



The Toro Company

Toro Drives Process, Time and Touchless Efficiency Across Its Global Enterprise in Transformational SAP OpenText Project with Optima ECM

About The Toro Company

With roots stretching back to 1914, The Toro Company, headquartered in Bloomington, MN, has expanded globally through acquisition and organic growth, now operating in 125 countries. Toro products and services are seen in use in turf and landscape fields; snow and ice management; rental and specialty construction; and irrigation and outdoor lighting applications. With just over 6,100 employees, the diversified manufacturer achieved \$3.38B in revenue for 2020, a 7%-plus year-over-year increase in a period rife with pandemic-induced business and economic challenges. While the parent company’s Toro brand is well-known, they also own several other product families, among them Lawn Boy, Ditch Witch, Boss Snowplows and American Augers. Toro serves a diverse customer base: groundkeepers to homeowners; farmers to builders; and governments and institutions worldwide.

SAP OpenText Suite and intense redesign focus deliver dramatic speed, accuracy, and payment time improvements, with decreased costs and enhanced supplier relationships.

Invoices: From Simplicity to Complexity

The invoice is a foundational document for any company, playing a critical role as the medium for completing business transactions. It contains essential information about both the buyer and seller, which products or services have been sold and delivered, along with other pertinent specifics like pricing and payment terms. But while capturing the data, consolidating it into a document, distributing that document and

obtaining the required response—a time-sensitive buyer payment—may seem simple, it’s often anything but.

Consider the many potential invoicing problems business face today—in the documents themselves and the processes behind them:

- Multiple points of data entry and oversight, across multiple organizational functions
- Multiple invoice formats
- Confusing, imprecise language
- Missing or erroneous information
- Missing or misplaced invoices
- Recurring mistakes that can lead to difficult, distrustful business relationships.



Beyond these basic challenges, the scope and size of an organization operating at scale in global economy only serve to add complexity and additional obstacles concerning both accuracy and timeliness. Often, companies must contend with multiple fluctuating currencies, along with a variety of tax, tariff, and regulatory factors all in a single invoice.

Accelerate your digital transformation



Each invoice seems more customized than standardized, despite well-worn processes and technologies, including Electronic Data Interchange, that were supposed to improve process, operations and outcomes. Yet the use of hard copy, postal-delivered invoice documents still prevails, and surging business growth means mounting invoice volumes.

For Toro, a growing and diversified business that spans regions, industries, and a sizable supplier base around the world, these challenges became pervasive and felt at times insurmountable. Both the company's finance and IT leadership embraced the opportunity to simplify and improve invoice management—specifically tracking and paying vendor invoices. Toro's first initiative implemented AP technology but quickly found it unsuited to the business. Its initial solution couldn't scale or accommodate localization, required significant customizations, and didn't satisfy the company's stringent compliance requirements. More importantly, Toro discovered it couldn't integrate the early procure-to-pay approach with its SAP base, creating significantly more manual work and slowing the entire cycle.



Hitting a Procure-to-Pay Wall

Toro's initial disappointment in procure-to-pay and invoice management technology made leaders hesitant to pursue the path again. Yet, Toro's strategic global compliance initiative, along with its continued growth and rising invoice-related expenses combined to create an unsustainable situation. Working with Optima's team of invoice management experts, the company collaboratively arrived at both strategic and operational objectives for a global, enterprise-wide scope. They prioritized process redesign and improvement, recasting long-held workflows and placing heavier emphasis on

collaboration, communication, and change management throughout the 18-month journey.

Toro and Optima defined several objectives for the invoice-to-pay project focus, both within and beyond the initial scope. Characterizing the project as transformational for internal procurement resources, finance/AP, and its massive supply chain, they:

- Recognized the need to establish standardized operational processes and business rules
- Wanted the ability to develop and track key performance metrics for internal analyses as well as improved invoice and supplier data
- Employed a systems approach that would integrate EDI, auto-ingest emailed invoices, and manage digital invoices in a payables platform
- Further leveraged SAP systems integration for invoice validation, rejection, exception handling, workflows, approval and posting—all with minimal SAP customizations
- More fully embraced digital, including an architected integration with an Ariba-based supplier portal.

The team also articulated several business drivers—pain points and difference makers—with heavy focus on efficiency, including:

- Reducing labor by streamlining and digitizing invoice management, shrinking labor demand, especially internationally, using business rules rather than customizations
- Reducing cycle time by limiting touchpoints and achieving straight-through invoice processing
- Executing root cause exceptions, measuring supplier performance and driving accountability by making sure suppliers are invoicing accurately and appropriately
- Creating scalability by standardizing and automating across shared services while maximizing operational excellence across people, process and technology
- Optimizing cash flow by focusing on ways of minimizing days-payable-outstanding (DPO) metric and choosing suppliers that meet terms.

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Practically speaking, Toro had looked for answers and improvements to a supply chain riddled with touchpoints and found them in a managed, scalable solution for handling its vast volumes of invoices. In defining business requirements, Toro had arrived at a crystal-clear blueprint that encompassed policy, process, and technology solutions—interwoven with cross-organizational collaboration and change management.

As the team contemplated its technical choice, Optima's Envision consult included process redesign efforts to totally recast the invoice-to-pay journey. With deep dives into existing workflows, root cause analysis, and "as is" and "to be" exercises, Toro established a five-step journey—digitize, standardize, accelerate, operate, and optimize.

Each step featured a range of core project elements like paper reduction, process standardization, policy updates, digitized workflows, and touchpoint reduction, among others.

The Aligned Solution to Simplify and Scale

Already familiar with SAP as its core business process platform, Toro selected SAP Document Access by OpenText, SAP Invoice Management by OpenText, and SAP Invoice Capture Center by OpenText, all from the SAP OpenText Content Management portfolio. As part of its comprehensive approach to simplify, digitize, and automate invoice processing, the company leveraged Optima's deep OpenText understanding and experience, and agreed with their recommendation that SAP OpenText would provide the foundation to suit the current need and future growth for the total company.

The integrated solution provides management, insight, and control throughout invoice-to-pay—from invoice ingestion (and archiving via SAP) to OCR-based invoice recognition and from invoice verification to exception handling all the way through to completion and approval through a single, end-to-end SAP installed system.

Not only did the invoice-to-pay solution hit the key marks of any project—it came in on time, on budget, and well within scope—but the enterprise is already reaping the rewards of its improvements and celebrating success with business outcomes that include:

- Process improvements to successfully handle invoice processing at 700,000-per-year-plus rates

- Handling over 550,000 invoices in the US with just six invoice analysts and one manager
- Increasing EDI invoicing to 57% of all invoices, bringing email invoices to 36% and reducing the number of paper invoices handled in the mailroom
- Straight-through processing enabled 85% touch-free invoicing worldwide
- Reducing invoice cycle time from 18 days to 4.25 days
- Dramatically strengthening core expense and risk management, compliance controls through digital audit trails, and quick closes and reporting.



Technologies Used

- SAP Document Access by OpenText
- SAP Invoice Management by OpenText
- SAP Invoice Capture Center by OpenText

Ongoing Activities and Next Steps

Given the invoice-to-pay project scale, scope, impact, and enterprise integration with core SAP applications, Toro continues to utilize Optima's knowledge and experience overall. As an Optima TotalCare client, Toro continues to share business and industry challenges that Optima can tackle. Through the Toro-Optima relationship, the invoice-to-pay approach and solution set the organization up to realize its entire procure-to-pay vision for tomorrow. Toro management is equipped



to improve supplier relationships using metrics derived through the system. These include data on supplier volumes, volumes by region and by month, past-due invoices and other supplier snapshots presented in a real-time dashboard. They are also able to identify root causes and resolve issues with suppliers in face-to-face meetings.

The system's machine learning and optical character recognition mean greater accuracy and invoice validation as a service. Toro is working with its suppliers to continue the march toward total invoice digitization and improve suppliers' overall digital footprints. And the organization continues to evolve and improve supplier services through the Ariba portal.

About Optima ECM Consulting

Optima is a global company centered on Enterprise Content Management strategies and business solutions for Compliance, Optimization, Revenue Enhancement and Collaboration. We can help you with:

- **Strategy & Planning**
Define and prioritize a strategic end-to-end ECM vision to link disparate data and content sources, supercharging the value of your content. Extract invaluable business insights to initiate a comprehensive digital transformation and accelerate your future success.
- **Redesigning a Better Business Solution**
Improve the way you do business by aligning and optimizing your unique content with legacy business processes, technology, and people. Increase efficiency, productivity and transparency at every point in your most mission-critical value chains.
- **Unleashing the Power of Technology**
We help you solve the technology question. Leverage our deep experience in selection, implementation and roll-out of best-in-class software from SAP & OpenText to deliver streamlined and integrated solutions. Boost the productivity of your entire organization today and accelerate your progress to tomorrow's goals.
- **Optimizing & Sustaining Your Systems**
Reduce risk, safeguard your systems and create an adaptable enterprise to accelerate your company's performance. Monitor and act upon real-time system and data insights for continual enterprise improvement. We also provide tailor-made support to ensure system uptime and on-demand operations team capacity with the expert skills you require.

We ensure our clients increase productivity, improve customer service and reduce operational costs while increasing compliance levels with superior solutions using SAP, the OpenText Content Suite and SAP ECM Solutions by OpenText.

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