Building a Business Case For P2P Automation in an MS Dynamics 365 F&O Environment

How to get the c-suite on board with your automation initiative

Microsoft Dynamics® 365

ESKER®

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Introduction

Procurement and accounts payable (AP) managers are acutely aware of the advantages that P2P automation has to offer. But it's never as easy as simply selecting a vendor and implementing a solution. Before a P2P automation project can hit the ground running, one critical hurdle must be cleared — getting the buy-in from upper management and other key stakeholders.

Why building a business case matters

Today's fast-paced and ever-evolving business landscape demands that upper management (i.e., the c-suite) focus on streamlining business functions as much as possible. This places greater emphasis on things like cash forecasting and analytics, growth management, risk mitigation and regulatory compliance.

As a result, members of the c-suite have a greater role to play in the procurement of solutions related to financial and administrative functions. It is therefore the responsibility of P2P and finance managers to demonstrate how P2P automation will not only modernize the procurement and AP departments, but translate into benefits for the entire organization.

By building a well-thought-out and strategic business case for automation, P2P and finance managers will dramatically increase their probability of convincing the c-suite that:

- The benefits of P2P automation are too encompassing to take a back seat to other projects.
- The IT department will not be burdened with new infrastructure requirements or changes.
- Any new solution will not require transformative changes on the part of P2P staff or vendors.
- Automating the P2P process is not only a company cost-saver, it makes the jobs of all key stakeholders easier.
- Integration with existing MS Dynamics systems and MS Dynamics 365 F&O systems will be seamless and non intrusive.

Understanding the c-suite mindset

P2P automation is mutually beneficial to both the c-suite and P2P and finance managers (as this white paper will explore in detail), but differing priorities can make selling it difficult. While P2P and finance managers are more inclined to care about P2P-specific factors such as process efficiency and error reduction, the c-suite has a broader vantage point that puts a premium on strategy and oversight on an organization-wide level.

Another common obstacle in building a case for P2P automation is getting the c-suite to reshape their perspective on P2P functions. Many members of upper management still think of procurement and AP departments as being back office cost centers that add little value to a business. Failure to break them of this mindset all but ensures any new P2P automation project will be dead on arrival.

Purpose of this white paper

The good news is, despite upper management consistently being cited as the biggest obstacle to P2P automation, they understand the general benefits. In fact, according to a 2018 Deloitte survey, the rate of digital technology adoption amongst organizations is the highest in transactional procure-to-pay processes.[1]

It is the goal of this white paper to enable P2P and finance managers to embrace their responsibility and equip themselves with the knowledge and strategies needed to make P2P automation a reality. By better understanding how an automated P2P solution works, P2P and finance managers can cite key performance indicators (KPIs) and analytics to more effectively persuade their organization's top decision makers.

1. Leadership: Driving innovation and delivering impact | Deloitte Glabal Chief Procurement Officer Survey, 2018. Deloitte LLP..

Current state of procure-to-pay

Traditionally, procurement and AP have played secondary support roles within organizations. Tasks assigned to P2P staff members were typically backend office functions that only represented "soft" benefits to the c-suite. Today, P2P teams have far more influence on the overall financial health of an organization. Procurement and AP departments are less about data processing and more about strategy and analytics — both critical functions for helping P2P teams and the c-suite meet their goals.

Overcoming the culture of paper

Because of how rapidly P2P has shifted into a more strategic and value-added business function, the culture of traditional, paper-based invoice processing and management is still alive and well in many procurement and AP departments. In fact, according to a research by Ardent Partners, the average enterprise still recieves 56% of its invoices in a manual format including paper, PDF, email, or fax.[2]

On the managerial side, performance monitoring remains a largely manual practice as well, and with 54% of AP and finance executives reporting that deeper, more agile analytics and reporting are essential for AP's future success[2], the need for modernization of performance management systems is apparent.

Traditional methods of P2P processing are associated with higher costs, lower visibility, longer processing times and a host of other negative effects that are felt throughout the organization. Left unchecked, they can ultimately impede business progress and the ability to gain a competitive advantage.

Where P2P automation fits In

Today, most organizations have some kind of electronic tool for automating aspects of P2P and other business processes, such as an ERP system or other business applications. But while these are great tools for streamlining the process of cutting checks, there are numerous pain points which they do not address.

Organizations with ERP/business applications in place certainly cut down on paper and inefficiencies within their process, but many ERP providers — particularly the bigger, license-based systems — do not invest in the features that truly optimize P2P (e.g., AI-based data extraction, mobile app, catalog management, etc.).

P2P automation helps to fill the gaps not addressed by ERP/business applications by providing the capability to solve virtually all of the biggest challenges facing P2P today, including:

- Staff dedicating much of their time to manually sorting and handling paper
- Excess paper, transportation and physical archiving expenses
- Trouble accurately capturing data regardless of invoice format
- Low visibility of invoice processing and requisition approval status
- Limited analytics, reporting and audit trail capabilities
- Difficulty taking advantage of early-payment discounts
- Poor oversight of spending with both PO- and non-PO-based suppliers

Adding context to the discussion

Understanding the current state of P2P is important when building a business case because it allows P2P and finance managers to provide more context into why automated invoicing and procurement is more than just a want — it's a need. Whatever shortcomings P2P has, whether as an industry or within your own organization, must be identified so that the c-suite understands what valuable opportunities are on the table, and how P2P automation can capitalize on them.

2. State of ePayables 2017: The Convergence of Cash, Suppliers, and Intelligence, June 2017. Ardent Partners.

Building your business case

How your business case for P2P automation is crafted, packaged and presented is entirely subjective. But before the actual phase of creating a business case begins, some important preliminary steps are required. Below are three action items recommended for maximum effectiveness and preparation.

Define your overall objectives

It can be difficult to stick to a strategy if you fail to first identify what the project plans to accomplish. This can include defining what phase(s) of P2P you wish to automate and what type of solution you want to pursue.

For example, do you plan on automating all phases of the P2P process, or just particular aspects like data capture of vendor invoices or electronic archival of documents? These details are essential to iron out before creating the business case.

Back up your business case with research

If there is one universal truth about the c-suite, it's that they love their metrics. P2P and finance managers can explain why an automated solution is good for business all day, but when it comes down to decision time, upper management is going to need measurable data to justify their decision.

An effective way to calculate projected ROI is by measuring current processing costs and then measuring them against projected improvement costs from prospective automation providers. Doing this research not only helps validate the solution you're propositioning, it shows the c-suite that you're thoroughly invested in the project.

Consult with other stakeholders

This is a big one. Without stakeholder approval and cooperation, your proposal has little chance at coming to fruition. Obviously, support from the executive decision makers is the end goal, but P2P and finance managers must also make time to consult with the other departments that will be affected by P2P automation. This can include everything from business divisions and IT to procurement and outside suppliers.

How to speak their language

For P2P and finance managers, the primary goal of automation is to make P2P operate more effectively from end to end. However, the c-suite and other key stakeholders need to be convinced that it's a good investment for not only P2P departments, but the entire organization. Getting the green light to launch your project may be challenging, but it's not impossible — the key is learning how to push all the right buttons.

In the coming pages, this white paper explores in detail how to communicate your plan with two of the most influential stakeholders for any P2P automation project: the c-suite/executive management and P2P team members. Effectively speaking the same language as these groups will be instrumental in gaining their support, and ultimately, approval for your project.

Convincing the c-suite & other members of executive management

Executive decision makers have many different factors to consider on proposed projects, including their own self interests. Simply put, if your business case for P2P automation includes a compelling answer to the ever-important executive question, “how does this help me solve my problems?” the likelihood of project acceptance will be much greater.

Members of upper management may have different priorities company to company, but they all share common concerns. Below are two of the biggest things every executive and c-suite member places on a pedestal. Your task is to demonstrate how automating P2P processes positively influences these factors.

Profitability & the bottom line

Improving company profitability is the end-all be-all for upper management. Considering how many organizations still have inadequate or even non-existent levels of automation within their P2P departments, it’s easy to understand why. According to an Ardent Partners study, “reduce invoice-processing costs” is currently the top priority and functional driver of AP leaders.[2]

With this in mind, the c-suite is likely to respond positively to any new solution that can help the company:

- Eliminate wasteful spending
- Improve operational efficiency
- Generate greater productivity from employees
- Maintain current customers/suppliers and attract new ones

P2P automation as a revenue generator

Automating P2P processes has proven to be an effective solution at lowering operational costs. In fact, Ardent Partners estimate that AP automation alone can contribute as much as 60–80% to processing cost reductions.[2]

To help build your business case, it would be wise to expound on the cost savings benefit — below are three of the biggest ways how an organization can reduce expenses via P2P automation:

Makes it easier to take advantage of early-payment discounts.

P2P and finance managers will love that automation eliminates paper handling. Conversely, the c-suite will be happy knowing that faster processing speeds mean more early-payment discounts.

Reduces the risk of late-payment fees caused by manual invoicing errors.

Automation eliminates manual data entry. For P2P managers, that means a more accurate, efficient operation; for the c-suite, it translates to fewer penalties for error-laden invoices.

Improves employee productivity and supplier satisfaction.

The more productive P2P teams are, the better they can serve the suppliers. And satisfied suppliers ultimately translate into the c-suite saving money through negotiating lower prices.

Visibility & cash flow management

As much as the c-suite is focused on saving money and increasing company profitability, it appears there is one thing they value even more — control and visibility over finance and administration (F&A) functions.

There's a good reason the c-suite is preoccupied with visibility — its impact is significant. According to the previously mentioned Ardent Partners study, Treasury's largest opportunities to impact cash and the financial performance of an enterprise lies within the AP department, which is why "best-in-class" organizations use automation to process invoices straight-through and are more than twice as likely to have the capability to measure both productivity and financial metrics.[2]

Packaged KPIs & dashboards

The overall goal of building a business case is to showcase how the benefits of automation can transcend P2P and strategically impact other critical aspects of the organization. And nowhere is that more clear than the real-time visibility and other analytical tools offered by top-tier solution providers.

Much like statistics can now be used in professional sports to analyze virtually any type of metric for a competitive edge, many P2P automation solutions feature packaged KPIs and dashboards that go beyond what was paid to provide instant access into what invoices are in the pipeline. This type of enhanced control and monitoring allows everyone involved to perform daily tasks, monitor performances, better forecast the use of cash, and determine the best approach for capturing early-payment discounts.

Dashboards are also customizable so that users can choose what they want to display and to which user or profile. Plus, users are free to remove, edit or add other indicators to their dashboards.

Complete audit trail

Most best-in-class P2P automation solutions also house a complete audit trail of every touch point within P2P invoice processing, providing insight into "who did what, when and where," with the ability to monitor whether or not the proper checks and validations took place. A record of all users' invoice data changes is kept so no modifications can be made without leaving a trace. For the c-suite, this provides some much-needed peace of mind regarding regulatory compliance for things like the Sarbanes-Oxley Act and more.

CFO

- Organization spend overview
- P2P cash flow
- P2P process metrics
- DPO

Procurement & AP Managers

- Visibility over spend
- Spend by category, volume and supplier
- Accrual reporting
- Payment KPIs
- Process efficiency

Cost Center Owner / LOB Manager

- Requests pending approval
- Budget control and forecasts
- Spend analysis and trend

Gaining the approval of P2P team members

While the c-suite needs to be sold on the benefits of automation, P2P staff could also use some reassurance. How invoices are processed and managed says a lot about a company's financial health, and a happier, more productive P2P staff bolsters both the bottom line and the reputation of the organization.

Why manual workflow needs to be addressed

To help squash the belief that current processes are working, it will be beneficial to call out exactly why manual workflow is detrimental to both the P2P staff and the c-suite when building your business case.

Below are three of biggest difficulties faced by procurement and AP staff, and how they affect P2P performance and the c-suite:

Data must be manually entered into accounting systems

Consequences for P2P teams:

- Time wasted doing manual tasks such as keying in invoice data, review, coding approval, etc.
- Increased risk of error and slowdowns in the P2P cycle due to human intervention
- Unfulfilling job due to tedious daily tasks

Consequences for the c-suite:

- Investing resources in P2P staff to perform low-value and error-prone tasks
- Slowdowns in the payment cycle caused by errors can impact working capital
- P2P staff is dissatisfied, less invested in their job

Approval processes are long & complex

Consequences for P2P teams:

- Time wasted doing manual routing, processing and sign-off procedures
- Managing PO or non-PO verification and payment approval can be complex
- Limited control and visibility into the process

Consequences for the c-suite:

- Slowdowns in the P2P cycle make it difficult for early-payment discounts to be captured
- Slowdowns can also lead to late-payment penalties and damage supplier relationships
- Limited control and visibility into the process

Organizing & storing invoices is done manually

Consequences for P2P teams:

- Time wasted filing invoices in file cabinets or document storage facilities
- Difficult to locate invoices and requests quickly
- Risk of losing or damaging important archived documents

Consequences for the c-suite:

- Inability to find documents can lead to scrutiny by external audits for regulatory compliance
- Paper documents may find their way into the hands of unauthorized personnel
- In-office or off-site storage can be costly

The end-to-end value of automated workflow

An automated P2P solution can optimize spend requests and goods or services ordering by eliminating paper and manual processing steps. Because every phase of processing is made electronic, the need for any human data entry, time-consuming approval, and manual storage and filing is eliminated. Businesses save time and money with online purchase requisition and order forms, as well as benefit from company complaint and standardized approval workflow.

Wherever there is a benefit for P2P staff, it's usually the case that a benefit for the c-suite exists as well. Translating these benefits in your business case will increase the likelihood of project acceptance.

Benefits of automated workflow

Benefits for P2P teams:

- Receive and enter invoices and requisitions faster
- Less time spent on manual tasks and more job fulfillment
- Able to handle volume fluctuations with ease
- Improved accuracy and process control
- Retrieve invoices instantly and electronically
- Improved relationships with customers and suppliers

Benefits for the c-suite:

- Faster P2P cycle; more early payment discounts
- Lower processing costs; happier P2P staff
- Avoid adding headcount to manage growth
- Fewer late penalties and dissatisfied suppliers
- Greater support for regulatory compliance
- Ability to repurpose staff to higher value tasks

Promoting reassurance within P2P

Understandably, those who are part of the P2P staff will not always have a positive reaction to the news that there will be changes associated with their jobs. It's human nature to fear change, and even though the majority of P2P team members comprehend the benefits of P2P automation, that doesn't mean they're sold on the solution.

Job security

One of the biggest fears for the P2P staff is the thought that an automated solution will put them out of a job. However, that is rarely the case. Most businesses that utilize a P2P automation solution repurpose their existing staff to perform tasks of higher responsibility and greater business value. For example, instead of manually entering invoice data, an P2P staff member can instead spend his/her time fostering supplier relationships, analyzing information, etc. This is a crucial point to convey when building your business case to the P2P staff.

Learning curve & user acceptance

Another common concern among the P2P staff is the learning curve for a new solution. Even though the current process may be inefficient, experienced staff members understand their roles and have a system in place that they're comfortable with.

It will put the minds of P2P and finance managers at ease to know that, at least for many of the leading solution providers, P2P automation solutions are implemented using the Agile methodology and Change Management practices, which allows users of the new solution to get hands-on experience early on in incremental stages and be more receptive to procedure changes.

Benefits of agile & changemanagement approaches include:

- Gaining the benefits of the solution more rapidly with faster 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

P2P automation success story

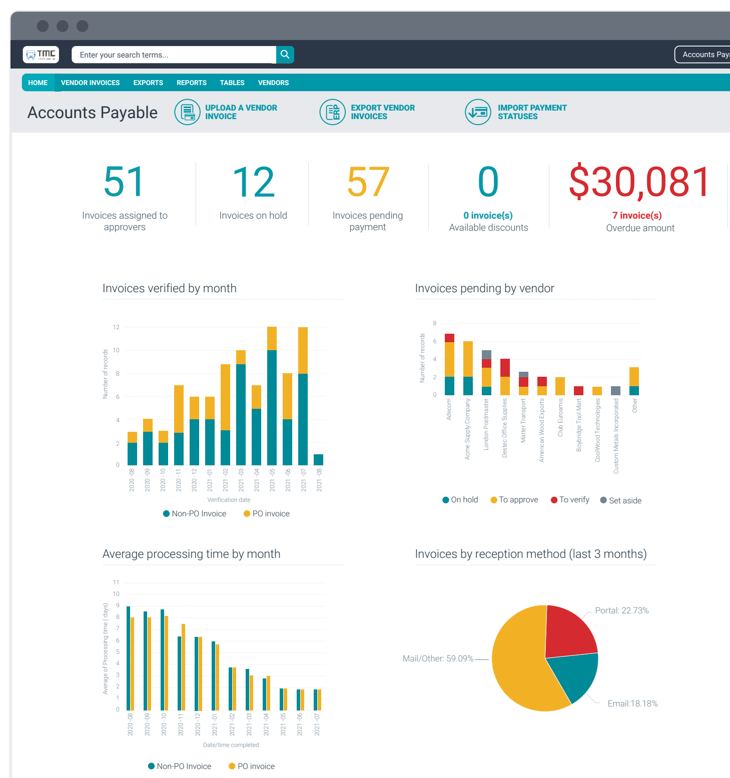
The backstory

Leading global software, consulting, automation and managed services provider, enVista, was in dire need of modernization in its accounts payable (AP) department. Hectic email inboxes are the bane of existence for a lot of AP teams, but this was especially true for enVista. The time spent emailing back and forth with suppliers and tracking down the right people with the right answer to their questions was inefficient.

Invoices weren't centralized in a single location, creating challenges for its AP team. And getting approvals for invoices was simply taking too long to keep up with demand. enVista knew it was time to optimize its AP process.

The solution

While many solution providers couldn't integrate with enVista's ERPs, Esker came through and was able to do so seamlessly. Automating and standardizing the invoice approval workflow not only accelerated processing times, it also helped enVista gain even more control and visibility over company cashflow. The way Esker's solution centralizes all invoices has been one of the biggest difference-makers in the day-to-day lives of AP staff.



The results

enVista is now processing more than 90% of supplier invoices directly through Esker, and the benefits from doing so keep compounding for its AP team.

By automating the tedious, manual parts of its AP process, staff now has more time to work on activities that actually add value to the company. No more overwhelming email inboxes or playing phone tag with suppliers and approvers — Esker takes care of all that now.

Conclusion

Your project is not the only one vying for approval and budget dollars within the organization. Upper management tends to understand the benefits of P2P automation in a general sense, but may lack insight on how those benefits can translate beyond P2P to the business as a whole. Creating a clear and comprehensive business case is the key to convincing key stakeholders and propelling your P2P automation project to the top of their to-do list.

Now that you are better equipped to speak convincingly to the key stakeholders, it's time to move forward on actually building your business case. Be sure to include the following essential elements as you begin the process:

- Description of your current procurement and AP processes and proposed solution
- Projected timeline and project costs
- Calculated project benefits and potential risks
- Any other assumptions based on your project knowledge

This white paper can be used as a fallback to measure the quality of your business case as it's assembled as assurance that no important details were overlooked. Good luck!

About Esker

Esker is a worldwide leader in AI-driven process automation software, helping financial and customer service departments digitally transform their procure-to-pay (P2P) and order-to-cash (O2C) cycles. Used by more than 6,000 companies worldwide, Esker's solutions incorporate artificial intelligence (AI) technology to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally.

Microsoft certified solutions

As a Microsoft Dynamics-certified application, Esker collaborates and promotes its expertise and relationship with Microsoft to its customers. Microsoft Partners have in-depth access to a variety of exclusive resources and early product information, which help them address customers' demands in today's competitive market. The integration capabilities of Esker's solutions are built on proven Microsoft technology, providing customers with a reliable ERP integration and offering IT departments the peace of mind during new technology rollouts. Head over to Microsoft AppSource and Azure Marketplace to check out Esker's Microsoft-certified offerings.

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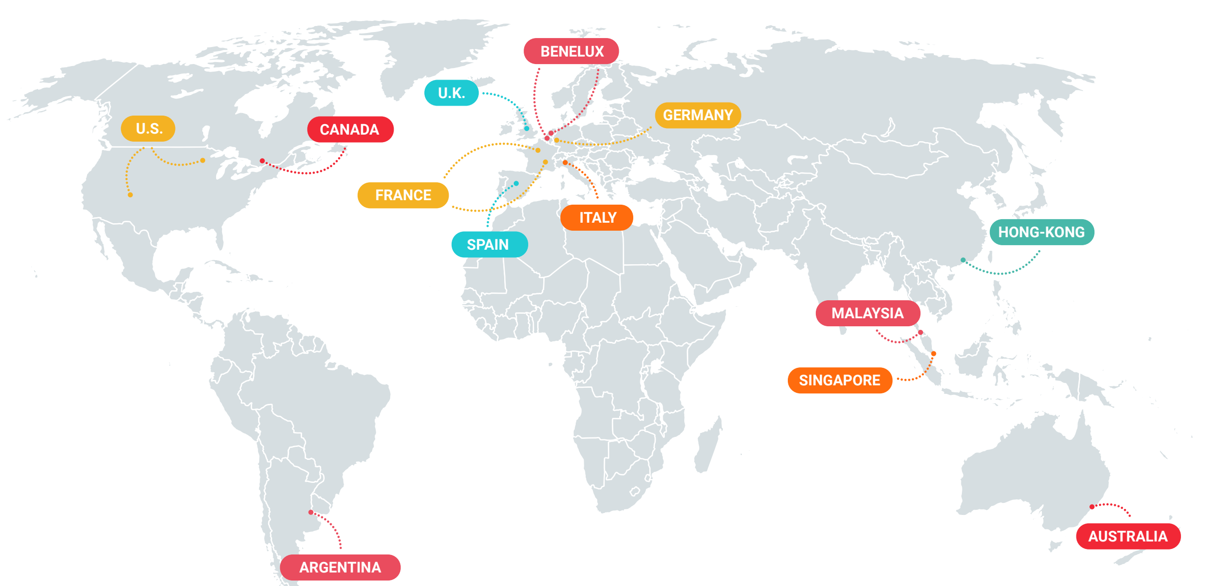
Global expertise

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. In 2022, Esker generated 159.3 million euros in sales revenue.



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