PURCHASE-TO-PAY

OVERCOMING THE TOP 5 PURCHASE-TO-PAY CHALLENGES

HOW TO INCREASE PROFIT & PRODUCTIVITY WITH ROBOTIC PROCESS AUTOMATION

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Value from Innovation

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INTRODUCTION

In today's increasingly high-tech and efficiency-driven business landscape, purchase-to-pay (P2P) processes are prime candidates for modernisation. Traditional, paper-based methods of purchasing and accounts payable (AP) are linked to high costs, low visibility and long processing times — all barriers that ultimately impede business progress and success.

DOESN'T MY ERP APPLICATION ALREADY OFFER A SOLUTION?

The thought may have crossed your mind: Doesn't my ERP/business application vendor already offer something that could eliminate these challenges? The answer is, the added features offered by a best-in-class automation solution (e.g., data capture, machine learning, analytics and audit trail, etc.) are simply not a priority — particularly for bigger, license-based systems.

A good way to identify what's lacking is to ask yourself if you have:

- Staff dedicated to manually sorting and handling paper documents?
- Excess paper, transportation and physical archiving expenses?
- Trouble accurately capturing data regardless of invoice format?
- Low, or no, visibility over spend and invoice or purchase requisition status?
- Limited analytics, reporting and audit trail capabilities?
- Difficulty taking advantage of early payment discounts?

If you can answer "yes" to any of the above questions, there's a good chance your ERP or business application could benefit from enhancement. A P2P automation solution helps fill these gaps and drive greater value organisation wide.

WHY AUTOMATION IS THE ANSWER

Though most organisations understand the detriments of manual methods, P2P processes remain inundated with paper. The best way to overcome the obstacles associated with paper-based methods is with an end-to-end automation solution. Eliminating the silo mentality of AP and purchasing teams, organisations streamline their P2P workflow and maximise their potential.

REAL RESULTS THAT DRIVE SUCCESS

P2P automation is not a new development. For years, companies have relied on its many advantages to drive business success, with results including:

- Lowered P2P costs by 40-60%
- Accelerated average processing time by up to 65%
- Improved accuracy by up to 99%
- Boosted visibility to 100% and heightened security
- Streamlined workflow and complete audit trail

CHALLENGES OF MANUAL P2P PROCESSES

When your P2P cycle is inundated with manual touch points, you're bound to encounter problems that impact financial and operational integrity.

The problems start when P2P personnel have to spend too much time on low-value tasks like scrambling to enter invoices in the ERP system, hunting down the necessary signatures for payment approval and retrieving paper documents from file cabinets. While this paper chase used to be tolerated, today's businesses simply cannot afford to miss out on savings or put their credit ratings or regulatory compliance standings at risk.

TOP 5 OBSTACLES PREVENTING P2P SUCCESS

In Esker's experience, there are five primary obstacles that stand in the way of purchasing and AP departments accomplishing their goals:

Slow invoice processing time

Manual routing, processing and sign-off procedures slow down the P2P cycle, making it difficult to capture early payment discounts, lead to late payment penalties, and can even damage your supplier relationships.

Reduced accuracy

Risk of error is inherent in any process involving paper and manual data entry. This is critical because of its impact on working capital and the fact that transactions are subject to scrutiny by external audits for regulatory compliance.

High costs per invoice

Processing errors require resolution, which drives up the cost per invoice and impede employee productivity. The cost of storing physical copies of invoices and purchase orders (POs) in the office or in off-site warehouses can also add up quickly.

Lack of visibility

Quick access to information on whether an invoice has been received, processed or paid brings a level of stability, control and oversight that is absent in a manual system. Visibility also makes it easier for companies to assess P2P operations and develop necessary strategies for improvement.

Difficult data retrieval

From audits to vendor inquiries, finding information quickly can be virtually impossible when invoices and POs are stored and retrieved manually.

OVERCOMING P2P CHALLENGES WITH END-TO-END AUTOMATION

Automation is a proven tool for overcoming the challenges of traditional purchasing and AP processes, but a successful outcome hinges on the effectiveness of the strategy. By taking an end-to-end approach to automation, goals of the business as a whole are addressed, as well as those of everyone involved.

HOW ESKER'S P2P SOLUTION WORKS

Esker's Purchasing automation solution integrates with any ERP interface or business application, allowing you to automate every phase of the P2P cycle — from receipt of goods to the creation of an accounting book entry. With end-to-end automation capabilities, businesses can address the challenges of manual data entry and routing along with the lack of coordination and transparency within traditional P2P processes.

1 PURCHASE REQUISITION	2 APPROVAL WORKFLOW	3 ORDER GOODS/SERVICES	4 RECEIVE	5 PROCESS INVOICE	6 TRACK & E-COLLABORATION
Quickly create electronic purchase requisitions.	Purchase requisition automatically enters an approval workflow.	Order is finalised and placed with the vendor.	Upon goods and services reception, goods receipt is entered in the system.	Reconcile invoices with purchase order and goods receipt.	Monitor process compliancy and efficiency.

1 **Electronic purchase requisition.** Requesters connect to the solution to create purchase requisitions for goods or services. They can select items from an online catalog, create the purchase requisition directly from a quotation, or ask buyers for a quotation. Requesters are informed in real time how their request is progressing.

2 **Approval workflow.** Based on the company's buying policy, the request is placed into an approval workflow. The solution automatically routes the form to the appropriate person(s) for approval. The system allows approvers to budget-check the expenditures for each cost centre and GL account for a given accounting period while approving the spend request. Cost centre and business unit owners can ensure spend is within the approved budget line.

3 **Purchase order.** Once the purchase requisition has been approved, the buyer is able to convert it to a proper PO. Buyers can also creat POs from a list of approved items to order.

4 **Goods or services receipt.** Once goods are received, the recipient enters the goods receipt in the PO form so that when the invoice is received it can be processed on time. They may update the PO with received quantities at any time, either for part or all of the order.

5 **Invoice processing.** Once the invoice is received, it is immediately and accurately entered into the system with machine learning technology. Because orders are pre-approved, all invoices become PO-based and can easily be matched with the corresponding PO and goods receipt. After processing, the invoice is automatically dispatched for approval and archived for easy, anytime access.

6 **Tracking and e-collaboration.** The PO (and all related processing information) is readily available for reporting and analysis. Detailed audit trails for each purchase requisition and invoice include all steps and dates from purchase requisition to invoice processing. A supplier portal allows vendors to view and accept orders online, as well as exchange messages with their customer; and when necessary, clarify any order-related questions.

KEEP AN EYE ON THE PULSE OF YOUR BUSINESS

Your current system may allow you to see what was paid, but Esker gives you instant access to invoices, purchase requisitions, POs and goods/services receipts. This type of enhanced control and monitoring allows companies to monitor important Key Performance Indicators (KPIs), like:

- Procurement cycle time

- Processing cost of each invoice

- Cost savings and cost avoidance

- Timeliness of payments

- Number of documents processed per month or per employee

Esker dashboards provide every user with readily available information needed to perform daily tasks, monitor performances, and spot problems or opportunities as soon as they arise. Packaged KPIs and dashboards remove all possible headaches for IT. Looking for additional, more specific indicators? Esker makes it simple: The easy-to-use interface allows you to choose what you want to display and to which user or profile. And, you are free to remove, edit or add other indicators to your dashboards.


Measure efficiency, resolve issues and accurately forecast

From the online portal, custom reports can be run to see: how many pending invoices and purchase requisitions are awaiting processing and how much cash they account for, invoices and purchase requisitions by status, number of invoices processed by full-time employees, etc. You can also schedule automatic reports, only needing to define when, at what frequency, and to whom a report be automatically emailed.

Get peace of mind regarding Sarbanes-Oxley Act compliance

A complete audit trail is kept of every touch point within the P2P cycle, giving you insights into who did what, when and where, and the ability to monitor whether or not the proper checks and validations took place.

Modifications history helps quickly identify the user who made changes should questions arise. A record of all users' invoice data changes is kept; no modifications can be made without leaving a trace.
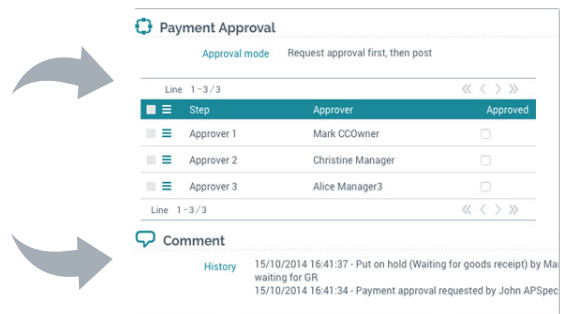
From purchase requisitions to invoices — track every document

Because invoices and purchase requisitions are visible as soon as they arrive and easily tracked, you can immediately know if your check approval status and respond to payment status calls from vendors.

APPROVE INVOICES AND PURCHASE REQUISITIONS ON THE GO

Esker Anywhere™, Esker's mobile application, delivers faster purchase requisitions and invoice approval, improved efficiency and on-the-road accessibility for managers who review and approve goods requests or supplier invoices prior to payment. Users can leverage the mobile app to:

- **View the list of invoices and purchase requisitions:** Get instant visibility and oversight into invoice and purchase requisitions pending approval, on hold or approved.

- **View invoice images:** Quickly check and review the image of an invoice received by the accounting department or an original quote from a supplier.

- **Instantly access key data:** Looking for a supplier name? Total amount? Access the key data you need instantly, including comments from previous requesters and approvers.

- **Review coding and budget information before approving:** Want to approve or edit coding information as well as payment? Easily change initial coding, review the GL and cost centre allocations for each invoice line.

- **Approve, hold or send back:** Approve, put on hold or send an invoice or purchase requisition back to the previous approver or AP specialist, with the option of writing a comment at each step. Users can also approve multiple pending invoices and purchase requisitions at once.

- **Monitor P2P performance indicators:** View KPIs and other important process metrics anytime, anywhere through the mobile application.

UNIFYING WORKFLOW IN MULTIPLE ERP INSTANCES

Esker's Accounts Payable solution uses intelligent data capture, automated workflow and electronic archiving capabilities to process and transfer invoices through the office electronically while providing 100% visibility of exactly where they are in the approval process. Approvers are notified and invoices get the necessary approvals to generate the information in the ERP system and book payment as quickly as possible.

Throughout the process, Esker attaches information inside the ERP, with invoice data and the document image being e-delivered into an archive with a link back into the ERP system for quick and easy retrieval of the information as needed. A complete audit trail of every step that was taken is available through the reporting capabilities.

Advantages of unified P2P workflow

- **Anytime, anywhere access:** With an external workflow, users can approve, check, comment on, add to or reject invoices and purchase requisitions from anywhere, at any time via a web-based solution and mobile application.

- **Don't have to be an ERP user to approve:** Any approved individual can manage invoices and purchase requisitions. This allows companies to: share P2P data across business applications and other departments, extend workflow to remote staff and mobile devices, and view archived documents and an audit trail outside the ERP/business application.

- **Simplify set up of shared services centres:** Unifying P2P workflow in a multi-ERP environment supports efforts to create regional or global shared services centres, addressing diverse systems and including logic to avoid errors and maverick spending. Plus, a cloud service constantly monitored by the provider allows enterprises to include locations in different time zones as part of the automation project.

SOLUTION DELIVERY METHODS

As a leading provider of cloud-based automation software, Esker always aims to make the solution implementation process as quick, responsive and seamless as possible. Esker encourages participation and feedback from everyone impacted — from executives and managers to supervisors and front-line employees — and facilitates this through practices and processes that promote flexibility over rigidity.

EXECUTING THE PROJECT

Agile methodology

Esker utilises the Agile methodology during solution delivery, which allows our customers, business partners and their key stakeholders to achieve maximum value throughout every phase of solution delivery. These benefits include:

- Gaining the benefits of the solution more rapidly with faster Return on Investment (ROI)
- Ability to make decisions and modifications with context and experience
- Quickly receiving new features to test
- Being directly involved in the project; greater process insight
- Investing resources in the most valuable features
- Reducing risks and lowering overall startup costs

Typical project stages:

STAGE 1	STAGE 2	STAGE 3	STAGE 4
Signing the SOW	**Project Inception**	**Foundation Increment**	**Increment Delivery**
All Esker projects begin with the signing of the Statement of Work (SOW), confirming that the general framework under which the project will be executed is correct.	Project Inception is a 2-4 week stage where Esker establishes a rapport with the customer team members and outlines the broad project objectives and potential project timeline.	Occurring over 8-12 weeks, the activities in the Foundation Increment stage are where Esker establishes the foundation platform upon which the entire customer solution will be built.	This is the stage where Esker configures the solution in increments, enabling users to test and accept features as they're delivered. The delivery of a single increment typically takes four weeks.

CHANGE MANAGEMENT

Similarly, Esker also understands the importance of devising a comprehensive plan for Change Management during implementation. Change Management is a set of processes and techniques that get you to your desired outcome with maximum user acceptance by delivering the right information to the right people at the right time.

Esker's highly trained and certified experts work closely with you to align all expectations and strategies. The following are some of the most common outcomes organisations can expect from effective Change Management:

- Increased likelihood of project success
- Improved morale of employees affected by the project
- Greater chance for project to be within budget
- Greater chance for project to finish within time frame
- Less stress before, during and after project
- Increased project legitimacy

ESKER SOLUTION METHODOLOGY

Esker recommends that companies looking to carry out a P2P automation project take a close look at their current process and identify as many manual touch points as possible. At times, there may be a manual step in a company's P2P process that is critically important (i.e., there is a reason why it is done), and it should not be eliminated altogether but simply automated as much as possible.

Esker seeks to understand its customers' business processes and explore why they are doing things a certain way. Only then is it the best time to look for areas where paper can be removed and gains can be achieved. An important consideration in this approach is to keep it simple and not try to do too much at one time.

CONCLUSION: THE FUTURE OF P2P AUTOMATION

As AP and purchasing departments continue to endure the pains of manual processing and automation technologies continue to emerge, it is inevitable that an increasing number of organisations will move towards more modernised forms of business technology. The numerous benefits P2P automation offers are too great to ignore.

The future holds a host of developments for automation itself, especially in the ongoing advancements in cloud technology. The SaaS approach to automation expects to become increasingly popular, appealing to businesses as a low-risk, inexpensive way to automate. Due to its scalable nature and dynamic features, cloud-based technology brings document process automation within reach of any organisation.

As with any new technology, there will always be skeptics (i.e., those that think they cannot adapt to new technology). Automation is no exception: When considering unique workflows and organisational complexity, upgrading to an automation solution can be an intimidating idea. However, with an experienced vendor and the right solution, change can be introduced and managed at the right pace and optimal level for your organisation's specific P2P needs.

GLOBAL EXPERTISE

Founded in 1985, Esker's solutions are used by over 11,000 customers globally, from small to mid-sized businesses to large corporate entities. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

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