

Vetropack Holding AG is a Switzerland-based holding company engaged in the manufacture of glass packaging for the food and beverage industry. The Group offers such services as the design, production and delivery of tailor-made glass, as well as consulting and support services in the area of packaging analysis, bottling, conditioning, closure technology, decorative refinement and labeling. The Vetropack Group operates seven production sites and 16 melting furnaces with a total aggregate production capacity of more than 4,000 tons per day. The Company operates collection centers at its production site in order for used glass to be brought in for recycling. As of December 31, 2011, the Company operated 11 subsidiaries located in Switzerland, Austria, the Czech Republic, Slovakia, Ukraine, Croatia and Slovenia.

### Business Benefits

- Reduced time spent for group's intercompany handling
- Increased accuracy and efficiency about reconciliation and intercompany payments
- No more spreadsheets and manual input
- All intercompany transactions visible in a transparent on-line system

### Challenges

The Vetropack Accounting System SAP is split into different accounting areas and only Corporate Accounting has full access and an overall view. The monthly intercompany payments were prepared by the Accounts Payables in each subsidiary. The total amounts to pay for each counterparty was entered into an excel spreadsheet and sent to the HQ, without any invoice details. It was at the Corporate where the expected accounts receivables have been reconciled with the confirmed payables. It was a cumbersome process to discuss and negotiate with the payers the missing or wrong amounts. All this was mainly done manually and via phone calls. The final agreed amounts were either physically paid or booked into current accounts into SAP TRM system. The paid invoice details had to be sent to receivers separately.

### Requirements and Solution

Vetropack was looking for a solution where the subsidiaries involved can see each other's receivables and payables with all the invoice details at any time and on-line. The goal was to reconcile and also to communicate mismatches and missing amounts and to find agreement between the parties without the involvement of Corporate Accounting. Also it was required to change the [multilateral netting](#) process from [payable driven](#) to [receivable driven](#) to avoid late payments and to improve the month end intercompany reconciliation process. Another requirement was to include the subsidiaries in Slovakia and Ukraine in this process. Based on these requirements Vetropack has chosen the netting system from Coprocess. The process today is that receivable and payable files with invoices details are uploaded into Coprocess via an interface from SAP 6.0. The system is receivable driven and does an automatic matching. Where there are differences between AR and AP, the payer is able to resolve these by discussing on-line with the counterparty at an invoice level. Mismatches can be flagged and in case of no agreement, disputed. Therefore the subsidiaries have full visibility and the payers are still able to block a payment. Corporate Accounting is no longer involved in reconciling the

invoices.

After the payment run a file is distributed to the subsidiaries with all paid invoices which can be loaded into SAP to clean the books before month end. Each month the netting calendar that is set in the system defines the input cut-off date which is around the 10th of the month, then the subsidiaries have 3 days to reconcile mismatches and missing items. The result of the netting is debited or credited in the treasury system of SAP. Today all the subsidiaries with all intercompany transactions are included in this solution.

### **Bottom Line**

- Reduced workload in Corporate Accounting
- Full visibility to all Intercompany invoices at any time
- Automated matching between AR and AP
- Integrated communication and dispute module
- Increased payment discipline
- Common pure browser platform for all subsidiaries