

“We chose GXS over the competition because we needed to partner with a world-class, leading service provider. They have the proven solutions we need today for our global B2B program. Furthermore, their full service offerings and vision for the future will help us execute on our long term strategy.”

— VICTOR ENGESSER, VICE PRESIDENT,
VENDOR RELATIONS



Circuit City Uses Electronic Invoicing to Improve Productivity and Reduce Costs

Corporate Profile

Circuit City Stores, Inc. (NYSE: CC) is a leading specialty retailer of consumer electronics and related services. The domestic segment operates through 682 Superstores and 11 other locations in 158 U.S. media markets¹. The international segment operates through 779 retail stores and dealer outlets in Canada². Circuit City also operates websites at www.circuitcity.com, www.thesource.ca and www.firedog.com.

Business Challenge

In 1994, Circuit City successfully automated the procurement of merchandise for their stores by sending EDI Purchase Orders to their suppliers that accounted for 80% of order volume. By doing so, they eliminated the high costs associated with mailing, duplicating and processing huge volumes of paper purchase orders on the merchandising side.

However, in the next few years, as the number of stores grew from 250 to 400 and with the supplier base expanding, Circuit City watched invoice volume grow five-fold to more than five million paper invoices per year. On the payables side of the business, accounting personnel were mired in paper and error handling, having to key each invoice into their accounting system. As a result, Circuit City implemented the EDI Invoice to enable them to manage the growing workload and allow employees to perform higher value tasks such as spend analysis. In 1998, as a result of implementing the EDI Invoice, Circuit City converted 65% of the paper invoices to an automated and electronically managed solution.

Although EDI was a viable solution for the larger and more technically savvy suppliers, Circuit City realized in 2006 that with the addition of a direct import program, a direct-to-store ship process and an additional 150 stores, they would need to receive electronic invoices from 100% of their vendors in order to support the growing workload without adding personnel. They needed a simple solution that would work for their suppliers that were not yet ready for EDI—including small and medium-sized domestic and import suppliers. The goal was to reach the 100% supplier enablement mark within two years.

The Solution

After a comprehensive evaluation of alternative electronic invoicing solutions—including in-house software and outsourced services options—Circuit City selected GXS Intelligent Web Forms (IWF) as the key component of their 100% e-invoicing initiative. GXS created a suite of web-based forms to digitize the procure-to-pay lifecycle between Circuit City and its suppliers.

¹ As of February 29, 2008
² As of February 29, 2008

“We had so many documents to bring up in IWF and so many fields to verify. It’s amazing we did it so quickly. And, it’s been virtually error-free!”

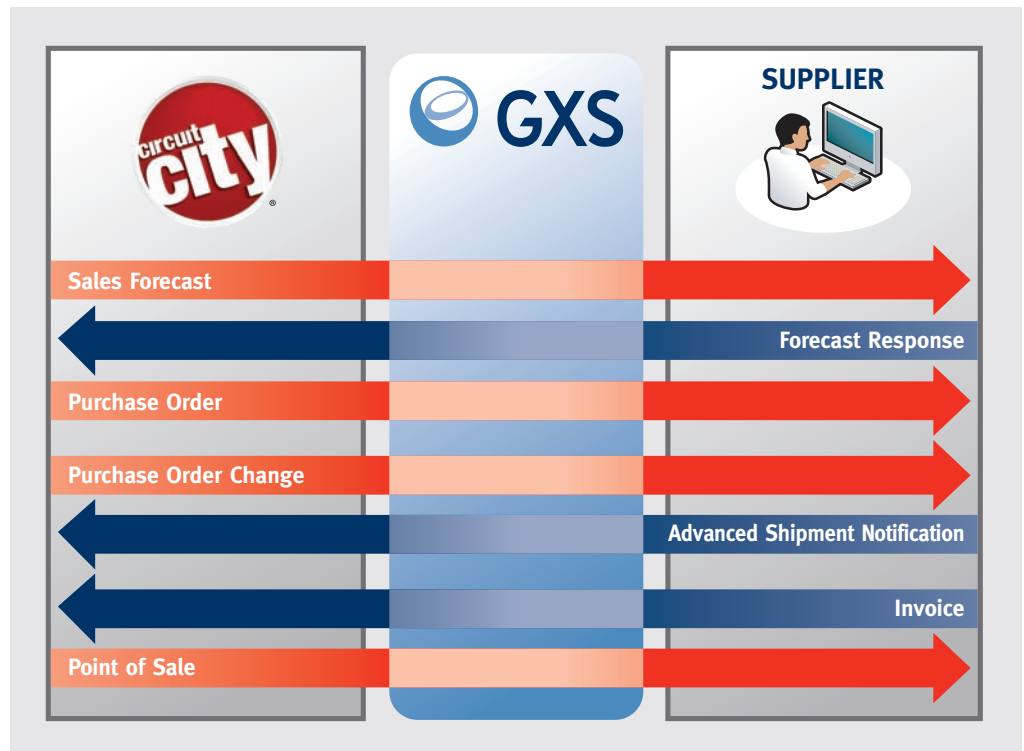
— MARTY STEWART, VENDOR
RELATIONS, MANAGER EDI

Documents that Circuit City sends from its ERP system:

- Sales Forecast
- Purchase Order
- Purchase Order Change
- Point-of-Sale Data

Web-based documents that Circuit City suppliers return:

- Forecast Response
- Invoice
- Advance Shipment Notification



Example of how the process works for the Purchase Order and Invoice

- 1) Circuit City sends an electronic Purchase Order to the supplier via GXS.
- 2) GXS publishes the Purchase Order to a website and sends an email notifying the supplier of order arrival.
- 3) Using a web browser, the supplier logs into the web portal to view and download the Purchase Order. GXS automatically sends Circuit City an acknowledgement when the supplier opens the Purchase Order, confirming that the supplier has received it.
- 4) The supplier can invoice Circuit City when the order has shipped. The supplier logs into the GXS web portal to create an electronic invoice. GXS automatically pre-populates invoices with data from the original purchase order. The supplier only needs to enter the remaining fields. Errors are prevented by Circuit City-defined business rules and data validations that are built into the forms.
- 5) GXS translates the invoice into Circuit City’s format and forwards the invoice to Circuit City, enabling straight-through processing to Circuit City’s PeopleSoft Accounts Payable system where they are routed for approval and processed for payment.

“Supplier feedback for the IWF process has been exceptional — it’s a very easy process. They wish their other customers would operate this way too.”

— MARTY STEWART, VENDOR
RELATIONS, MANAGER EDI

Existing suppliers have been migrating smoothly and quickly from paper to web EDI over the past year. During one of the first weeks of supplier on-boarding over 30 direct import Asian suppliers were implemented in a single week, completely automating the invoices for that supplier category. As of March, 2008, Circuit City invoicing is now 95% electronic. As new suppliers are added each week, they are easily set up on IWF within a day and ready to send and receive electronic documents immediately. Circuit City expects to reach the 100% goal by November 1, 2008.

The Benefits

Circuit City realized the following benefits from their 100% e-invoicing program:

- Managed a five-fold increase in invoice volume without adding Accounts Payable staff
- Increased company bottom line by improved payment of invoices within discount terms
- Verified data trail with date stamps that support timing issues
- Improved supplier relationships by paying invoices faster due to shorter cycle times
- Elevated engagement level and job satisfaction for AP employees by allowing them to focus on higher level responsibilities and dispute resolution with the suppliers rather than spending time on keying invoices

Why GXS?

Circuit City selected GXS as its service provider for these key reasons:

- **Quality of the GXS web forms solution**—Circuit City needed a proven web forms solution that addresses the entire suite of procure-to-pay documents, not just the invoice.
- **Global presence**—In order to achieve their goal of 100% electronic invoicing, Circuit City needed a simple solution that could also be used by their Asian vendors.
- **EDI testing services**—Circuit City can outsource document testing to GXS for suppliers that are prepared to exchange EDI documents instead of using web forms, thus greatly reducing their costs and streamlining the process for Circuit City and its suppliers.
- **Value-added services for new B2B initiatives**—In the future, Circuit City will be launching additional B2B initiatives, such as electronic payments, bar code scanning and Global Data Synchronization. They needed a single partner that could handle all of their current and future B2B needs. GXS has the solutions to support these and future efforts.

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About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including 75 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS's B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Maryland, GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.