# NETWORK VISIBILITY
# POWERS PERFORMANCE

By moving to an outsourced B2B web-based platform for the management of its procurement cycle, UK Power Networks has improved on-time, in-full performance from its suppliers which, in turn, has contributed to UK Power Networks' success in driving up its own customer service levels.

Faced with the challenge of providing extensive power infrastructure, electricity distributor UK Power Networks wanted to improve its on-time, in-full performance to its customers – the company's 3,500 field engineers and project managers – in order to ensure that it hits its set targets.

To achieve this critical objective, in early 2008 the company embarked on 'The Inventory Visibility Project', an initiative designed to transform its supply chain, in part, by replacing a costly manual ordering processes with a streamlined B2B solution that provides full visibility into the order cycle.

UK Power Networks decided to go the Software-as-a-Service (SaaS) route and selected TrueCommerce, with its managed intelligent B2B platform, to automate the ordering process and to provide visibility into its key supplier community. The new system has resulted in lower costs and improved confidence in the ordering process which, in time, will reduce the need to hold safety stock.

**BENEFITS**

➤ Flexible solution

➤ Low-cost process

➤ Automated purchase order management process

➤ Insight into supplier performance

But importantly, beyond this, TrueCommerce is now in the process of implementing a Dashboard of supplier KPIs that will enable UK Power Networks to monitor supplier performance, driving improvements in the on-time, in-full performance of suppliers. In turn this will help UK Power Networks to significantly upgrade its own on-time, in-full ratings to its customers.

## Background and Challenges

UK Power Networks is a leading electricity distribution company that owns and operates the network of underground cables and overhead lines which distribute electricity in London, the East of England and the South East. The company's networks are vast. Laid out, they would stretch several times around the circumference of the Earth.

The company undertakes the infrastructure build and maintenance work between the pylons of the National Grid and the domestic or commercial end-user. A fast and efficient supply of materials to its service engineers is critical to maintaining high service levels to its customers.

"With an annual spend within Logistics of approximately £100million, UK Power Networks initially wanted to simply streamline the communication of purchase orders to suppliers by moving away from laborious manual processes to an electronic means of communication, creating a more robust mechanism. This could have been achieved through a traditional on-premise software approach. But this was not to be the case.

Nigel Rouse, Head of Logistics at UK Power Networks, recognised the opportunities that could be gained by using an intelligent on-demand business process platform provided as an outsourced service. Having worked previously in the automotive manufacturing sector, he was aware of TrueCommerce's offering in this space and understood the benefits and the speed of delivery of results TrueCommerce's OneTime solution provided.

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"What we were looking for was a web-based supply chain approach, an invoice matching and communications solution that could manage the life-cycle of an order right through to payment," he says.

## The Solution

It was important to UK Power Networks that TrueCommerce's OneTime™ solution interfaced successfully with their main SAP system in order that the whole sales-cycle and procurement-cycle is integrated – "So it all sits within an available-to-promise context in SAP," says Nigel. "The more information you've got, the more firm you can be about planning when a customer is going to get their goods." As with any systems integration work Nigel admits that there have been some challenges. "The advantage of TrueCommerce is that it's a flexible solution and a low-cost process relative to the configuration complexities of a mainframe system," he says. In terms of timing: "It went reasonably smoothly, right on time and to the agreed plan."

The scope of 'The Inventory Visibility Project' was to automate the purchase order management process for the top 35 of the company's material suppliers, representing about 80 per cent of transactions by value and activity. Further suppliers may be brought into the system as the supply base changes.

**More Connected:** The process managed by TrueCommerce involves: A purchase order raised by UK Power Networks is sent by the system to a supplier. The supplier will then send back an acknowledgement with notification of the exact quantity to be sent and the scheduled date of delivery. Prior to goods being despatched by a supplier an Advanced Shipment Notice (ASN) is sent to UK Power Networks.

When the goods are received at UK Power Networks they are checked against the ASN to ensure that everything that was shipped was what was received and a goods receipt note is generated by the system and sent to the supplier. Finally, the supplier can create and send an invoice online via TrueCommerce using the data used from the ASN, which with one click of a button turns the information from the

ASN into an invoice. By using the online invoice system the supplier finds it easier and faster to be approved by UK Power Networks' financial system.

## Benefits

As TrueCommerce's web-based platform is designed and built to understand the messages that it moves - rather than being purely a message delivery system – it can apply intelligence to the task. The system is designed to be proactive and fully collaborative, helping both parties achieve the best results by sending alerts to suppliers to remind them that goods need to be despatched or perhaps notifying UK Power Networks' inventory planners if a supplier's ASN indicates a shortfall in supply. The system's ability to interpret and check ASN's to orders and verify delivery and invoicing creates an integrated managed process for purchase orders right through to payment.

In addition to generating alerts and checking for mismatches in data, the set of Dashboards and supplier KPIs that are being installed by TrueCommerce for UK Power Networks will offer an insight into each supplier's performance, a facility that will serve to enhance supplier performance in terms of on-time, in-full deliveries. Improvements in this area will help UK Power Networks to offer a better service to its field service engineers, and as a consequence will contribute to the company achieving its own stringent delivery targets.

"Subscribing to the TrueCommerce service has enabled us to collaborate closely with our suppliers. Not only does this help our suppliers to manage cost based on accurate and timely orders, but it also helps us to provide an even better service to our customers," says Nigel. "By improving order quality and visibility we benefit and so do our suppliers."

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next.
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