



UNIVERSAL MUSIC GROUP

“Invenio are a reliable partner with an outstanding level of common sense and dedication. I value their commitment to quality over quantity and positive, customer focused can-do attitude.”

Jens Kessler, Chief Information Officer, Universal Music Group

Universal Music Group - Supply Chain Solution

How Invenio helped:

- UMG now manage their own supply chain needs
- 6 warehouses across Europe, managed under one SAP system
- Automated 11,000 of intercompany invoices delivering substantial time-savings
- Reduced month-end closing period from 5 days to 4
- Reduced stock write-off and cycle count differences

At the time UMG first contracted Invenio, there was an imminent risk that their only strategic distribution partner would cease to trade. Their distribution partner had previously handled all international products on behalf of UMG, using a heavily customised SAP system to integrate with UMG systems and perform many key functions. Without their partner, UMG would no longer be able to purchase physical stock and distribute finished goods, which would create a significant hole in the business itself and lead to billions in lost revenue. In order to combat this, UMG needed to create their own supply chain solution. This solution would need to resolve the following issues:

- Recording of purchased stock, it's reception and the related payable invoices
- Stock visibility within the business
- Intercompany invoicing
- Fully compliant VAT and Intrastat reporting, to comply with EU norms
- Creating a scalable model that fully considered UMG's multi-distributor, multi-supplier approach
- Returns, scrapping and intercompany process functionality
- Manage efficient stock transfer processes within multiple warehouses
- Create a direct delivery model in order to save on distributor costs
- Automate the accounts payable invoice process using EDI (electronic data exchange) over all group companies

Invenio's Solution

UMG approached Invenio to assist them in implementing a new global SAP system for their supply chain management. Included in this system was the ability reconcile stock using a Business Intelligence module, integrate taxation and statutory reporting for all warehouses and automate accounts payable invoices. The team also implemented purchase information file updates to create purchase information records automatically, and enabled intercompany accounting to streamline business processes. Invenio's team also implemented:

Installation of a material master inbound interface: This was used to create and update the SAP finished goods material master using XML messages received from delegated subsystems.

Purchase Order inbound interface: This system automatically creates, updates and cancels purchase orders received from Microsoft Dynamics.

Stock movement inbound IDOC interface: This interface is used to update stock movements within the SAP system every 15 minutes to replicate the warehouse stock.

Invoice feed inbound IDOC interface: This creates a daily invoice feed from manufacturers, which undergoes 3-way matching against POs and goods receipts to account for invoices. All matched invoices are linked to SAP invoice information.

By combining all of these functionalities in one easy to manage the system, Invenio were able to implement a comprehensive solution without disrupting the existing systems.

Results

Invenio's solution was implemented successfully with no major disruptions, and soon UMG were able to completely manage their own supply chain needs.

This solution allowed 6 warehouses across Europe to be fully managed using one internal SAP solution, including their VAT registration and tax requirements. It also meant that close to 11k of intercompany invoices were automated within an 8-month period, producing significant time savings.

Daily invoicing was automated, reducing the month end closing period from 5 days to 4, and an added stock reconciliation reporting function meant UMG were able to run comprehensive reports of stock availability worldwide, reducing stock write-off and cycle count differences.

Invenio have been working with UMG since 2010 on multiple projects including their SAP migration to HANA, implementation of the Invenio P2P solution, SAP roll-out to new countries, COPA redesign, SAP Finance rollout internationally, Solution Manager CHaRM implementation, integration developments and support, as well as their SAP Finance global support to name a few.