

# YANCOAL ADVANCES MODERN PROCUREMENT PLATFORM WITH E-CATALOGUE PUNCH-OUT FROM SAP

“YANCOAL IDENTIFIED AN OPPORTUNITY TO IMPROVE, UPDATE AND STANDARDISE ACCORDING TO SAP’S RECOMMENDED PROCESS, ITS CATALOGUE PUNCH-OUT.”



Yancoal is Australia’s largest pure-play coal producer, which owns, operates or participates in 11 coal mines across New South Wales, Queensland and Western Australia.

Yancoal currently employs over 2,500 people plus contractors and service providers from local and regional Australia. With continued demand for high efficiency thermal coal – in which the company specialises – Yancoal is aggressively targeting organic growth opportunities. Through investment in new fleets and making improvements to its operational efficiency through technology, Yancoal continues to be a low-cost, high-quality coal producer.



## SUMMARY

**Procurement and supply in mining is a critical part of an organisations ability to succeed and remain profitable. For Yancoal, an opportunity to improve, update and standardise its catalogue punch-out according to SAP’s recommended process, was part of its strategy to build a modern procurement platform.**



## CHALLENGE

**In recent years, the Australian resources industry faced some of its toughest challenges. Whilst it continues to emerge from a significant downturn, new players within Australia, the United States and Asia, have increased the competitive pressure on mining companies to remain profitable.**

As part of Yancoal’s mission to remain a strong player in the Australian market and improve operational efficiencies as it grows, Yancoal initiated a large-scale transformation across its organisation – a key area being the performance, efficiency and reliability of its Information Technology systems. As part of the transformation, Yancoal worked with ASG in 2017 to migrate its Enterprise Resource Planning system (ERP) from on-premise SAP to a cloud-based model that would enable Yancoal to more



easily develop new applications to support its objectives and growing needs.

This ERP transformation supported the next part of Yancoal's strategy to build a modern procurement platform.

Procurement and supply remain a critical part of a mining business' ability to succeed and remain profitable. Organisations are constantly looking at ways to automate processes, cut costs and better manage their supplier relationships.

With this in mind, Yancoal identified an opportunity to improve, update and standardise according to SAP's recommended process, its catalogue punch-out.

A catalogue punch-out is when a system user directly connects to the web catalogue for a range of suppliers to complete a purchase requisition. This automated catalogue purchasing function saves time spent on manual data entry tasks, with the order quantity, price and item description automatically being copied into SAP.

Updating its existing catalogue punch-out was necessary to use SAP Standard functionality and remove existing custom code. With Yancoal operating and managing 10 mines across Australia, the scale of inefficiency during this process had a multitude of impacts such as:

- Expensive resources spending time on non-strategic procurement tasks resulting in lost hours;
- Human error in data entry leading to incorrect or delayed order fulfilment with the potential to slow down critical mining functions.



## SOLUTION

**As Yancoal's Application Managed Service Provider (AMS), ASG was engaged to re-build the SAP Catalogues in Purchasing function, building components for purchase requisition and purchase order punch-out, and work-order punch-out (for repairs).**

How did we do it?

As part of the engagement, ASG reactivated the Catalogues in Purchasing function in the purchase requisitions and work orders. The systems settings were completed, default material groups were allocated, and unit of measure conversions stipulated from catalogue to system. The vendor number was defaulted for each of the catalogues and ASG conducted unit testing of the Catalogues and helped Yancoal during functional user acceptance testing. ASG used the standard SAP system where possible and extended the standard function for handling a specific manufacturing material type and to update



**"TIME SPENT  
ON THE ENTRY  
OF PURCHASE  
REQUISITIONS HAS  
BEEN GREATLY  
REDUCED - FROM  
MINUTES SPENT  
MANUALLY KEYING  
PURCHASING  
DOCUMENTS  
AND COPYING  
VALUES FROM A  
WEBSITE, DOWN  
TO SECONDS."**

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a unique attribute on the tables to identify the transaction as catalogue-based.

Since July 2018, more than 10 percent of all purchase lines have been processed through the new Catalogues function, enabling Yancoal to realise the following immediate benefits:

- Time spent on the entry of purchase requisitions has been greatly reduced - from minutes spent manually keying purchasing documents and copying values from a website, down to seconds using the Catalogues function;
- Reduced risk of human error during the entry of purchase requisitions while copying item descriptions and prices, resulting in improved order fulfilment;
- The system automatically converts the unit of measure from the catalogue into the system for the maintenance order.

As well as modernising its ordering process, switching to a standard SAP program using SAP Catalogues in Purchasing has delivered the following outcomes to Yancoal:

- Upgrading the system is now faster and simpler, with less risk;
- Processes are supported by SAP and the release of SAP notes/patches;
- Transactions are built into SAP security profiles;
- Using the Catalogue in Purchasing function will prepare the Yancoal business for using the Catalogues function in a best-of-breed purchasing function in future, such as SAP Ariba.