

The invoice, an engine of value

How the Enel Group has digitized its processes, from procurement to invoice management, including international ecosystem level.

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In this interview Rosario Farina, Country Italy General Accounting Manager, and Antonio Lombardi, Head of Accounting Processes and Systems and BPO Management of the Group, illustrate the path that the Enel Group has been

following for more than ten years in the digitization of administrative processes at national and global level.

What are the digital transformation trends that are changing the administration processes of large utilities today?

Antonio Lombardi. To answer this question it is necessary to make a preliminary remark that starts from the management of processes, an area in which I am directly involved, including outsourcing. In Italy, when we refer to Enel, the image is that of a large company that deals with electricity. In reality, it is something more in the sense that in the last 14 years Enel has become a multi-utility, multi-country company present in 44 countries, also through a series of acquisitions. This is an important element to highlight in order to understand the complexity of the administrative processes - which we have partly outsourced - on which our activity is based and for which we have foreseen an extremely delicate process of homogenization and standardization, being also subject to sec-



Antonio Lombardi, Head of Accounting Processes and Systems and BPO Management, Gruppo Enel

tor constraints and subject to stricter checks by the reference authority than other sectors. Aiming for efficiency and flexibility, digitisation plays a fundamental and strategic role in this, where we believe that technology can support processes from electronic invoicing through robotics to process mining systems, creating global references and minimising local customisation requirements. All this by freeing up administrative resources so that they can become effective process managers as well as advanced technicians, an even more critical issue from a global purchasing strategy point of view, and more generally optimising the relationship with and between the various players in the value chain involved.

How did Enel address the issue of digital transformation? Past experience, needs and path taken up to now

Rosario Farina. We have in fact moved from document management with a local vision to process management on global platforms with a view to advanced process monitoring. We can define ourselves as forerunners having started the digitalization of the entire document heritage in 2009, starting as a logical step from Italy and then planning to spread the same approach abroad. Moreover, since 2008 we have been working with electronic invoicing according to the XML UBL (Universal Business Language) standard. At that time we were talking about ‘paperless’ which, attention, is not only dematerialisation of the existing but also an opportunity to rethink processes and valorise data. So we started out with the goal of operational efficiency and lowering management costs and then ‘discovered’ that we could create a digital relationship with the various stakeholders involved and introduce a broader process governance, opening the systems to information on the entire order cycle and not on a single document, effectively clustering the data and enhancing it regardless of where it resides.



In the specific case of the invoice, therefore, we have not sequentially recreated the fields and type of data contained in the paper one, but we have taken a further step to create specific paths that, for example, enable the automatic accounting of invoices, the participation of the supplier in a digital path and the reporting of Italian and European funding through digital document authentication. For us, digital electronic invoicing is the cornucopia of management data, having inserted into it those key elements that act as the glue between the



Rosario Farina, Country Italy General Accounting Manager, Gruppo Enel



procurement system, the acceptance of goods and services, the supplier's system and finally the payments. Here the invoice becomes not only a document but the crossroads of the entire order cycle. In short, it is not just a matter of having more space for ideas and less for paper, but of opening a casket containing information and relative value to create a digital partnership. This is how the path started in 2009 has led to savings in the tens of millions of euros, freeing up the administrative desks previously buried by paper with consequent operational efficiency and subsequent global governance of processes. And by producing natively digital documents for 360-degree monitoring of their entire life cycle and considering the data regar-

dless of location and original content, as well as its vehicle. Considering, in fact, the digital platform as a great agora.

A.L. Let me give a concrete example. In 2005 we had to account for a project with reference to about 50,000 invoices since 1997. An activity that had taken months and months of work by five people, something that today, thanks to digitisation, can be done in a few minutes by identifying a whole series of information contained in the invoice, including its corollaries. We talk about how much the supplier has invoiced, the time frame for payment, the certainty of who has sent the file with the relevant authorisations, and so on. Changing the quality of administration and taking it to other countries. And here I can say that in Italy we are certainly ahead of the United States where, for example, payments by bank transfer are not accepted and we still work with cheques. On the contrary, in Mexico, where there is a problem of operational management, the legislator has introduced something similar to digital invoicing. So we are trying to create a common framework for everyone to take advanced digitisation everywhere we operate.

Starting from the broader procurement solution, how did the invoice management project come about and how did it fit into your strategy?

R.F. Everything starts from the procurement decision to evolve its processes, which at the

THE TECHNOLOGY USED

The procurement platform described in this article is based on JAGGAER One, a Source2Pay solution designed to collect and analyze purchasing data, manage an ordered and tracked communication with suppliers and automate repetitive procurement activities.

This is integrated with Yubik Invoice Management, a DocFlow solution for B2B electronics invoicing which has as one of its objectives to orchestrate all the less structured phases of the process, such as the exchange of information and documentation with the technical areas involved, up to the management of all the necessary documentation.

time were based on a platform that managed supplier tenders and contract impacts and that was integrated with all business services based globally on SAP, including those of administrative management. At the time, however, the supplier was contacted digitally but issued a paper invoice to the relevant business unit, after which the administration accounted for it with its own portal.

The idea of the project was instead to consider the client in a 360-degree way, making it 'born' already digitally, and this thanks to an advanced procurement platform, based on JAGGAER technology and with DocFlow document & process management repository and then the introduction of a new portal. A project that has involved the Financial Control and Administration (FCA) side and that today sees the supplier become digital right from the first moment he decides to take part in a tender and consequently qualify by entering his personal data. After obtaining the credentials, following the relevant checks, he then takes part in the tender and, if he wins, stipulates a contract entered into the ERP.

This is why in the procurement platform it is fundamental the intervention of FCA to ensure that the digital flow does not stop only at the

contract but is virtuous with the relative authorizations to invoicing and therefore to payment, thus inserting an additional component on our part without having to re-qualify the supplier as the relationship was born and certified digitally. And this is why we now have an invoice management platform that, while paying attention to customisation for local realities, inserts a homogeneous *modus operandi* and a global and common governance worldwide for digital data processing.

The goal we were aiming for - and which has actually been achieved - was to overcome a portal that stopped at the contract, while managing the relationship with the supplier in a transparent manner. The supplier can therefore know how much he has to invoice, the payment methods, manage the IBAN - which is one of the most critical elements in the international payment system - all through a platform that does not stop before invoicing but lives on in time. The secret of all this is that the certified information upstream applies to all downstream processes.

So what are the needs that the invoice management project had to meet?

A.L. Beyond what has been stated so far, there



is an important point to highlight in terms of needs. Enel, like all large groups, has suffered over time from fraud attempts based on digital change. Today we are equipped with control systems and a platform that makes it impossible for any operator of an administrative type to modify for example the IBAN. In fact, we started with the need to make the invoice acquisition process lean, but within it we have dropped a whole series of elements such as segregation of duties, risk minimisation and group policies.

An example in this sense is the policy that provides that only within a certain amount purchases may not be managed at a global procurement level with the relative constraints directly inserted in the invoice management platform. In essence, it is not possible to insert invoices that do not respond in terms of amount, but also in terms of types of goods, to global rules and any approval must come from a deputy manager, strengthening both the organizational and process elements. This is why all the group's push digitization must be linked to change management paths linked to high profiles, and this is obligatory in every country where we operate.

To date, what operations does the invoice management system manage and enable and what results have you achieved?

R.F. We are talking about standardization and uniformity of the process from a digital point of view, and the inclusion of controls and guidelines valid for all the countries where we operate, and therefore 'living' governance. A brief summary of what was said before. The supplier must not be born on a piece of paper but digitally and must declare the IBAN. There must be a digital contract and there must be a responsible trace of the contract, there must be an equal flow of information to and from the supplier regardless of country, company, type of asset. The administrative relationship must be clear and transparent. And the supplier for its part receives and shares information in real time where it previously had to look for the administrative contact person on duty and in several countries. Today, on the other hand, the platform can display its 360-degree scenario, i.e. which invoices it has to pay globally, which companies require it to invoice, which invoices it has to issue, which are the references for paid and unpaid invoices. Previously he had to deal with 16 different ERP managers



and an endless series of administration, while today he has clear what he has to do, what the basic contractual information is and even receives the self-filling of the invoice from Enel where he only has to enter the missing details. Here we have a governance that is not only declared but also exercised and a homogeneous digital relationship with positive repercussions also for the digitization of the actors in the value chain and back again on us, all part of a single ecosystem.

Finally, what other steps do you plan to take on this front, also in the light of new regulatory and European developments?

R.F. Having all this information digitized from management information to invoice processing, accounting and payment times, other advanced functions such as process mining to identify inefficiencies, exceptions and so on can also be based on this data lake. In the meantime, a confining activity is also starting up, whereby an invoice is automatically self-liquidating when it is issued and Enel provides a credit system that, through special conventions, enables a whole series of satellite services such as access to financial credit. And here we go back to the starting point, that is, when in 2009 we took the first steps in digitisation, we could not talk about these advanced services today.

As far as the evolution of regulations is concerned, this is certainly important, but it is not a constraint on our goals of partnership, vision, homogenization and governance. On the other hand, it is necessary to maintain compliance with the different paths that exist in the countries where we are present. Here it is important that our technology partners, such as JAGGAER and DocFlow, not only provide us with the technology, but also represent a safeguard with regard to compliance, advising us before we indicate what to do. Finally, Enel participates in the Ministry of Finance's e-invoicing forum and our best practices have been

examined by the European Commission on why we have a high percentage of digitisation and accounting automation. All this is pending the adoption of the future universal European paths.

A.F. Our digital and process approach, through the basic element of the B2B relationship - which is then the invoice - has introduced a series of lean logics that also start from the needs of the supplier. There have not been cases where a single supplier asked us why the same invoice for the same good was treated differently in different countries. Next year we will have completed the project in all the geographical areas where we operate. Ultimately, what we have done, what we are doing and what we will do is something fundamental for all those involved and for us decisive because the business moves with orders, and those who do not digitize processes are destined to stay out of the market.

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