



Ebook

# Supplier Management Automation

Leveraging AI-driven automation  
to reinforce supplier relationships  
& minimise risk



# Why read this ebook?

## Here's the gist

Supplier management is a complex, multi-step process that happens to be a fundamental part of an organisation's success. However, despite its importance, it remains a highly manual process for so many businesses – which can lead to a slew of inefficiencies that affect every stage of the source-to-pay (S2P) lifecycle. Luckily, there's an easier way to do things.

This ebook is for Accounts Payable (AP) and Procurement professionals looking to leverage AI-driven supplier management automation to improve cashflow, strengthen supplier relationships and promote continuous, scalable growth.

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# Piecing together the supplier management puzzle

Supplier management is a broad topic that includes a wide variety of factors. Each part plays an important role in creating a bigger picture — a picture focused on creating new value and future opportunities by better managing suppliers and strengthening relationships with them.

To put it simply, supplier management is the way an organisation qualifies, segments, monitors and manages its suppliers with the goal of establishing a mutually beneficial buyer-supplier relationship based on trust and accountability. While that sounds straightforward, there are many different components to consider throughout the process.



**Supplier information management (SIM):** The system in which a company captures, stores and analyses supplier data to evaluate suppliers' value and weaknesses.



**Supplier relationship management (SRM):** The approach taken to evaluate each supplier's goods and/or services and their contribution to the business.



**Supplier risk management:** The process of identifying, assessing and mitigating threats by vetting suppliers to understand the risks they may pose to a business and its supply chain.



**Supplier quality management (SQM):** Managing, monitoring and responding to changes in a supplier's ability to fulfill needs on time and to the agreed quality specification.



## Supplier management challenges in a nutshell

Given all of the elements that make up supplier management, there are plenty of obstacles to navigate. The biggest challenges facing S2P teams are:

- Achieving cost savings & quality control
- Improving supply chain transparency
- Assessing & mitigating supplier risk
- Tracking compliance
- Onboarding new suppliers
- Evaluating the performance of suppliers

Not just another thing to “manage” ...

# Supplier management impacts your S2P cycle more than you'd think

Finance professionals point to AP and procurement as their number one back-office automation priority. And while there are a lot of internal efficiency and operational challenges that reinforce the need to automate AP, managing supplier relationships is one of the biggest drivers — especially given its increasing value propelled by uncertain economies.



**of Finance professionals interviewed said that their supplier relationships are more strategically important now than a year ago.<sup>1</sup>**

## How it affects supply chains:

**Risk.** When you're entrusted with financial and business data as AP teams are, manually managing sensitive information via paper, emails and phone calls drastically increases risk, as no chain of custody or audit trails are able to be tracked.

**Compliance.** Manual supplier management makes it difficult to monitor and regulate purchasing channels and ensure compliance with e-invoicing policies.

**Invoice and payment visibility.** Without full transparency into supplier invoices and payments, tracking down who did what on each supplier account is a cumbersome task that can easily lead to slow processing times and other delays that can negatively impact supply chains.

## How it affects cashflow:

**Cashflow visibility.** Manual supplier management doesn't lend itself too well to tracking cash activities, making it much harder to get an accurate read on your cash position. Poor cashflow visibility can ultimately lead to less optimal payment terms and less cash on-hand.

**Supplier communication.** Strengthening supplier relationships is virtually impossible without having open, ongoing communication. Without automation, communication with suppliers must be done via email and phone calls, which only creates more inefficiencies. A lack of collaboration with suppliers will only weaken your negotiating position come contract renewal time.

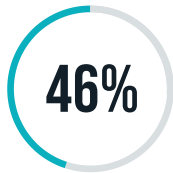
# Driving resilience & continuity through supplier relationships

Never before has business resilience and continuity been so vital for organisations to incorporate into every single process, and supplier management is no exception.

## The inherent value of supplier relationships

The relationships you build with your suppliers can benefit your organisation in more ways than you'd think. Collaborating with suppliers and involving them in the supplier management process helps build longer-lasting, trust-based relationships that can be leveraged in the future.

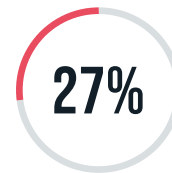
Not surprisingly, a recent survey found that 58% of Finance professionals interviewed said their supplier relationships were more strategically important than a year ago, with 74% reporting that suppliers are essential to their continued growth.<sup>1</sup> The importance of supplier relationships is likely to keep growing as organisations focus on moving their businesses forward and preventing future supply chain vulnerability.



**of Procurement leaders say that the top goal of managing suppliers is to improve supplier relationships.<sup>2</sup>**



**of AP teams are working completely remotely.<sup>2</sup>**



**of AP departments find slow onboarding to be the biggest supplier management challenge.<sup>2</sup>**

## Automation: the key to business resilience & continuity

Automation delivers efficiencies that bolster bottom lines and helps prevent doing business with the wrong partner. Supplier management solutions help businesses evaluate and monitor suppliers and their associated risk before even engaging with them.

Connecting external data sources, like Dun & Bradstreet, to vet suppliers can help to minimise risk even more by tracking risk indicators like:



**Failure score:** Likelihood to cease business (next 12 months)

Percentile bet. 1 & 100

100 = lowest probability



**Delinquency risk:** Likelihood to pay suppliers late (next 12 months)

6 classes: low to extreme



**Layoff risk:** Likelihood to layoff employees(next 6 months)

5 classes: low to high



# Onboarding suppliers

Onboarding is a multi-step, cross-departmental process that has become even harder these days. Once you've vetted a new supplier, you now have to onboard them into your business's workflow. While it's ideal to have new suppliers onboarded in just a few days, things like technology gaps, poor communication and compliance issues can cause lengthy delays and sometimes take up to six months to fully onboard.

## Onboarding challenges

### Slow onboarding

After the sudden shift to remote work, it became much harder and time-consuming to vet and onboard suppliers, even though the stakes became higher. Slow onboarding can cause suppliers to look elsewhere and could be the difference between getting the materials you need and leaving customers out to dry.

### Technology gaps

Collaborating with suppliers becomes more convoluted when they have their own solution in place or, in some cases, no solution at all. This makes you more vulnerable to errors and incomplete information that can lead to delays, fulfillment mistakes and chargebacks.

### Compliance

The more suppliers you have, the harder it is to ensure compliance across your entire business and supply chain, which can lead to disruption in operations, product recalls, customer cancellations, legal action and reputational damage.

## How automation simplifies it

### Self-service portal

A self-service supplier portal can fast-track the whole onboarding process. It eliminates the juggling of PDFs, emails and faxes by letting suppliers access a portal where they can input and monitor all their information, and provides chat tools for easier communication.

### Vendor registration forms

Online registration forms make it easy for suppliers to know what information they need to provide. Automatic information verification helps stakeholders identify and correct errors quickly to make sure all compliance regulations are met.

### IBAN verification

A supplier management solution also can automatically verify a supplier's International Bank Account Number (IBAN) to prevent the submission of incorrect bank references and to ensure that the IBAN submitted corresponds to the correct company.

# Supplier inquiries management

In AP departments, there's nothing more inefficient and time-sucking than having to put everything on hold to address supplier inquiries. It's time to find a better way.

Let these eye-opening statistics sink in for a sec:



**10-20%** of supplier invoices generate inquiries.<sup>2</sup>



It takes **5-20 minutes** on average to address one inquiry.<sup>2</sup>



Roughly **60%** of inquiries stem from already paid invoices.<sup>2</sup>



It takes employees about **23 minutes** to regain their attention after an interruption.

## Supplier management challenges

Workplace disruptions are taxing on the well-being and productivity of your employees. There's a wide variety of document types that AP departments receive from suppliers:

- Account statements
- Credit notes & invoices
- Invoice status requests
- Price lists
- Contracts & legal documents

All of these must be classified and routed accordingly, and when that process is done manually, it requires a significant amount of time — time that could be spent on higher-value tasks and nurturing relationships with suppliers.

## The fix

Automated supplier inquiries management provides the best of both worlds. By being able to configure how supplier inquiries are triaged, you're helping to free up AP teams from interruptions and repetitive administrative work so they can be more productive, accurate and fulfilled in their work — all while improving the supplier experience through faster payment and responses to inquiries, which can ultimately lead to better cashflow and productivity.

Additionally, self-service portals allow suppliers to track invoice statuses on their own and utilise chat tools to get their questions answered quickly, all without having to call or email your AP department.



# Contract management

Imagine being able to have all your supplier contracts in one place and accessible whenever you needed them ... Without automation, that's a tall order for AP specialists. Managing a wide variety of supplier contracts in a manual environment makes you even more vulnerable to risk, compliance and regulatory issues. But with the right tool, contract management doesn't have to be risky business.



**of global Procurement leaders say that managing risk is their top priority.<sup>2</sup>**

## Onboarding challenges:

### Non-compliance with regulatory issues

Navigating regulations and protocols to verify factors like employee safety, data security, social responsibility and financial honesty can be very difficult, especially for companies operating in multiple countries, as the rules and regulations can differ overseas.

### Lack of centralisation and standardisation

Without automation, time and resources are often wasted on drafting, reviewing and tracking down supplier contracts. Automation allows AP teams to locate contracts and other documents faster, giving organisations a productive edge.

### Managing contract lifecycles

A missed expiry or renewal date could result in many problematic situations, like not billing for work done on a contract or paying for the renewal of a tool you don't use. Manual contract management opens the door for miscommunication and missed deadlines.

## How to achieve it

Automation is the best way to leverage contract management for business growth. By providing a central contract repository, supplier management automation allows you to:

- Quickly retrieve contracts
- Create contracts either by manually filling in a form or by capturing values from an uploaded contract
- Follow up & track created contract approval status
- Check contract compliance via approval workflows
- Audit & track modifications
- Share contracts & reports
- Electronically & securely store all contract information
- Automatic alerts to notify contract owners of upcoming contract end dates or renewal dates
- Ability to terminate contracts before the initial end date

# Propel your business with supplier management automation

Supplier management is far too important to your business to entrust it to paper forms, emails and phone calls.

Automating supplier onboarding and management is a win-win for buyers and suppliers. Looking to the future (one that's murky and unsure), it's something that forwarding-thinking businesses can't afford to neglect anymore.

## Why automation makes managing suppliers so much easier



**It's much less risky.** Onboarding suppliers through a self-service portal lowers the risk of opening a phishing email. And all supplier information is verified and tracked for compliance.



**It's less clumsy.** Manual onboarding and management tasks are eliminated, freeing AP staff to focus more time on higher value activities like data analysis.



**It's quicker.** Suppliers are automatically reminded to submit information, therefore speeding up onboarding and improving relationships with suppliers.



**It's simpler.** Suppliers can use a portal to quickly complete and submit information, workflows are streamlined, and compliance checks are automatic.



**It's transparent.** Dashboards provide visibility into every step of the process so AP and Procurement leaders always know that supplier data is up to date.

## Basically, automating supplier management is super important ...

As supply chain uncertainty ensues (for who knows how long), organisations with growth in sight need to push modernising supplier management to the top of their priority list to cultivate stronger relationships and S2P process efficiencies that promote continued growth and business resilience. Speaking of which, that just so happens to be something Esker is good at.

### Why automate with Esker?

Esker Supplier Management completes our full S2P suite, helping today's companies manage supplier information and automate processes across the supply chain. With its 360-degree view of supplier information, your business can effectively manage compliance, minimise risk, gain full process visibility and reduce S2P staff workload.

The screenshot displays the Esker Supplier Management interface. The top navigation bar includes 'CUSTOMER INVOICE', 'Items', and 'Parameters'. The main content area is titled 'Document preview - 45\_US\_MM\_01.pdf - 1/1'. It shows the 'ACME Supply Company' header with address: 1500 N. Broadway, Contra Costa, CA 94598, UNITED STATES, 510-555-1874, Fax: 639256326584. Below this, invoice details are listed: Invoice Number: 285240, Invoice Date: 7/1/2022, Currency: USD. A table of items is shown below:

Item	Ref	Description	Quantity	Unit Price	Amount
10	J5485	All Purpose Flour	50.00 ea	10.00	500.00
20	J690	Granulated Sugar	20.00 ea	11.00	220.00
30	J46732	Kosher Salt	30.00 ea	120.00	3,600.00
40	J2451	Heavy Cream	10.00 ea	100.00	1,000.00

To the right, the 'Invoice - Pending payment' section shows 'Invoice Details' with fields: Invoice number (285240), Invoice date (7/1/2022), Invoice amount (6,271.20), Net amount (5,420.00), Currency (USD), and Due date (8/1/2022). Below this is a 'Conversation with TMC Truck Leasing' chat window. The chat shows a message from 'AC' (acmesupplycompany) saying 'No worries. We'll update the invoice - thank!' and a response from 'TMC Truck Leasing' saying 'Half and half works for us, but we'll need to order again within a few weeks.' Another message from 'AC' says 'There's a backorder on the sugar supplies - are you okay with half granulated, half confectioners or would you rather wait?'.

# Automation features that improve S2P efficiency & supplier relationships

The last thing companies want when automating supplier management is to deal with the complexity of disparate, incompatible solutions. Esker dashboards offer a larger, unified platform that houses all the tools and technology needed to achieve S2P efficiency and drive continuous growth. Here are supplier management automation's most prominent features and benefits:

## **Multi-channel platform**

Optimise invoice management by enabling processing in any format and from any input channel, whether invoices are received by mail, email, fax, or EDI. By turning a machine-readable EDI invoice into a human-readable version, you can now apply standard AP processes to EDI invoices as well.

## **AI-driven data recognition**

Esker's Artificial Intelligence (AI) Engine, Esker Synergy, can manage and analyse all invoice data. For example, Esker's deep-learning technology can train itself to automatically recognise and suggest a split for a batch of supplier invoices arriving into your AP department for the first time — even if some invoices are multiple pages.

## **Archiving**

Never worry about losing an invoice again! Esker securely archives all documents and processing data for as long as necessary and provides instant access to required supplier information using multi-criteria search function.

## **Esker Anywhere™ mobile app**

Esker Anywhere™, enables managers to review and approve supplier invoices and track KPIs while on the go directly from their Apple or Android devices. Users also have the opportunity to collaborate by entering comments for others involved in the workflow.

## **Intelligent dashboards**

Esker offers a single, collaborative and cloud platform that promotes invoice visibility and reception channels, including EDI. With one process consolidating all invoices — no matter the reception channel — AP departments can help streamline the S2P cycle and businesses can grow without operational restraints.

## **Supplier self-service portal**

As part of Esker Accounts Payable, a convenient online portal gives suppliers self-service access to payment information, helping them get paid quicker and reduce costs, while saving your company time and money previously allocated to responding to invoice status calls.

# References

- 1 [State of Accounts Payable Report, 2021](#), MineralTree
- 2 [Institute of Finance and Management \(IOFM\)](#), January 2021 online survey

# Hi, we're Esker

Founded in 1985, Esker is a global cloud platform built to unlock strategic value for Finance, Procurement and Customer Service leaders and strengthen collaboration between companies by automating source-to-pay (S2P) and order-to-cash (O2C) processes.



## 39

years of  
experience with  
20+ years focused  
on cloud solutions



## 1,000+

employees serving  
850k+ users &  
1,700+ customers  
worldwide



## 15

global locations  
with headquarters  
in Lyon, France, &  
Madison, WI



## €178.6

million in revenue  
in 2023, with  
90+% of sales via  
SaaS activities



## Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.



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