



SPS COMMERCE

# ELIMINATING MANUAL INVOICE RECONCILIATION

SIGMA HEALTHCARE  
MELBOURNE, AUSTRALIA

Although Sigma had conducted electronic trading with some trading partners for more than a decade, low adoption limited the efficiencies that could have been realised. Of the 500 suppliers Sigma typically orders from, less than 20% had been connected for automated receipt of Sigma's orders, and only a handful for automated invoicing, necessitating manual reconciliation of order/invoice/delivery in most instances. As part of a company-wide project called Project Renew, Sigma sought a more effective way to automate data exchange with trading partners.

## AT A GLANCE



### THE INTERVIEWEE

Michael Bignell  
Head of Operations Planning Supply Chain  
Sigma Healthcare



### THE CHALLENGE

Manual invoice reconciliation and order management



### THE SOLUTION

SPS Commerce Fulfillment and Community to rapidly onboard vendors



### THE RESULTS

Increased number of EDI compliant suppliers from 15 to 165 within 12 weeks



## A NEW INITIATIVE

Sigma Healthcare a leading Australian wholesaler and distributor to pharmacies with approximately \$4 billion in annual revenue. In addition, Sigma operates the largest pharmacy-led network in Australia, with over 1,200 branded and independent pharmacies, including some of Australia's best known pharmacy retail brands in Amcal, Guardian, Chemist King, Discount Drug Stores and PharmaSave. Sigma operates 15 distribution centers, offers 15,000 SKUs, receives 600+ orders daily, and more than one million deliveries per year.

Sigma chose to partner with SPS Commerce for its vendor onboarding initiative. The Sigma project scope had three broad elements: connecting Sigma to the SPS Commerce retail network, migrating Sigma's connected suppliers to SPS, and enabling electronic orders and invoices with the remainder of its vendors. Michael Bignell, head of operations planning supply chain for Sigma, said that SPS was the obvious choice.



## INTEGRATION OF SIGMA HEALTHCARE WITH SPS COMMERCE

SPS retail implementation specialists analysed Sigma's business processes and connected Sigma's IBM ASW ERP with the SPS retail network.

Cassandra Temple, supply chain systems manager with Sigma Healthcare, said that the integration was conducted with minimum fuss and managed effectively by the SPS team. "SPS Commerce project managed and completed the migration. I was able to get on with my other responsibilities, as the implementation was smooth and progressed to the project timeframe – and most importantly, as a company we didn't miss a beat," said Temple.



## AUTOMATING TURNOVER ORDERS AND INVOICES

Turnover orders and invoices are vital to the smooth front-facing operations of Sigma. They support the common pharmacy procurement model that manufacturers use to promote products to pharmacy managers and buyers. Orders are placed by the manufacturer's representative to Sigma for delivery to the retail pharmacy.

From consulting with Sigma business process owners, the SPS implementation team brought turnover order data directly into Sigma's ERP, processing more than 10,000 orders per month for speedy dispatch.



## MIGRATION AND EXPANSION OF SIGMA SUPPLIERS FOR AUTOMATED FULFILMENT EDI

A key issue for Sigma was the rapid onboarding of their supplier community, for automated exchange of EDI documents to secure considerable efficiencies for the Sigma logistics and accounts teams. Sigma expressed that the SPS Commerce Community vendor onboarding solution, designed to connect entire supplier networks within three months was key to their partnership decision.



**"Not only did SPS Commerce offer a solution encompassing every one of our needs, but it was done at a significant hard cost savings. SPS acts as our outsourced EDI department, rather than just providing a technology platform. For the Sigma team, that means we take a step back and let SPS get on with it. Knowing that the SPS model incentivises growing the number of onboarded Sigma suppliers, which lets us maximise our efficiencies, added to our confidence going in."**

Michael Bignell  
Head of Operations Planning Supply Chain  
Sigma Healthcare



Commenting on the migration, Bignell reflected on the small number of suppliers that had been connected previously. “After 14 years, having less than a quarter of our supplier network connected was frustrating. We’d had the technology in place all that time, but SPS brought us a solution – a change management solution, as well as the technology. The solution model encourages SPS to connect every one of our suppliers,” he said. Bignell described his goal of all team members being 100 percent employed on proactive, value-adding activities. “Manually reconciling orders, order changes, delivery notifications, and invoices is a huge task that, these days, should be handled digitally,” he said. “We have more than enough proactive work for the team to do, that could be value-adding into the supply chain and making us more effective, efficient, and profitable. It is early days, but already I am closer to one of my more simplistic goals of entirely eliminating faxes from our supply chain!”



## FAR-REACHING SUCCESS

Sigma has plans for evolving the SPS partnership, to further expand its network of connected trading partners. In considering the SPS project and the changing face of healthcare and pharmacy, Temple reported that a meaningful number of trading partners are themselves undergoing supply chain and logistics transformation, with ERP migrations and their own Fulfilment EDI initiatives.

An aspect of this was the increased emphasis placed on building truly symbiotic and mutually supportive trading partner relationships, she said – and that the trading partners loved finding new orders active in their systems in the morning. “Our trading partner master data is probably better than it has ever been, and our partnerships stronger

than ever,” said Temple. “We have an elevated opportunity to communicate with our trading partners, a fresh opportunity to engage them as partners in our transformation. They value that as much as we do, and it was all part of the change process we took with SPS,” she said.

Michael Bignell said that the scale of Project Renew means that it will be a long and far-reaching project and that the SPS portion is considered very successful. “Efficiency comes from a lot of initiatives combining to realise our extensive project objectives. We’ll be able to map success metrics across time spent in manual data entry, supply chain velocity, invoice processing, and inventory profile change this year, and make some hard quantifications of savings and efficiencies. The Sigma team is transforming to an entirely proactive style of work, and it is exciting to imagine the new opportunities we’ll discover along the way,” he said.

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Want to learn more? Visit our [website](#) or call us at 866-245-8100.



SPS COMMERCE

SPS Commerce powers over 350,000 trading partnerships between retailers, distributors, grocers, suppliers and 3PLs.