

Tradeshift®

Customer case study:

# Why Schaeffler Group Chose Tradeshift to Address E-invoicing Complexity in China



Schaeffler Group is one of the world's leading manufacturers of high-precision components and systems for automotive, aerospace, and industrial uses. As a global company, Schaeffler maintains a significant presence in China, where it is an important supplier and business partner to the automotive and industrial sectors in the region.

Schaeffler has deployed Tradeshift as its global e-invoicing partner in 13 countries, including in China, where Tradeshift has facilitated the process on a compliant China-hosted platform through its partnership with Baiwang, a Chinese government-approved tax services provider.

**13 countries**

**Tradeshift Pay deployed in 13 countries, including China**

**225,000**

**Schaeffler fielded over 225,000 Chinese Fapiao in 2021**

**7.4% to 0**

**Automating workflows reduced the error rate from 7.4% to zero**

# The problem

China's tax law is complex, requiring businesses to submit an official invoice or 'fapiao' issued by the Chinese Tax Bureau (but provided by the seller) for any goods or services purchased within the country. While the Chinese government is pushing hard for full digitization, the fapiao system is still heavily paper-based. This places a significant administrative burden on companies like Schaeffler, which fielded over 225,000 Chinese fapiao in 2021.

For several years now, Schaeffler has been working with Tradeshift to digitize invoice entries globally. In China, it has used an OCR (optical character recognition) scanning solution, which leverages a QR code to capture relevant information from primarily paper-based documents. In line with Chinese regulations, information is stored locally on a compliant, China-hosted platform facilitated by Tradeshift through its partnership with Baiwang.

The OCR-based solution has proven successful in reducing the manual effort required by Schaeffler to key in invoice data from Chinese suppliers while ensuring compliance. "Automating the workflows associated with VAT input verifications has helped us reduce the error rate from 7.4% down to zero," said Jie Shen, Supervisor for Accounts Payable at Schaeffler Greater China. "Eliminating the need for manual correction has saved us significant time and resources on tax verification and reconciliation."

The Schaeffler team, however, recognized that to get the full benefits from automation, they would need to go a step further. That meant eliminating paper from the process entirely and creating a fully digital end-to-end process that could also accommodate cross-border transactions between suppliers in China and Schaeffler's entities outside of the region.





## Schaeffler needed a solution that would allow them to:

- ✓ **Reduce dependence on its OCR** (optical character recognition) solution globally
- ✓ **Overcome data-sharing restrictions in China** to create a seamless global e-invoicing experience for Schaeffler and its business partners globally
- ✓ **Integrate information** from Chinese domestic invoices (fapiao) with Schaeffler's global SAP invoice receipt process in an automatic and compliant way

## The solution

Tradeshift successfully bridged its China-hosted platform with the Tradeshift Network, creating a seamless Pay experience for Schaeffler conducting trade in and out of China.

“Through our partnership with Tradeshift, we’ve been a first-mover in leveraging e-invoicing across our China business,” said Michael Hofmann, Project Manager at Schaeffler. “By onboarding any supplier to Tradeshift, all Schaeffler regions benefit. Applying Tradeshift’s proven digitization and automation technology across this crucial market drives cost-savings without sacrificing quality.”

All invoices passing through the Tradeshift platform are automatically tax-validated and stored for 20 years, satisfying Chinese fapiao requirements and creating digital records that can be easily accessed for China’s frequent fraud audits.

**Tradeshift Pay** is a fully digital e-invoicing solution, which allowed Schaeffler to stop relying on its OCR solution and free up internal resources that were previously dedicated to document validation.

# The result

In early 2022, Schaeffler received its first tax-validated SVAT e-invoice sent from a Chinese seller across the Tradeshift platform. This event marked the first fully digital transaction of a Fapiao from a Chinese seller to a Chinese buyer - completely removing the effort from the buyer, the digital fapiaos arrives directly in their Workflow system for further processing.

By linking China to its global invoicing system, Schaeffler was able to future-proof its supply chain and ready operations for when the country embraces e-invoicing for both domestic and cross-border transactions.

“We see significant potential for the cross-zone e-invoicing solution.” Jie Shen, Supervisor for Accounts Payable at Schaeffler Greater China. “As these capabilities are still new, the number of foreign suppliers sending invoices in this way remains relatively small, but we expect to see growing efficiencies as more overseas suppliers are integrated onto Tradeshift.”

## Who else can benefit from this solution

Tradeshift can replicate this solution with any global customer looking to eliminate friction in its AP/tax-validation process domestically in China, and cross-border transaction flows between China and the rest of the world. Onboarding sellers onto a truly digital trade platform offers unmatched transparency and efficiency.

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Michael Hofmann,  
Project Manager  
at Schaeffler.





## About Tradeshift

Tradeshift is the cloud-based supply chain platform that transforms the way B2B buyers and sellers connect, transact and trade. We're a leader in e-invoicing and AP automation, offering full international compliance in 50+ countries, including China. We're also an innovator in B2B marketplaces and embedded fintech services that bring value, opportunity, and growth to any business that joins the network. Headquartered in San Francisco, Tradeshift's vision is to connect every company in the world, creating economic opportunity for all. Today, the Tradeshift platform is home to a rapidly growing community of buyers and sellers operating in more than 190 countries. Find out more at: [www.tradeshift.com](http://www.tradeshift.com).