

# **Workflow-Supported Invoice Management: The Case of a System Implementation at a German Media Company**

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## **EXECUTIVE SUMMARY**

This case concerns the implementation of a workflow-management application at a large, publicly listed, German media company. The system collects information-rich business-process documents, stores them in an organizational memory system, distributes organizational knowledge, and ultimately informs staff and management in various business situations. The implementation was based on a combination of workflow management software from the SAP corporation and archiving software from the IXOS Software corporation. The management was able to document and report organizational performance gains in terms of both process efficiency and knowledge effectiveness. The implemented system has reduced the amount of paper and shelf space needed, sped up the manual archiving procedure, and increased the efficiency in the accounting department. The overall gains in organizational efficiency are estimated to be approximately 50%. The new system also improves organizational effectiveness through better information-distribution and knowledge-access by staff and organizational decision-makers. This case serves as a practical example that demonstrates how an organization can create business value through process automation, resulting in more efficient operations and improved performance.

## ORGANIZATION BACKGROUND

The company described in the case was founded in 1988 and has been a successful business in the European media landscape for more than 10 years. Originally focused solely on television services, it started in 1990 to broadcast television programs 24 hours a day, which was a first in the market. The company became profitable in 1993. By continuously redefining its business, it extended its business to other media, most notably the Internet. In 1997 the company went public by doing an IPO. It is now listed at the German stock exchange in Frankfurt.

The organization currently employs more than 2,000 people and generates more than US\$1 billion annual revenues. It is organized in four divisions: television, multimedia, merchandising, and services. The television division encompasses television stations, television production, and a licenses department. The multimedia division supports several groups, including Internet services, teletext services, e-commerce services, a news agency, community services, and the external interest section. The merchandising division consists of retail merchandising and club merchandising. And lastly, the services division covers advertising and promotion, studios, logistics, and creative works. The company has 14 subsidiaries in different European countries, as well as stakes in media companies in Switzerland.

The company decided back in 1994 to implement a comprehensive enterprise resource planning (ERP) application with SAP R/3. The executive management made this strategic decision with the long-term goal of a fully integrated enterprise in mind, where information would be easily shared among its members and flow seamlessly across departments. Following the modular system architecture of SAP was seen as a prudent way to achieve this goal in successive, incremental steps. In the subsequent years, the company successfully implemented the SAP R/3 modules FI (Finance), MM (Materials Management), CO (Controlling), SD (Sales and Delivery), PM (Production Management), and HR (Human Resources). As information flows increased in scope and volume, management recognized that organizational knowledge needed to be better organized if it was to be used and reused effectively on an enterprise-wide scale. The idea of creating a centralized knowledge repository (termed organizational memory) with integrated store, update, and search and retrieve functions was conceived.

Based on the good experiences from the previous projects combined with a general willingness to use new technologies, the project, *Workflow-Supported Organizational Memory Through Optical Archiving and SAP Business Workflow*, was initiated. Invoice management was selected as the project's first pilot application. The primary goal was to create an organizational memory system that would be supplied with organizational knowledge, initially from a single key business process (invoice management). Workflow technology would be employed to collect information, store it in the organizational memory system, and distribute information from the memory base to organizational agents when needed. If successful, the organizational memory system would be extended to integrate the information flows that had been implemented in the earlier ERP application.

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