NMBS improves invoice processing efficiency and reporting and reduces costs with OpenText

OpenText Freeway Professional provides electronic data interchange for large invoice volumes

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National Merchant Buying Society (NMBS) is the most successful trading platform and buying group in the United Kingdom for independent builders, plumbers, hardware and timber merchants. Founded in 1963, its primary aim is to enable members to get the best possible deal from suppliers by offering them a cost-effective route to the independent marketplace. In 2018, the total purchasing power of NMBS amounted to more than £1.7 billion, serving more than 1,000 members, representing more than 3,000 branch locations.

NMBS provides exclusive supplier offers and terms to independents via framework deals, marketing and event activities. Members enjoy an average benefit of about four percent in rebates, as NMBS continuously negotiates better terms by pooling the turnover and invoicing of its members. The organization also speeds up the invoice-to-payment process of manually processing invoices and credits and offers a payment pledge to guarantee bad debt and on-time payment for its suppliers. NMBS has also developed an exclusive online Report Centre, which gives members and suppliers 24-7 access to online account information and an automated query resolution system.

NMBS receives about 2.5 million invoices from suppliers each year. The organization could not have handled this volume without OpenText™ Freeway Professional, which enables a largely electronic invoice handling process, using electronic data interchange (EDI).

“In the early 1990s, all of our supplier invoices were received in paper format. This meant manually entering about seven key data points into our financial systems, a time consuming, resource intensive and error-prone process,” said Andy Hextall, head of IT at NMBS. “We decided to investigate implementing an EDI solution to enable the majority of our invoices to be received electronically, in a standard data format. In doing so, we could speed up our processes through automation, reduce errors, make payment settlements faster and gather more data for reporting and analysis.”

Improving services to members with greater accuracy and speed

NMBS members buy from suppliers that have agreements in place with NMBS using framework deals. The member orders directly from the supplier and the goods are sent directly to the member. The invoice is then sent to NMBS, which invoices the member. By doing so, the supplier knows that the invoice will be processed quickly and payment is guaranteed.

Freeway Professional helps NMBS cope with the growing volume of invoices. “By receiving our files from OpenText in one standard format, we are confident that the data being transmitted can be automatically updated into our core finance systems. OpenText deals with the mapping of the different formats it receives into our required format, taking away our need to deal with any data mappings. This helps get suppliers set up quickly to invoice us electronically,” said Hextall.

The primary objective for the solution was to improve member service, to increase satisfaction and retention. “The solution from OpenText means that we can process invoices much faster, can capture a lot more information for use later and eliminate the errors associated with manual data entry from paper documents,” said Hextall.

With faster, more accurate processing, NMBS can also negotiate better terms with suppliers on behalf of members. The old paper-based processes meant limited information about each transaction was entered into the core systems, which made it impossible to analyse purchasing patterns and identify the highest volume items.

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Handles increased volumes and NMBS-specific processes

The length of supplier invoices can vary from as little as one line to 20 or 30 lines and occasionally, hundreds. NMBS now processes 2.5 million invoices electronically each year, which would have been impossible with manual processes.

“Using OpenText, we’re now handling 92 percent of our invoices electronically through EDI, massively reducing the workload for manual data entry. This allows us to spend more time on the remaining eight percent of documents, which are processed manually, to ensure they are entered 100 percent correctly. This means we can also provide scanned copies of our manual documents, giving merchants a single point of access for all their copy invoices,” said Hextall.

NMBS does not follow the traditional EDI processes of most businesses. Instead, it receives invoices from suppliers, processes them and then resends to the appropriate member. To improve efficiency and ensure a smooth process, OpenText customized the solution to meet the specific needs of NMBS.

“We wanted to automate processes wherever possible, improve our efficiency and offer more services to our members. The changes that OpenText made helped build on the core capabilities of Freeway to meet our specific needs and they’ve made a very positive contribution to our business,” said Hextall.

NMBS, using its in-house development capabilities, has built a portal for its members where they can access invoices in PDF format, download and reprint them, review their purchasing history and more. Suppliers also benefit, as they can send all invoices to NMBS via EDI, rather than dealing with multiple formats on a per customer basis.

“The solution has also enabled us to send invoices on to our members by email. This has greatly reduced our reliance on paper and especially postage, reducing cost,” said Hextall.

www.nmbs.co.uk