Recordati connects business processes and transforms supplier relationships.

Overview

■ **Challenge**

Recordati's disconnected business operations were hindering its supplier relationships
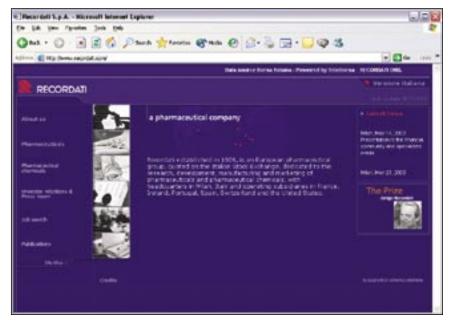
■ **Why Become an On Demand Business?**

The company urgently needed to respond to its suppliers by streamlining the invoicing processes and empower its employees with real- time access to the billing cycle

■ **Solution**

Recordati's new electronic archival system integrates the supplier-relationship processes, allowing it to compress cycles, speed information flow and respond to vendors more quickly

■ **Key Benefits**

Reduced risk of supply shortfalls; faster and easier document processing; lowered administrative costs; greater responsiveness to vendors, thus improving vendor relationships; ability to make procurement decisions more quickly

Established in 1926, Recordati is a European pharmaceutical group that is quoted on the Italian Stock Exchange.

As a manufacturer of life-saving medicines, Recordati makes products that touch the lives of people worldwide. With 2,000 employees and headquarters in Milan, Italy, Recordati is dedicated to the research, development and production of pharmaceuticals and pharmaceutical chemicals. Recordati has operating subsidiaries in France, Ireland, Portugal, Spain, Switzerland and the United States.

"For a company that prides itself on scientific advances, not being able to pay our bills promptly was unacceptable."

– Davide Ventola, Head of ERP Infrastructure, Recordati

On Demand Business Benefits

- New solution has transformed Recordati's business processes for superior efficiency, enabling company to respond more quickly to its suppliers without adding additional staff, reduce supply shortfalls, lower administrative costs, process documents faster and make procurement decisions more quickly
- Standards-based IT infrastructure enables support for future business growth

"IBM software running on a robust xSeries system is an unbeatable combination. The new solution is not only comprehensive for our business needs, it delivers 24/7 reliability."

–Davide Ventola

Those wide-spread operations have caused equally extensive information management challenges. Many of these challenges stem from the company's wide-ranging network of outside vendors, which provides the company with everything from raw chemical supplies to scientific equipment, office furniture and pens and pencils. Recordati pays about 150,000 supplier bills a year, and under Italian law, each of those invoices must be archived for at least ten years.

Recordati had been using a legacy I.R.I.S. Archea system (Archea) for storing invoices. But the solution was based on outdated technologies and required office workers to manually enter billing information one invoice at a time. This labor-intensive process often delayed the vendor payment cycle because Recordati reimburses suppliers after invoices are archived. "For a company that prides itself on scientific advances, not being able to pay our bills promptly was unacceptable. It got to the point where our vendors were starting to complain about the slow administrative process," says Davide Ventola, head of ERP infrastructure at Recordati.

Compounding matters, the Archea system wasn't integrated with Recordati's ERP system, which runs a business efficiency application that optimizes cash flow with outside suppliers. Because the archiving and cash flow processes were not connected, office workers had to perform a series of manual, time-consuming tasks just to issue a check or address a vendor query. Those tasks included taking paper notes of archived invoices and manually keying the information into the ERP system. "Our unconnected business processes were making it impossible for us to respond to our vendors in a timely and relevant manner," says Ventola. "For instance, if there was a supplier question about an old billing issue, we often couldn't respond until the next day."

It was clear to Recodati that it needed to transform the billing process in order to respond better to its suppliers. "We were at risk of alienating our vendors, who are the very lifeline of our business," says Ventola. Optimizing the process would compress the billing cycle and speed information flow. By doing so, Recordati could enhance its supplier relationships and reduce the workloads of its office staff. "We wanted to empower our employees with the information and technology they need to do their jobs successfully," says Ventola. "In this case, that meant refining the archiving process and streamlining our vendor interactions."

Transforming outdated payment processes

To achieve its goals, Recordati implemented an enterprise content management (ECM) solution that transforms the way it manages its supplier relationships by connecting the invoice and billing processes. The solution provides office workers with real-time access to the entire billing cycle, and has eliminated the manual tasks that office workers had to perform previously.

The new system allows office staff to perform virtually all aspects of the billing process, from resolving supplier queries to paying bills, right on their desktops. Now, if a supplier calls with a question, a Recordati employee can respond to their query immediately by reviewing up-to-date invoice information electronically. "We have transformed the way we manage our vendor interactions by having total visibility into the entire billing process," says Ventola. "The results so far have been great. Our suppliers have expressed their satisfaction and employee productivity has increased significantly."

In addition, the new system enables batch scanning of invoices for archiving. "The system automatically populates our business applications with the key data and places the bill in long-term storage at the same time," says Ventola. "This is a true end-to-end solution."

The new ECM infrastructure is based on IBM DB2 Content Manager and IBM DB2 CommonStore for SAP, powered by IBM DB2 Universal Database Enterprise-Extended Edition. For reliability and scalability, the solution runs on an IBM @**server** xSeries 240 system.

"IBM enterprise content management software running on a robust xSeries system is an unbeatable combination," says Ventola. "The new solution is not only comprehensive for our business needs, it delivers 24/7 reliability."

Streamlining for efficiency with DB2 Content Manager

The first step in the implementation was to export documents from the Archea system into the new archiving system. Using DB2 Content Manager, Recordati created an automated process for capturing and storing the archived files. "DB2 Content Manager is the beating heart of our new IT infrastructure," says Ventola.

Key Components

Software

- IBM DB2® Content Manager
- IBM DB2 Universal Database™ Enterprise-Extended Edition
- IBM DB2 CommonStore for SAP

Servers

- IBM @**server** xSeries® 240

Pharmaceutical products comprise Recordati's core business, accounting for 84 percent of its revenues.

Another key component is DB2 CommonStore for SAP, which provides the link between DB2 Content Manager and Recordati's SAP system. It automatically integrates invoices with the SAP system after they are scanned into DB2 Content Manager and attached with barcodes. DB2 Universal Database is the back-end information management system for the DB2 Content Manager indexes.

"The beauty of this system is that the DB2 software allows us to use scanners to import documents," says Ventola. "That has reduced the time and complexity of the whole archiving process significantly. And because DB2 is based on open standards, we can easily integrate it with other data sources as the need arises."

Responding more quickly to suppliers
The new solution has totally transformed Recordati's business processes. The company now responds much more quickly to its vendors, paying them on time and providing better customer service. By compressing the cycle for managing suppliers' invoices, it has lowered its administrative costs and reduced workloads in the accounting department.

In addition, the solution has allowed Recordati to fully leverage its investment in its SAP system. For example, Recordati uses SAP to lower its inventory-carrying costs. By being able to research supplier information and histories online, the company's purchasing professionals can make procurement decisions more quickly and reduce the risk of supply shortfalls.

Moving forward, the company plans to add more users. Currently, 50 employees have access to the system. In addition, Recordati is also considering implementing a supplier portal to empower vendors to maintain their product data and manage their orders, further streamlining the invoicing process. And because its xSeries system is optimized for the latest industry platforms, Recordati can choose from a broad range of applications to best suit its future business needs.

"Our new IBM ECM solution provides us with a solid foundation for the future," says Ventola. "That's important to us, because we archive some of our information for decades. With IBM, we are confident that we have a competent solution partner that will be with us today as well as tomorrow."

For more information
Please contact your
IBM sales representative or
IBM Business Partner.

Visit us at:
ibm.com/ondemand

For more information about
Recordati, visit:
www.recordati.com

IBM.®