



John Deere

Optimizing corporate billing to exceed limits



As in the U.S., most of the 28 billion invoices issued annually in Europe are still mailed out on paper. Nevertheless, the development of electronic billing, also known as e-billing or e-invoicing, is increasing rapidly. Large, internationally active companies in particular have recognized the advantages for their internal processes. The example of the agricultural equipment manufacturer John Deere has shown that corporate invoice workflows can be optimized using intercompany e-billing to save time and money.

Intercompany E-Billing at John Deere using Esker DeliveryWare

Despite automation in many areas, the majority of companies continue billing practices using technically outdated methods. The reason: converting from paper-based to electronically based billing practices requires the bill recipient to accept innovative technologies. In practice this can prove to be a difficult and slow process of persuasion. Large international groups of companies have it much easier because they can uniformly prescribe rules for electronic billing processes within the concern.

In the process, the issuer as well as the recipient profits. "This establishes a continuous billing process in the company which results in an enormous cost savings potential for all participants in the production and distribution chain," explains Franz L. Fruechtl, manager of John Deere Central Services GmbH in Mannheim, Germany. And he should know; John Deere, which manufactures agricultural equipment worldwide, has been using an intercompany e-billing solution since mid-2005 based on Esker DeliveryWare. For one thing, this has allowed the billing process between the John Deere sales office (marketing center) and the John Deere marketing partners to be controlled internationally. For another thing, electronic bills, credits and debits are exchanged between the John Deere corporate units this way.

Strong trend toward intercompany e-billing

Intercompany e-billing is based on the identical technology and the same rules as electronic billing issuance and receipt overall. The term describes the electronic exchange of bills in an internationally active corporate conglomerate or concern, taking into account applicable legal regulations.

Market analyses by Bruno Koch, founder of the European EXPP Summit and CEO of the consulting firm of Billentis, have shown that 10 to 12 percent of all business-to-business invoices are internal corporate invoices. For Germany alone, this means nearly 300 million internal invoices annually. Of these, currently only a small portion is processed via modern and automated methods. Bruno Koch: "This also relates the fact that such projects affect many corporate areas and place particular requirements on implementation." His conclusion: "E-billing is currently gaining enormous significance between suppliers and customers. And with regard to such projects, internal corporate invoicing will in general also be investigated and optimized."

At John Deere, the largest agricultural equipment manufacturer in the world, producing agricultural and forestry equipment, the conversion to electronic billing is in alignment with the desire to more optimally structure relationships with marketing partners. With sales of about 22 billion U.S. dollars and approximately 46,500 employees, the company produces equipment and system solutions worldwide at about 51 locations in 18 countries. John Deere's subsidiary of John Deere Central Services GmbH, which is 100 percent services-oriented, has introduced e-billing into its corporate group throughout Europe.

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The process is always the focus

John Deere has linked its systems with a network of more than 500 marketing partners and branches in Europe and Asia based on Esker DeliveryWare. In particular, the spare parts business requires the exchange of a large number of invoices, credits and debits between the regional sales offices and the local consumers — on average, more than 1 million documents per year. Of this, about 100,000 are purely intercompany invoices. These are now automatically generated from the central host system and sent to the marketing partners, both as signed PDF documents and in XML format through a set of rules. The advantage of the XML version: the recipient can accept and further process documents without any intermediate manual steps required (such as scanning).

“The Esker DeliveryWare solution creates a true win-win situation for John Deere and its marketing partners in the entire area of exchanging financial documents,” says Franz Fruechtl. “While we save money through the automated electronic issuance of signed documents, our marketing partners profit from the ability to directly process the documents automatically. By modifying the software appropriately, additional processing steps are eliminated — such as printing, manual pre-sorting or even manual re-entry of data. As a result, up to this point it has not been hard for us to convince our marketing partners about introducing this solution.”

The Esker e-billing solution can be expanded together with Esker inbound invoice automation and the Esker solution for automated ordering/order receiving processes to form a consistent and seamless solution for automated processing of incoming and outgoing invoices. Both modules are based on the Esker DeliveryWare technology platform for automated collection, formatting, conversion, distribution and archiving of documents directly from business applications.

The core of the software is patented DeliveryWare Rules Engine technology from Esker, which enables rules-based document distribution through the recognition of specific document content within print data streams.

The signature process for legally conforming qualified signatures is automatically controlled via signature servers. Legally compliant invoicing is achieved by transferring the digitally generated documents to the signature server prior to invoices being issued. This server provides personalized digital signatures, with consideration for all legal and security requirements. Only then are they distributed to the respective recipients. In the next step, the documents are reconstructed and correspondingly formatted. Then, the documents are distributed according to rules established ahead of time and in accordance with recipient requirements.

Overcoming legal hurdles in Europe

Franz L. Fruechtl: “For us, the deciding factor to work with Esker was the international orientation of our partner, along with the quality of the solution.” This, for one thing, is because intercompany e-billing is used between the individual John Deere corporate units; and for another thing, because it is used between the John Deere sales offices and the dealers in Germany, Great Britain, Ireland, Spain, Italy and the Netherlands. In France, the implementation process is just now underway.”

Many stumbling blocks to e-billing introduction have resulted from respective national laws. Manager Fruechtl's upshot: “A Europe with the same economic laws and the acceptance, interpretation and execution of uniform European legislation is and remains a vision.”

If these hurdles can be overcome, the advantages for issuer and recipient are obvious: faster and safer exchange of business-related documents, no more paper and thus no expensive archiving. However, the deciding factor for the successful conversion to electronic billing is that the bill recipient is also able to further process these invoices comfortably.

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