Case Study

Heidelberg Materials AP Transformation

Leveraging AI in Basware's SmartCoding to turbocharge touchless processing

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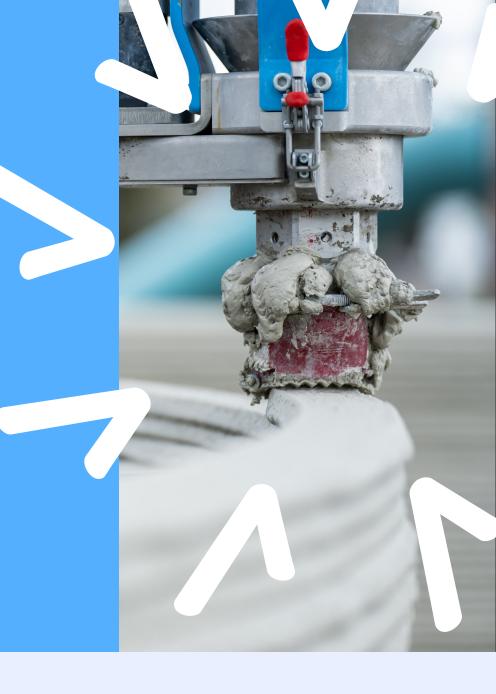
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Heidelberg Materials

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Anand Singh, International Development, Head of Process Transformation & Integration at Heidelberg Materials

Read the full story

Industry: Manufacturing

Regions: Global

Solutions: AP Automation & SmartCoding

Heidelberg Materials is a global leader in building materials, specializing in cement, aggregates, ready-mixed concrete, and asphalt. Operating in over 170 countries, the company employs around 9,600 people and generates 87% of its sales from international markets.

The challenge of manual processes

Heidelberg Materials faced significant challenges in managing its accounts payable (AP) processes. The company relied on paper invoices and manual data entry using SAP, leading to inefficiencies, errors, and high operational costs. "We had multiple ERP systems, and even within SAP, we had different versions. The process was entirely manual and difficult to automate," explained Anand Singh, International Development, Head of Process Transformation & Integration at Heidelberg Materials.

The search for a solution

To address these issues, Heidelberg Materials sought a solution that could automate and streamline its AP processes. After evaluating several options, the company chose Basware for its comprehensive features and capabilities. The go-live was carried out in waves through a phased rollout to carefully assess performance before scaling it up to all countries.

One of the standout features was **Basware's SmartCoding**, designed to handle non-PO invoices with minimal manual intervention.

Implementing SmartCoding: a game changer

SmartCoding uses historical data combined with smart AI learning algorithms to propose coding for non-PO invoices. "SmartCoding has been phenomenal. It learned from what we had done in the last 6-7 months and now fills the data automatically, injecting automation into the entire process," said Anand Singh.

SmartCoding is live in more than 10 countries throughout Europe and North America. This automation has significantly reduced manual entry and improved data accuracy.

Customizable and adaptable

One of the key benefits of SmartCoding is its customizable thresholds for different countries, ensuring coding accuracy meets local requirements. "For some countries, we have set a 95% threshold, while for others, it's lower," noted Anand Singh. This flexibility allows Heidelberg Materials to tailor the system to its diverse operational needs.

√√ **SmartCoding has been phenomenal. The proposals are tagged with confidence percentages, making it clear for users to make informed decisions."**

Anand Singh, International Development, Head of Process Transformation & Integration at Heidelberg Materials

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Key Results:

88% of dimensions (cost objects) had their coding predicted correctly.

10 countries live with SmartCoding.

10,000 invoices processed with SmartCoding in less than 2 months since implementation.

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Benefits beyond automation

Since implementing Basware's SmartCoding, Heidelberg Materials has experienced numerous benefits:

1. **Boosting Efficiency:** The automation of invoice processing has significantly reduced the cycle time. "The speed of processing invoices has increased. SmartCoding proposes codes allowing users to select or adjust them instead of manually typing them in," said Anand Singh.

2. **Significant Time Savings:** By reducing the time spent on repetitive activities, the company has achieved substantial time savings. "Users spend less time coding invoices without compromising data quality, enabling them to focus on value-added activities," explained Anand Singh.

3. **Improved Data Accuracy:** SmartCoding has enhanced data accuracy and minimized errors. "SmartCoding has been outstanding. The proposals are tagged with confidence percentages, making it clear for users to make informed decisions," said Anand Singh.

4. **Process Harmonization:** SmartCoding helps identify and eliminate redundant GL accounts and cost objects. "We realized we had multiple GL accounts for the same purpose, hindering automation. We're now using SmartCoding's insights to initiate data cleansing activities." added Anand Singh.

5. **Touchless Invoice Processing:** SmartCoding enables touchless invoice processing by generating coding proposals for non-PO invoices, reducing manual intervention and exceptions. Post-implementation, Heidelberg's touchless rate shot up to 48%.

6. **Advanced Machine Learning:** SmartCoding continuously learns and refines its coding proposals, ensuring more accurate invoice coding. 88% of dimensions (cost objects) were predicted correctly.

7. **Guided Interaction:** Users receive clear guidance on invoice coding decisions, saving time and reinforcing accurate use of coding dimensions.

A transformative partnership

Heidelberg Materials' partnership with Basware and the implementation of SmartCoding have revolutionized its AP processes. The result is increased efficiency, improved visibility, cost savings, and enhanced accuracy.

The company's experience highlights the significant benefits of using Basware's SmartCoding solution to automate and streamline financial operations.

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