



CASE STUDY

CASSINFO.COM

How Sonoco Drove Telecom Costs Down and Employee Bandwidth Up

Telecom Overview

- 8,000 voice & data lines
- 163 locations
- 57 carriers
- 3,000 cost allocations

Challenges

- Decentralized telecom management wasn't optimal; plant managers too involved
- Substandard invoice audits
- Lack of inventory and expense data

Results

- Telecom costs at plants are down
- Accurate inventory
- Automated change management
- Additional bandwidth for managers and staff

"Cass furnishes the tools and resources to know that our process isn't slipping. And, because of our continuing relationship with Cass, our IT and accounts payable teams now have significant additional bandwidth."



Steve Wyatt, director of IT
Sonoco

Improved Process. Real Results.





Overview

There are some things we just never think about: the wrapper on a candy bar, the bottle holding our shampoo, the can that transported the coffee grounds home. But one company, and its 17,000 employees, thinks about those things every day. A global leader in the packaging industry, Sonoco creates packaging products for hundreds of items made and sold around the world. This \$4.1 billion, Fortune 1000 company has a mission to be the low-cost leader in every region it serves, and its corporate culture is driven by process improvement and cost control.

Most of Sonoco's 163 locations are manufacturing facilities, with each plant manager having P & L responsibility. Five years ago, each facility was managing its own telecom operations – choosing carriers, negotiating contracts and auditing invoices. Paper invoices were forwarded to regional hub locations for payment.

Over time, Sonoco found flaws with this system. Its plant managers, focused on running manufacturing facilities, had little time to invest in negotiating telecom deals or auditing telecom invoices for contract compliance. Plus, with the complexity of the invoices, they suspected that overcharges were slipping through the system. The paper invoice process was inefficient and didn't allow for much data to be collected on a corporate level. The corporate office had little information as far as company-wide inventory or detailed spending metrics.

Sonoco moved to a shared services model to remove overhead at the plants and hubs. Not only did they begin to pay telecom invoices centrally, but they also began centralizing other telecom activities. By combining the buying power of its many locations, Sonoco negotiated a new national long-distance plan. They began to build up an enterprise-wide inventory database that was reasonably reliable.

The Move to Telecom Expense Management

Although the shared services approach was getting the job done, IT had been studying the concept of outsourcing telecom expense management (TEM) and was buying into the idea that they could achieve greater efficiencies and savings by working with specialists than they could on their own.

The corporate IT group took a bold step in driving a TEM initiative. They investigated providers, made a selection, and rolled it out to the plant managers, telling them their costs would go down and their jobs would become easier. But the phrase "we're from corporate and we're here to help" doesn't always resonate well within an organization, especially when it means relinquishing control over a P & L line item -- and not just to corporate, in this case, but to another company. The IT team perceived a sense of healthy skepticism.

They drove forward with three primary goals for TEM: (1) decrease costs for each plant (and, therefore the company as a whole); (2) create a standardized telecom infrastructure business model; and (3) offload as much telecom involvement as possible.

Cass was chosen as Sonoco's full-service TEM provider for a number of reasons. Cass' online application appealed to both Sonoco's IT and accounts payable teams. Cass' approach of managing the entire telecom lifecycle also appealed to Sonoco, who wanted to transform all aspects of the telecom lifecycle and automate as many of these functions as feasible. With Cass, they could do more than just change or automate invoice management; they could transform the process from procurement and inventory management, to payments and cost allocations.

Sonoco's Goals for TEM:

1. Decrease telecom costs at each plant
2. Standardize infrastructure
3. Offload significant telecom management



Today: Simplified Telecom Management; Additional Employee Bandwidth

Fast forward to today, with Cass' team fully integrated with Sonoco's telecom operations and Cass' TEM application now the hub of all of Sonoco's telecom management activities.

Today, two members of Sonoco's IT staff are involved in TEM on a regular basis. They log in routinely to approve invoices, exchange information with their Cass account manager, communicate with their Cass auditor, and request changes when needed.

Some of the new streamlined processes include:

- **Change Management.** Requests for moves, adds, changes and deletes are communicated from plants to Sonoco's corporate IT staff, who enter requests online. Cass manages the request from there and maintains notes within the shared application should Sonoco need updates.
- **Automated Audit.** Invoices are sent directly from Sonoco's telecom carriers to Cass - via EDI in most cases. Instead of reviewing and forwarding paper invoices, now Cass' automated system checks electronic invoice details against contracted rates, inventory, and dozens of other business rules. All of these details are available online for Sonoco's review and reporting purposes.
- **Automated Workflow.** Whether an invoice payment needs to be approved, a Sonoco employee has requested a disconnect, or Cass has made a savings recommendation, workflow plays a part in simplifying communications and the work process. Activities like these trigger automatic emails to the right Sonoco or Cass employees, keeping tasks moving swiftly and staying on track.

Steve Wyatt, director of information technology, said that from his perspective, Cass has allowed him to "set it and forget it." Telecom is no longer an activity that he spends much time on or worries about. And his management by exception approach is made easy because the application makes it simple to identify unusual activity.

Throughout Sonoco, those involved with the system and those with financial responsibility for telecom expenses have gained complete trust that the process works. They know that invoices are paid on time and accurately, and that cost allocations are consistently being applied each month. Inventory is easy to manage and search, with the ability to drill down to a particular line, at any location. Spend information, vendor metrics, and specific invoices are all in the system. In other words, Sonoco management now uses an online dashboard that affords complete visibility into this expense area. On a regular basis, this proves helpful in making business and financial decisions.

"One of my concerns at the time," stated Michael Ulmer, manager of computing operations, "was that after 18 months when all the big upfront savings had been realized, this initiative would lose value. But that's simply not the case. We have found an ongoing value that exceeds our monthly fee."

Achieving a best-practice approach is the first step; maintaining and continuously improving the process is a job that never ends. "Cass furnishes the tools and resources to know that our process isn't slipping, and we aren't reverting back to a place where our inventory data can't be trusted or where we can't easily verify that newly negotiated rates are really reflected in the invoices we pay," Wyatt said. "Because of our continuing relationship with Cass, we don't have to worry about telecom." In Wyatt's view, one of the best outcomes has been that "our IT and accounts payable teams now have significant additional bandwidth."

"Cass furnishes the tools and resources to know that our process isn't slipping, and we aren't reverting back."

The Bonus for Corporate

The corporate IT group had made a bold move with the TEM initiative. With initial results in, they can comfortably say that outsourced TEM is working. The plant managers have gone from full involvement in telecom to not even touching invoices. They appreciate the value of having more time to focus on business-critical issues. Even more notable, the plant managers have seen a drop in their telecom expenses, so now this area has become little more than a predictable expense on their monthly P & L statement.

Other affected groups have also been satisfied. The accounts payable team and other managers are among those who have benefited from Sonoco's business process transformation of telecom management.

What's next for Sonoco and Cass? With both parties pleased with the results so far, plans are in place to roll out TEM to Sonoco's Canadian facilities in the near future.

“Our IT and accounts payable teams now have significant additional bandwidth.”



Now Sonoco has complete visibility and process automation for all facets of its telecom usage and expenses.

Cass Information Systems (Nasdaq: CASS) is North America's largest and leading provider of lifecycle solutions for managing recurring complex payables, such as communications, utilities, transportation and waste. With \$40 billion in payables and more than 1,000 employees, Cass has been in continuous operations since 1906.

CONTACT US

www.cassinfo.com
US: 866-796-2200

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