

Case Study: Sumitomo Electric Wiring Systems



Sumitomo Electric Wiring Systems (SEWS) are a leading supplier of wiring harnesses and connecting components to the Automotive Industry and include among their customers such high profile organisations as Honda of America and Toyota. SEWS form part of the Sumitomo Group, one of Japan's largest corporate groupings, and they have multiple North American facilities in the United States, Mexico and Canada.

SEWS run the BPCS ERP suite across their North American business as their manufacturing, production, supply chain and financial software solution. The SEWS business has ongoing strategic commercial relationships with some of North America's largest motor car manufacturers, including Honda of America. More and more within the automotive sector, there is a trend by the large manufacturers to move towards providing automated and electronic payment files, containing details of receivables, when discharging their account. This trend is becoming standard practice where there are large volumes of transactions involved.

The requirement upon SEWS was to be able to accept, receive and process to their back end system (BPCS financials), an EDI file containing receivables data, whilst the customer (Honda of America) simultaneously discharged the full payment amount automatically in to the SEWS bank account. This concept removed paper from the process to a large degree and SEWS had to quickly accommodate this change while ensuring that they had a fully integrated AR Matching and Cash Application solution in place to automate the accounting process.

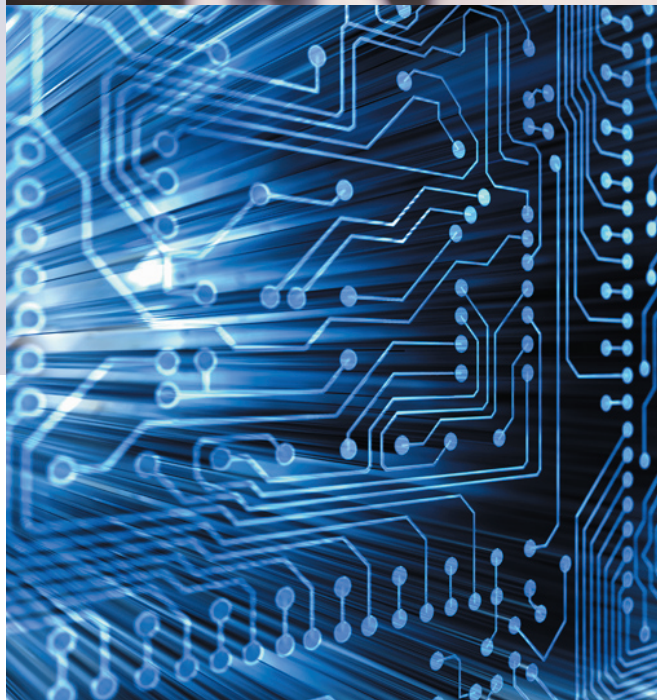
Business Process before our solution was implemented:

- SEWS would receive an EDI file directly from a large customer into a SEWS in-house system
- EDI file containing hundreds of transactions modified in format and layout and manually reviewed by AR personnel.
- Hard copy report generated of receipts from SEWS in-house system
- Cash application process for this one customer alone took 4 days per month

Solution

In 1999, Cashbook implemented the AR lockbox solution for the Honda EDI file. At the time Sumitomo were processing a single Honda EDI file over a period of one week. With the Cashbook solution put in place Sumitomo were able to reduce this processing time to 1 hour. The remittance file included over 600 records but with automation the time involved in this process was almost eliminated. We had to deal with automatic deductions, short-payments, over-payments and huge volumes.

Sumitomo have since gone on to implement Cashbook Bank Reconciliation, Bank Statement Upload, Electronic Payments and Email Remittances. From one successful project they have implemented many more.



'Slashed our AP processing costs by 75%.'

Charles Greene, Manager of Information Systems,
Sumitomo Electric Wiring Systems, USA -
Customer since 2001

The key features of the solution are:

- Powerful automated matching engine (receivables to invoices)
- Robust matching algorithms and tolerances
- The ability to manually work with exceptions and unmatched items
- Detailed Matched and Un-Matched reports
- Handles short-pays, payments on account, overpayments and unallocated cash
- Replaces BPCS ACR500 functionality

Key benefits of this project included:

- Full Integration with AR and General Ledger
- Eliminates manual paperwork and input time for credit control & AR staff
- Significantly reduces errors
- Provides a bank or customer independent solution
- Standard matching, algorithm and tolerance rules are supplied or can be customized to meet specific business requirements
- Rapid Deployment and proven ROI
- "Soft-Dollar" savings to include enhanced internal cash management
- Helps free up resources to be used to execute other departmental tasks

Customer Comment:

"We used to use BPCS ACR500 to process our AR invoices. This system is so much slower than Cashbook. In the automotive industry where you deal with a limited number of customers with huge invoice volumes you do not want to spend your time doing things manually. I have worked with a number of Cashbook people over the last eight years and would recommend them to any other company. They took our EDI 820 files and completely automated them."

Frances Keyes, Sumitomo Electric Wiring Systems, USA.



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