO/TS 16949. In comparison with the standards laid out in ISO 9001 (which DAF had already fulfilled in 1992), this new standard puts additional focus on continuous improvement and reduction of irregularities and waste. The standard builds seamlessly on such methods as Six Sigma and Kaizen, which are core elements of the production system already used by the company's American parent company, PACCAR Inc.

It's impossible to reach these higher quality standards without implementing the most modern technology available. This is one of the reasons that DAF Trucks began its "Digital Archiving Project for parts invoices" in 2006. The centerpiece of their electronic Document Management System (DMS) is a DocuWare archive.

As a starting place for their DMS installation, the management team at DAF chose the accounting

DAF Trucks N.V.

Industry:
Transportation, production

Location:
Eindhoven (Netherlands), worldwide

Application:
Accounting, administration, dealer interner portal

Document Types:
Commercial documents, text and image documents (PDF/mainframe generated documents and TIFF/scanned documents)

department based in their headquarters in Eindhoven, Netherlands. The department was swimming in paper. An average of 50,000 outgoing (account receivable/AR) invoices were being printed out in duplicate every month, then transferred to various staffers and mailed out in parallel to their nearly 1.000 dealers and service points located in Europe, the Middle East, Africa, Australia, New Zealand and Taiwan. Incoming accounts payable invoices presented an even bigger challenge. The department has to process over 450,000 incoming (account payable/AP) invoices each year

which come in both by mail and EDI. The process for authorizing payment for these invoices focuses on three criteria, according to the company's DMS project leader, Teun Kremers: "First, the goods need to reach our warehouse; second, the items are checked to make sure they match the type and quantity of our order; and third, we make sure the price is correct. Our experience has shown that in approximately 20 percent of deliveries – which means it affects about 90,000 AP invoices per year – one of these criteria is not fulfilled and requires clarification by the department at DAF which initially placed the order or received the goods or services." So it wasn't a rare matter that invoice copies were sent back and forth between all of the DAF production sites, warehouses and sales offices found across 13 European countries.

Requirements

By digitizing business processes, Kremers wanted to drastically reduce the amount of paper that had been accumulating as well as the amount of time and effort needed to handle all of it. They also wanted to continue to develop the system, looking to significantly improve the quality of their service program in regards to both dealers and suppliers. "Our goal wasn't only to speed up processes but also make it simple to electronically retrieve invoice documentation, so that we could ultimately improve the way we respond to customer and supplier inquiries", as summarized by Teun Kremers.

The Task

- Incorporate data from proprietary ERP system
- Access AR/outgoing invoices via self-developed portal solution
- Set up workflow for processing AP/incoming invoices

Their solution concept included creating a special dealer internet portal which would be used to distribute outgoing invoices. Outfitted with dedicated access rights, this portal gives every dealer the ability to access any invoices addressed to them, electronically and around the clock, and then print them locally. In creating the portal, the company considered both technological and legal aspects. According to Teun Kremers, "Legal guidelines in the Netherlands require that electronic records are retained for ten years. If a business relationship between DAF Trucks and a dealer is ended, we are legally required to provide all stored invoices in an electronic form – for example, on a CD."

With the help of electronic workflows, they planned to optimize the processing of AP invoices. All paper-based invoice documents were to be digitized using a Fujitsu fi-6770 document scanner and archived centrally. Then an electronic workflow was created for checking and approving invoices for payment. Across Europe (and sometimes outside Europe) up to 700 DAF employees are involved in the invoice authorization process.

Their existing IT infrastructure posed a challenge for implementing their DMS: they have an IBM mainframe system, running a proprietary ERP system. "We knew that we'd need to make a number of software adaptations. Fortunately, DAF has a qualified team of IT specialists," says Teun Kremers.

Solution

The portal solution for retrieving AR parts invoices by the DAF dealers was developed by the DAF team. But a key piece used to transfer the mainframe generated invoice documents from the ERP to the central document pool was a module specially developed by their Authorized DocuWare Partner, which now acts as a universal integration interface.

DocuWare's high level of adaptability and functionality was further put to the test in the workflow set up for authorizing incoming/AP invoices. The invoices are labeled with a barcode before scanning, which is then used for automatic indexing. A document workflow then kicks in and guides the authorization process. Custom software tools give the approx. 25 employees working in DAF's accounting department a number of reports, including those showing invoices pending authorization.

Over 1,000 employees now actively access the central document pool, whether they are working at headquarters in Eindhoven or – by using DocuWare Web Client – at any of the company's locations in and outside Europe within PACCAR's intranet.

Implemented Modules

- Internet Server
- Active Import
- Recognition
- Autoindex
- Content Folder
- Connect to SharePoint (imTest)
- Connect to SAP (im Test)

Benefits

"Transmitting invoices via the dealer portal instead of the mail system has made things much easier for our dealers. Their feedback has proven that they are embracing the additional customer service," confirms Teun Kremers. "By being able to rapidly access documents, inquiries and claims can be quickly and unbureaucratically cleared up. In addition, we've freed up a ton of storage space, are using less paper and aren't worried about losing documents in route."

The benefits are even clearer from digitizing AP invoices. This is particularly true for invoices that could not be clearly identified; according to Teun Kremers, it ate up a lot of precious time. They often had to circulate copies to various subsidiaries, to identify who had placed an order and whether the order was correct. "Today, invoices that are questionable are quickly distributed electronically to a larger group, to quickly find the source," says the person responsible for the company's DMS project. This is clearly an advantage not only for improving efficiencies for the invoice authorizing process. The quick turnaround also means the company can take advantage of early payment discounts. By guiding the process with clearly defined electronic workflows, overall controlling becomes more transparent and secure. "We've both reduced the processing/administration costs for DAF Trucks while at the same time profiting from improved service for both our

The Benefits

- Drastic reduction of paperbased storage and office space
- Improved service/response times for dealers and supplies
- Quick invoice authorization
- Transparent processes

Conclusion

Teun Kremers states that more than five million documents are in 2011 securely stored and managed in their central document pool. "We look for investments where the capital dedicated to the project will be amortized within a year. This was a requirement that our "Digital Archiving Project for parts invoices" achieved with ease," summarizes Kremers.

That was enough reason for the company's management team to continue expanding on the DMS to include further business processes. Kremers continues to plan: "After we had such a positive experience with our dealer portal, we'd also like to use a similar model to improve communication with our suppliers and provide them with enhanced service."

For the near future, the company is also planning to replace their proprietary software solutions (like their custom ERP system and portal solution) with standard products like SAP and SharePoint. Because of its modularity and scalability, DocuWare will seamlessly grow as part of the software migration, making it a secure investment for the DAF management team. As a matter of fact, DocuWare's modules CONNECT to SAP and CONNECT to SharePoint are currently being tested for their functionality as part of DAF's evolving IT infrastructure.

"Every year we process over 600,000 AR/outgoing invoices and 450,000 AP/incoming invoices with automatic document workflows. We saved a ton of time and significantly improved our service program for both our dealers and suppliers. Because the DMS project was amortized within a year, we are saving a lot of money."

Treun Kremers, IT-Project Manager, DAF Trucks, Eindhoven

This document can also be found here:

http://pub.docuware.com/en/daf-trucks?company=6565