



Industry: Packaging

Geographies: North America

Challenges

- Card on purchase order (PO) process provided poor visibility into spend
- Suppliers were saving virtual card numbers and using them for subsequent POs
- Transaction reconciliation was time consuming and manual

Solutions

- Coupa P2P
- Coupa Pay

Results

- Transitioned to card on invoice, delivering 100% visibility into indirect spend
- >90% of all virtual card transactions are now going through Coupa Pay
- Faster time to pay suppliers with invoice match
- Effectively implemented change management internally with >1,500 suppliers
- Eliminated one-time supplier onboarding

Sonoco transitions to card on invoice for 1,500+ suppliers and gains 100% spend visibility with Coupa

Back in the early 2000s, the CFO of U.S.-based Sonoco was kept up at night concerned with the number of million-dollar procurement cards (P-cards) that were spread across the company's 250+ North American plants. There was no process to approve spend before it was issued, so the Finance team partnered with Bank of America to connect its on-premises e-procurement system with the bank's e-payables platform.

"Partnering with Bank of America, we built our own virtual payment process that worked with our e-procurement tool. Essentially, we implemented card on purchase order (PO) in 2009," said Elizabeth Mozley, director of global category management.

The card on PO process helped Sonoco get the necessary upfront controls for its spend and enabled suppliers to be paid immediately, while eliminating rogue spend on p-cards. "With this system we were able to drive the spend to our e-procurement platform, using catalogs and POs to obtain the spend across 140,000 virtual card numbers. We got the specifications and the details on what was being purchased, which gave us better visibility into our spend," Mozley added.

But, when the e-procurement provider stopped supporting the on-premises solution, Sonoco Finance needed to move to the cloud. "We struggled to get our e-procurement and card on PO systems migrated to the cloud, so we ended up with a hybrid environment where we supported the on-premises e-procurement solution to maintain our virtual card program but moved all POs to the cloud," Mozley said.

This resulted in data being in disparate systems, which significantly impacted data visibility and timing as it could take a minimum of 30 minutes to get a PO issued to a supplier. In order for Sonoco's procurement group to become best in class, it needed to invest in technology. Due to the nature of the e-procurement vendor contract ending, Sonoco Procurement was able to get the support from its executive committee to invest in cloud technology. In 2019 the team started to look for a best-in-class cloud-based e-procurement system to replace the outdated incumbent solution.

Transitioned to card on invoice, delivering 100% visibility to indirect spend

Sonoco integrated Coupa Pay with its Bank of America virtual payments process, and, in doing so, migrated from card on PO to card on invoice. This transition has eliminated one of the costly challenges they had with the card on PO process. "Moving to card on invoice with Coupa Pay has enabled us to eliminate extra charges that suppliers were passing through," Mozley said. "We always suspected that virtual card numbers were being saved and used again, leading to chargebacks for things like convenience fees, but could not identify and eradicate it. Now, with Coupa we are tracking the dollars saved, and it is significant."

Leveraging Coupa, Sonoco has a validated invoice from each supplier, which provides 100% visibility into committed spend. "With Coupa Pay we have the proper controls in place and know exactly what we are paying each supplier," Mozley added. "With invoicing completed through Coupa Pay, plant managers don't have to file expense reports, and invoices are only paid when goods are delivered and services received."

>90% of prior virtual card transaction volume is going through Coupa Pay

One of the key performance indicators (KPIs) moving to Coupa Pay, according to Mozley, was the ability to maintain spend through its virtual card process. With a quick ramp up to Coupa Pay, they are already at more than 90% of their volume going through the cloud-based system.

"With Coupa's help we are steadily ramping up and starting to see our volumes stabilize," Mozley said.

Coupa Pay provides Sonoco with one place to orchestrate all payments. It helps improve operational efficiency, as Mozley and team can now automatically reconcile and easily manage payments to suppliers while reducing supplier onboarding, payment processing and payment infrastructure maintenance efforts.

Faster time to pay suppliers with invoice match

Before Coupa it could take a minimum of 30 minutes to get a PO assigned for a supplier, and now it takes just five minutes. Deeper insights and traceability from requisitions, POs, and invoices to digital payments enables easier reconciliation between spend, payments and accounting across multiple payment methods while also providing suppliers, buyers and employees greater flexibility.

Coupa Pay and card on invoice is enabling Sonoco to pay its suppliers much faster. "With Coupa, we can pay suppliers as soon as the invoice is approved and matched, and this ensures that we pay the exact amount of the invoice," Mozley said.

With Coupa, matched invoices are automatically paid and billed to the right expense accounts, which helps Sonoco to reduce its cost-per-invoice.

Effectively implemented change management internally and with >1,500 suppliers

For Sonoco's suppliers, moving from card on PO to card on invoice was a big change but one that has been quickly adopted by more than 1,500 suppliers. "It's going really well," Mozley said. "I've got a resource on my team that is focused on putting together our 'College of Coupa' program to ensure our internal and supplier partners have the resources and information they need to understand the new process. Ultimately, the transition to Coupa Pay has helped Sonoco improve supplier communications and relationships and to drive adoption.

Additionally, buyers at the company's 250+ plants have been able to improve their workforce efficiency, especially around reconciliations, as they no longer have to do manual work. "We've completely eliminated several days of work from each plant buyer, helping increase their workforce productivity," Mozley said.

What's Next?

With Coupa Pay as the single source of truth for indirect payments, Sonoco has reduced transaction costs, freed up both accounting team and plant manager time, and reduced the risk of fraud.

Mozley says Sonoco's next frontier includes getting its plants and users on board for how procure to pay (P2P) and customer life cycle management (CLM) work together. "This will help us get even more streamlined in POs against contracts, optimizing how plants work together and ensuring that the plants truly understand the end-to-end buying strategy."

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