

Practice, practice, practice – EDI and e-invoicing implementation in Tesco Poland

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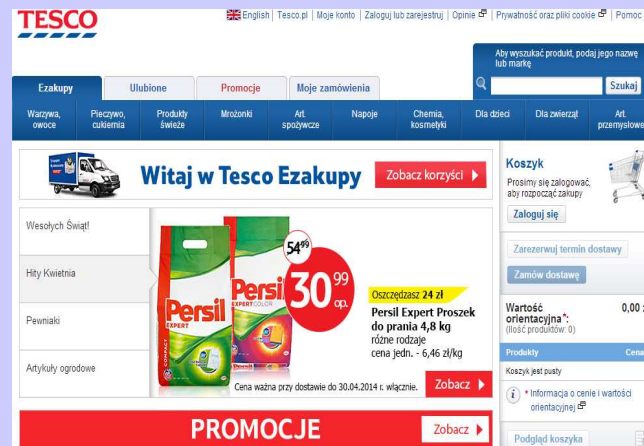
TESCO Poland

Tesco PLC is one of the world's largest retailers with over 530,000 colleagues, we serve millions of customers a week in stores and online.

Poland is the Tesco PLC largest Central European market, with over 400 stores and nearly 30,000 employees, serving more than 5 million customers per week.

Tesco entered the Polish market in 1996 as part of the plan to expand in Central Europe and since that time have launched a number of Tesco services for Polish customers (e.g. Club Card – the Tesco loyalty system, PFS, GHS – dot com...).

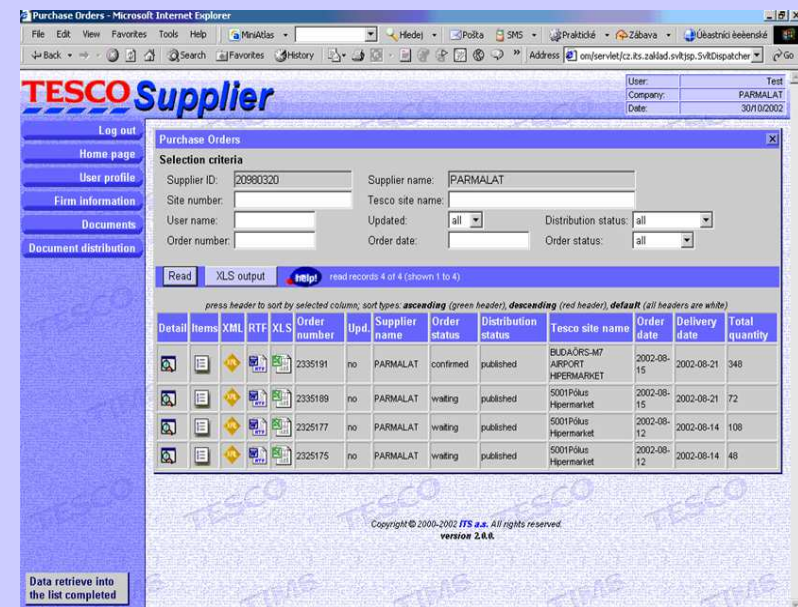
Tesco Polska has also made a name for itself as an environmentally friendly company, winning numerous awards including several from the National Environmental Council, sponsored by the President of Poland.



Reasons for EDI implementation

As the Tesco Polska developed, the number of stores grown. When rapidly growing competition started to be a challenge for many factors to the business it required processing solutions to reduce operating costs and streamline communication with customers. This was the time we started the deployment of EDI solution (it was about 2004).

It came as an internal solution – at first with very basic functions (orders exchange over x.400 protocol for big and webpage management for small suppliers).



The screenshot shows a web browser window displaying the 'TESCO Supplier' interface. The page title is 'Purchase Orders - Microsoft Internet Explorer'. The interface includes a navigation menu on the left with options like 'Log out', 'Home page', 'User profile', 'Firm information', 'Documents', and 'Document distribution'. The main content area is titled 'Purchase Orders' and features a 'Selection criteria' section with input fields for 'Supplier ID' (20980320), 'Supplier name' (PARMALAT), 'Site number', 'User name', 'Order number', 'Updated', 'Order date', 'Distribution status' (all), and 'Order status' (all). Below this is a table of purchase orders with columns for 'Detail', 'Items', 'XML', 'RTE', 'XLS', 'Order number', 'Upd.', 'Supplier name', 'Order status', 'Distribution status', 'Tesco site name', 'Order date', 'Delivery date', and 'Total quantity'. The table contains four rows of data. At the bottom of the page, there is a copyright notice: 'Copyright © 2000-2002 ITS s.r.l. All rights reserved. version 2.0.0.' and a button that says 'Data retrieve into the list completed'.

Detail	Items	XML	RTE	XLS	Order number	Upd.	Supplier name	Order status	Distribution status	Tesco site name	Order date	Delivery date	Total quantity
					2335191	no	PARMALAT	confirmed	published	BLODŃRS-M7 AIRPORT HYPERMARKET	2002-08-15	2002-08-21	348
					2335189	no	PARMALAT	waiting	published	5001Pólus Hipermarket	2002-08-15	2002-08-21	72
					2325177	no	PARMALAT	waiting	published	5001Pólus Hipermarket	2002-08-12	2002-06-14	108
					2325175	no	PARMALAT	waiting	published	5001Pólus Hipermarket	2002-08-12	2002-08-14	48



EDI in Poland

These days there were lots of initiatives of EDI deployment in Poland, generally at the EDI market – lots of retailers were implementing EDI solutions themselves, lots of suppliers started to think about EDI solution, there were many new EDI providers, but there were a lot of challenges especially on the law side – there no law rules on the EDI were established, particularly invoice management solution.

Seeing how many challenges the Tesco Polska was having, especially struggling to get suppliers into, no proper communication or, simply, suppliers already using some EDI solutions, cooperating with their EDI providers so, didn't want to change to Tesco platform.

In 2008 to meet the targets, to conduct the EDI project smoothly, we asked for cooperation the biggest EDI provider in Poland – Comarch, and we did a good choice.

Since than about 80% of our suppliers have exchanged the documents over the EDI solution.



EDI implementation

Since that time with Comarch cooperation, we have deployed more types of documents that are now being exchanged thorough ECOD Tracking & EDI Validator

- ORDER
- ORDRSP
- RECADV
- INVOICE
- INVENTORY REPORT

All suppliers are connected with a full package of documents

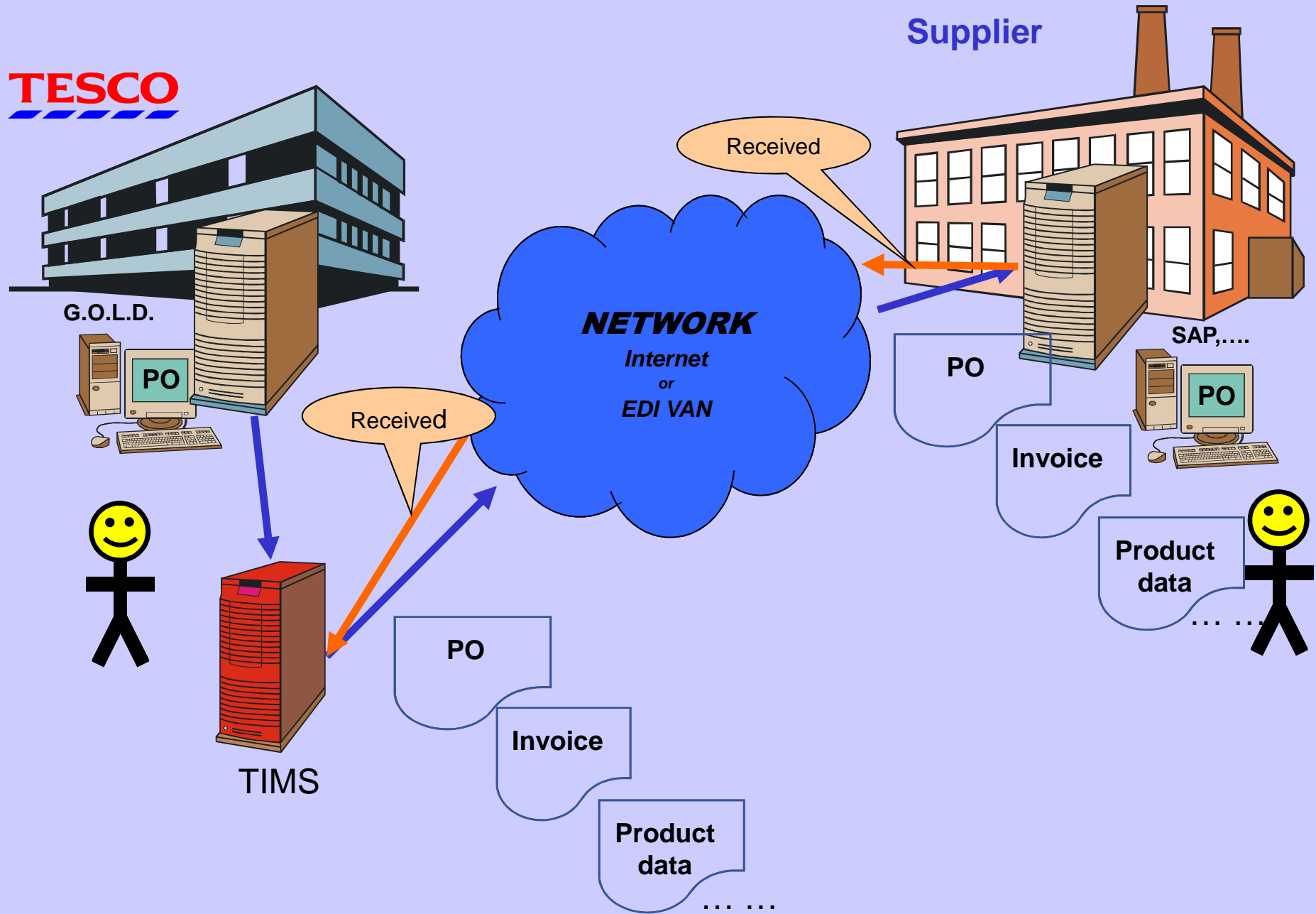


EDI implementation

Currently, there are about 80% of our suppliers already exchanging the documents over the EDI solution – majority of them using ECOD – Comarch solution.

- 930 connected suppliers
- 6 mln docs per month
- 64.000 invoices per month


Tesco corporate policy regarding EDI



Benefits of implementation

- Reducing direct costs:
 - Stationery ➡ paper, cartridges;
 - Man-hours spent on paperwork ➡ printing, packing, shipping, receiving, registration, transfer to the storage, seeking required documents;
 - Sending documents ➡ envelopes, stamps;
 - Risks ➡ loss of the document; delay in payment

Benefits from implementation

- Reducing indirect costs
 - Automation of work with documents  minimizing errors in the documents; eliminating the need to reenter data
 - Reducing short supplies due to the late receipt of the information (complete or partial absence of the goods, possible delivery time)
 - Optimization of the logistics process and effective stock management
 - Speeding up and simplifying the process of acceptance of goods thanks to the operative data receiving (time of delivery, quantity, method of packaging)
 - Releasing resources for other tasks.

Benefits from implementation

- Unmeasured benefits:
 - Improved cooperation with partners:
 - quick response to their needs
 - reliable and secure exchange of information
 - clearly established way of exchanging information
 - Protection of environment
- Competitive advantages:
 - Eliminating the effect of "technical stagnation"
 - Using modern technology to conduct business effectively

E-invoicing - legal aspects

- 2005 - Ordinance of the Minister of Finance regulating the transmission of electronic invoices

Key legal requirements:

- The need to protect data from electronic invoice by secure digital certified signature or by sending invoices by EDI
- The recipient must give consent to receive electronic invoices in paper form
- The recipient may withdraw consent to receiving electronic invoices also in paper form
- Corrective and duplicate invoices are sent in electronic form
- Storage of invoices must be made in the form in which it was sent, so in case of e-invoices it is not allowed to print and delete the original file.
- 2010 – Next Ordinance of the Minister of Finance regulating the transmission of electronic invoices
- **Acceptance of e-invoices or its withdrawal may be expressed electronically**

E-invoicing implementation

- Once the law established all the e-invoices rules we started to think on its implementation to Tesco Polska. Especially as in the meantime, before the law rules came, we had already done some development, asked some suppliers for tests and manage paper and electronic invoices pararelly (to check how it works, to test it with our AIM System – Automate Invoice Matching System)
- It was a natural choice to ask Comarch for cooperation



E-invoicing implementation - challenges

- technical challenges
- resistance to change
- issues with supplier on-boarding
- the complexity
 - Content of the invoice
 - national VAT legislation
 - EU Directive on Invoicing compliance
 - Storage of documents

Benefits of e-invoice implementation

For Tesco Polska:

- Reduced costs
- Increased accuracy
- Increased Accounts Payable productivity
- Faster processing and payment cycles (increased AIM)
- Focus on higher value activities
- Enhanced accounts reconciliation
- Improved cash management
- Reduced fraud, duplicates and late payment fees
- Improved supplier relationships
- Meeting green initiatives



Benefits of e-invoice implementation

For Suppliers:

- Faster payment
- Reduced costs
- Fewer rejected invoices
- Increased Productivity
- Enhanced account reconciliation
- Meeting green initiatives

Benefits of e-invoice implementation

There are some more benefits of having COMARCH as EDI provider

- Documents standardization (keeping them up-to-date)
- VAT compliant (including UE standards)
- Multi-format acceptance
- Electronic archiving of all the documents
- Tesco Polska suppliers' management
- Help desk (24/7)



Thank you

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