Procure to Pay - A Digital Journey Amid Acquisitions, Divestitures, and Mergers

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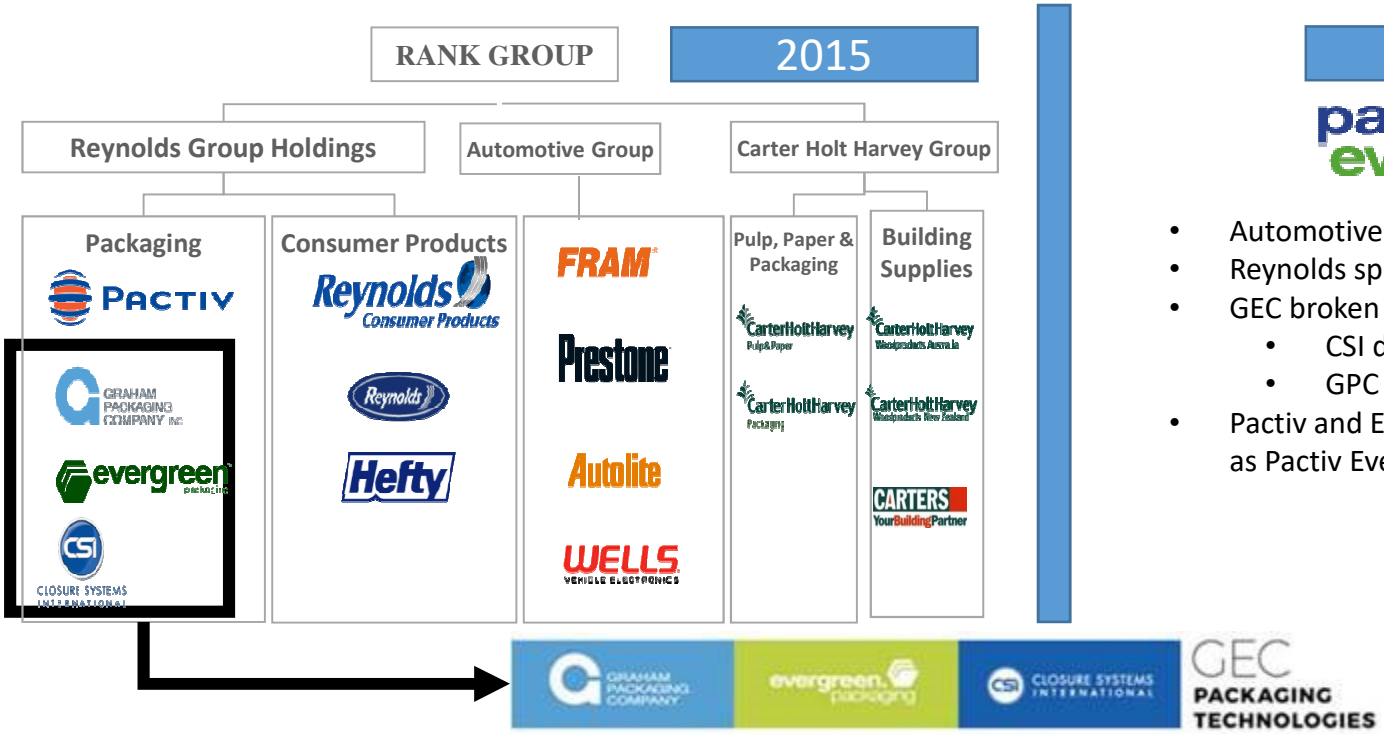
Agenda

1. Background and History
2. Procurement Transformation – Business Requirements and Vision
3. The Solution – Components of Solution (ARIBA)
    I. What was implemented?
    II. What was on Roadmap?
4. Divestiture, Merger and Acquisitions – Challenges and Road Ahead
5. Q&A

The Organization

Rank Group is a private group of companies headquartered in New Zealand and wholly owned by Graeme Hart. Rank Group's business interests include packaging, consumer products, auto parts and building supplies.

GEC was established in 2015 after the merger of Graham Packaging, Evergreen Packaging and Closure Systems Internationals. Subsequently, GEC was dissolved.



2021

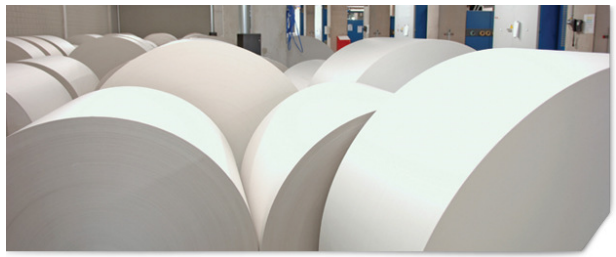
pactiv evergreen

- Automotive Group divested
- Reynolds spun off as independent company
- GEC broken up
  - CSI divested
  - GPC is independent company
- Pactiv and Evergreen merged and spun off as Pactiv Evergreen

About Evergreen Packaging

Evergreen Packaging is a division Pactiv Evergreen headquartered in Memphis, Tennessee, USA.

Evergreen Packaging is the largest supplier of total gable top packaging solutions in North America and one of the largest in the world. In fact, more than 700 customers in North America count on us for total carton packaging solutions.



Procurement Transformation

Business Requirements and Vision

What is driving change?

Merger/ Separation/Divestiture

Increased Focus on Costs

- New Opportunities for savings (consolidate spend by category)
- Pressure to increase spend visibility and management
- Speed to Market

Tactical Necessity

Focus on Operational Procurement Alignment

- Maximize spend under management
- Manage single approved source
- Standardized purchase requisition approval process
- Minimize time spent on transactional activity

Focus on Efficiency

Demand for Rapid Productivity

- Do more with less
- Employees requiring intuitive applications or self services
- Focus on automated and integrated processes
- Push processes out to end users or Vendor

Barrier – Multiple IT System

Demand for Simplified IT landscape, MDM & Spend Analytics

- Complex IT landscape
- Data inconsistencies
- Optimizing /maintaining contract terms across 3 ERPs
- Poor User adoption

Disparate System and Process within GEC

History – Beginning of the Journey

evergreen packaging — fresh by design	GRAHAM PACKAGING COMPANY	CLOSURE SYSTEMS INTERNATIONAL
Systems SAP + PERFECT COMMERCE	**Systems** SAP + coupa + DELL Boomi	**Systems** ORACLE E-BUSINESS SUITE + vinimaya
• All Req created in SAP • Req approved via email; approval matrix maintained in SAP • Catalogue integrated with SAP from Plant Maintenance and SAP requisition. • Store room inventory maintained in Catalogue as a preferred Vendor • # of Procurement Users – 700 • # of Locations - 9	• Req created in Coupa and SAP • Req approved via email; approval matrix maintained in SAP and Coupa. • No integration with hosted catalogue. Approved Req is converted into PO then PO is sent to SAP for Goods Receipt. • Users must log in Coupa to create Requisition. • # of Procurement Users – 750 • # of Locations -65	• All Req created in Oracle • Users must log in Oracle to approve req. Approval matrix maintained in Oracle • Catalogue integrated with Req. No Req in Vinimaya. • User does not provide additional credentials to access Vinimaya

Organizational Change

- Consolidated Sourcing Organization at the Rank Group level
  - Improved collaboration across group companies
  - Unified sourcing strategy at group level
- Execution at the individual company level
- Changes in the procurement strategy
- Desire to automate execution when possible

Project Goals

- Guide users to procure material from preferred vendor and minimize "Maverick" purchase
- Reduce overall MRO spend by creating a private marketplace where vendors compete for business one transaction at a time
- Provide business users visibility to both vendor catalogs and plant specific MRO storeroom items inventory to ensure MRO inventory is efficiently procured and utilized
- Use vendor catalog data to update internal storeroom pricing and show users lowest cost provider
- Provide ability to analyze data to allow procurement personnel to engage vendors with specific feedback on business impacts of current pricing
- Automate at least 25% of the vendor invoice processing.

The Solution

Components of the Solution

Components of the Solution

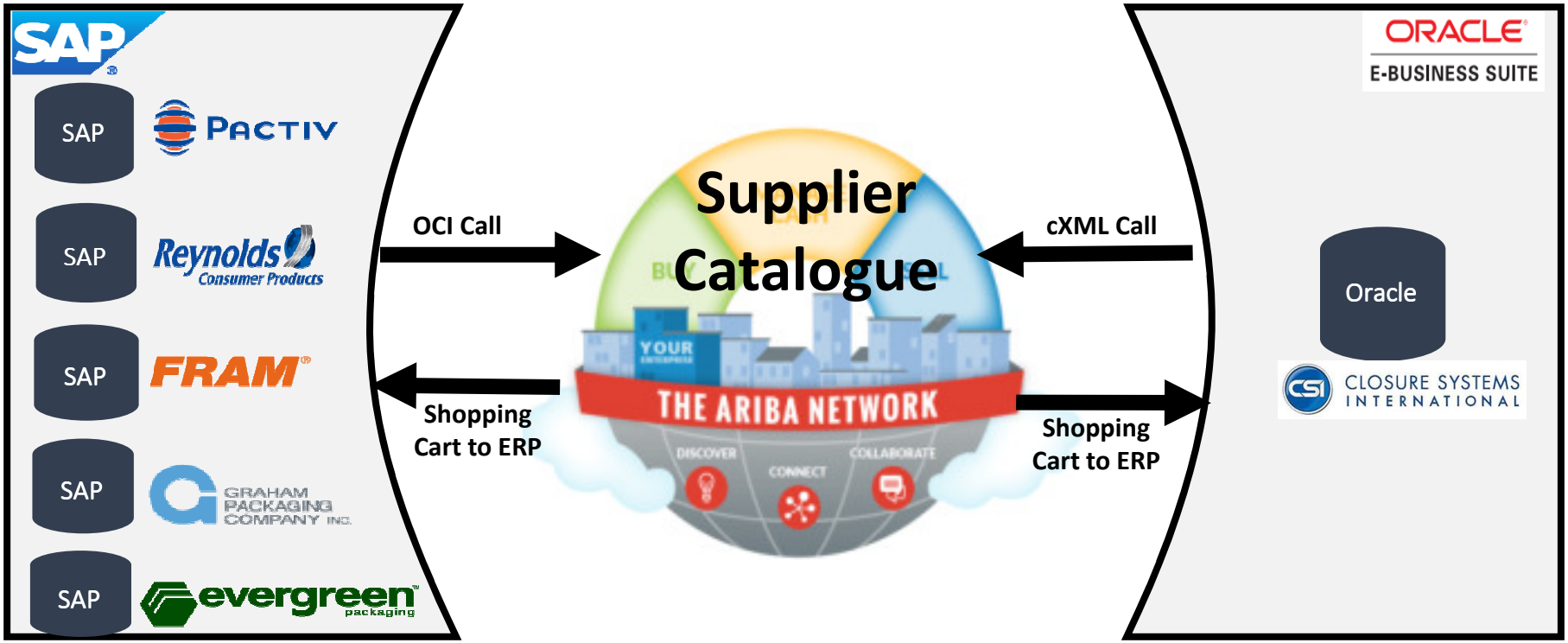
- **Hosted Catalogues To Maximize Spend Under Management**
  - Enable Digitalization Strategy
  - Enhance User Experience
  - Workflow Approval Of Catalogue Change/Update

- **End-to-End Integration (Document Exchange) To Improve Automation and Visibility**
  - Enable Digitalization Strategy
  - Provide Multiple Options To Supplier Base To Accomplish Digitalization

- **Integration with ERP – Enhancements To ERP Solution**
  - Improve ERP Transaction Processing
  - Minimize Duplication Of Efforts
  - Seamless Single Pane View For Users

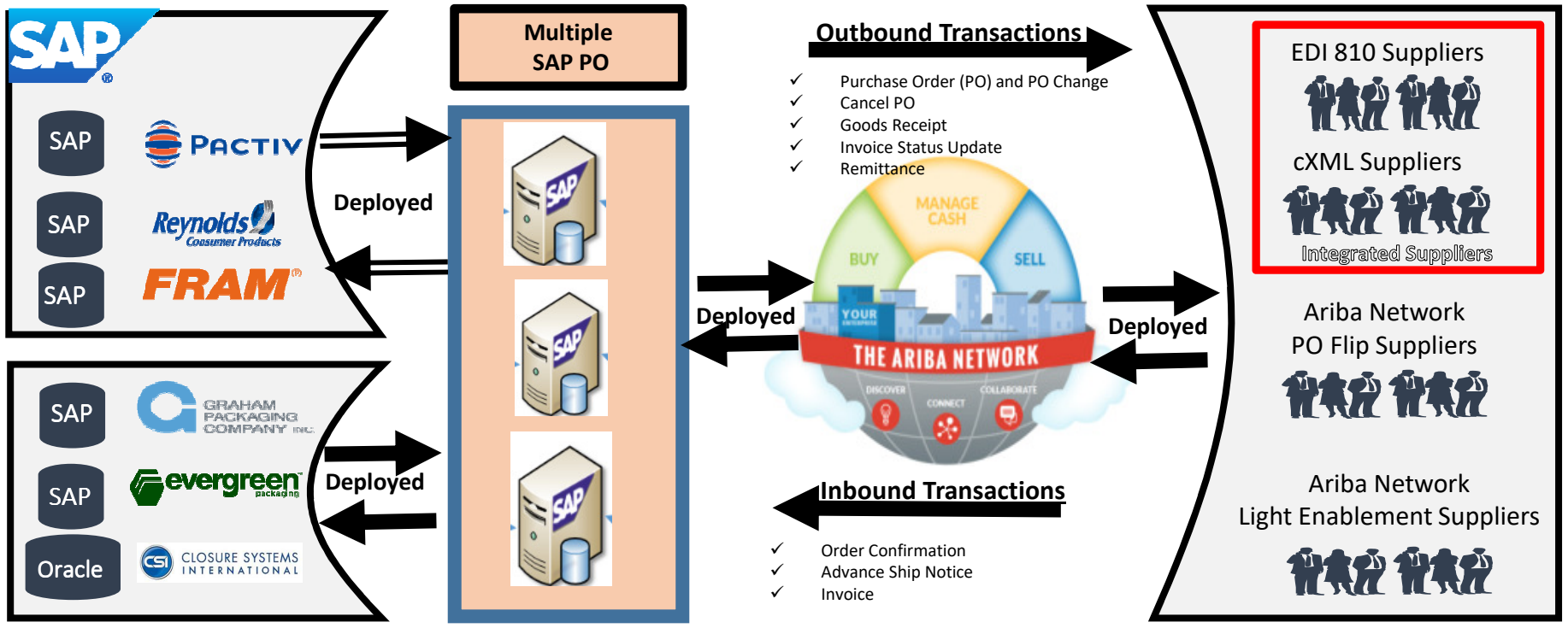
- **Governance And Analytics**

Solution Architecture – Catalogue



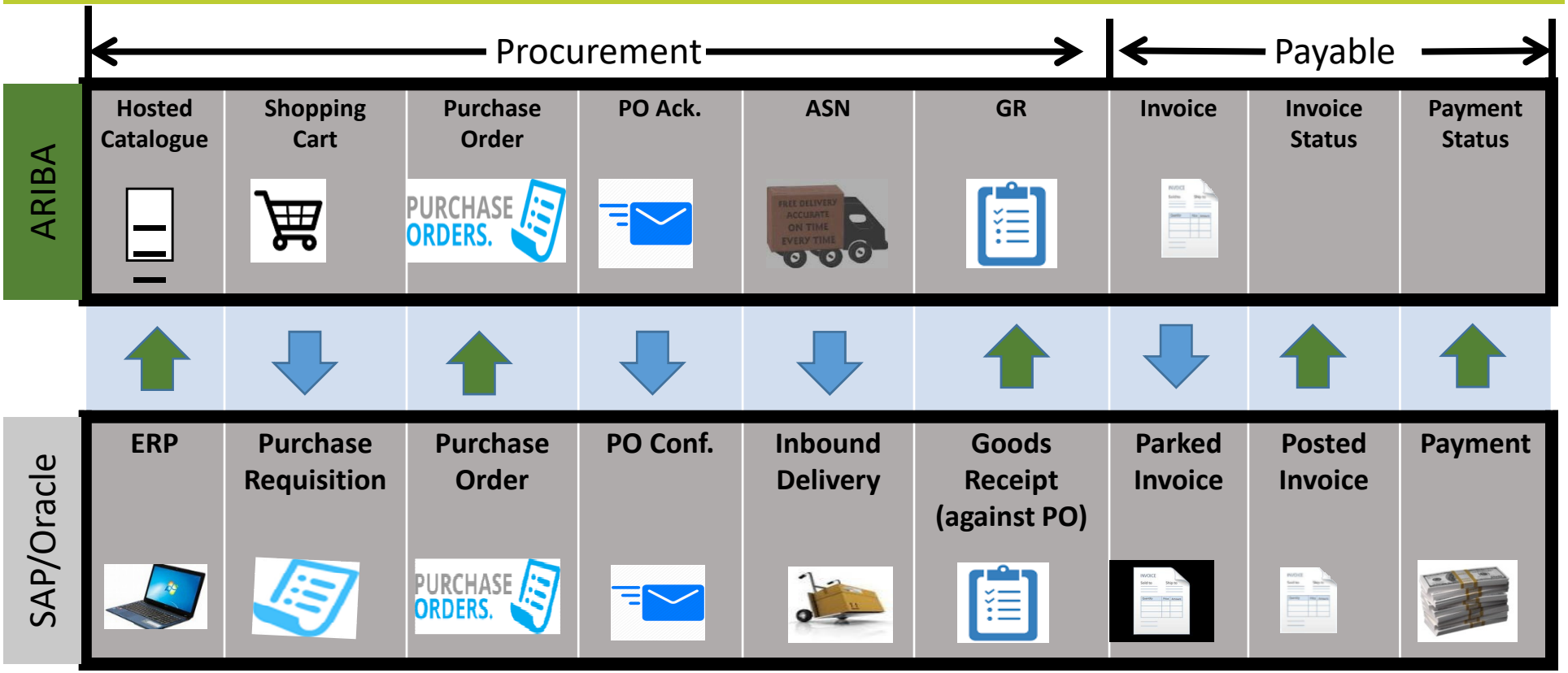
- Catalogues are shared across multiple companies.
- Combination of CIF and Punch Out Catalogues are deployed.
- User access to catalogue and view is managed in the ERP. OCI Call/cXML passes the credentials.
- MRO Store room inventory is uploaded as catalogue.
- Custom Landing page in the ERP minimizes data entry. Also, it makes determination between requisition and store room reservation.
- Solution supports consolidated global sourcing and localized execution.

Solution Architecture – Document Exchange



Rank Group ERP System	SAP PO Broker	ARIBA Network	Supplier Base
❖ Master Data in ERP enables integration ❖ No harmonization of Vendor Master required	Standard ARIBA adapter connects to ARIBA Network	❖ Geographical Invoice Rule ❖ 9 Documents Mapped ❖ PO and Invoice is mandatory	Supplier Integration Options ❖ Fully Integrated ❖ PO Flip ❖ Light Enablement

Fully Integrated Suppliers – Integration Points



- ARIBA offered end-to-end digitization and tight integration with SAP resulting in few errors and almost no double handling of transactions.
- Suppliers can integrate and exchange any of nine documents – PO and Invoice is mandatory
- Non-Catalogue Suppliers could integrate only for document exchange.

Ariba PO Flip – Self Enablement

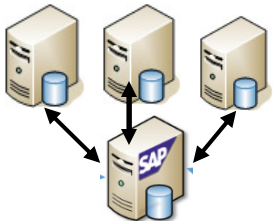
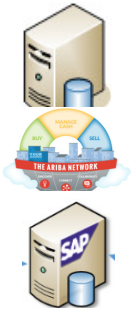
- PO-Flip is a simple process enabled by Ariba Network that allows a supplier to easily convert a Purchase Order into an Invoice, and transmit that Invoice to through Ariba Portal.
  - Ariba Account is required for Supplier
  - A Supplier may be set up to receive PO notifications in their e-mail on the Ariba network, but POs are also in the Inbox on the Ariba Network.
  - There are multiple ways to flip the PO on the Ariba network.
  - Supplier can print a copy of the invoice from the Ariba Network. A PDF copy of the invoice is sent to GEC as a link.
  - G EC received invoice IDOC in ECC and link to the PDF invoice.
  - GEC downloaded the PDF invoice and moves it to archive server for audit purposes.

PO flipped enabled automation and digitization of tail end vendor's invoice processing.

Ariba Light Enablement

- Ariba Light Enablement is essentially an interactive email-based solution (i.e. it sends an e-mail with a link to the hosted solution)
  - Supplier needs to set up Ariba Light account on invitation
  - Pre-configured buttons on the PO email and on portal for suppliers to confirm an order and “flip” it to an invoice
  - **A supplier will receive a PDF copy of the invoice** once it is submitted for legal requirements.
  - A supplier can attach documents or own system generated invoice.
  - GEC receives invoice IDOC in ECC and link to the PDF invoice.
  - GEC downloads the PDF invoice and moves it to archive server for audit purposes.
  - There are **no fees for suppliers**. They can choose if, and when, they want value-added, fee-based services.
  - There is **no limit to the number of documents exchanged**.
  - Ariba Light Enablement could also handle No-PO invoice.
  - Light Enablement invoice rule could be separate from the full integration invoice rules.

Our Procure To Pay Digitalization Strategy and Journey Summary

Paper	Incoming PDF Invoice	Custom Program	OCR and Workflow	EDI or other system to system integration	ARIBA Light Enablement	ARIBA PO Flip/Portal	ARIBA Full Integration
• Least Preferred Options • Scanned and OCR	• No PO invoices • Directly goes to OCR	• Inter/Intra company invoices and settlement using custom program • Open Text VIM with OCR manages any exception		• Non-SAP Purchasing system (Wood Procurement) • 3PL Freight Tendering and Invoice Payment • High Volume/Value vendor	PO, Order conformation (OC) and Invoice only via email	Full transaction set via portal. No System to System Integration.	Full transaction set EDI or XML. System to System Integration.
							

Non-Ariba based Digitization

Ariba based Digitization

Future

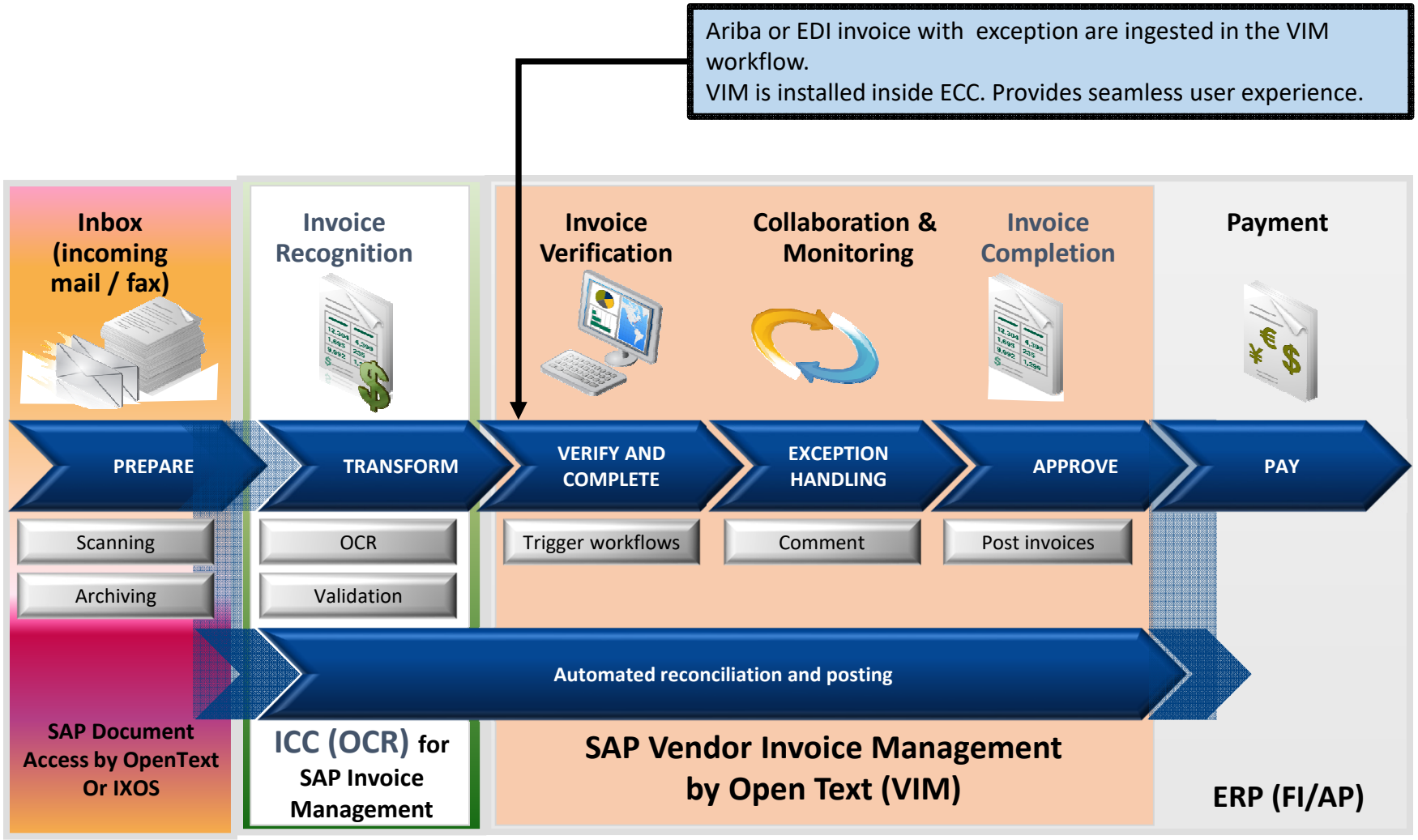
Ariba PDF Invoice Convertor

No Ariba Network Fees for Supplier. Supplier does not need registration on AN.

Registration Required. Supplier fees at threshold

Supplier pays transaction fee

Standardized Workflow To Process Exception



Source: Adopted from SAP/OpenText presentation

The Solution

Lessons Learned and Shortcomings

Lessons Learned and Roadmap

- Infrequent buyer struggled to buy from the preferred source
- Service Procurement from catalogue was impractical. Quickly abandoned it.
- Refreshing Purchase Information Record to update process in ECC did not go away. Created price mis-match between the catalogue price and system maintained price.
- National vendor's regional offices offered promotion or discount that was not reflected in the catalogue
- High dollar spend vendor preferred EDI solution. Also, Vendor with existing EDI solution did not

What value does the Ariba solution bring?

- **Supply Chain Digitalization:** Ability to communicate with any vendor (Direct or Indirect) electronically – Send PO, Receive PO Acknowledgment, Receive ASN and Receive PO

- **Accounts Payable Automation :** End-End digitization will minimize accounts' payable data entry and Vendor enquiry.

- **Global Reach with Multi-lingual capability:** Ariba can provide Global Vendor reach in multiple language.

- **Spend Analytics and Governance :** Ariba has functionality to guide users to select approved products

Solution Extension

- Ariba Guided Buying
  - Improve user experience
  - Improve Sourcing compliance with infrequent purchaser
  - Improve approval workflow and turn around time

- SAP Fieldglass
  - Manage Service Procurement Spend
  - End-End integration with existing solution
  - Improve visibility and compliance

Impact of Merger and Divestures

The Separation Challenges

Merger and Divestures Challenges

- Separation of Ariba AN ID
- Cloud Integration Gateway (CIG) – re-mapping
- Catalogue separation
- Vendor on-boarding
- Commercial Contract and Punch out re-implementation

Q & A