LIFE SCIENCES COMPANY STREAMLINES PURCHASING AND PAYMENTS WITH NETSUITE

Overview

Moderna Therapeutics is an innovative life sciences company, focused on developing a new class of drugs from modified messenger RNA (mRNA). These drugs are designed to direct the body to produce proteins that can have therapeutic activity inside and outside cells in an attempt to cure specific ailments. Moderna was founded in 2011 and has experienced significant growth following several collaboration agreements and raising record financing.

Background

Moderna has a mission to become a highly scalable, digital and cloud-based company. However, the company maintained several time-consuming manual purchasing processes. Therefore, Moderna sought an enterprise resource planning (ERP) platform to manage purchasing, streamline approval processes and create automation for payments.

“Purchasing is a huge cycle for us,” commented Rick Wanstall, Moderna vice president of finance. “We process nearly 2,300 invoices a month and needed to rethink a process that was massively paper–driven and incredibly inefficient. You can get swallowed up by it.”

Project

RSM US LLP’s technology advisors initially helped Moderna select NetSuite as the company’s core ERP system. Moderna chose NetSuite because of its ability to comply with Sarbanes–Oxley regulations, but also because it is a unified business system. It is an ERP platform that can grow with the company and implement greater traceability for its increasing transaction volume.

Moving away from on–premise software and into a cloud environment was a goal for the company, but Moderna leadership also saw the potential in NetSuite’s dashboard reporting, user self–service and open platform for integration with other systems.

“With NetSuite, there is a constant evolution that occurs. The advisors from RSM stay in touch and work with my team to go through a list of potential improvements and reinforce training. Those things help move our vision of how we want to use NetSuite into reality.”

– Rick Wanstall, Vice President of Finance, Moderna
“We have been able to take parts of NetSuite that we thought were powerful and strong and leverage those,” said Wanstell. “In areas where we need more functionality, we are able to add software products and integrate them to NetSuite.”

A comprehensive purchasing solution
Moderna originally used a third-party purchasing solution designed to communicate with NetSuite and implement more efficient approval and payment processes. Unfortunately, that software did not live up to expectations and resulted in more effort than anticipated. Therefore, in addition to system selection and implementation, Moderna contacted RSM to integrate purchasing directly into NetSuite and develop a formal purchase order (PO) approval process.

RSM expanded the purchasing process to trigger a workflow for employees to enter order specs. This information helps facilities determine if an item is too large and outline storage plans prior to shipping. From a supervisor and departmental perspective, NetSuite gives Moderna greater understanding into specific purchases, with clear spending limits and order details. The new process also provides additional balance and visibility into purchasing of controlled substances such as radioactive material, managing and monitoring the amount in a facility at a given time.

RSM designed the purchasing process within NetSuite to provide more insight for approvers and employees. When approvers log in to NetSuite, they can view comprehensive dashboards that detail purchases that require approval. However, with approvers spending time in several different systems and some not continually in NetSuite, the platform sends email alerts when approvals are necessary. Employees can also easily determine where requests stand, with specific statuses instead of a generic “pending approval” message.

Prior to the streamlined purchasing framework implemented by RSM, Moderna’s processing was very manual, with each PO transitioning to several places before approval. Now, through NetSuite, risk is mitigated with a more structured approval process. Especially for large capital investments, executives know that all required parties have reviewed the request and seamlessly forward the PO to additional approvers if necessary.

Vendor integration and automated payments
To increase efficiency for procurement and payments, the RSM team worked with Moderna to implement a punchout system within NetSuite to automate orders and billing for key vendors. Moderna users can “punch out” of their internal NetSuite environment using a link with direct access to make purchases from a supplier’s entire catalog. While selecting items from the external vendor, NetSuite remains connected in the background, gathering information and creating a PO that enforces the business rules Moderna has defined.

This process eliminates the need for personnel to manually research and create orders, and reduces the potential for process errors. Pricing is correct after coming straight from the vendor, orders are automatically designated to correct expense accounts and the system ensures purchases fit parameters set by the company. The punchout system also enables direct payment to vendors, eliminating the need for manual billing and invoice processing.

To establish the punchout, RSM created a link between NetSuite and vendors within NetSuite. Instead of filling out a PO, employees click the punchout link and go directly to a unique purchasing portal with the vendor. The employee adds necessary items to a shopping cart, and when a purchase is initiated, they are directed back to NetSuite, where a PO is generated and submitted for approval.

Once the PO is approved, NetSuite sends information back to the vendor to finalize the purchase. The process reduces errors, as information is transmitted electronically, instead of employees searching a vendor site and manually filling out a PO. It is also a more efficient solution, removing several obstacles from the purchasing and billing process.

“We would receive up to 100 invoices a month from the same vendor, which means 100 articles of mail and someone opening and paying for each of them with an individual check,” said Wanstell. “That has become a two- to three-hour procedure once a month to handle all of those processes. That is now the model that we have in place that RSM helped us deliver on.”

Moderna uses an American Express card for punchout order payment. The RSM team developed a script for NetSuite to create the supporting records (receipts, bills, payments) when a payment is processed. That information is validated and matched against POs. Once they are matched, the appropriate records are created.

The process includes double validation, as POs created in NetSuite are also matched in the American Express system. Once a payment is generated, a file is produced and validated. The appropriate records are created within NetSuite so a second payment does not occur.

The punchout system is currently in place with three major vendors, but due to the framework’s success, RSM is working with Moderna to connect with additional vendors.

“For the American Express solution, we sat down and shared ideas with the RSM team and had a lot of back and forth dialogue,” said Wanstell. “Ultimately, it is hard to remember who had the great idea: we just did it together. That’s when you know the relationship is working correctly; we are jointly trying to solve problems, and we end up with a better outcome.”
Streamlined sales processes
While Moderna is currently mainly focused on research and development, it does have several clients that make investments for specific projects. NetSuite makes it easy for Moderna to understand where these sales take place, who is investing in which project, and gather additional insight to report on those processes.

Outcomes

RSM’s NetSuite purchasing and payment solutions helped Moderna implement a more efficient and comprehensive platform, and reduced the potential for errors. Employees no longer have to contact finance to discuss the status of a purchase; it is clearly defined within NetSuite. The platform is transparent and easy to understand, and the company has experienced significant return on investment with automated purchasing and payments, rather than manual PO creation and printing and mailing checks.

As Moderna grows, RSM will help further integrate NetSuite into the company’s sales cycle. The customizable nature of the platform enables it to shift with the company’s needs, and address pain points when necessary.

“We are growing tremendously; in the last 15 months, we have experienced an over 150 percent increase in the number of invoices we process per month,” said Wanstall. “The traditional model is to hire more accounts payable personnel, but we have managed to increase processing and decrease staff. What enabled that was turning on purchasing inside NetSuite to have a workflow of POs to invoices and building punchouts.”

Other benefits of RSM’s NetSuite implementation included:

- Visibility into purchasing, including insight into controlled substances
- Customized dashboards and email alerts to fit the needs of approvers
- Punchouts to enable streamlined ordering and payments
- Process automation to increase efficiency and hold people accountable for approval