



Complex Simplicity: Designing, Pitching & Executing Elegant eInvoicing Strategy

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Agenda

Topic

Discussion

1. Overview

GE Global Operations history & future

2. Design

S2P Toolkit (ERS, eInvoice, OCR)

3. Pitch

Achieving buy-in w/ clear KPI & incentive based cost models

4. Execute

Lessons learned & best practice

5. Parting Thoughts

AI & RPA quick hits



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GE is a digital industrial company that builds,
powers, moves, cures and connects the world.

2016 revenue \$123.7B

294,000 employees

~\$55B sourcing buy



GE
TRANSPORTATION



GE ENERGY
CONNECTIONS



GE RENEWABLE
ENERGY



GE OIL &
GAS



GE
AVIATION



GE POWER



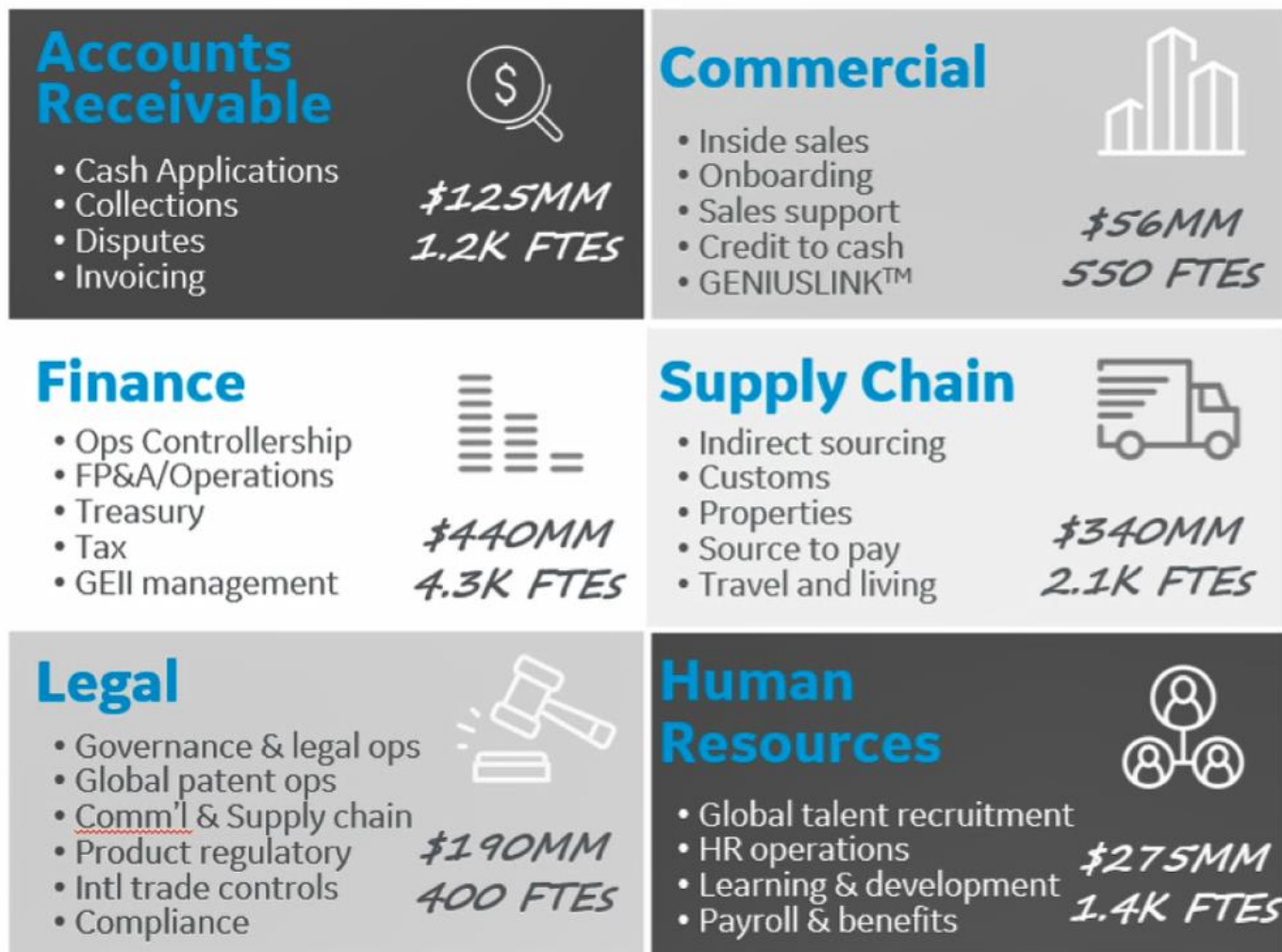
GE
HEALTHCARE



GE
LIGHTING

GLOBAL OPERATIONS

Multi-functional service provider ...

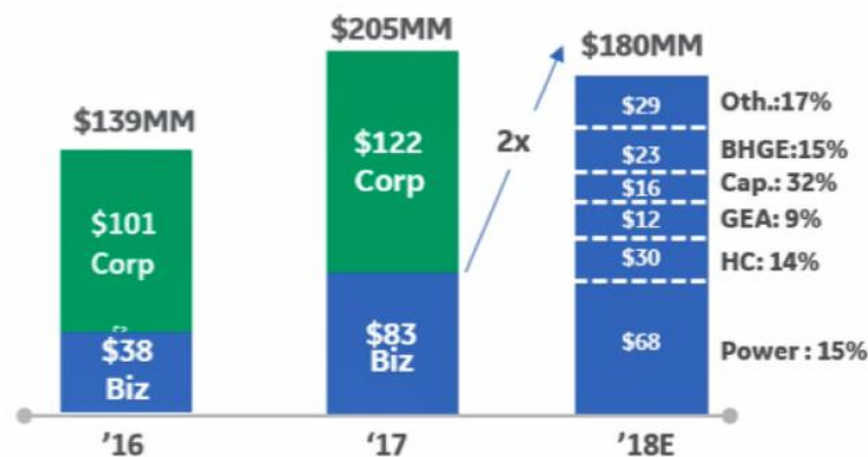


Focus on ultra competitive cost ...

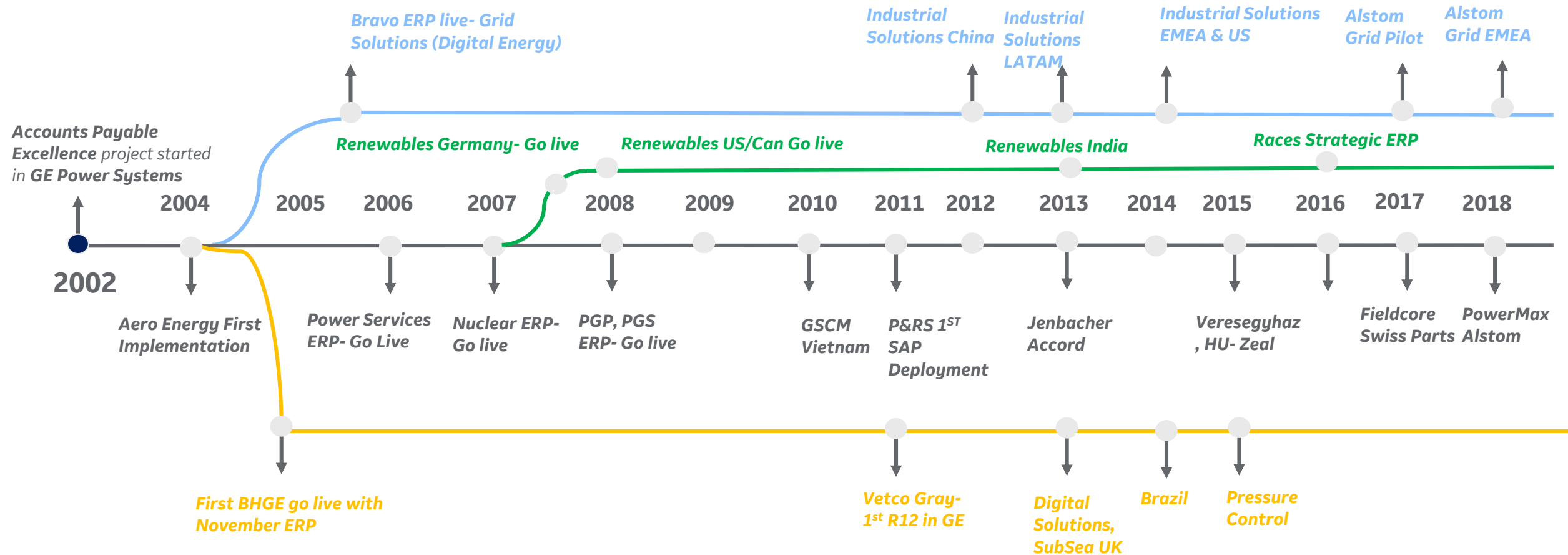
Gross Costs reported @ '18 volume



'18 Productivity @ 14% VPY



GE Global AP History



Global AP supports business ERP strategy with 92% pay on time and 95% discount capture





Chauncey St. John

Sr Customs Ops Manager —

GE Global Operations

BA, SUNY Albany New York



**GE Global
Operations**

Cincinnati – 3 Years



GE Power

New York – 3 Years



Adecco w/GE

New York – 3 Years



Customs Duty Drawback Leader (2019)

Responsible for driving Duty Drawback program to mitigate estimated \$300-500B China 301 Tariff Impact

Healthcare S2P Global Process Leader (2017)

Transformed regional to global process, increased cash flow \$16M and days to pay by 11, mandated eInvoice in Europe

Energy S2P Global Project Leader (2015)

Increased \$1.1M annual invoices global footprint across 24 additional countries, reduced CPI 6.44 to 3.94

Implementation Leader (2013)

Expanded team globally with 3x FTE increase across 6 regional hubs, onboarded over 350K annual invoices

AP Finance Analyst->Team Leader (2010)

W2W AP process ownership, mailroom through reconciliation with local team & BPO delivery



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Global AP Toolkit

Toolkit Item		What it is...	Performance	Global	Regional
Invoice processing	1 ERS (DM only)	Evaluated Receipt Settlement. Lowest cost & preferred method for direct material. GE generates supplier invoice based on GE goods receipt and pricing within ERP.		25%	10%
	2 Electronic Invoicing	eInvoicing is next best cost by performing 3 way match (3WM) up front. Tungsten is GO standard but other tools can make sense based on ERP and regional requirements.		50%	0%
	3 Perceptive	AP workflow software that manages remaining paper & pdf invoices with learning OCR & is the archiving system of record for all invoices and issue resolution, auditing, compliance.		Yes	Partial
	4 Global Mailroom	Front door for Perceptive. Consolidates and manages receipt of all invoices globally.		Yes	Partial
	5 Automated Tax Engine	Automates tax coding and classification. Enables touchless processing.		Yes	No
Cash/Terms	5 DM Later Than Logic (LTL)	Dynamic pay clock start date process which selects later of invoice date, invoice receipt date, good/ services receipt date.		Yes	No
	6 IDM 2 way Match (2WM)	APEX supports SSS Buy Only Indirect 2WM POs created under \$5k.		Yes	No
	7 TPS	Interface with GE Capital trade payable services which provides the daily tiered/monthly& quarterly terms management along with early payment funding and cash management.		Global	Lite
Payment	8 Webcash Integration	Treasury platform used for payment execution		Trusted	Manual
	9 Check Elimination	Initiative to eliminate paper check payments		91%	60%
	10 Trusted Source Certification	Pay channel certification which allows for automatic touchless payment execution		Yes	No
Support/Analytics	11 Oracle Service Cloud	Supplier inquiry management portal which provides a supplier with a simple portal to contact AP.		Yes	Partial
	12 MGM HD	Analytics dashboard which provides daily performance metrics		Yes	No
	13 Supplier Self Service	Self service inquiry portal currently provided by APSS. Will be replaced by Supplier Connect Phase 2 (SCx2)		Yes	No
	14 Support Coverage	Operations supported by a network of GE centers and BPO providers. Coverage 18x6		Global	Limited
	15 Automated NONPO Coding	Robotics capability provided to automatically code NONPO transactions to reduce business finance effort.		Yes	No

Invoice Elimination strategy

Process simplification, improved productivity, and reduced cycle times

Consistent processes and standards across the enterprise

Improved data quality

Lower Cost

Volumes

Quality
Paid on time
Productivity

**ERS
Self-Billing**

- Direct supplies
- ERS / Self-Billing Allowed and Implemented



\$1.00 / invoice

Quality
Paid on time
Productivity

**eInvoice
Tungsten / Ariba**

- Direct and Indirect
- E-invoicing is allowed by law
- ERS / Self-Billing is not allowed
- ERS / Self-Billing is allowed but not YET availa



\$2.10 / invoice

Paid on time
Productivity

PDF e-mail + OCR

- Direct and Indirect supplies
- e-invoicing is allowed by country law
- OCR deployed
- Tungsten or Ariba is in scope but not YET deployed



\$4.50 / invoice

Productivity

Paper + Mailroom + OCR

- Direct and Indirect supplies
- E-invoicing NOT allowed by country law



Paid on time

PDF e-mail

- Direct and Indirect supplies
- E-invoicing allowed
- OCR, Tungsten / Ariba not YET deployed

Controls

Paper + Mailroom

- E-Invoicing not allowed by country law

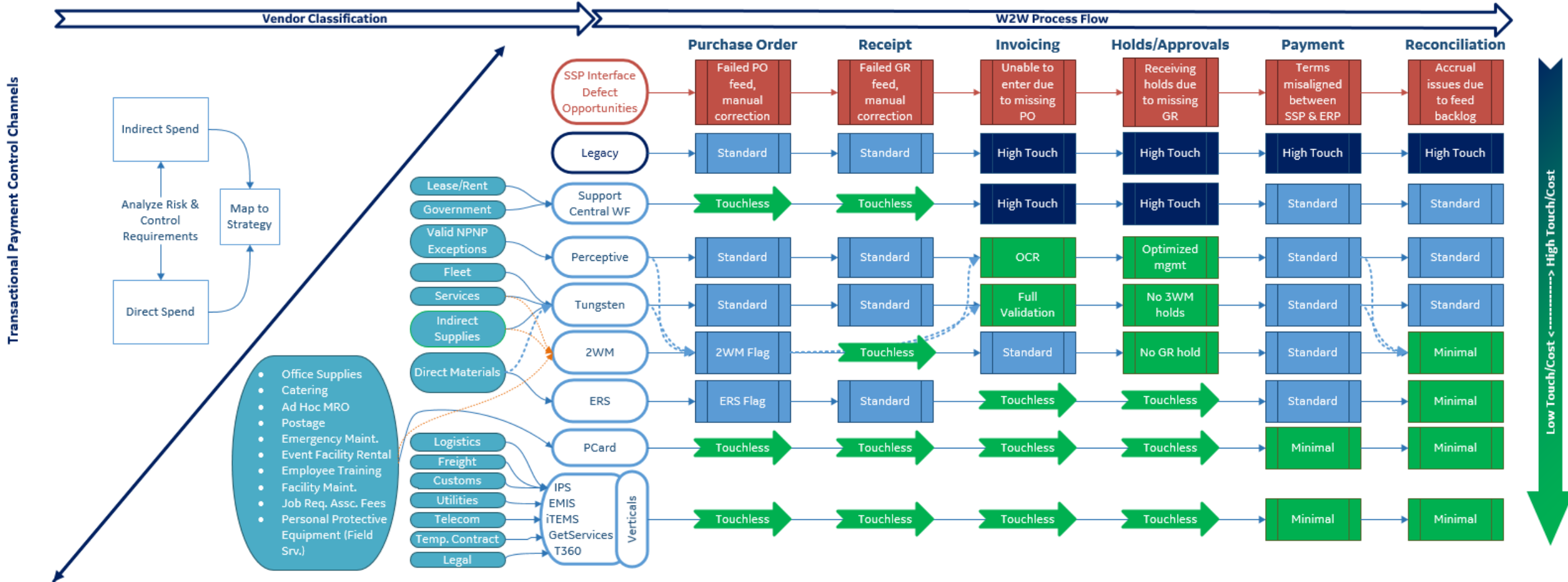
\$5.50/invoice

QUALITY INCREASE - COST DECREASE

OCR Streamlines here



Map Vendors to Strategy



Best-in-Class organizations use combination of all invoicing channels above

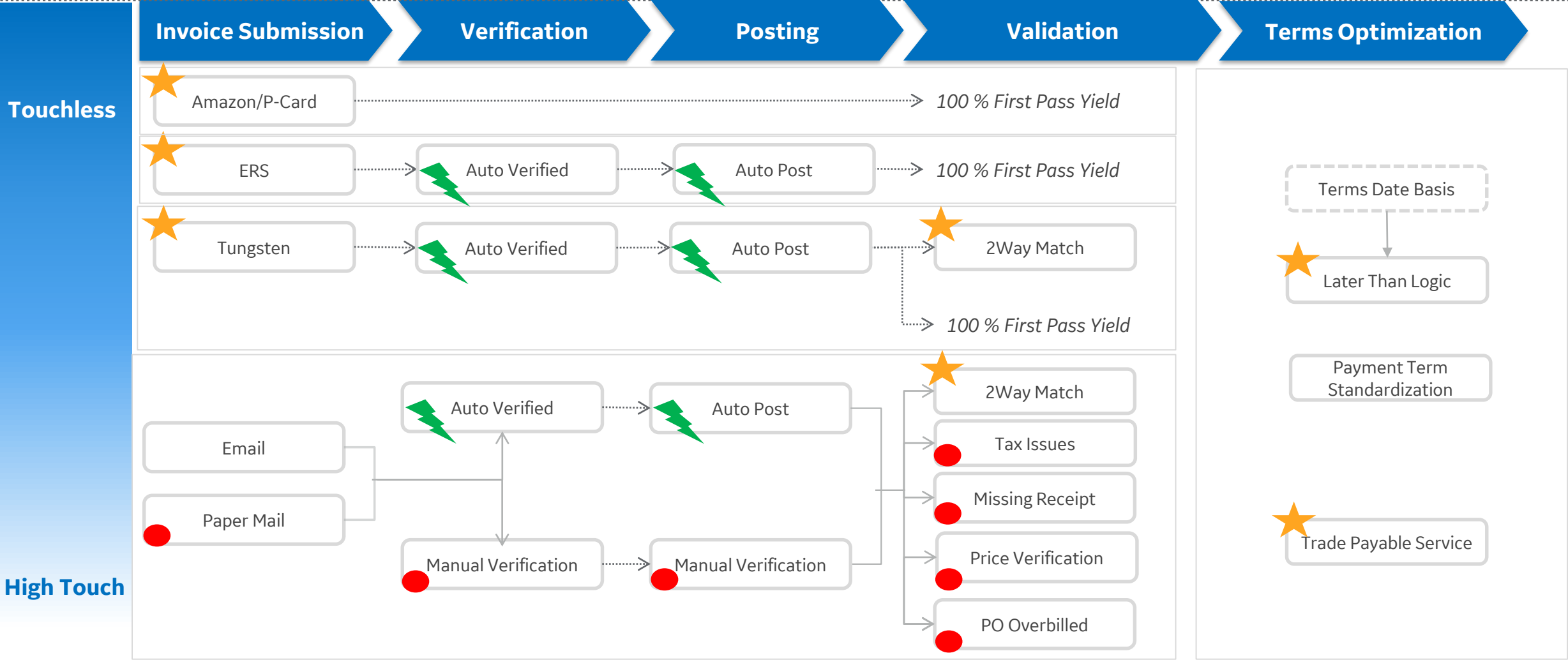


Global AP Process Map

Rework

Global Toolkit

Technology Enabler



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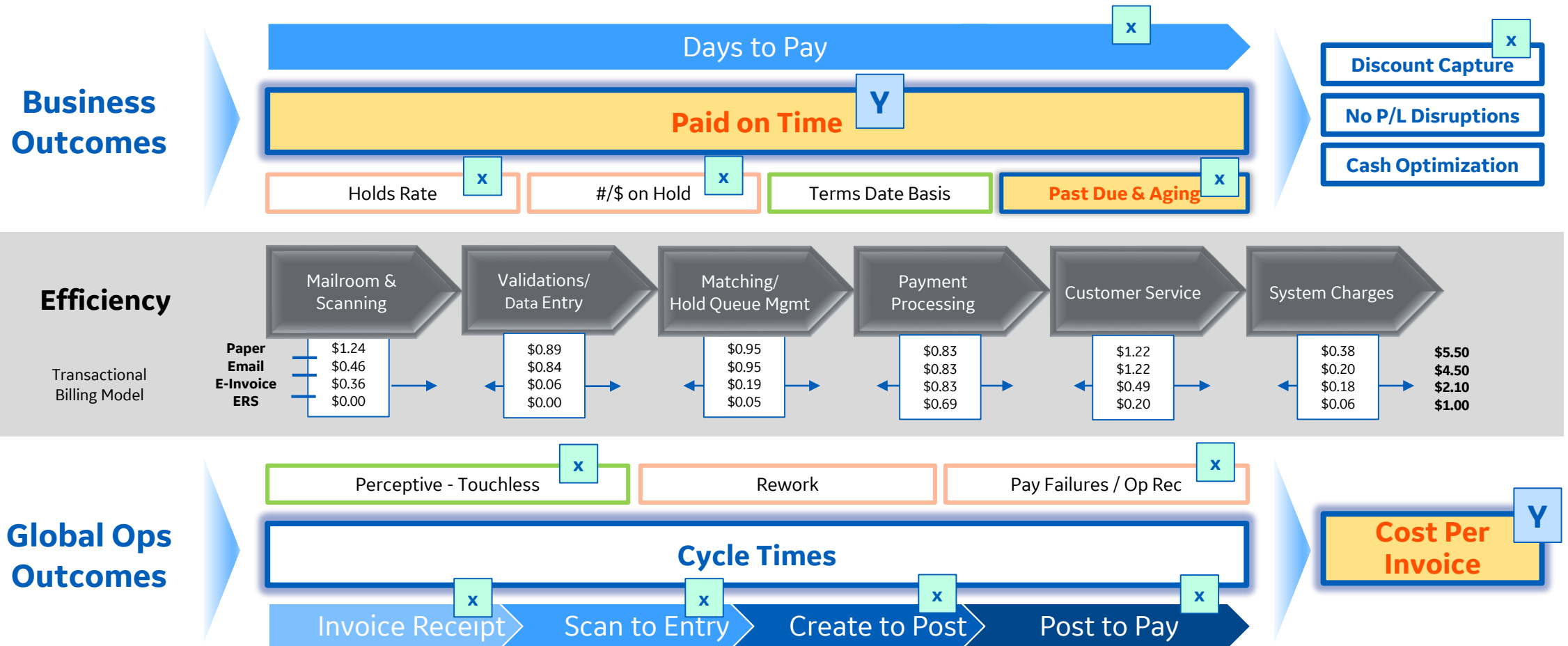
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AP Operational KPIs



100% Paid On Time + World Class CPI through Automation



Global Ops S2P-AP Transactional Billing Model

How TBM works:

Invoice Type	Cost/Transaction	Volume	Cost
ERS	\$ 1.00	1,855,242	\$ 1,855,242
Electronic	\$ 2.10	2,842,486	\$ 5,969,221
E-mail	\$ 4.50	304,890	\$ 1,372,005
Paper	\$ 5.50	3,016,922	\$ 16,593,073
Invoice Adjustments			
No PO**	\$ 5.00	1,294,860	\$ 6,474,300
Canceled	\$ 3.00	190,319	\$ 570,957
Holds	\$ 3.20	584,496	\$ 1,870,387
Greater than one line	\$ 1.00	14,597,950	\$ 14,597,950
Perceptive (Invoice Count)	\$ (1.95)	682,068	\$ (1,330,033)
Payment Adjustments			
Paper/manual EFT	\$ 1.47	1,196,372	\$ 1,758,667
non Webcash	\$ 0.38	TBD	TBD
Urgent & Expedites	\$ 30.00	TBD	TBD
Complexity			
Cost/OU/Company Code	\$ 12,254	206	\$ 2,524,228
Strategic Total	\$ 5.72	8,209,859	\$ 46,963,833
Legacy	\$ 8.53	2,327,500	\$ 19,848,786
2017 Est.	\$ 6.34	10,537,359	\$ 66,812,619
2016	\$ 7.17	10,680,159	\$ 76,537,516

Invoice Type: How the invoices enters the ERP

- ERS preferred method for direct material
- Electronic preferred method for indirect material
- E-mail only when ERS and Electronic are not an option

Invoice Adj.: Adjustments for harder invoices

- No PO, holds and greater than one line require additional effort to process the invoice; improving the quality of invoices and embracing global initiatives drive out cost

Payment Adj.: Adjustments for harder payments

- Paying vendors via check or other processes outside of Webcash require additional work

Complexity Adj.:

- Adjustments for operating in multiple OUs increasing DT cost

Legacy: Invoices not processes in a GO strategic ERP

- Non strategic volume will be billed back to the business at cost and do not have the opportunity to utilize the toolkit

Align GO cost & Biz actions to deliver world class shared AP

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AP Entitlement: Transformative Power of Technology Toolkit

How GE acquisition in Europe went from critical condition to best in class

History:

2014: 51% POT, 8K past due, manual processing

Weekly supplier shutdowns

2015: On-site workouts and process deep dives

Roles/responsibilities aligned with significant site engagement and on-site workouts

2016: Tungsten Web Portal, ERS, & Perceptive

Tungsten portal introduced, 7% volume onboarded.

ERS piloted to obtain further entitlement, but scaled back in favor of Tungsten

2017: Tungsten Integrated introduced

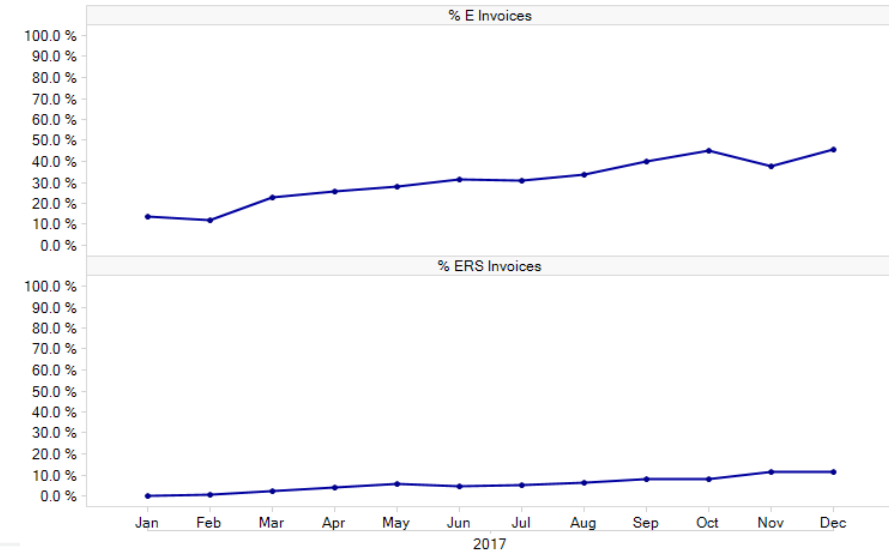
Critical turning point, 50% eInvoice+ERS achieved

For remainder, paper eliminated in favor of PDF

Current State:

2018: 98% POT, .06% past due rate, 50% electronic, 18% touchless paper

122K annual invoices supported by 3 FTE (~40K/FTE)



Summary | OCR Outcomes

	# Invoices	# Extraction	% Extraction	# Posting	% Posting	# Touchless	% Touchless
28385 - OU_SS_UK_ABZ	14,095	4,126	29 %	4,419	31 %	2,540	18 %

Today Subsea UK AP performance metrics are truly BEST IN CLASS according to Hackett and is the first BIC operation of GE in Europe with almost 60% eInvoicing through Tungsten-Network



Key Tactic: Forcing Upfront Invoice/PO Validation

- Drives tight receiving processes organically; aligns necessary actions with individuals most affected by the outcome

Consistent with ERS receiving rigor, which drives best in class performance and shared service cost out

- **HC US 92% POT & \$2.92 CPI (w/ERS)**
- **HC Europe 76% POT & \$11.92 CPI (w/o Full Validation)**
- Avoids digitizing a rework process, instead eliminates rework upfront

Direct Receiving processes better than Indirect, but still need work (>150 Past Due in Europe today, ~600 total)
- **Saves \$3.20/hold in transactional billing model, 78K Qty Rec holds last year (250K cost savings)**

Potential Exceptions:

Must be rigorously limited; pushback to be expected, but change necessary for process health

- **ExWorks/Goods in Transit ...** i.e. Oversea shipment
- **Supplier's billing system** automatically creates invoice upon departure of goods AND supplier refuses to change its ERP settings (AND there is no alternative supplier for that commodity)
- **Direct Services ...** i.e. Project work/BOP where the invoice is used to assess the services done

We should review these on a case by case basis w/o blanket exception



eInvoicing Lessons Learned

So About That Mandate...

- Mandate in Europe has been communicated, but not enforced
- eInvoice adoption is predicated on tight AP processes. Due to HC Europe hold backlog and past due invoice payments, we haven't been in position to mandate
- Hold task force established, partnering with Tungsten team to clean suppliers for onboarding

Buy-In Critical

- Sourcing must partner on supplier campaign, 'Refer to Buyer' volume
- All roles in Source2Pay process must understand eInvoice and be able to advocate for it; consistent & repeated communication campaign
- Frame benefits specific to discussion; Sourcing cares about pay-on-time for negotiating leverage, Buyers want to avoid time on AP issues, CFO's care about processing cost

Don't Underestimate Change Mgmt

- eInvoicing is not only a technology change, it is a fundamental process & culture change. PO quality **critical**
- Forcing upfront invoice validation eliminates holds but pushes issues upstream; if supplier can't invoice they will contact buyer
- Effectively pushes terms start clock to "goods receipt date", which is cash win but may have supplier push back



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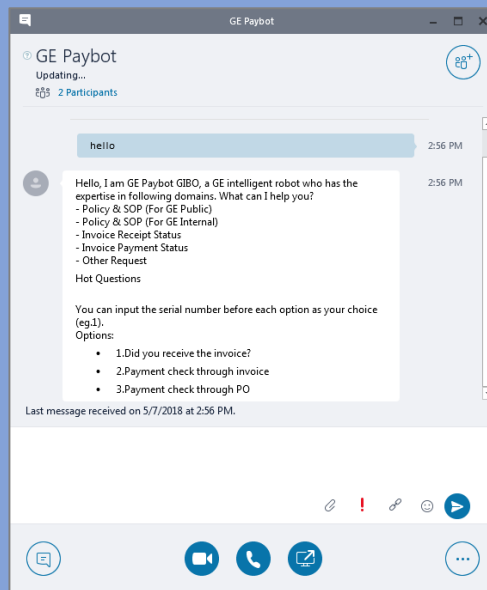
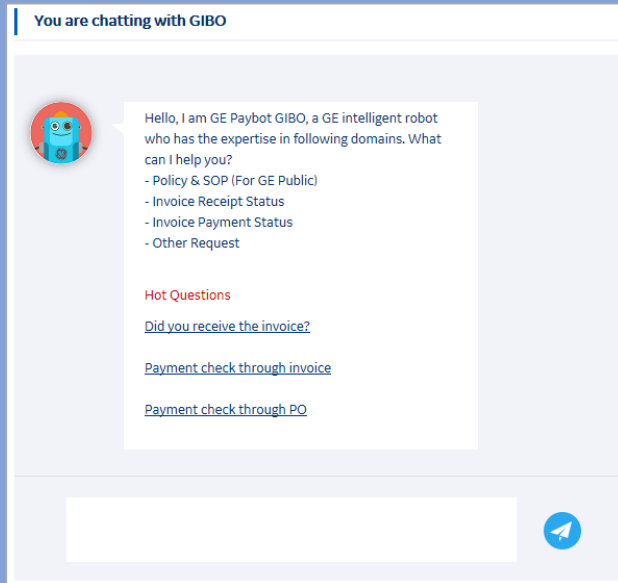
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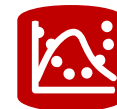


GE Paybot | GIBO

- **GIBO, GE Intelligent Robot**, powered by GE Corporate DT
- A **one stop Customer Service solution** for S2P process
 - ✓ Internal & external
 - ✓ Bilingual (CN & EN)
 - ✓ Skype integration (Account: GE Paybot)
 - ✓ Real time PO/Invoice receipt & payment status query
 - ✓ Automated OSC ticket raising for specific case follow-up



50% cost saving with productivity ↑



100% visibility for team / workload management



SINGLE point of contact & seamless interaction



Agility and scalability for business environment

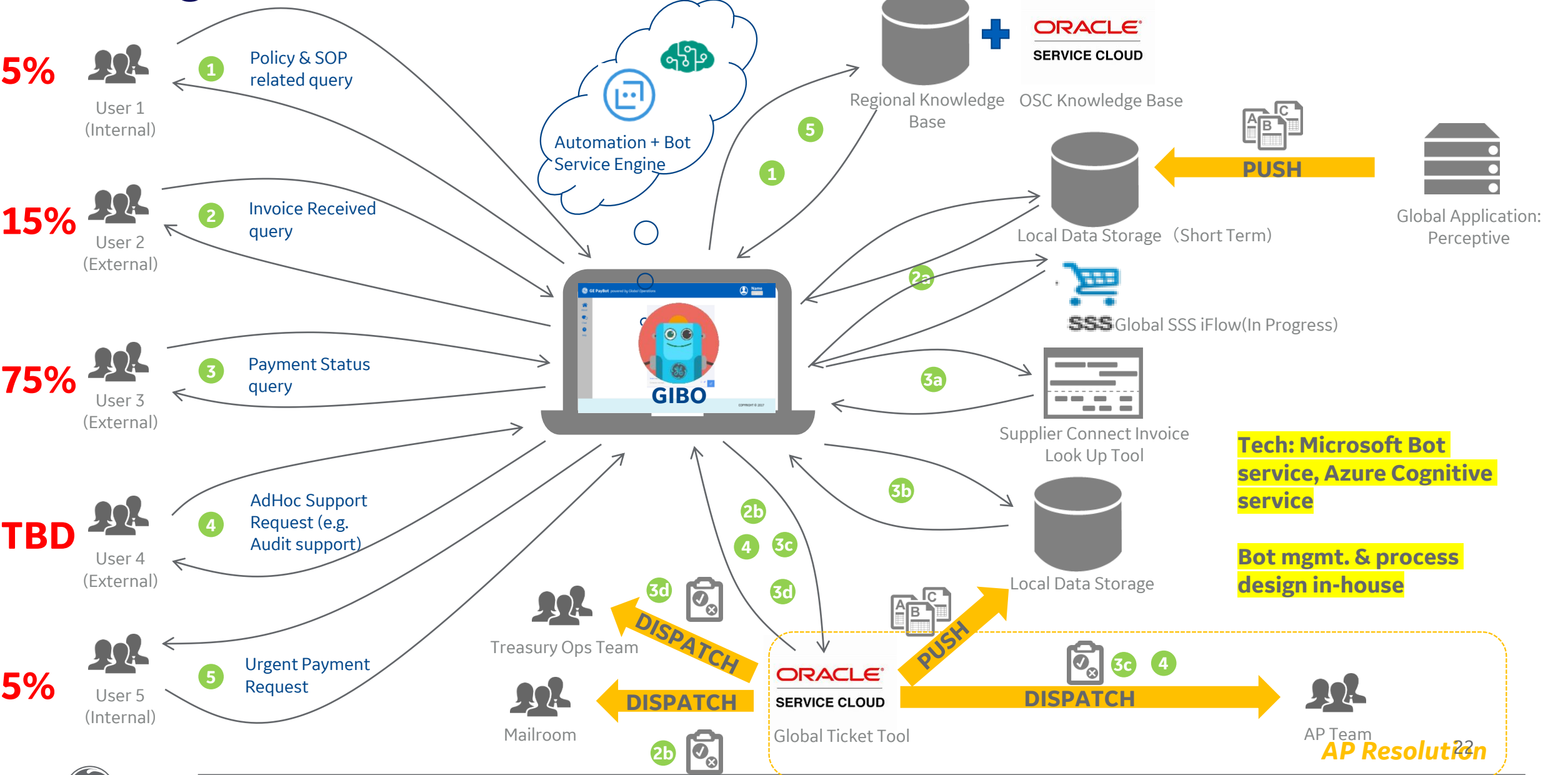


Continuous self-learning & knowledge base update



GIBO is published on Mar 1st, 2018 and support GE employee and external Supplier visit by PC web or Skype (GE Paybot)

GIBO High Level Technical Solution



Parting Thoughts

1. Understand all of your costs, and the primary drivers. Create a model to both make that cost transparent & to incentivize corrective action
2. Don't use a hammer to fix a leak; map tool to vendor strategy, and don't rely on a single solution
3. Change management is critical. Technology doesn't inherently fix upstream issues, it makes the change sustainable



