



ACCOUNTS PAYABLE

HARNESSING THE POWER OF ACCOUNTS PAYABLE AUTOMATION

Even in Complex, Multi-ERP Environments



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INTRODUCTION

In today's highly competitive business environment, many organizations are expanding through mergers and acquisitions (M&As). Unfortunately, success comes at a cost. Growth via M&A activity often involves absorbing disparate ERP applications, which, over time, can create significant inefficiencies — particularly in the accounts payable (AP) department. The good news is, **AP automation is emerging as an end-to-end solution** that forward-thinking organizations can use to eliminate AP-related silos and maximize their market potential.

Why Adding Automation to the Mix Isn't Counterproductive

For many AP and finance leaders, the idea of automation is appealing but the thought of adding another solution to an already convoluted environment seems counterproductive.

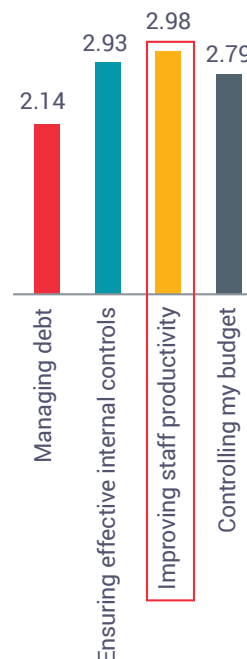
However, when you examine the top AP concerns of today's c-suite members, you'll find that automation aligns perfectly with their foremost goals. For example:

- 1) It boosts staff productivity.** According to a recent study by IOFM, "improving employee productivity" was the top concern among c-suite members.¹ Automation addresses this concern by not only drastically reducing low-value manual tasks, but allowing users to manage all AP invoicing activities from the same interface regardless of the back-end ERP — making user training easier and invoice processing faster.
- 2) It consolidates workflow and shores up internal controls.** In a manual environment, AP departments run the risk of paying inaccurate, fraudulent or duplicated invoices. In automated environment, because the solution interacts with all the ERP systems, invoice data is processed with complete accuracy and security through a single point of control.
- 3) It enhances visibility.** Effective cash flow management practices can generate real and impactful cash value for a business. Whereas manual invoicing makes it virtually impossible to source, track and analyze the metrics necessary to do this, automation solutions offer them in real-time via customizable dashboards.

TOP CONCERNS OF C-SUITE

(According to IOFM Study Results)

Ranked by level of concern (4=highest level of concern)



About This White Paper

Businesses with a complex ERP environment have several choices when it comes to AP automation solutions (e.g., an inside-the-ERP tool vs. an outside-the-ERP tool, an on-premises implementation vs. cloud-based implementation, etc.). This white paper is intended to assist AP and finance leaders, along with ERP system administrators, in evaluating their options, simplifying the decision-making process, and getting the absolute most out of their AP automation investment.

1. Finance Executive Survey: Priorities, Challenges and Technologies for the Year Ahead, 2014. Institute of Finance & Management (IOFM). PDF file.

DEALING WITH A COMPLEX ERP LANDSCAPE

The increased occurrence of M&As, spinoffs and divestitures causes ERP systems to accumulate as multiple instances of the same ERP or a combination of disparate systems. If the central goal is to consolidate AP processes and accelerate procure-to-pay (P2P) times (without headcount increases or new infrastructure requirements), there's no question that automaton is an industry-proven and highly effective tool. The question is how best to do it.

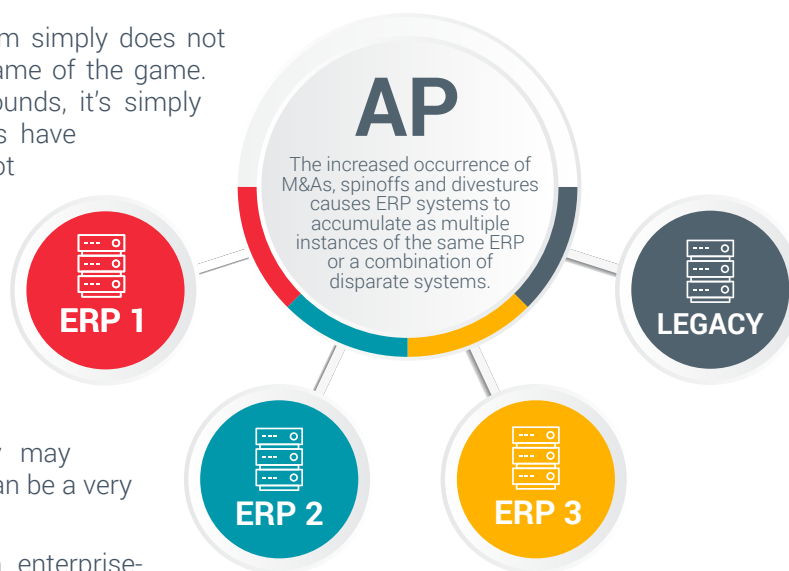
Busting the Myth of One Company, One ERP System

The vision of one enterprise/one ERP system simply does not reflect today's reality — complexity is the name of the game. As sensible as a one-to-one relationship sounds, it's simply not realistic as global expansion and M&As have become the norm. For example, today, it's not unheard of for a company to have as many as five ERP systems in use across its global enterprise.

Multiple instances of ERP solutions

Some companies also run different ERP systems. Although they are all based on the same platform, each system can be different enough to require special attention. They may seem identical from a high-level view, but it can be a very different picture at the operational level.

Even if a company is standardized on an enterprise-wide ERP system, multiple instances in different locations around the world can require integration of multiple workflow tools in order to automate AP workflow. This can complicate key initiatives such as setup of shared services centers.



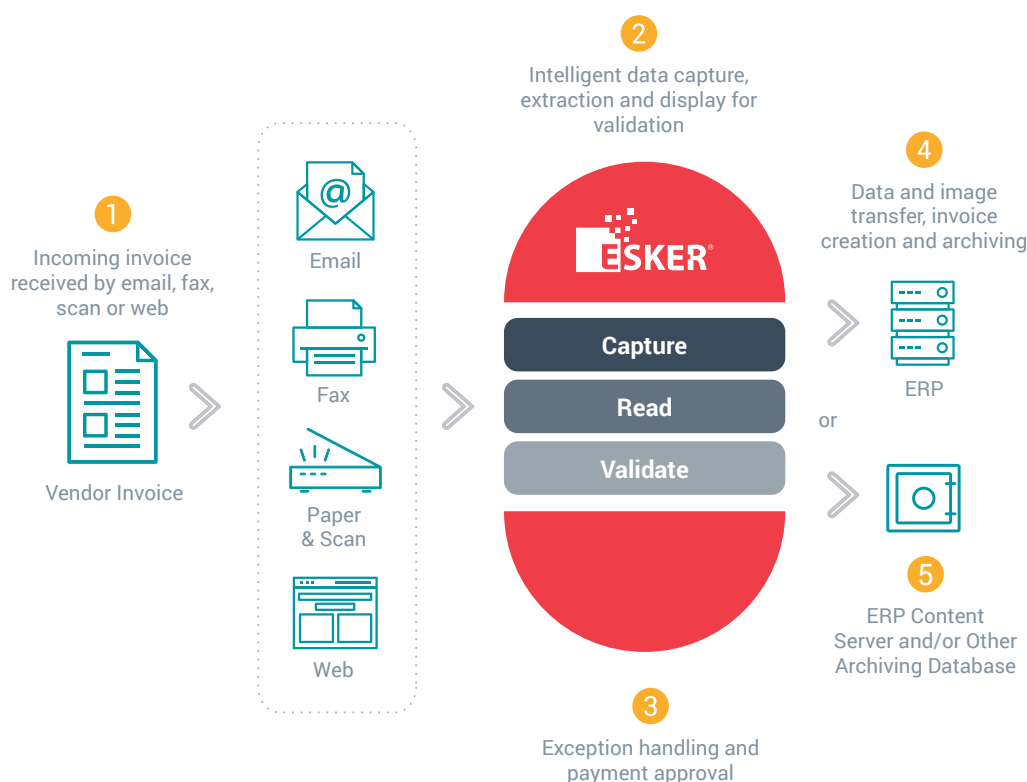
“Inside ERP” vs. “Outside ERP” Systems

When it comes to AP automation solutions, the first instinct that organizations typically have is to install AP workflow inside the ERP system. However, when one examines the numerous detrimental effects this can have, it's easy to see that the risks handily outweigh the rewards. Some of the biggest downsides to “inside ERP” workflow include:

- **Added expenses.** Solutions that function within an ERP environment often require a major investment of time and money for installation, integration and maintenance by ERP application engineers.
- **Functional limitations.** Solutions developed to operate within an ERP environment are, by nature, limited in their integration with any existing AP-related systems or others added in the future.
- **Drain on ERP performance.** Tools that operate within an ERP environment can tap system resources allocated to core ERP applications and other enterprise systems. The impact is multiplied as companies add systems through M&As, and as additional staff require more resources.
- **Workflow discontinuity.** While workflow approval is done inside the ERP system, data extraction (from paper invoices, email, faxes, etc.) still must be done outside the system, creating a break in the end-to-end audit trail.
- **User inconvenience.** Not only do AP staff have multiple interfaces to learn and work from, they may not always have access to the ERP system or may not prefer to use a particular ERP interface for AP workflow.

Solutions that reside outside of the ERP system, on the other hand, enable the same integration capabilities without the added time, costs and risks that come with implementing a tool inside the ERP system. Under an external ERP workflow environment, AP departments benefit from:

- Shared data across multiple business applications
- Flexibility to include other departments (e.g., purchasing) or pre-/post-processing steps in workflow
- Instant access to archived invoices and audit trail outside an ERP application
- Immediate email notifications when invoices need to be approved
- Easy deployment via a web browser to simplify training and increase user acceptance
- Instant access to invoices without the need to be on-site or even an ERP solution user
- Maintained business continuity through the many IT landscape changes
- Standardization for shared services initiatives, including logic to avoid errors
- Increased internal controls without the need to duplicate workflow logic



On-Premises vs. The Cloud

Another key consideration of AP automation solutions is how they will be implemented within the organization. Traditionally, AP automation solutions were implemented in-house, and usually only by large corporations that could afford the investment and maintenance. Today, the emergence of cloud providers — especially those offering a Software as a Service (SaaS) model — are taking over as the delivery method of choice, and allowing organizations of all sizes to benefit from automation.

Not only do SaaS solutions allow for AP workflow outside an ERP system, they help preserve capital and IT complexity since there is no additional software, hardware or maintenance associated with the implementation. After initial sign-up and structuring the solution to fit your internal processes, the solution provider can take care of the rest, including setting up users and permissions, uploading data, and training your staff.

BENEFITS OF AP AUTOMATION

Businesses have been hearing about the benefits of AP automation for years. But until recently, those benefits have always included a “yeah, but ...”. Today, organizations can now get the best of both worlds: a way to bring accuracy, visibility and efficiency to the P2P cycle while consolidating all AP/ERP activities into one secure, harmonious and cost-effective solution.

End-to-End Advantages

Some of the most common advantages businesses gain by using AP automation include:

- **Increased** control & visibility
- **Strengthened** supplier relationships
- **Harmonized** ERP environment
- **Accelerated** P2P processes
- **More** productive, engaged employees
- **Lower** operational costs
- **Better** scalability & risk management
- **Enhanced** accuracy

Brooks Brothers Success Story

When Brooks Brothers, America's oldest men's clothing retailer, recently embarked on a global implementation of SAP® software, one of its imperatives was to find a workflow solution that could eliminate manual data entry and help maximize its investment in SAP. Facing the same challenges that many of today's growing businesses encounter, Brooks Brothers chose a cloud-based AP automation solution and achieved impressive results.



PREVIOUS AP PROCESS

- 80,000 AP (non-PO) invoices processed annually
- Limited PO invoice volumes
- 90% check payments
- Up to 6,000 invoices in the processing pipeline
- 100% manual process
 - Data entry
 - Bar code for imaging/archive
 - Paper-based workflow
 - Reporting and reconciliation



KEY REQUIREMENTS & GOALS

- Cloud-based solution that could integrate with global SAP rollout
- Imaging and workflow capabilities to reduce operational costs and inefficiencies
- Address month-end and year-end closing challenges (e.g., staff overtime)
- Speed up invoice receipt to posting cycle time



END RESULTS

- Reallocated 2.5 FTEs
- Dramatically reduced postal costs
- Eliminated risk of paying duplicate checks
- Managed a 10% volume jump in invoices without adding headcount
- Improved supplier relationships
- 100% reduction in data entry
- Enabled department heads to approval invoices in the cloud, at any time

“ When you stop and think about where you want to be as a global organization, **it's hard to ignore the opportunity that AP automation affords you.** The efficiency is from cradle to grave — if your systems are set up properly, you start with an electronic invoice and never have to touch it again.

Peter Gerardi, Operational Accounting Manager, Brooks Brothers

HOW AP AUTOMATION WORKS

An inside look at Esker's cloud-based AP solution

Best-in-class automation solutions provide a single point of entry for AP invoice approval workflow with full functionality for ERP users (as well as those outside the ERP deployment). Because the solution resides on a server and integrates with the ERP independently, users are all connecting via the same interface — simplifying every action and adding value where it's needed most.

Connected, Consolidated Workflow

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.



Dashboards with Customizable KPIs

When a company automates AP with Esker's cloud-based solution, received invoices are automatically queued for processing and made 100% visible and accessible via built-in dashboards. Users can choose what Key Performance Indicators (KPIs) are displayed on their interface, making every action smarter and more strategic.

Your current system may allow you to see what was paid, but Esker gives you instant access to what invoices are in the pipeline. This type of enhanced control and monitoring allows everyone involved to better forecast the use of cash and determine the best approach for capturing early payment discounts.

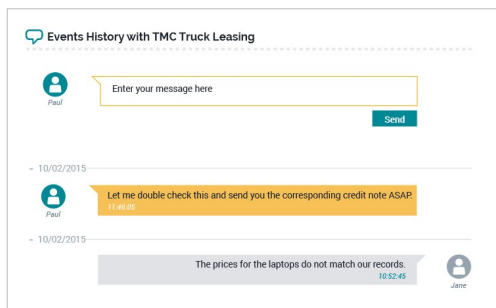
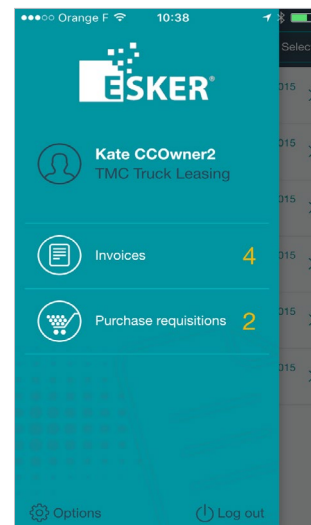


Mobile Invoice Approval

Part of going global as an organization also means not having to lose the flexibility of completing critical tasks while out of the office.

Available 24/7 from Apple or Android devices, Esker's mobile invoice approval application offers added dimension of convenience for on-the-go approvers who need to review and validate supplier invoices at a moment's notice. Approvers can use the mobile app to:

- View invoice lists (e.g., pending invoices, invoices awaiting approval, etc.)
- View invoice images received by the accounting department
- Instantly access key data (e.g., supplier name, total amount, etc.)
- Review coding information before approving
- Approve, hold or send back an invoice to the previous approver or AP officer, with the option of writing a comment at each step



Convenient Supplier Portal

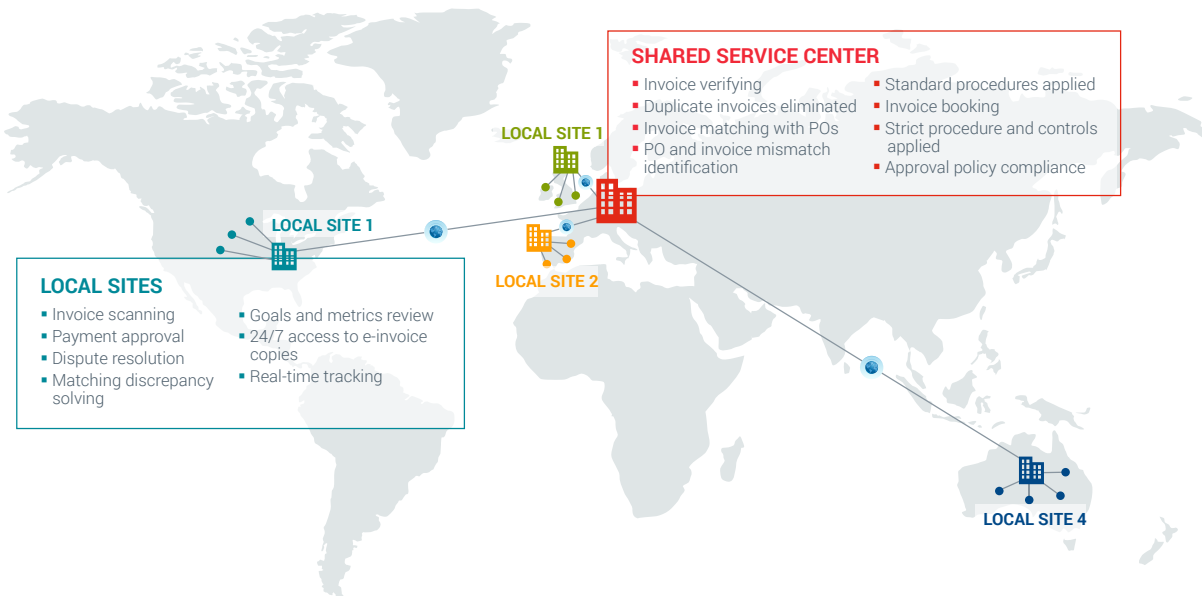
Your organization is not the only one impacted by global expansion and multiple ERP systems. The easier you are to work with for your suppliers, the better off your company will be reputation-wise and generating new sales.

Esker's portal simplifies the company/supplier relationship via a collaborative workspace where self-service access to invoice data promotes rapid dispute resolution and fewer invoice status calls.

Shared Services Center Support

Optimizing the AP process is all about improving the quality of the data and document (i.e., getting it where it needs to go with as little confusion or complexity as possible). A financial shared services center is a tool that many global organizations use to centralize their AP processes and achieve this goal — but support is needed.

With 24/7 year-round monitoring and support for different time zones and multiple languages, Esker's cloud-based automation solution helps to simplify setup of financial shared services centers. Efficiencies gained through automated invoice approval workflow in a shared services model helps organizations improve KPIs including productivity, service level, accuracy, costs and more.



Bringing Added Value to Every Stakeholder

The beauty of an AP automation solution is that its benefits aren't restricted to one particular person or group within the AP process. The customizable nature of the technology offered by Esker means that all key stakeholders can benefit, allowing the right person to access the right information at the right time.

AP SPECIALIST	AP MANAGER	MANAGER	CONTROLLER	CFO	TREASURER
<ul style="list-style-type: none"> ▪ Prioritize daily workload & act on real-time metrics ▪ Have automatic reminders sent to approvers ▪ Easily identify early payment invoices ▪ Focus on value-added functions versus data entry ▪ Centralize info at fingertips for quick dispute resolution & complete audit trail 	<ul style="list-style-type: none"> ▪ Gain full spend visibility ▪ Run accrual reports ▪ Monitor team efficiency based on real-time metrics ▪ Access invoice audit trail 	<ul style="list-style-type: none"> ▪ Identify & eliminate maverick spending ▪ Take advantage of negotiated discounts ▪ Spot issues early with large suppliers ▪ See which suppliers make up a majority of invoices ▪ Access/approve invoices from anywhere 	<ul style="list-style-type: none"> ▪ Access approval process history ▪ Easily retrieve invoices online ▪ Monitor spend budgets by cost center ▪ Give auditors self-access to invoices & supporting documents ▪ Quickly report on spend & cash management 	<ul style="list-style-type: none"> ▪ Monitor budgets & spend overview ▪ Instant access to reporting & metrics to optimize cash management ▪ Follow FTE versus number of invoices processed KPI ▪ Keep an eye on automation rate ▪ Get peace of mind regarding fraud prevention 	<ul style="list-style-type: none"> ▪ Monitor opportunities to leverage cash ▪ Manage payments (e.g. authorizations, follow-ups, early payment proposals, etc.) ▪ Follow-up on discounts for early payments

WHERE AUTOMATION CAN TAKE YOU

(Beyond accounts payable)

In many cases, AP automation is just the first step in a multi-step document process improvement initiative. Esker allows companies to go beyond AP and easily extend automation to multiple areas of their business — regardless of the interaction with customers or suppliers — using one universal platform. This type of unified communication frees up IT departments and customer service teams from tasks that burden their budget while saving hours of work that can be redeployed to new projects.

Why One Shared Platform?

Rather than using multiple point-to-point solutions, all elements of the platform should be accessible and controlled by a single set of business rules to allow automation of document processes on all ends of the spectrum without the need for third-party products. In Esker's case, its solutions span the entire O2C and P2P processes, enabling businesses to automate virtually any business process that runs on paper documents.



The Importance of E-Purchasing

One can't talk about AP without also mentioning the other half of P2P cycle — purchasing. Using a purchasing solution alongside an AP solution is the only way to truly know where a particular document is going, where it's been and how long it's been there. Esker's e-Purchasing solution brings greater visibility and efficiency to the entire AP process by allowing you to:

- Quickly place spend requests with online purchase forms
- Benefit from automatic requisition authorization workflow
- Give requesters instant access to approved items
- Convert non-PO and non-MRO invoices into PO-like invoices
- Gain complete spend process transparency

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.

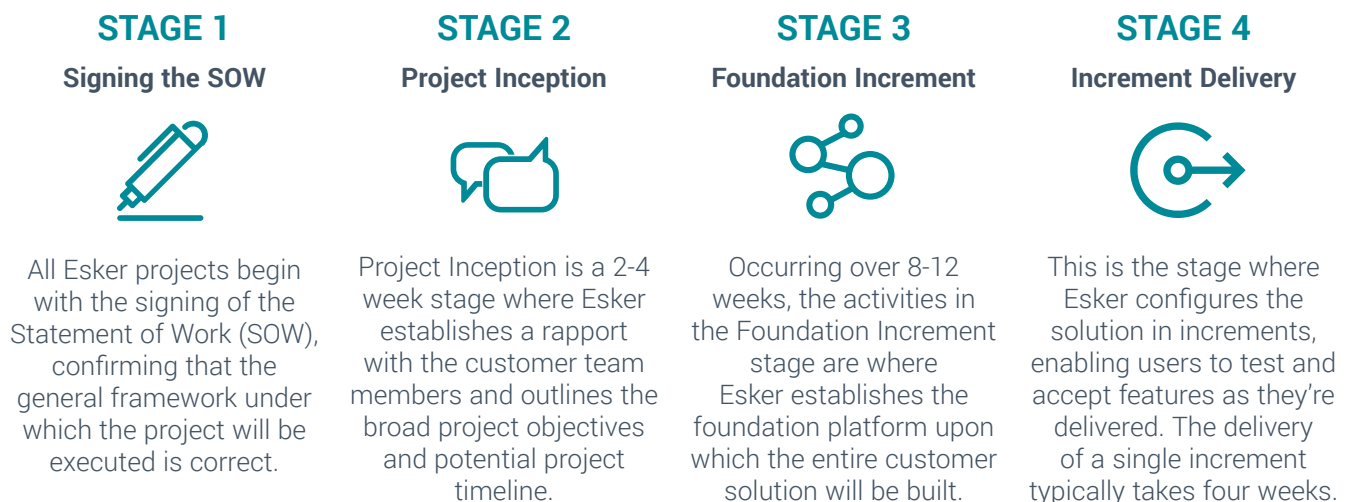
Executing the Project

Agile methodology

Esker utilizes 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:



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 organizations 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 an AP 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 order 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.

ABOUT ESKER

Esker is a worldwide leader in cloud-based document process automation software.

Organizations of all sizes use our shared platform of solutions, offered on-demand or on-premises, to automate accounts payable, order processing, accounts receivable, purchasing and more. Esker's solutions are compatible with all geographic, regulatory and technology business environments.

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.



Cloud Computing

Esker is one of the first software vendors capable of offering a 100% cloud computing automation solution to its customers. Esker's on-demand customers now represent 40% of Esker's total sales revenue.



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