

What are you waiting for? – you have to start *somewhere*



Start small and automate routine back-end process drags

A routine purchase shouldn't generate a lot of paperwork and require much back-and-forth over email. But in organizations without enterprise document management software, that's often the case today.

Consider the manual steps an organization without document management software must go through just to place an order for office supplies:

1. A purchase order for the vendor is created.
2. A copy is printed for the accounting department.
3. The accounting department takes the purchase order and puts it in a manila folder.
4. Once an invoice comes in from the office supply company, the purchase order is pulled from the file and is compared with the invoice for accuracy.
5. Accounting then photocopies the invoice and sends the original back to the office manager for approval.
6. Eventually, a check gets printed and mailed, and the check stub goes in the folder with the other documents.

And this is all just in the accounting department!

According to the American Productivity and Quality Center (APQC), 58% of invoices are manually keyed in the financial system and 61% of the cost to

process accounts payable is in people. Depending on the approval process, people in other departments might also make copies of the documents, multiplying the problem of handling and storing all this paperwork.

Fortunately, the right document management system allows you to eliminate this paperwork. Instead of printing a paper copy of the purchase order, your office manager hits a button to "print" an electronic document and route it to a central document repository. Rather than launching a manual paper-based process, this electronic document starts a digital workflow that's far more efficient and cost-effective than a paper process.

Ideally, vendors and shipping companies also send you electronic invoices and documentation that you then can bring this information right into your digital workflow. In the real world, of course, there is no guarantee that the vendor will send an electronic invoice. With the right enterprise document management software, you're also able to quickly scan the paper invoice into your system and throw the paper away. Scanning takes only seconds, and it eliminates tedious data entry and the need for multiple photocopies, since people in other departments are also able to access the electronic document at any time.

Once your invoice is in electronic form, it's easy to route it for approval in a digital workflow, in which

approvers are able to quickly review and mark up the invoice, automatically creating and saving a new version alongside the original document. And instead of printing a check as your internal copy, you just “print” an electronic check that attaches itself to the purchase order and invoice already sitting in the electronic document management system. The entire paper-based process has been replaced with a streamlined electronic process.

Manual accounting processes increase costs and create a competitive disadvantage for companies of all sizes. Consider this data from APQC comparing bottom performing and world class organizations:

	Bottom performers	Top performers
Cost per invoice processed	\$12.50	\$5.00
Cycle time to correct an invoice error	7.0 days	3.0 days
Number of invoice line items processed per FTE	21,232	46,667
Complexity – Number of accounts in chart of accounts	<727	<181
Cost of financial reporting per \$1,000 in revenues	\$.64	\$.11

Despite the fact that the technology to streamline accounting processes has existed for over a decade, most finance processes are not truly digital. Most finance processes rely on a lot of paper and/or manual email processes. Consider the following answers to this question posed by AIIM to chief financial officers: **“What is the paper usage in the following processes?”**

Process	PAPER: “Lots of documents processed as paper”	EMAIL: “We mostly use email for document processing.”	DIGITAL: “We have digitized and automated document processing.”
Vendor management	32%	32%	37%
Procurement & purchasing	31%	34%	36%
Accounts payable	38%	28%	34%
Accounts receivable	37%	32%	30%

Document management software can automate these processes, and an enterprise document management software solution can often pay for itself in a matter of months. In addition, it also reduces errors and improves supplier and customer relationships.

At the heart of almost every costly process logjam are manual, paper-driven processes. Every organization must ask itself this question – [“Is Paper Silently Killing Your Business in the Digital Age?”](#) Paper documents are a red flag for productivity and customer responsiveness problems. According to IDC, employees waste 3.5 hours per week searching for and not finding documents, and 3 hours per week is wasted re-creating “lost” documents. On average, every misfiled document costs your organization \$125. Document management can take this pain away.

And most importantly, once your core financial processes are automated, *the same document management software solution can be used to automate other document-intensive processes.*



This tip sheet was sponsored by [Docuware](#), a leading

document management software company. Its solutions are available in 70 countries and 16 languages, with over 125,000 users in approximately 14,000 installations. The company, founded in 1988, operates worldwide from Germering near Munich, Germany, New Windsor, New York and from Wallingford/Connecticut, with subsidiaries in the U.K., Spain and France.

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