Strengthened Contractor Performance:

Mercer Celgar's Journey to Digitalization with PayShepherd

MERCER
celgar

The Wins

✓ **$1,200,000 in Annual Hard Savings.**

The PayShepherd platform holds contractors accountable for early anomaly correction by automatically flagging non-compliant cost submissions. Billing is down to within minutes of gate entry and exit while labor and equipment rates match rate sheets. PayShepherd's controls and checks eliminate deviations from contracts, gate data and union agreements to assure pay is exactly as owed for $1.2M in hard savings in the first year alone.

✓ **Increased Safety with 73% Onsite Ghost Reduction.**

A typical Mercer Celgar shutdown sees up to 1,000 contractor employees onsite. No human can validate worker-level hours at that volume and across multiple worksites. PayShepherd verifies and reports exact contracted worker presence, along with their respective trade classifications and certifications. Ghost numbers decreased by 73%, creating a culture of accountability and a safer workplace for everyone.

✓ **From Contractors to Strategic Partners.**

PayShepherd's daily vendor performance insights support more proactive contractor conversations about job performance and long term service agreements rather than debating where responsibility lies for errors and rate differences. The increased transparency has meant a significant decrease in disputes, a key success metric at Celgar. Stronger processes and invoice accuracy have quickened pay windows, boosting contractor satisfaction.

> "It's about vendor relationships and partnerships between Mercer and our contractors. Getting paid on time is a huge benefit for contractors and it's a big criteria for picking customers."
>
> **Stefan Duda**
> VP Procurement, Mercer Celgar

The Beginning

Mercer Celgar is a high-quality, continuous process kraft pulp mill built in 1961 with a major rebuild in 1993 to include modern power generation and environmental treatment facilities in their operations that meet environmental protection goals. The mill's proximity to the Pacific Coast in British Columbia makes it a major employer in Canada's West Kootenay region while providing access to essential fibre for production and easy access for its exports to Asia, where the bulk of Celgar's pulp is sold.

The Challenge

Mercer Celgar depends on its contracted workforce of up to 1,000 contracted employees onsite to uphold reliable production, preventative maintenance, reliability work and capital projects. Without a unified system clarifying and bringing control to the PO process, as well as monitoring contract term compliance, Celgar's 40 requisitioners and accounting team were challenged to ensure they paid their contractors precisely what they were owed, in a timely fashion.

> "This is a cost-saving tool. Last year we saved over a million dollars in vendor overspend. As someone in accounting who works with budgets and financials, this is huge. That million dollars can be spent somewhere else."
>
> **Michele DeRosa**
> Accountant, Mercer Celgar

The Solution

Mercer Celgar uses PayShepherd to align on contractor expectations, monitor performance and streamline processes from work validation to payment. Contractor billing accuracy increased, $1.2M in contractor overspend was eliminated and safety was enhanced. The ability to pay contractors on time and the holistic clarity on how contractor performance is measured has strengthened vendor relationships for better business outcomes.

> "Invoices paid on time, that has increased because there's no delay in processing PayShepherd invoices. Everything's there. And they're processed, they're approved right away because the requisitioner already knows the job has been done, the work's been done, it's been approved. So those invoices are flowing through a lot faster, which is great."
>
> **Michele DeRosa**
> Accountant, Mercer Celgar

> "We're relying on PayShepherd's uploads of timesheets and our gate data, other information and current rates, all to be accurate in the system. That portion of it is taken away from the approver so it takes away a lot of the human error."
>
> **Brent Rohn**
> Technical Buyer, Services, Mercer Celgar

The Results

Gap Closed between Procurement, Requisioners & AP.

While Accounts Payable was previously challenged to match negotiated terms with onsite activity and invoicing, PayShepherd now offers a much higher accuracy in contractor billing that achieves significant cost savings. Faster approvals also mean quicker pay for happy vendors and their workers, key components to healthy working relationships.

Culture of Transparency.

PayShepherd data and dashboard reporting support Mercer Celgar leadership to open up meaningful conversation with a transparent understanding of what actually occurs onsite day-to-day. Long-term service agreements are improved, disputes are down and jobs roll more smoothly.

Competitive Edge.

Using PayShepherd data and analytics, Mercer Celgar's procurement team is able to compare the competitive edge per contractor. They now have a complete performance view of each contractor at the worker level for review and comparison on items such as billing accuracy, total cost of ownership, safety adherence and work performance.

> "Our cost and contract compliance has improved with PayShepherd. We gained more cost transparency. We were able to use this information for future negotiations and process improvements. Our payment process, including the time to approve invoices, has significantly improved."
>
> **Stefan Duda**
> VP Procurement, Mercer Celgar

PayShepherd

PayShepherd is a cloud-based vendor relationship management solution and contract assurance technology, purpose-built for industrial facilities to transform service vendor relationships with daily visibility into performance, spend and compliance.

It is the digital source of truth for contractor management, resulting in spend efficiency, process hygiene, compliance and ethics, proving return on investment in a matter of months.

"The dashboard is amazing. If I'm looking for a quick summary of what's been invoiced, what's pending, how much the PO was, it's right on the dashboard. I can just type in the PO under the PO summary. This is huge for us."

Michele DeRosa
Accountant, Mercer Celgar

Ready to join the movement of vendor management excellence?
Book a call with our team.

BOOK DEMO

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