

## CASE STUDY:

FINAVIA

# EFFECTIVE PROCUREMENT AT FINAVIA WITH PURCHASE TO PAY

FINAVIA OWNS AND OPERATES 25 AIRPORTS ACROSS FINLAND. FINAVIA MOVED FROM HAVING A COMPLETELY DECENTRALIZED PROCUREMENT PROCESS TO IMPLEMENTING A CENTRALIZED PURCHASE-TO-PAY SOLUTION SUPPORTING HIGH ADOPTION OF E-PROCUREMENT. THE CHANGE HAS RESULTED IN GREATER TRANSPARENCY AND SPEND VISIBILITY, SIGNIFICANT SAVINGS IN PROCESS COSTS AND HARMONIZED OPERATING METHODS. IT HAS ALSO MADE VOLUME DISCOUNTS POSSIBLE.



### CENTRALIZED FUNCTIONS SUPPORTED BY PURCHASE-TO- PAY SOLUTION

Finavia initiated a procurement survey in 2008 with the aim of developing procurement at the Group level. Procurement was very decentralized, with every airport making its own purchases. Some suppliers had 25 customers named 'Finavia' instead of just one. This decentralization increased process costs.

Based on the results of the survey, Finavia decided to boost the efficiency of the procurement function. The first step was to develop the procurement of materials and their call-offs whenever needed. They soon realized that it would be difficult to

centralize procurement and achieve transparency in purchasing without a purchase-to-pay (P2P) system.

### THE DEVELOPMENT OF PROCUREMENT HAS YIELDED RESULTS

**"WE NOW HAVE  
A UNIFORM  
PURCHASING METHOD  
THROUGHOUT THE  
GROUP. THE NUMBER  
OF SUPPLIERS  
HAS DECREASED  
CONSIDERABLY: FROM  
8,627 IN 2008 TO  
3,492 IN 2013"**

explains Ismo Karjalainen,  
Procurement Director at Finavia.

#### CUSTOMER:



#### INDUSTRY:

Transportation/logistics

#### LOCATION:

Finland

#### BASWARE SOLUTIONS:

- Purchase Management
- Invoice Processing
- Contract Matching
- Order Matching
- The Network

basware

Simplify Operations, Spend Smarter.



## **PURCHASING MADE EASY**

The number of purchase invoices has also decreased significantly. The accounts payable (AP) function processed 80,156 purchase invoices in 2008 and only 46,070 in 2013. The lower volume of purchase invoices and suppliers has meant process savings.



### **USER INVOLVEMENT DRIVING END-USER ADOPTION**

**“WE WANT OUR EMPLOYEES TO HAVE A POSITIVE ATTITUDE TOWARDS THE E-PROCUREMENT SYSTEM, SO IMPLEMENTATION HAS BEEN CARRIED OUT IN COOPERATION WITH THE USERS,”**

Ismo explains with a smile.

There was a contest to name the new solution: ‘Finha’ won. In addition, employees who contribute to the use of the e-procurement through their

personal positive example have been rewarded. Users have access to a dedicated support team hotline during office hours on weekdays. User feedback is heard. In fact, approximately 90% of improvement ideas have been implemented.

### **E-PROCUREMENT USED FOR OVER 80% OF PURCHASES**

Finavia wanted to ensure that purchasing was on-contract, and to provide transparency and traceability in procurement. System usage is monitored by measuring the ratio of invoices against orders or contracts. Each airport manager receives a quarterly report of their usage level and ranks them against other airports. Currently, 80% of spend is managed with the system.



### **PURCHASING MADE EASY WITH SUPPLIER CATALOGS**

Finavia understood that product catalogs ensure purchasing in accordance with contracts, make call-offs easier and lower users’ resistance to change. They also make it easy to search for and

find the right product or service. Users can see images, technical specifications, batch quantity and other useful information right away. This decreases the number of ordering errors. In addition, account coding is automated and prices are up-to-date, which makes it possible to match invoices to purchase orders.

### **INTERNAL CATALOGS AND EXTERNAL PUNCH-OUT CATALOGS DEPLOYED**

Finavia uses both internal catalogs and external punch-out catalogs. In internal catalogs, the supplier submits the product catalog to Finavia’s P2P system, whereas in external punch-out catalogs, the supplier’s marketplace is integrated into Finavia’s P2P system. Either way, the users see only the contracted products and prices - not the supplier’s entire product portfolio.

### **SUPPLIERS WILLING TO DELIVER CATALOGS**

Currently, Finavia has 7 external punch-out catalogs and the remaining 80 catalogs are internal. Catalog type is chosen depends on how challenging

and broad the supplier's product range is. Finavia has not had any difficulties in getting suppliers to deliver catalogs or make punch-out interfaces. Suppliers are told already in the tendering phase that Finavia wants the products according the contract to be in catalog formats, and this is ensured once more in the contract negotiations. In addition, Finavia provides clear instructions to suppliers about the different alternatives and how to create and deliver catalogs. The content of internal catalogs is updated 2 to 4 times a year.

## DIVERSE AND INSPIRING WORKING ENVIRONMENT

Centralized procurement, unambiguous processes and purchase-to-pay system ensure that the procurement function has all the tools it needs for the continuous development of operations. "This keeps the job interesting. The work is responsible and meaningful," says Sanna Valkeinen, who is in charge of Finavia's purchase-to-pay system. Procurement personnel have diverse job descriptions.

## NEXT STEPS: INCREASE MATCHING AND E-INVOICING

"Our next development measure will be to increase the matching rate of invoices to purchase orders. If an invoice and PO do not match, we will find the root cause and address it," Sanna explains. Moreover, the company will increase efficiency of processing contract-based purchases, and encourage suppliers to send e-invoices.

Finavia already receives more than 70% of its purchase invoices as e-invoices, but this is not enough for the continuously developing organization. "After the product upgrade in the fall, we may deploy Basware Portal, which allows suppliers to send order confirmations via the portal and reverse purchase orders, among other things," explains Sanna.



Sanna Valkeinen



### ABOUT: FINAVIA

Finavia provides services that facilitate smooth air traffic and international connections to and from Finland.

They maintain and develop a network of 24 Finnish airports and the air navigation system which covers the entire country. Uncompromised safety and customer orientation are the core of their operations. They aim for efficient operations that also help save costs. The cost savings benefit airlines but also result in cheaper ticket prices welcomed by travelers.

Finavia works according to the principle of minimum environmental load. Their responsible everyday operations are crystallized in their service promise "For Smooth Traveling".

## ABOUT BASWARE

Basware is the global leader in providing purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses around the globe. As the largest open business network in the world, Basware provides scale and reach for organizations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers.

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