

Our solution

Instead of doing the vendor payments at each subsidiary we centralize these payments and do a "to pay on behalf of" using the Coprocess netting engine.

We do this in the following manner:

1. Upload vendor master data from ERP including vendor contact details and bank account details into Coprocess.
2. Upload from AP the vendor invoices into Coprocess.
3. Do a payment run to generate and send remittance advice to vendors and statements to subsidiaries.
4. Generate XML payment file split per currency and sent to the bank in each currency zone. The multiple payments over a wide geography in many currencies are transferred into a single payment and remittance per currency to the vendor. Centralized vendor payments streamline the payment process and bring huge savings for the Group.

Centralised Vendor Payment in Coprocess

The key requirements of the solution are:

The Management of Vendor Master Data

Across the group there must be a unique identified code for each Vendor. This process of harmonising the vendor codes must take place first. With many different ERP systems involved the management of master data requires a centralised control and handling of this data. This can be done in the Coprocess system or in a single instancing of one ERP.

Loading the Transactional Data from the ERP Systems

The invoices are still booked and approved in the ERP systems of the subsidiaries. The invoices released for payment are loaded by the subsidiaries into the Coprocess system normally on a weekly basis. Until cut off date it is possible for the subsidiaries to load additional data.

Structure and Responsibilities

The system works with a predefined calendar and cut off dates. It is the subsidiaries responsibility to deliver the invoice files before cut off. The system does structure the payments by Vendor, Currencies, Banks, etc. and produces a remittance advice. The currency exposure is calculated on an on-going basis. There are different ways of debiting the subsidiaries.

Delivery of Remittance Advice

The system makes use of the standard netting engine to send out a remittance advice by email

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to all active vendors. This contains the net amount they will receive and all the invoices that are being settled in this payment run as well as (optionally) a data file with the invoice details (CSV). In addition the system also sends by email to the subsidiaries concerned a statement containing the amount they owe the centre and the details of the invoices concerned.

Execution of the Payments

In order to pay the vendors the system produces the payment file to interface with the payment bank(s). This would normally be the XML format ISO 20022 which is split per currency so that it can be sent to a different bank for each currency if necessary. As there may be several hundred payments to be made per currency the access to local clearings is required. In Europe the SEPA payment greatly facilitates this process and enables settlement in EUR through the EUR zone. The payment file can also be delivered securely to the banks (via SFTP).

For the debit of the group companies the system can produce a payment file to debit the participants' account on the in house bank (IHB).