



## Business Process Improvements with Combined Strength of Open Text and SAP

Leveraging the full scope of the Open Text ECM Suite for SAP Solutions leads to significant results for World Kitchen

### Industry

Consumer Products

### Customer



### Business Challenges

- Data buildup leading to system performance challenges
- Document management difficulties
- Manual invoice workflow process
- High percentage of invoices not paid on time

### Business Solution

Open Text Document Access for SAP Solutions

Open Text Data Archiving for SAP Solutions

Open Text Vendor Invoice Management for SAP Solutions

### Business Benefits

- Reduced data storage costs and high user response times
- Accessible documents lead to process efficiencies and cost savings
- Improved vendor relations results in better terms and cash discounts
- AP process improvements leads to decreased invoice backlog and faster cycle times
- Reduction in AP headcount of 5 FTEs

World Kitchen is a consumer products manufacturer headquartered in Chicago, Illinois. The company manufactures consumer products in the housewares market, including the manufacture and sale of baking dishes, dinnerware, kitchen gadgets, and cutlery. Major brands from World Kitchen include CorningWare, Pyrex, Corelle, EKCO, and Chicago Cutlery. World Kitchen has manufacturing facilities in both the US and Asia and distribution centers in a number of countries around the world.

### Situation

In 1998, World Kitchen became an independent company after they were sold by Corning, Inc. As part of their separation from Corning, World Kitchen agreed to move off Corning's internal systems within two years, and a team was formed to decide how best to move forward. For their ERP system, the team chose SAP, and for a complementary suite of ECM solutions, they chose Open Text. Tightly integrated with SAP, Open Text ECM Suite for SAP Solutions provides document imaging, archiving, and workflow optimization solutions that enhance business processes in key departments.

In their decision to go with Open Text as their ECM vendor of choice, World Kitchen went through an extensive research process. "We started out by defining our business purpose and the business problems we were trying to solve and then we researched reputable vendors with product offerings in those areas," says Randall Peterson, VP of Information Technology at World Kitchen.

A short list of vendors was developed in part by examining Gartner Magic Quadrant studies. Each vendor was then brought in to conduct demos at World Kitchen, so the team could better understand the vendors' product capabilities and pricing. "At the time we selected Open Text products, in 1999 and then later in 2004, our research indicated they provided the best product for the money," said Peterson. In July 1999, World Kitchen purchased Open Text Data Archiving and Document Access for SAP Solutions and then in 2004 they purchased Open Text Vendor Invoice Management (VIM) for SAP Solutions.

### Cost savings and system performance improvements with Data Archiving

The purchase of Open Text Data Archiving for SAP Solutions has helped World Kitchen manage an ever-increasing volume of data. Open Text Archive Server, a key component of the Open Text Data Archiving solution, provides functionality that seamlessly integrates with their SAP infrastructure to provide an efficient way to manage business data and documents. "We use Open Text Data Archiving on our global data that is being used by all SAP users within the World Kitchen family. We've been very impressed with the tight integration between these solutions and also their ability to work within our existing SAP infrastructure. When our users pull up an





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Randall Peterson,  
VP of Information Technology at World Kitchen

archived document, the only difference they may see is that it takes a few seconds longer to retrieve that document than it would be, say, if it was a live document. The process is the same. It is transparent for them, and that is a very important aspect of the Open Text functionality,” says Peterson.

The ability to easily archive data has helped World Kitchen maintain high user response time levels and avoid data build-up. “If you let data build up in your database table, it slows down the SAP system, so by archiving data we have been able to maintain user response time levels,” says Peterson. The organization has set in place a system whereby user response time averages are not to go over 0.8 seconds. “Right now we are running at an average response time of 0.4 seconds, and that helps our users stay productive and efficient,” he says.

Additionally, World Kitchen has realized extensive savings based on overall reduced storage requirements and reduced downtime during major system upgrades. “We are archiving almost a terabyte of information every year. We are still saving that archived information; it’s not disappearing, but we are able to store it in a much less expensive storage media than the live data. The result is that our cost per terabyte of storage is significantly reduced. We are saving about \$150,000 every five years, which is typically the length of time it takes to refresh our network storage capabilities in our data center,” explains Peterson.

### **Document access functionality improves key business processes**

In addition to the Open Text archiving functionality, World Kitchen also uses Open Text Document Access for SAP Solutions to enable users to store document images for easy access throughout multiple

departments. The solution has brought about important benefits for World Kitchen across a number of different departments that rely heavily on documents to support business processes.

In the accounts payable department, Open Text Document Access functionality enables users to image invoices for easy access and circulation. “This ability to have invoice images readily available for approval revolutionized our business process. Being able to easily access electronic copies of an invoice is extremely handy for our approvers. Previously, when they needed to investigate an invoice, they’d often have to go back to accounting to dig up a hardcopy version of the document. With the new functionality, an image of the invoice is available right at their fingertips, saving an incredible amount of time and effort,” says Peterson.

World Kitchen has also expanded their use of Document Access into several other areas, most importantly with their sales and distribution documents located in the shipping and credit departments. Document imaging functionality has helped World Kitchen improve their process of reconciling and recovering “unearned deductions”. One of the keys to managing this process and recouping the costs from unearned deductions is responding quickly and accurately to customers. “The key to being successful in that scenario is to have all of the information upfront, so you can very quickly respond to their questions because if these things drag out, then almost inevitably you don’t get your money back, even if it is unfair and unwarranted,” says Peterson. With all of the related documents now stored electronically and easily accessible through the Open Text functionality, World Kitchen is able to resolve these issues more efficiently than they could before. The results have been extensive, including a cost savings of about \$500,000 a year and an improvement of 25 percent over their previous efforts in this area.

## Extensive productivity improvements in Accounts Payable

World Kitchen implemented Open Text Vendor Invoice Management for SAP Solutions to specifically manage their invoice workflow process in Accounts Payable. Before deploying VIM in their organization, World Kitchen had a multitude of problems in their AP department stemming from a manually intensive invoice approval process that was simply too slow and inefficient. “Our main business driver for the purchase of VIM was that we wanted to cut down on our invoice cycle times. We had a very broken, manual process where only about 45 percent of our invoices were paid on time,” says Peterson.

The implementation of the VIM solution was completed in 2004. “We had a very smooth implementation process and actually came in 20 percent less than the original estimated budget. We met all of our capability goals and were very pleased with the resources from Open Text,” says Peterson. The VIM tool has created an automated workflow process at World Kitchen that ties into the organization’s email-centric processes. “When I’m approving an invoice, the request comes in through email with a link that allows me to access the VIM user interface screen. Everything I need is available on this screen: I can see an image of the invoice, view the purchase order, log comments to send to the appropriate person for resolution, and ultimately make a decision on approval or rejection. Having these tasks come in via email is very efficient,” says Peterson.

One of the most important features of the VIM application is the ability to accurately track how invoices are moving through the workflow process. World Kitchen can pinpoint where problem areas or bottlenecks may be occurring. “We now have data available to us on the work tasks. We know how long it is taking for people to move invoices through the approval process. Bottlenecks are easily identified and can be fixed to speed up processes in key areas,” says Peterson.

World Kitchen is able to implement any changes to approval processes in a very systematic way. “As an example, if we want to increase authorization levels from \$25,000 to \$50,000, we are able to easily implement that policy so that it takes effect immediately. The system then ensures that we are all following the new limits, so the control for the overall process has improved dramatically,” says Peterson.

World Kitchen has also seen noticeable improvements with their vendor relations. Among other things, this has led to cash discounts



and the ability to negotiate better terms with their vendors. “Our improved processes have meant that we are now paying on time far more consistently than before we had VIM. This has allowed us to negotiate better terms with our vendors, resulting in substantial savings,” says Peterson.

## Impressive results

World Kitchen has tabulated some significant improvement metrics since implementing the VIM solution. “Our processing efficiency within the Accounts Payable group went up 40 percent. Our backlog of invoice processing went from five days to one day, and our parked invoice value decreased by \$1 million. Invoice approval cycle time, meaning the time it takes from receiving the invoice in our mail room to approving the invoice, was reduced from fifteen days to two days. Invoices that were parked over 45 days decreased by 95 percent, meaning that we are resolving issues much more quickly,” says Peterson.

These significant AP productivity improvements have meant significant cost savings for World Kitchen through a far quicker and more efficient invoice-processing workflow system. As a result, World Kitchen was able to reduce their total AP staff by 5 FTEs (full-time equivalents).

VIM met all of World Kitchen’s goals and even provided a lot of unforeseen benefits. “What drove us to purchase VIM was that we wanted to pay invoices on time, and we wanted to cut down on cycle times. Those were the main improvements we were seeking when we purchased VIM, and we were able to prove conclusively that there was a dramatic difference. The additional benefits we have experienced have simply been icing on the cake,” says Peterson.

### KPIs

- Reduced annual data storage cost by \$30,000 per terabyte (Data Archiving)
- Reduced Unearned Discounts by 25% (Document Access)
- Reduced A/P Invoice Backlog from 5 days to 1 day (Invoice Management)
- Reduced Parked Invoice Value by \$1 million (Invoice Management)
- Reduced Invoice Approval Cycle Time from 15 days to 2 days (Invoice Management)
- Reduced Invoices Parked More than 45 days by 95% (Invoice Management)
- Improved A/P Invoice Processing Efficiency by 40% (Invoice Management)

### Conclusion

Each of the products from the Open Text ECM Suite for SAP Solutions has helped World Kitchen leverage and magnify the value of their ERP system. "With Data Archiving we have maintained high user response time levels and saved money on storage costs. Document Access has allowed us to store electronic documents in a widely accessible system and has contributed to significant improvements in our business processes in the shipping, credit, and accounts payable departments. The VIM application has led to significant gains in AP process efficiency, resulting in a reduction of five FTEs in AP," says Peterson.

World Kitchen is currently evaluating additional uses of workflow solutions and as a result may be coming to Open Text for some additional help in this area. "With the projects we've already implemented using Open Text technology, we feel that this is an area where you can really leverage the value of an ERP system. We'd like to build on our success and continue down that road," concludes Peterson.

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