RICOH
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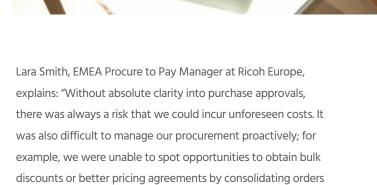# Strengthening cost control with a new model for purchase approvals

Ricoh Europe improves visibility over spend and mitigates financial risk with a streamlined, automated workflow for capturing purchase requisition approvals, powered by DocuWare.

COMPANY & CHALLENGE

Long established as a leader in the print sector, Ricoh Europe has broadened its focus in recent years, offering digital workspace, automation, cloud computing, cybersecurity solutions, and more. To develop and deliver such a wide range of products and services, individual operating companies within Ricoh Europe engage many suppliers for everything from office equipment and technology to logistics and marketing support.

To manage purchasing, the operating companies relied on a mix of processes and solutions. The most common approach was for buyers to email a purchase requisition to internal stakeholders and, when approval was granted, proceed to place orders with suppliers. Without the new system in place there was no standardised approach to purchasing activities, leaving buyers to manually track and communicate these requests with suppliers.

The largely manual workflows carried various drawbacks. Sending requests to approvers via email could be time-consuming and laborious for buyers. More significantly, finance and procurement teams had limited visibility into approvals logged in email trails, and were sometimes unaware of purchases until supplier invoices arrived. Processing the invoices was complex, too, as finance teams spent time tracking down the original purchase requests, and auditing and verifying approvals was challenging, to say the least.

Lara Smith, EMEA Procure to Pay Manager at Ricoh Europe, explains: "Without absolute clarity into purchase approvals, there was always a risk that we could incur unforeseen costs. It was also difficult to manage our procurement proactively; for example, we were unable to spot opportunities to obtain bulk discounts or better pricing agreements by consolidating orders with suppliers."

In addition, operating companies that relied on more customised workflows and separate systems to capture approvals inevitably incurred higher management and support costs.

Lisa Tomkinson, Functional Analyst, Document Management at Ricoh Europe, continues: "We started to plan a new approach that would help us to track and control our spend, and provide robust audit trails for purchase request approvals. We realised that a standardised approvals workflow for all of our European operating companies offered a smarter model, and would unlock valuable efficiency gains, too."

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Sven Janssen, Team Lead,
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>
> Lisa Tomkinson, Functional Analyst, Document Management

SOLUTION

To develop the new process, Ricoh Europe looked for a solution that would minimise manual working and integrate seamlessly with its main ServiceNow workflow management platform. The company found the ideal tool close at hand: DocuWare, which it already used to archive millions of documents. Using DocuWare, Ricoh Europe designed and rolled out the new approach across 18 operating companies and its head office.

To trigger the new workflow, buyers use the Purchase2Pay (P2P) module in ServiceNow to create a purchase requisition form, entering the budget, cost centre codes, and the reasons for the proposed spend. As soon as the buyer submits the request in ServiceNow, DocuWare archives the form and supporting documentation in a dedicated folder, and routes the approval request to relevant stakeholders.

Using integration with Ricoh Europe's HR systems, DocuWare identifies the correct line manager to run the first review of the buyer's request. The solution also compares the amount on the request against predefined thresholds to determine how many approvals are required before final go-ahead to purchase is granted.

Sven Janssen, Team Lead, Document Management at Ricoh Europe, explains: "With DocuWare, we have implemented rigorous controls over our spend. We follow the four-eyes principle, and purchase requisitions must receive approval from at least two people. And for higher value transactions, we can route the request to three, four, or even more stakeholders to ensure we collect appropriate authorisation."

On the DocuWare interface, approvers are able to view who placed the request, the total, and explanation, before agreeing, rejecting, or requesting further information. As each person provides approval, DocuWare notifies the next stakeholder in the chain with an email containing an embedded link to the workflow.

Lara Smith continues: "Our new approvals model keeps the process moving forward. If a buyer knows that their line manager will be out of office, they can delegate responsibility for approval to someone with equivalent authority to prevent any delays. Similarly, approvers have all their current tasks clearly displayed in DocuWare, while buyers can track the current status of their request on a dashboard in ServiceNow."

When final purchasing approval is granted, buyers receive a notification to raise a PO as part of a new 'no PO, no Pay' policy. Moving forward, Ricoh Europe will not pay a supplier invoice

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Sven Janssen, Team Lead, Document Management

| Purchase Requisition | Approval | Purchase Order | Delivery | Invoice | Reconciliation / Approval | Payment |

Procurement Process — **Invoice Processing**

that does not have a matching PO, adding another layer of control over spend. When the buyer creates the PO, it is archived alongside the purchase requisition in DocuWare, forming a central repository for financial documents.

BENEFITS

With all purchase requisitions, approvals, and POs now captured in DocuWare, Ricoh Europe has greater visibility into proposed spend. Procurement teams and department heads can view requests before the company commits to purchases, eliminating the risk of surprise invoices and unexpected costs.

When supplier invoices arrive, finance teams at Ricoh Europe use a further purpose-built workflow in DocuWare to match each invoice against the correct PO, and to verify details. Once each invoice is approved, the financial data from the invoice is then transferred into Ricoh Europe's enterprise resource planning system for

accounting and payment purposes. DocuWare therefore supports the digitalisation of the entire purchasing cycle, from the creation and approval of purchase requestions, to the processing and payment of incoming invoices.

Using DocuWare has also enabled Ricoh Europe to improve accountability over spend, as Lisa Tomkinson explains: "DocuWare gives us a full audit trail that shows every link in the approvals chain. That allows us to verify that we are capturing the appropriate level of authorisation, every time. We also added robust access controls, so users only see approvals from their cost centre, helping us to meet our compliance goals."

Storing all purchasing documents in a single location in DocuWare also makes it easy for Ricoh Europe to run analysis and generate reports on spending patterns. "Using DocuWare helps us to uncover insights that are worth their weight in gold," adds Lara Smith. "We can now analyse categories of spend in more depth and help departmental managers gain a clearer understanding of their budgetary position. And we

can see when multiple buyers want items from the same supplier, then review ways in which we can pool spend and enquire about potential savings."

The move to DocuWare has also accelerated the purchase approvals process. Where buyers previously spent time manually sending emails, DocuWare instantly notifies relevant stakeholders. Plus, the embedded link in notification emails takes approvers directly into DocuWare, without the need for additional logins.

Sven Jansson concludes: "With DocuWare, we have developed a streamlined and user-friendly workflow for purchase requisition approvals. Implementing a standardised model is so much easier and more cost-effective to manage and support. Moving forwards, we will bring our remaining operating companies onto the system, while introducing further optimisations to enhance the efficiency of the process."

ABOUT RICOH

Ricoh is a leading provider of integrated digital services and print and imaging solutions designed to support digital transformation of workplaces, workspaces and optimise business performance.

Headquartered in Tokyo, Ricoh's global operation reaches customers in approximately 200 countries and regions, supported by cultivated knowledge, technologies, and organisational capabilities nurtured over its 85-year history. In the financial year ended March 2023, Ricoh Group had worldwide sales of 2,134 billion yen (approx. 16.0 billion USD).

It is Ricoh's mission and vision to empower individuals to find Fulfillment through Work by understanding and transforming how people work so we can unleash their potential and creativity to realise a sustainable future.

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