

Western Sugar: Automating invoice processing with AI to keep growers and suppliers super sweet



AI roots out delays in accounts payable processes

Agriculture is a cornerstone of the American economy, with its influence extending well beyond fields and farms. Because margins are super tight, Western Sugar Cooperative prioritized using AI to speed supplier invoice processing with the SAP Ariba Central Invoice Management solution and SAP S/4HANA Cloud Public Edition, unearthing new levels of efficiency.

Industry	Region	Company Size
Agribusiness	Denver, Colorado	>1,000 employees

25%

reduction in invoice processing time required each month.

40,000

supplier invoices processed without human intervention.

“The AI capability embedded in SAP Ariba Central Invoice Management helps us process supplier invoices 25% faster, giving our accounts payable team one week per month to focus on other strategic business innovations.”

Richard Caluori
Director of Corporate Controlling, Western Sugar Cooperative

Rooting for its growers through speedier business transactions

Western Sugar Cooperative has over a century-long heritage as a domestic sugar producer, with 135,000 base acres spread across Colorado, Nebraska, Wyoming, and Montana in the United States. The co-op is made up of over 700 growers and shareholders who take pride in having a long family history in beet sugar, some of whom are fourth or even fifth generation growers. With many growers born and raised around sugar beets, the lifestyle of hard work and long days involved in sugar beet growing has been passed down through the generations. It's the same for Western Sugar's employees, some of whom have a tenure with the co-op spanning more than 50 years.

Operating in four states, with four processing and packaging facilities, eight storage locations, 43 sugar beet receiving stations, and a yearly slicing capacity of 3.6 million tons, Western Sugar produces over 10 million hundred weights of sugar every year.

For the sugar beet growers in the cooperative, margins are super tight, and their financial stability, operational efficiency, and business relationships are dependent on prompt and accurate payments from Western Sugar. Erik Frank, a grower at Western Sugar and Vice President of Colorado Sugarbeet Growers Association, explains why it's fundamentally important for Western Sugar to manage its accounts and inventory in an efficient way.

“Growers get paid once a year but have inputs and labor costs that draw on the financial resources of the farm on a daily basis. Managing that cash flow throughout the year is hard, particularly as we have employees who are relying on our farms for their livelihoods. So as a grower, late payments can severely disrupt our ability to cover expenses, such as paying employees or suppliers. And as most growers have external financing and commercial loans to bridge the gaps, payment delays to us can mean we default on these loans, adding additional expenses and the overall cost of doing business.”

But with suppliers often hand-delivering paper invoices to the cooperative's local offices, which were processed and paid out manually, there were often delays and inaccurate payments, impacting suppliers' ability to meet their obligations.

“It's essential for Western Sugar to pay sugar beet suppliers on time, as there are a lot of people that rely on us to pay our bills. And we can't pay those bills until we get paid for our crops.”

Erik Frank
Grower, Western Sugar Cooperative

Sweetening invoice processing workflows with AI

With Western Sugar handling approximately 40,000 invoices every year in numerous formats—both electronic and paper based—the organization sought to reshape supplier invoice processing workflows to boost visibility and control. The goal was to automate invoice capture, data extraction, and validation, and streamline verifications and approvals as well as exception and error handling while digitalizing reporting and analytics tasks. To get there, the cooperative made the decision to implement the [SAP Ariba Central Invoice Management](#) solution on top of its instance of [SAP S/4HANA Cloud Public Edition](#) to process suppliers' invoices.

Built on [SAP Business Technology Platform](#) (SAP BTP), the solution enables intelligent and consistent invoice processing, providing finance teams with intuitive functionality and automation throughout the settlement process. Using the solution, Western Sugar can automatically process around 40,000 supplier invoices straight through to its general ledger.

Richard Caluori, Director of Corporate Controlling at Western Sugar, elaborates on how the AI functionality automates this process. “When vendors send an invoice as a PDF file, they are received at Western Sugar by SAP Ariba Central Invoice Management with inbound processing for SAP S/4HANA Cloud Public Edition on SAP BTP. This automatically processes incoming invoices, including validating general ledger account and tax items. There's no human interaction from our finance team until the approval. And once approved, it posts automatically.”

Western Sugar also uses order upload functionality in SAP S/4HANA Cloud Public Edition for the other 40,000 invoices it receives from railroads and trucking companies.

Paying suppliers on time through efficient and automated approval workflows

Using SAP Ariba Central Invoice Management has allowed Western Sugar to view invoices across channels, increase paper and PDF invoice automation through embedded optical character recognition, and centralize invoice management.

Since implementing the solution, Western Sugar has found a sweet spot in invoice processing. By automating the cycle from invoice capture to payment, it eliminated the disjointed, time-consuming invoice processing workflows of the past, minimizing manual effort, improving efficiency, and accelerating invoice processing times. The faster cycle time translates into meaningful savings in invoice processing costs, which are now at US\$6 per invoice, down from \$8 per invoice previously.

It also improved compliance with predefined rules and checks for accuracy, helping meet regulatory requirements.

What's sweeter still is that by automating the invoice task with AI, Western Sugar has been able to reduce costs and time related to manual data entry, paper-based processing, and error corrections. With invoices now processed 25% faster than previously, Western Sugar's accounts payable team can be redeployed one week per month to focus on further improvements that positively impact its growers.

Most important, these improvements have helped reduce payment delays, enhancing business stability for its sugar beet suppliers and farming communities.

Applying AI on top of data for improved decision-making

As Western Sugar embraces a new era of cost optimization and efficiency through its adoption of AI capabilities, the cooperative sees many opportunities to use the technology to empower growers. In one use case, Western Sugar is looking to use AI features to provide growers with more comprehensive information on their return on investment. The idea is to use AI to process algorithms and calculations to accurately assess sugar content and the loss to molasses, allowing growers to make earlier and more informed decisions for timely harvesting.

Want to know more about Western Sugar?

- Sweet Success Streamlining the Invoice Process ([SAP Innovation Awards 2024](#))
- Western Sugar: Reducing System Customization to Improve Efficiency ([SAP Online Customer Story](#))