

Mohawk Industries Inc.

Case Study

TUNGSTEN
AUTOMATION


MOHAWK
INDUSTRIES, INC.



Case Study

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Introduction

Mohawk Industries (NYSE: MHK) is one of the world's largest suppliers of flooring for both residential and commercial applications with \$7.3 billion in annual revenue and facilities in the United States, Australia, Brazil, Canada, China, Europe, India, Malaysia, Mexico and Russia. Mohawk's AP department is responsible for processing invoices for the U.S. operation – interacting with over 8,000 suppliers, ranging from small businesses to large multinational organizations.

The Challenge

In 2004, Mohawk's CEO challenged the Accounts Payable (AP) team to evaluate methods to reduce costs by considering alternative and innovative solutions. At the time, paper dominated the processing environment at Mohawk, preventing the AP department from making the kind of break-through needed to significantly reduce operating costs. Combined with the need to address tough new compliance issues resulting from the Sarbanes-Oxley Act, and the need to continue Mohawk's position as one of the best players in its industry, the endeavor represented a major challenge. The initial challenge to Mohawk – a need to reduce costs in AP – led to a focus on labor costs, by far the major cost component for AP.

750

new suppliers enrolled
within six weeks

50%

improvement in
processing metrics

\$3 billion

worth of invoices
each year

8000

suppliers

CUSTOMER SNAPSHOT

INDUSTRY Consumer Goods
COUNTRY U.S.A.

KEY OBJECTIVES

- Reduce operating and labor costs
- Reduce paper and exceptions in relation to invoice submission
- Take advantage of early pay discounts
- Improve eco-friendly credentials

RESULTS

- 75% of invoice volume transitioned to electronic in first few months
- Savings of \$3 million in early pay discounts and duplicate payments
- Saving the equivalent of more than 500 trees
- Reduction of time and resources needed for audit recovery

Solution

In 2005, Mohawk began working with Tungsten on its JD Edwards ERP. Although Mohawk had thousands of suppliers associated with its US operation, the top 1,135 accounted for more than 600,000 invoices per year, worth \$3 billion. The transition from paper to electronic invoicing began once Mohawk provided the list of those top suppliers to the Tungsten Supplier enrollment team.

Within five months, over 75 percent of those suppliers had enrolled, enabling Mohawk to reduce paper invoices by over 400,000 annually. Mohawk has since initiated a multi-year SAP migration project with Tungsten. The company

currently runs Tungsten on parallel ERPs (JDE and SAP) with almost no impact to its supplier base – a testament to Tungsten any-to-any data mapping capabilities.

The Impact

Mohawk has expanded its Tungsten usage since the initial implementation. The company uses Invoice Status Service to provide detailed payment information to its vendor base via the Tungsten Portal. This minimizes calls into the AP Help Desk and provides significant value/visibility to Mohawk vendors. In addition, Mohawk has chosen to implement Tungsten PO Services with Extended Validations. By sending its own purchase order data to Tungsten,

“We couldn’t be happier with our association with Tungsten. Tungsten has accelerated our global invoice process, helped us to reduce labor costs significantly, and allowed us to maintain and even strengthen our relationships with our valued suppliers. We look forward to a long and rewarding relationship.”

Mark Dailey,
Director, Shared Services

Mohawk has enabled a front-end data validation process that provides a virtual match between vendor invoice and purchase order information. This service places the onus on the supplier to provide quality invoice data. Cleaner data leads to faster processing and less manual intervention, and Mohawk's straight through processing metrics improved more than 50% as a direct result of the PO Services implementation. In October 2014, Mohawk mandated Tungsten for all in-scope vendors. The response was staggering, with more than 750 new suppliers enrolling within the first six weeks of the mandate communication.

[Read more stories of success from our global customers at TungstenAutomation.com](http://TungstenAutomation.com)



About Tungsten Automation

Tungsten Automation, formerly Kofax, is the global leader in intelligent automation solutions with a trusted legacy of nearly 40 years, with a team of 2,000+ employees in 40 countries, serving 25,000+ global customers. Our dedication to innovation and customer success has earned us industry recognition, including being named a leader in Intelligent Automation (IA), Intelligent Document Processing (IDP) and Process Orchestration by top analysts. We are trusted to help businesses gain unprecedented efficiencies and reduce costs through AI-powered workflow automations that propel their businesses into the future.

To learn more, visit www.TungstenAutomation.com

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