

Case Study: Cinergy Automates Procure-to-Pay Process using Pantellos e-Marketplace Services

Through a direct connection with its Indus PassPort System™ to the Pantellos e-Marketplace, Cinergy generated a 5 to 1 ROI with reduced costs, increased transaction efficiency and improved the visibility of supply chain activity.



Solution Overview

The Pantellos e-Marketplace is an Internet-based platform that enables buyers and suppliers to conduct business electronically. Through electronic commerce, trading parties can lower their costs and improve the efficiency of procurement. The e-Marketplace incorporates technology to enable electronic commerce and a full range of services to support the procurement process, including Pantellos OneSource, powered by Frictionless Commerce, and the Pantellos e-Settlement Network. Trading parties access the e-Marketplace in a variety of ways, including direct connection from an enterprise system or through a hosted e-procurement application such as Pantellos Buyer.

Opportunity

Cinergy Corp. is a strong believer in the value of e-procurement, and a look at the company's achievements explains why—lower transaction costs, shorter procurement cycles and better order accuracy. Cinergy has also reduced its purchase order costs from \$100 to less than \$20 per P.O.

Cinergy achieved these impressive results by concentrating on technology and business process improvements necessary to attain a high level of supply chain performance. A particular focus was eliminating costly, inefficient manual transactions throughout the procure-to-pay (P2P) cycle.

Solution

The Pantellos e-Marketplace offered Cinergy the foundation for automating its P2P process by providing a single integration point to connect with suppliers and conduct transactions faster, more accurately and at a lower cost.

To enable the technology for e-procurement, Cinergy established a direct physical connection between its Indus PassPort system and the Pantellos e-Marketplace, setting a goal to move 80 percent of the company's procurement transactions to the e-Marketplace. The internal rollout program included communication to engage the staff and prepare them for change. Some 300 users, including supply chain professionals, plant personnel and administrative staff, received training on how to conduct transactions through the Pantellos e-Marketplace.... *ctd. on back*

"Our investment in doing business with Pantellos has more than paid for itself. Supply chain savings have a huge impact on a utility's financial health because they go straight to the bottom line."

Craig Weida
Vice President for Supply Chain and Administrative Services
Cinergy

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Solution ctd...

Supplier adoption has been a key success factor in implementation. Cinergy focused on key suppliers, setting a goal to connect directly with its top 200 suppliers via the e-Marketplace. The utility dedicated people and resources to involve suppliers in the process and support them in making the transition to integrated e-commerce. Pantellos provided tactical assistance and testing services to help bring suppliers on board. To date, Cinergy has integrated 64 key material suppliers.

Cinergy has also begun to implement the Pantellos e-Settlement Network, which will fully automate the P2P process by enabling electronic submittal and payment of supplier invoices. Cinergy expects this solution to cut its invoice processing costs in half and help improve supplier relationships through shorter payment cycles.

Results

To date, Cinergy has moved 50 percent of targeted procurement transactions to the Pantellos e-Marketplace. The utility conducts an average of 4,300 transactions per month for both direct and indirect commodities, including poles, wire and cable, distribution transformers, electric and gas meters, office supplies, safety equipment, general MRO supplies and IT software.

Cinergy's total e-Marketplace spend now exceeds \$190 million, with more than 110,000 transactions to date. By leveraging the use of the Pantellos e-Marketplace, Cinergy has lowered transaction costs and reduced procurement cycle times—with fewer full-time resources. Order accuracy has improved from an error rate of more than 15 percent on EDI transactions to just .2 percent for XML transactions through the e-Marketplace.

Cinergy has achieved a return on investment of approximately 5 to 1 on its technology and business process innovations, including e-procurement through the Pantellos e-Marketplace. "Our investment in doing business with Pantellos has more than paid for itself," said Craig Weida, Cinergy vice president for Supply Chain and Administrative Services. "Supply chain savings have a huge impact on a utility's financial health because they go straight to the bottom line."

With this successful track record, Cinergy continues to move more transactions through Pantellos. The number of transactions has increased by 21 percent over the last 12 months, and work is now underway to begin buying several additional categories of MRO materials.

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