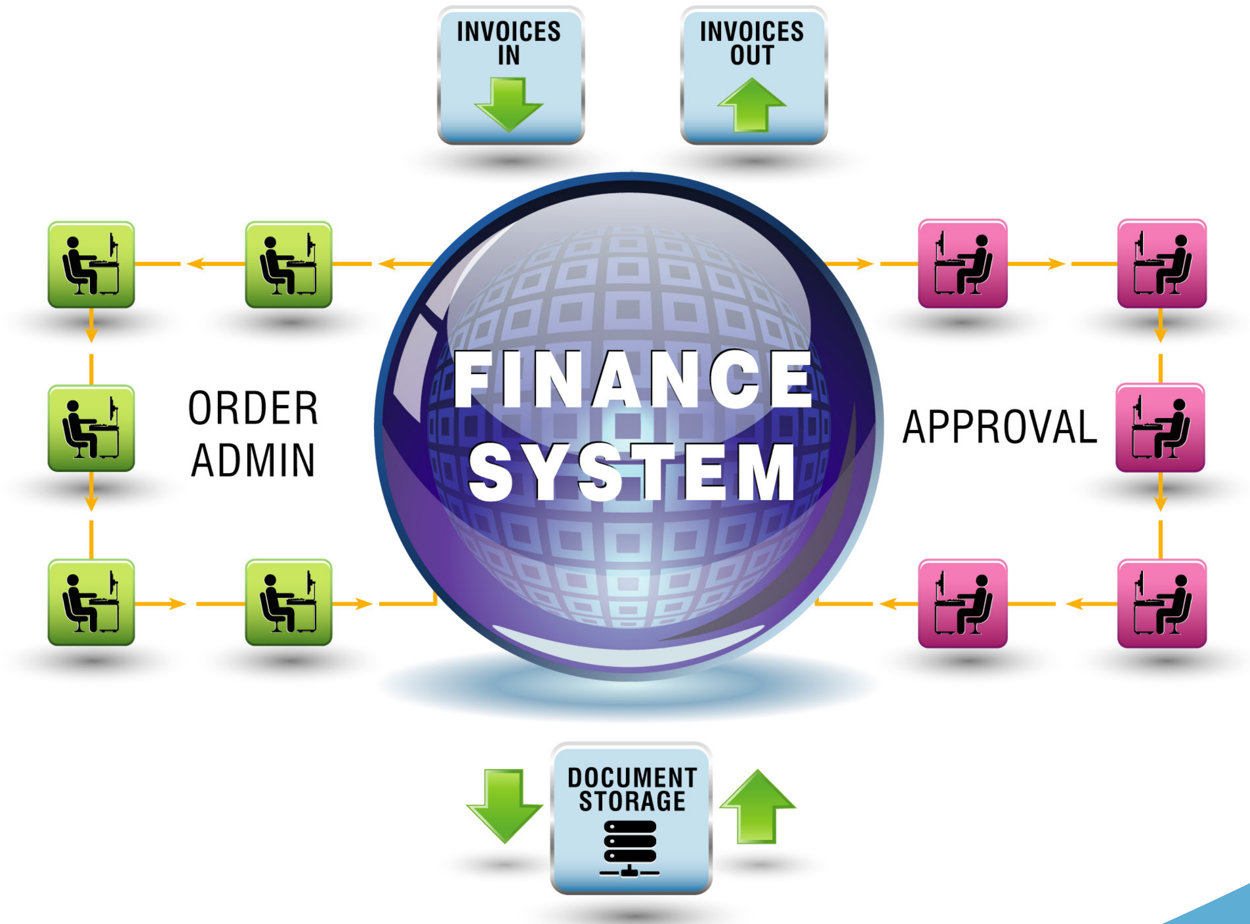

Automating AP/AR Financial Processes – user feedback on the real ROI

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Process used and survey demographics

The survey results quoted in this report are taken from a survey carried out between 05 December 2013 and 02 January 2014, with 229 responses from individual members of the AIIM community surveyed using a Web-based tool. Invitations to take the survey were sent via email to a selection of AIIM's 80,000 registered individuals. Two-thirds of respondents are from North America, 19% from Europe, and 13% from elsewhere. They cover a representative spread of industry and government sectors. Results from organizations of less than 10 employees have not been included, bringing the total respondents to 202.

About AIIM

AIIM has been an advocate and supporter of information professionals for nearly 70 years. The association mission is to ensure that information professionals understand the current and future challenges of managing information assets in an era of social, mobile, cloud and big data. AIIM builds on a strong heritage of research and member service. Today, AIIM is a global, non-profit organization that provides independent research, education and certification programs to information professionals. AIIM represents the entire information management community: practitioners, technology suppliers, integrators and consultants. AIIM runs a series of training programs, including the BPM Certificate course. www.aiim.org/training/BPM-Business-Process-Management-Course

About the author

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Introduction

Payment systems are the lifeblood of any organization. Without them, suppliers don't get paid and perhaps even more importantly, money is not collected from customers. Yet surprisingly, they are usually considered to be part of the infrastructure of the business – an unavoidable overhead. The emphasis is generally to reduce costs, but as we will see, the efficiency, accuracy and timeliness of these payment processes can have a dramatic effect on key relationships with suppliers and customers. Poor or overloaded processes can end up leaving money on the table from missed discounts or disputed transactions, and slow collection can put huge pressure on cash-flows.

Despite the early predictions for electronic transaction systems (EDI), the invoice is still the primary vehicle for payments. Of late there has been a considerable rise in the exchange of PDF invoices. Despite their universal file format, they represent a document of standard content but very diverse layout. As a result, although many organizations have adopted electronic workflow of invoice images – scanned from paper or input as PDF - many are missing the true benefits of capturing the information on the document itself using OCR (Optical Character Recognition) and linking it direct to the finance or ERP transactional system. Improved capture software, ICR (Intelligent Character Recognition) can now easily adapt to multiple invoice layouts, and automatically match and validate data down to line-items level wherever it resides on the form. As we will see, the return on investment from this kind of technology can generally be measured in months, not years.

Of course, the invoice itself will not be the only document involved in the processing of payment. Delivery dockets, reject notes, inspection reports, remittance advices and original purchase orders will all be involved. If the transaction is a non-production purchase, non-goods order, high-value contract, or service agreement, an even greater bundle of contract-related documents may need to be referenced – contracts, correspondence, tender documents, inspection reports, corrective actions, and so on – in fact a full case file of documents. Ready access to this case file by those involved in the payment and approval process will be critical to productivity, and may become even more critical if disputes escalate to a higher level. All of these documents need to be captured, stored and linked to the transaction, then managed for access and collaboration, and finally archived at the end of the process

In this report, we will review how invoice automation is performing in accounts payable (AP), what issues and shortcomings have been experienced, and what financial returns and additional benefits have been achieved by existing users. We will look at the part that wider content management can play to broaden the single-point AP process, and, in particular, how this model brings benefits to the accounts receivable (AR) process. Content management can then be extended to other processes within the business. This report is a follow up to a previous report and survey conducted in January 2012[1].

Key Findings

- Overall, 50% of organizations surveyed have yet to adopt any automated AP systems. One third of organizations receiving more than 25,000 invoices per month are still using paper-based processes.
- 50% of Accounts Payable system users report a payback period of 9 months or less. A significant 22% report a payback in as little as 6 months. 80% consider they have achieved a payback of 18 months or less.
- The average reduction reported in invoice processing costs is 29.2%. 29% of our responding organizations reported savings of 50% or more from adopting AP solutions.
- Nearly half of implementations were completed in 6 months or less. 81% within 1 year – a single budgeting cycle.
- On top of these major savings, the biggest benefits reported are faster turnaround time on payment and better monitoring and transparency of invoice status. Better records keeping is the third biggest benefit reported. Staff savings is number four.
- 55% of those with AP systems are not attempting to capture any data through OCR. This includes 12% who only scan for archive purposes.
- Those streaming invoices through AP capture systems are achieving a 40% "hands-free" throughput on average. A quarter of users are achieving 65% or better straight-through processing.
- The median cost per invoice to process is $8. Costs reported range from less than $1 to more than $50, with an average of $12.9. A quarter of our respondents are processing 10,000 or more invoices per month. At this level a 29% saving at $10 per invoice is around $300,000 per year.

- The average estimate of the additional cost factor to process non-purchase order (PO) or non-production orders is 2.2x. On average, across our respondents, 25% of invoices are non-PO, non-production or non-goods. The ROI is likely to be even higher on these types of invoice.
- Finding and accessing the relevant purchase contract and delivery documentation is cited as a major factor in the cost of processing these non-PO orders. Two-thirds of respondents admit that the original purchase requisitions, supplier correspondence, supporting documentation and contracts are not easy to find.
- The main reason given for non-adoption of AP automation is lack of management initiative. Insufficient volume of invoices and insufficient ROI were given as the next reasons, although 37% of non-users would consider using a SaaS or cloud service to reduce capital investment.
- For Accounts Receivable (AR), 20% estimate that they are losing 3% or more of invoiceable income due to short-payments, late payments, out-of-time discount claims, tax disputes, contract disputes, unrecoverable debts, etc. The average figure for DSO (Days Sales Outstanding) or debtor days is 34.5 days. 24% have DSO of 40+ days.
- Finding original purchase orders, customer correspondence, contracts and supporting documentation (proof of delivery, return authorization, vendor corrective action, etc.) is also given as a difficulty for AR staff. Again, 66% are struggling to find supporting documentation, whether they have a system or not.
- Only 50% of organizations are using an Accounts Receivable collection system. AR systems are sourced from a broad spread of suppliers: finance system suppliers, CRM suppliers, ECM (Enterprise Content Management) suppliers, dedicated AP/AR suppliers and in-house developments.
- Better records and reduced time spent on collection are ranked as the two biggest benefits of using an AR system. Then come "sharper cash-flow prediction" and "Reduced DSO / debtor days".
- 41% of AR system users report a payback time of 9 months or less. This rises to 82% in 18 months or less.

Drivers and Adoption

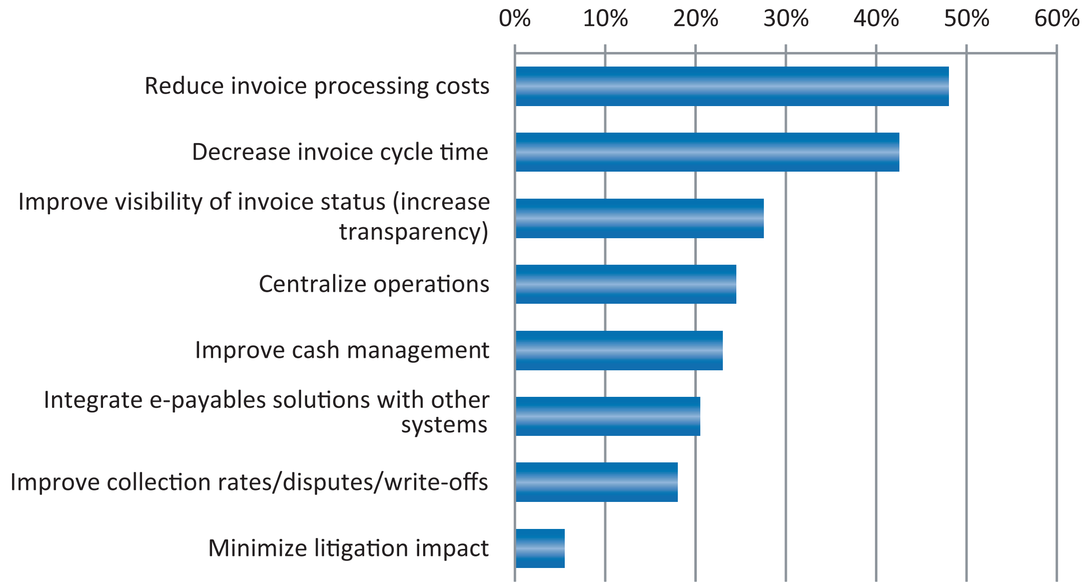
Accounts Payable (AP) remains a popular application for scanning, capture and workflow. Paper invoices, much like other forms, can be described as semi-structured documents, though they are almost exclusively computer-generated in the first instance. Many are now sent electronically as PDF files, but even when printed to paper, they are reliable candidates for scanning and capture. The key fields are likely to be the same (even if layouts vary), with the majority of useful data that needs to be captured being numeric. Advancements in recognition technology have improved the ability to handle different invoice layouts "on-the-fly", significantly reducing any templating and tuning. Using data from the finance or order-processing system to directly verify recognition of order numbers and part numbers has also improved accuracy, decreasing error rates and dependence on human interaction.

The process for invoice payment also lends itself well to automation and business process management (BPM). If the invoice and purchase order are matched exactly, and delivery quantities have been confirmed – "three-way matching" as it is termed – the payment process is straightforward. Based on set business rules, when all three elements are matched, payment is issued without human intervention. If approval is required, a sign-off loop can be set up and the three-way matching becomes the trigger to initiate the workflow. Triggers can also be set for conditional approval at more senior levels if the sum involved exceeds a certain amount.

Accounts Receivable (AR) systems are more diverse than Accounts Payable, and the payment collection process may be associated with a range of different systems – finance, ERP, CRM, ECM, or in-house developed. AR processes are more likely to have exceptions and disputes, so they tend to be more document-centric as regards initial contract documentation and subsequent exchanges, albeit that they are not immediately triggered by the arrival of a document in the same way as invoice payables are. Automating an AR process may begin with a signed delivery receipt captured centrally or remotely, triggering the process to chase payment from the customer. In some cases, as in logistics, this could mean a substantial difference in time to bill from weeks to days, resulting in the improvement of cash flow.

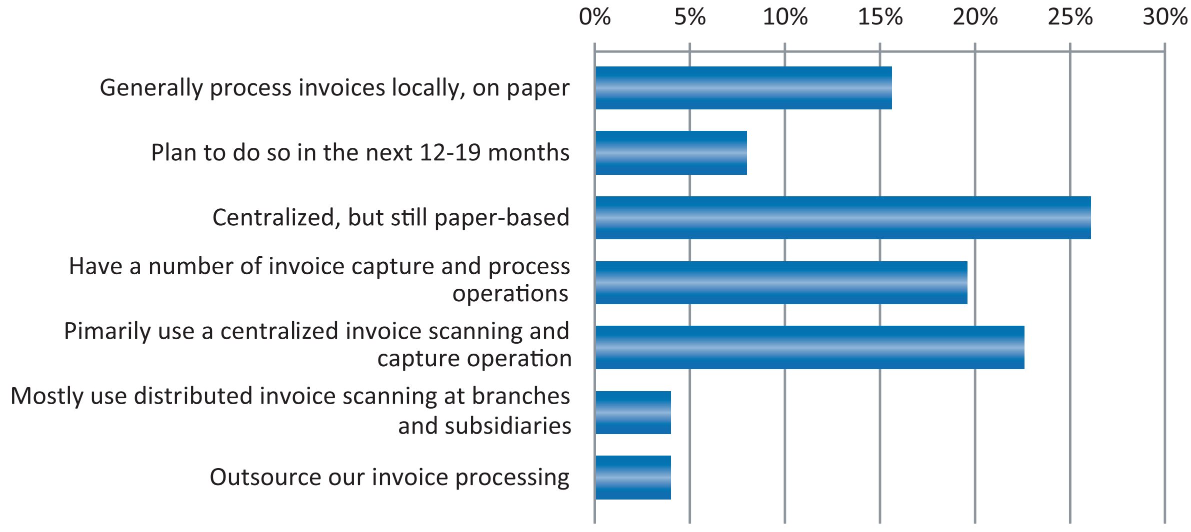
The key drivers in both cases are reduction of core costs, decreasing the process cycle time, improved visibility of the process itself, and better cash management.

Figure 1: What are the two biggest drivers related to AP and AR processing in your organization? *(N=200)*



A desire to centralize operations is a key driver for AP automation in many organizations, removing the physical restrictions on where processing staff are based, and perhaps taking advantage of cheaper labor areas. Centralizing may also be important to the business case for AP automation, concentrating inbound invoices and so increasing the number processed per week, thereby improving the return on investment (ROI).

Figure 2: Have you centralized and automated your invoice management activities? *(N=199)*



We can see from Figure 2 that 50% of respondents to our survey have some level of invoice capture in their organizations and a further 7% have plans to implement within twelve to nineteen months. We also found that more than a quarter of respondents have a centralized location for invoice management, albeit still based on paper processing. This lends itself well to progressively implementing an automated electronic processing system. The majority of those who have an AP system are operating on the classic model of a centralized scanning and capture operation serving the whole business. Overall, less than 5% are extending the scanning process to branch offices and subsidiaries, with outsourcing also showing at just fewer than 5%.

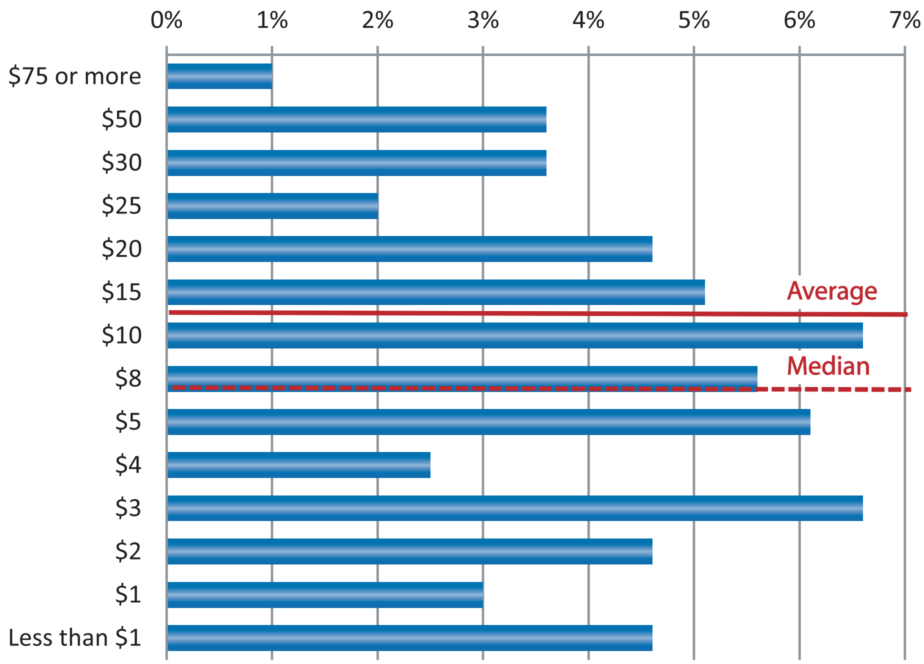
Non-Adopters

Indications are that a lack of management initiative is the underlying reason for not adopting invoice automation. This is shown in a 17% response rate of "Have other IT priorities", and 16% indicating "Management prefer the traditional ways". This is followed by 11% citing ROI concerns and the lack of volume for invoices processed. Where capital cost is an issue, cloud or SaaS services can help, and 28% of non-adopters would consider using such a service, plus 9% who have firm plans in place. Of note is that overall, 15% of the non-adopters indicate they are currently in the planning stages.

Volumes and Processing Costs

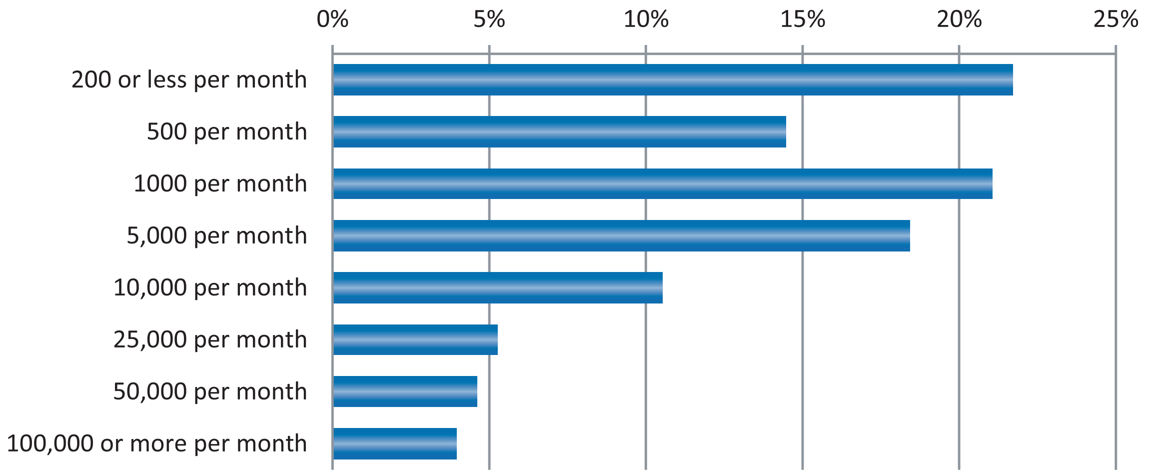
Historically, automated capture systems for Accounts Payable needed high volumes of daily invoices to be financially viable. However, this is an over-simplification, particularly as invoice costs can vary considerably. Current capture, BPM and ECM systems are much more flexible, allowing the technology investment to be spread over more processes than simply AP. We can see in Figure 3 that the estimated cost of processing per invoice has a very broad spread from less than $1 to more than $75. The median in our survey is $7.9 per invoice, with the average at $12.9. Interestingly, we found that the cost-per-invoice bears little correlation to organization size, probably reflecting the fact that bigger organizations tend to have higher overheads, but are also more likely to be using centralized processing, dispersed labor, and AP automation.

Figure 3: What would you estimate is your average cost in USD to process each invoice?
(N=117, excl. 80 Don't Know)



Looking at volumes, 25% of the respondents in our survey indicate they are processing 10,000+ inbound invoices per month, or 500+ per day, and 39% are handling between 1,000 and 5,000 per month or 50 to 250 per day.

Figure 4: Approximately how many supplier invoices does your Accounts Payable unit process per month? (N=152, excl. 44 Don't Know)

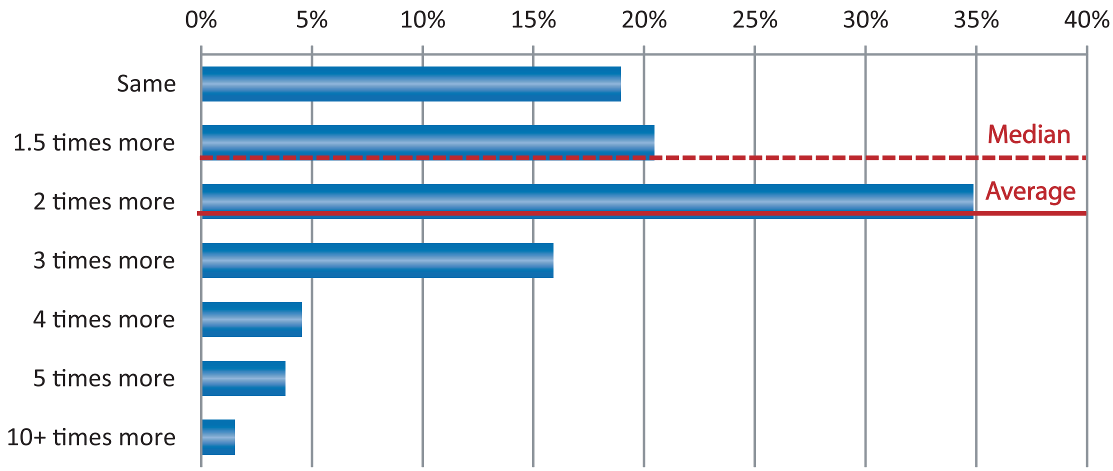


Non-PO Invoices

In most businesses, there is a split between invoices for manufacturing materials, retail goods, etc., and those needed for ancillary services and general operations support. There may also be complex contracts for service provision, and in many businesses, services may be billed even though no purchase order has been raised. The proportion of these non-PO, non-production or non-goods invoices varies widely depending on the particular nature-of-business, but in our survey, we found that 37% of the respondents labelled more than a third of their invoices as non-production or non-goods.

When asked for an estimate of the difference in cost between processing standard invoices and these more diverse ones, on average, our respondents estimated an extra cost of 2.2 times, with a median of 1.65 times. This would put the cost per invoice in the $18-25 range, although in many cases it is considerably more – a quarter of respondents consider it to be three or more times as much.

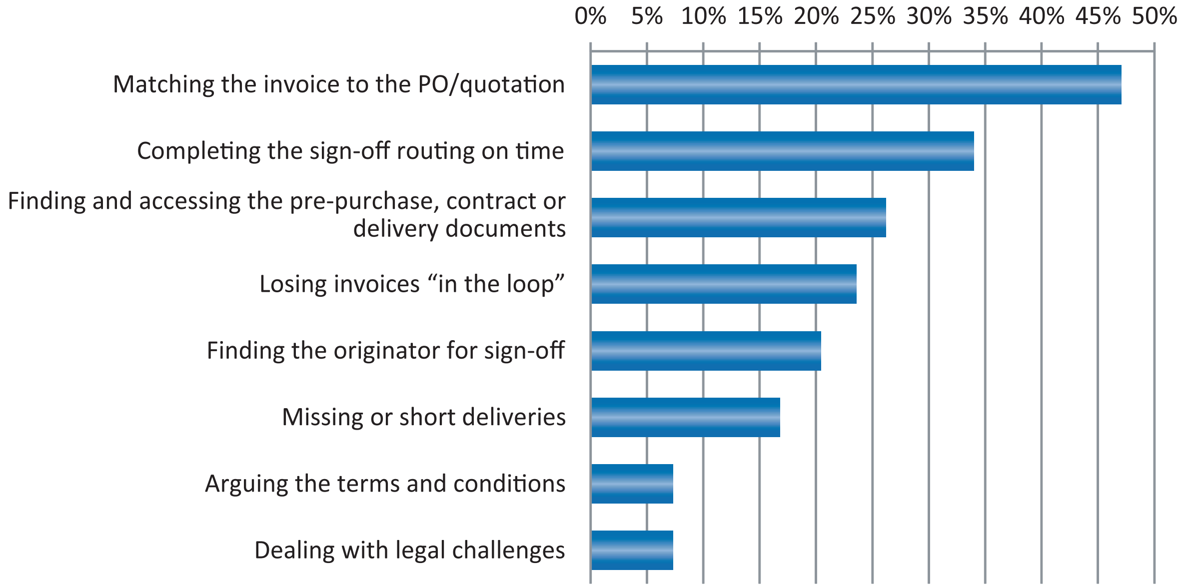
Figure 5: How much extra would you say it generally costs you to process these "irregular" orders compared to normal invoices? (N=132, excl. 63 Don't Knows)



Approval Loops

A characteristic of non-PO or non-goods orders is that they frequently have sign-off loops for approval. In a paper-based process, the invoice and associated paperwork may traverse multiple in-boxes and out-boxes, with increasing risk of being lost or delayed while the approver is travelling or on vacation. In our survey, the median number of approvers in the loop was 2.3, but a nearly a quarter of organizations have 4 or more approvers in the loop, considerably extending the review and approval time. This is reflected as the number two issue shown in Figure 6.

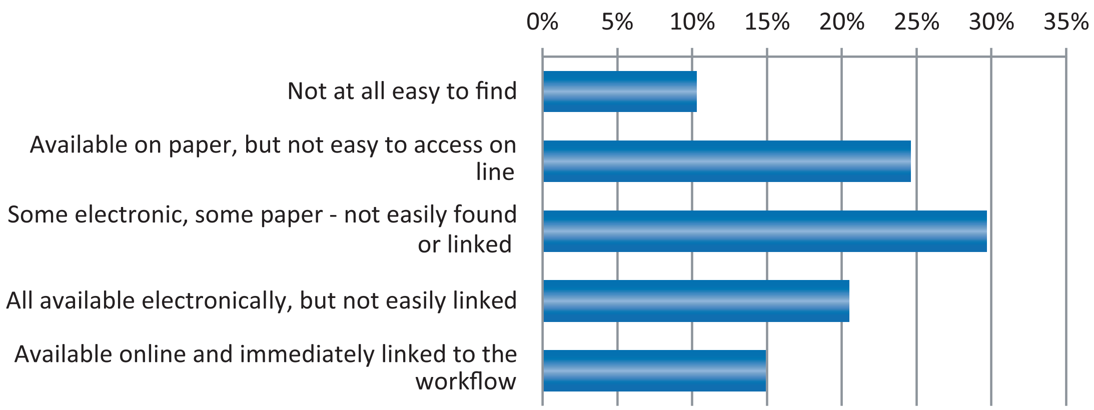
Figure 6: What are the two biggest issues you have with "irregular" invoices? *(N=191)*



Accessibility of Supporting Documents

The third issue cited in Figure 6 prompted us to ask an additional question on document accessibility. This was addressed to all respondents, not just those with an AP system. Overall, nearly 65% feel that the relevant documents are not easily found or linked to the AP system or workflow. This by itself will result in lengthy times and increased costs to process payables. It is not uncommon in organizations that have been scanning invoices for archive without automation for many years.

Figure 7: How accessible would you say the original purchase requisitions, supplier correspondence, supporting documentation and contracts are for your AP staff? *(N=195)*

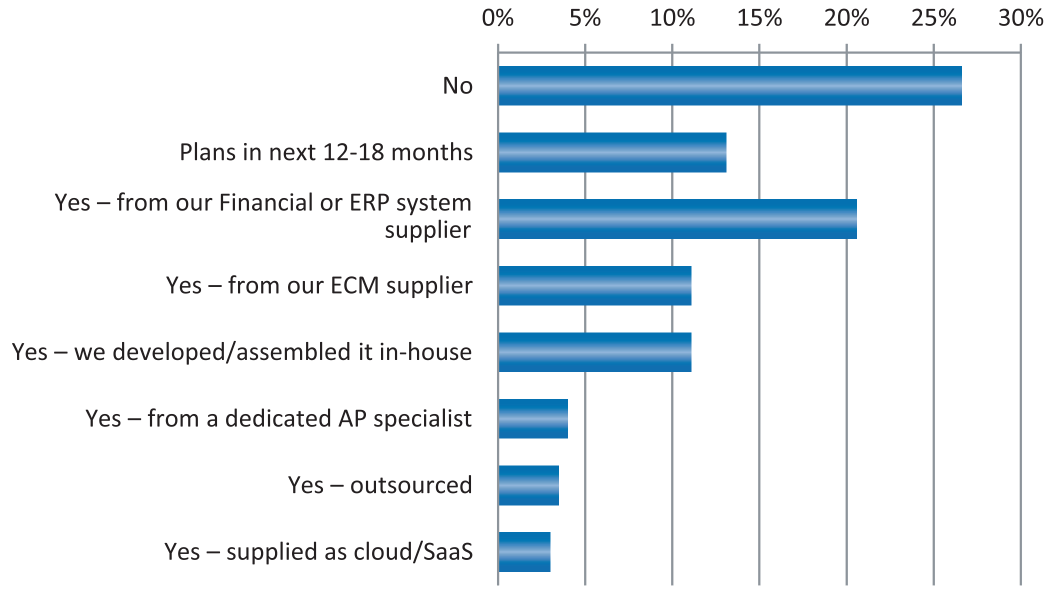


AP Systems

Supplier

While it is not surprising, it is somewhat disappointing to find that 40% of the respondents to the question shown in Figure 8 have no system in place and yet encouraging that 13% of these indicate plans over the next 12–18 months. Historically, suppliers of finance and ERP systems have in general avoided providing automated AP solutions, preferring to leave it to specialist capture or ECM suppliers. In this survey we have seen a shift where 21% indicate automated AP was supplied by their Financial or ERP supplier while 11% cite their ECM supplier. An additional 11% give in-house development as their source. Over and above the capture performance, the degree to which any of these different suppliers can provide the downstream workflow and BPM is quite variable. However, it is likely that an ECM supplier will be in a better position to address linked access to the case documentation that may reside in other systems and applications .

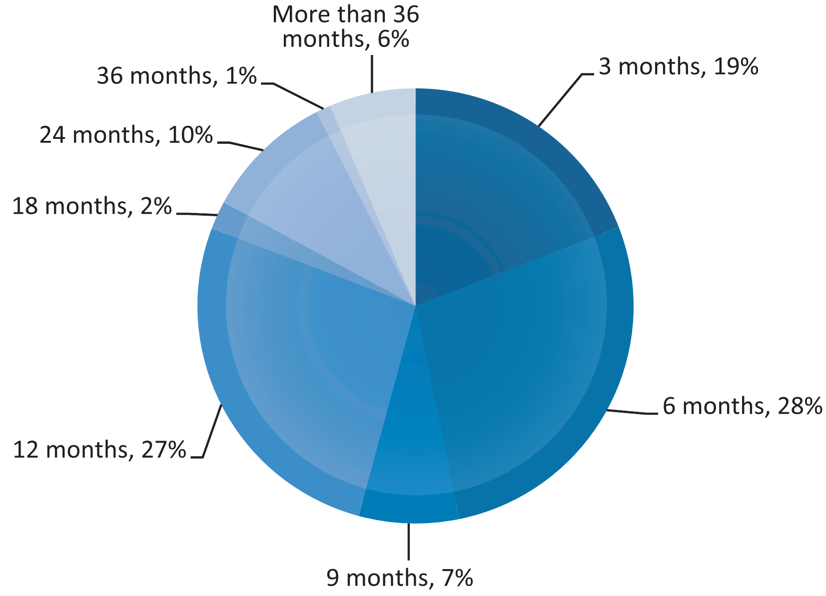
Figure 8: Do you have an automated AP (accounts payable) invoice processing system? *(N=199)*



Implementation

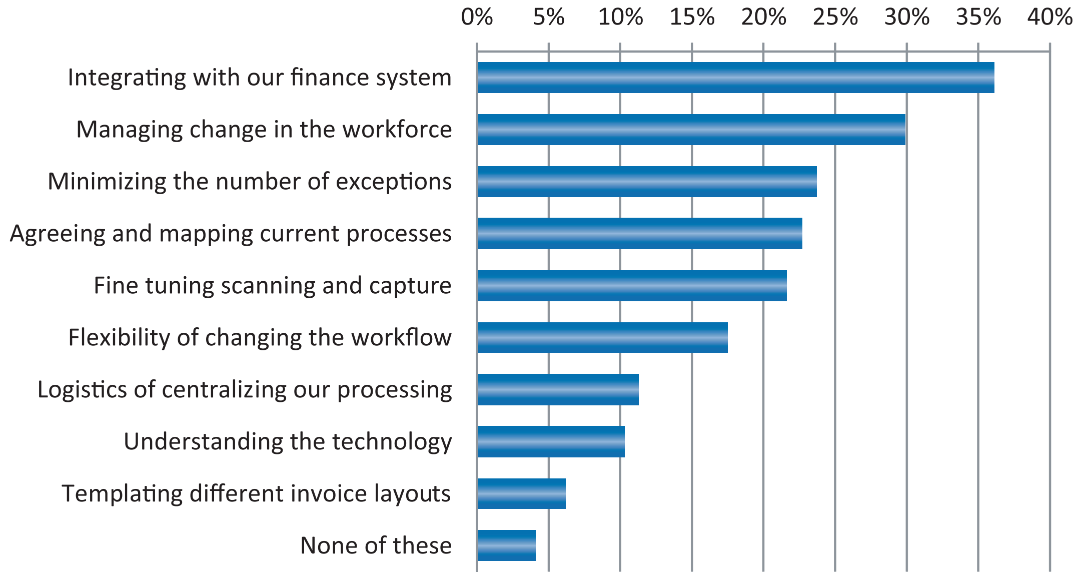
Unlike many enterprise applications, AP automation is fairly readily implemented. If invoice processing is already centralized, deployment is straightforward, and changes to work practices are limited to the AP team. However, the usual arguments apply to deploying a point-solution. Consideration should always be given to potential utilization across other processes and to integration with other systems – particularly content repositories. While 81% indicate implementation in less than a year, 47% of those surveyed said they achieved implementation in 6 months or less with 19% taking just 3 months. This is important, as, along with the rapid ROI, it is a solid indication that the system can be implemented and begin providing benefit within one budget period.

Figure 9: How long did it take you to implement your scanning/capture/workflow solution for AP?
(N=102 AP users, excl. 26 Don't Know)



The number one implementation issue is integration with the finance system (37%) while 30% cite change management in the workforce as the biggest difficulty, reflecting the fact that the human element has become a vital part of the implementation discussion, on par with technology. Regarding integration, it is likely that this reflects the challenge of bringing newer technology together with long standing legacy finance applications. Process issues follow these two, agreeing and mapping the process, and then minimizing the inevitable exceptions to ensure a smooth workflow.

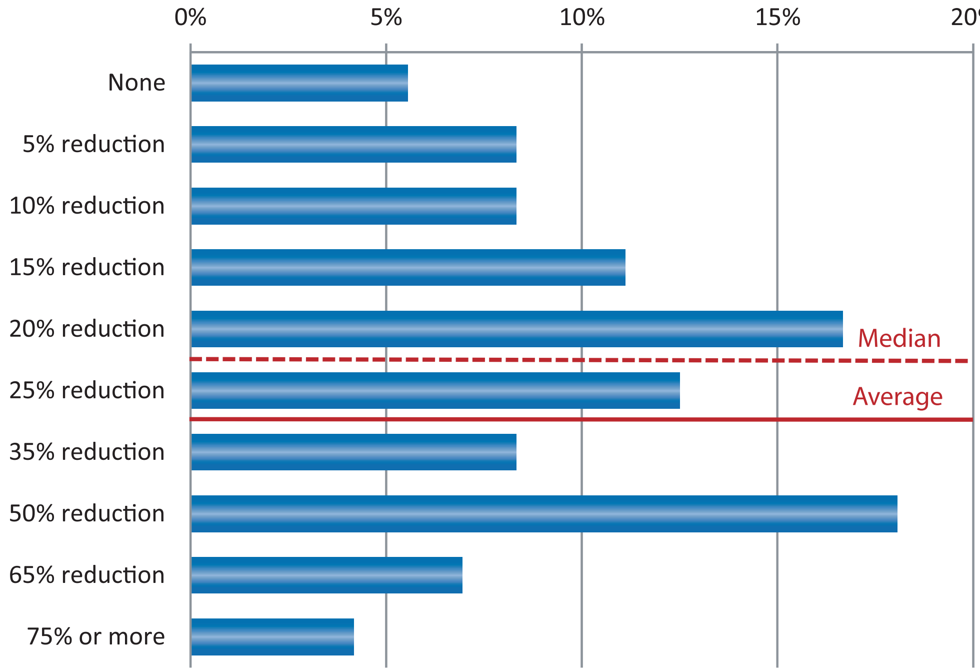
Figure 10: What were the biggest issues in your implementation? *(N=97 AP users)*



Cost Savings

It can be very difficult to measure the impact of any IT system in terms of raw cost savings, as opposed to the soft-dollar benefits. However, most AP managers know the invoice throughput of their department, and are likely to know the direct staff costs. When we asked them about cost savings, 29% indicated a 50% reduction while the overall average of cost reduction is 29%.

Figure 11: By how much would you say you have reduced your processing costs per invoice by adopting a scanning/capture/workflow AP solution? *(N=78 excluding 21 Don't Knows)*



If we take this 29% saving and apply it to a business processing 5,000 invoices a month (60,000 per year) at our average of $12.9 per invoice, we see a total saving of more than $200,000 per year. For larger organizations processing 25,000 invoices per month, savings would be over $1M – assuming current costs are at the $12 per invoice level.

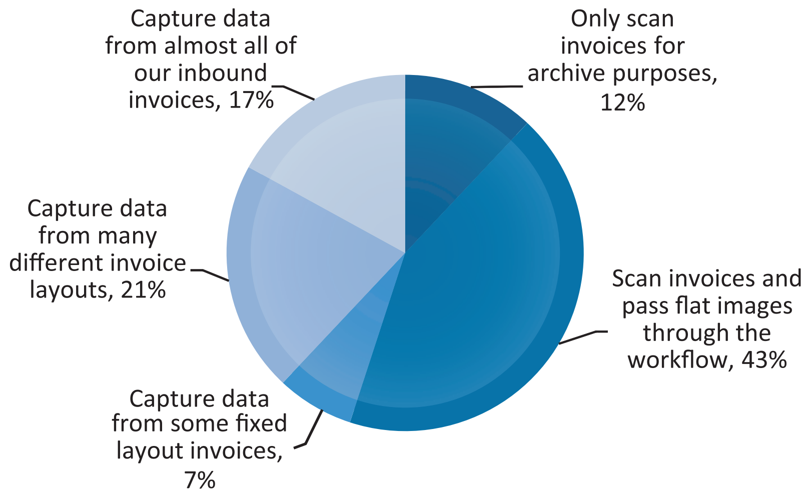
Digital Mailrooms

One way in which the investment in scanning and capture can be amortized over many processes is to utilize a digital mailroom concept at the point where mail enters the building. A large variety of inbound correspondence and forms can be captured and then automatically routed to the appropriate process. A huge benefit is that from mail drop to process start can take as little as 3 hours, and the routing facility can include load-sharing to even out resources. In our survey, 38% already use a digital mailroom, with a further 9% having plans to do so in the next 12 to 18 months.

Data Capture

As we know, capture-based AP systems have been around for many years, but many earlier systems were installed on the basis of an imaging workflow where a "flat" scanned image of the invoice is passed around the workflow, and no attempt is made to recognize data from the invoice itself. Whilst the benefits of workflow transparency and electronic transmission are achieved here, there will still be a manual matching process, and probably a considerable amount of data re-keying. 43% of those in our survey make no attempt to OCR data from the invoice, and a further 12% only scan at the end of the process for the purposes of archiving. In many ways, these users are missing out on one of the key productivity benefits.

Figure 12: How would you describe your automated invoice processing? *(N=100 AP Users)*



Straight-Through Processing

A measure of success for data capture is the degree to which invoices pass through the process with the minimum of human intervention, or "hands-off". In Figure 13, we see that in some businesses there will always be a need for some intervention, but if we exclude those from the results, the average rate is 40%, with 38% achieving more than 50% hands-off processing. The productivity benefits in this scenario will obviously be huge.

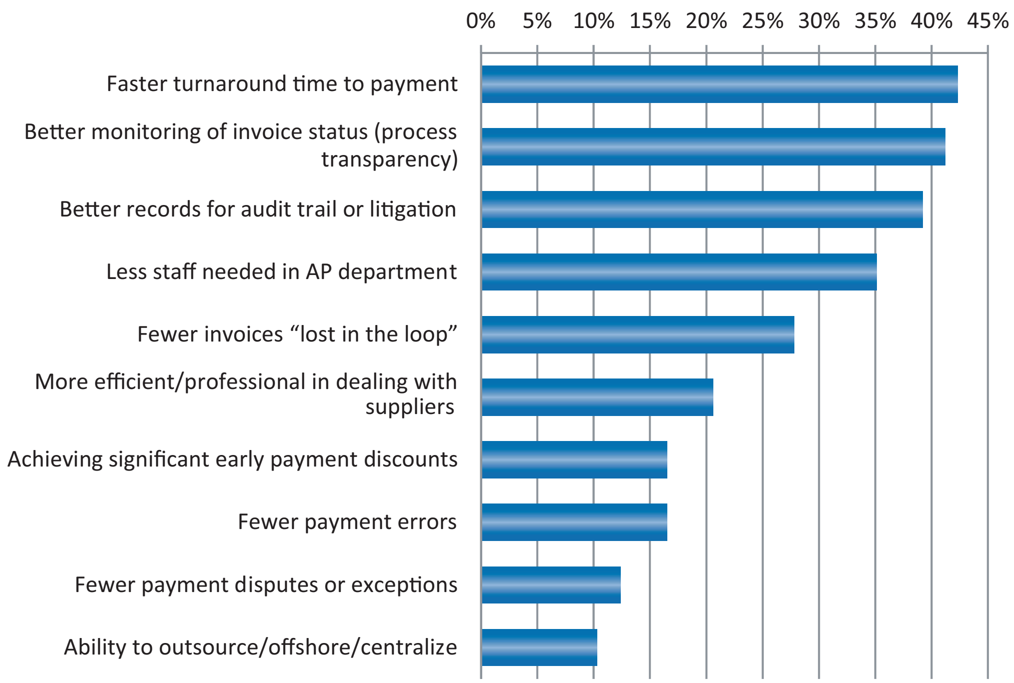
Figure 13: What proportion of your regular production orders are going through your process "hands-off" (straight through processing)? *(N=78 excl. 21 Don't Knows)*

Other Benefits

In addition to the pure cost savings, our users report that "faster turnaround time for payment" at 43% and "better monitoring of invoice status" at 42% are the biggest benefits from AP automation systems. We would expect any work-flowed application to provide this improved monitoring of workloads and process queues, but it is particularly pertinent for AP for two reasons. The first is that once AP departments get behind with payments, the number of supplier enquiries increases disproportionately, creating further distractions from the work in hand. The second is that cash-flow forecasting relies on knowledge of what bills are in the pipeline to be paid and when. If detailed cash management is needed, this becomes truly business-critical data.

An additional benefit available in the most recent AP systems is the provision of a self-service portal for suppliers, allowing them to track the progress of payments without needing to repeatedly contact AP staff.

Figure 14: What have been the three biggest benefits from your AP automation system?
(N=97 AP users)



Also featuring highly amongst the benefits is “better records for audit or litigation”, weighing in at 38%. The preferred mode for most auditors now is all-digital, which is so much more efficient than trawling through file cabinets to find paper copies. We know that in some companies, documents are scanned after the process in order to provide an electronic archive, which achieves the audit benefits, but none of the other benefits outlined above.

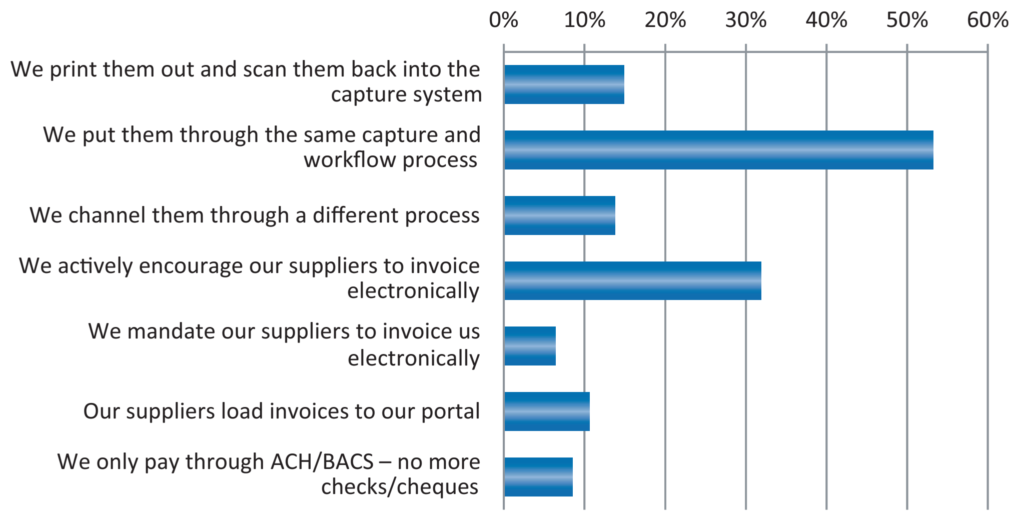
Achieving a faster turnaround time to payment can be seen as a negative in terms of cash-retention, but the key benefit here is that the sooner after delivery the invoice is processed, the easier it is to identify invoice mistakes, short deliveries, quality issues, etc., and resolve them within the current accounting period of the supplier. It also maintains headroom on the credit limit at the supplier.

Electronic Invoicing

In an ideal world, EDI or e-billing would be universal, but we are far from that situation, particularly for non-PO, non-goods orders. Having said that, the scanning process for invoices has its own cost, and if that can be removed there will be a savings and also a likely quality improvement. A modern capture system should be perfectly capable of handling PDF or Word invoices alongside paper ones to achieve all of the same benefits. We suspect (Figure 15) that the 15% who print the PDF invoices out and then scan them back in either do not have this capability, or do not realize that they have it. 54% of our AP system users merge electronic and scanned invoices, with a third actively encouraging suppliers to invoice electronically.

When we asked what proportion of invoices are received via PDF, the answers ranged widely – including 11% who said none and 14% who receive 80% or more as PDF. The average was 33%.

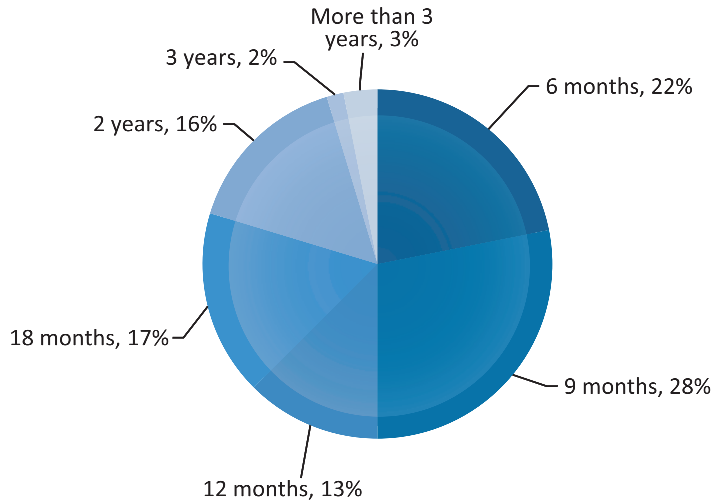
Figure 15: Which of the following generally applies to invoices that arrive as PDF, or through EDI? (N=94 AP users)



ROI on Investment in AP Automation

Taking all of these benefits together, we asked AP system users what payback period they feel they have achieved or are achieving. As shown here in Figure 16, 22% saw a payback within 6 months, which along with the speed of implementation mentioned earlier, is a spectacular result. 50% saw payback in 9 months or less, while 80% saw payback within 18 months. Compared to a survey we conducted in 2012[1], this is an even stronger result: previously, 33% saw a 9 month payback and 77% recouped their investment in 12 months. This suggests that as more implementations have bedded down, the productivity gains have gone up further.

Figure 16: In general, what payback period would you say you have achieved, or are on track to achieve, from your scanning/capture/workflow AP solution? (N=64 AP users, excl. 32 Don't Knows)



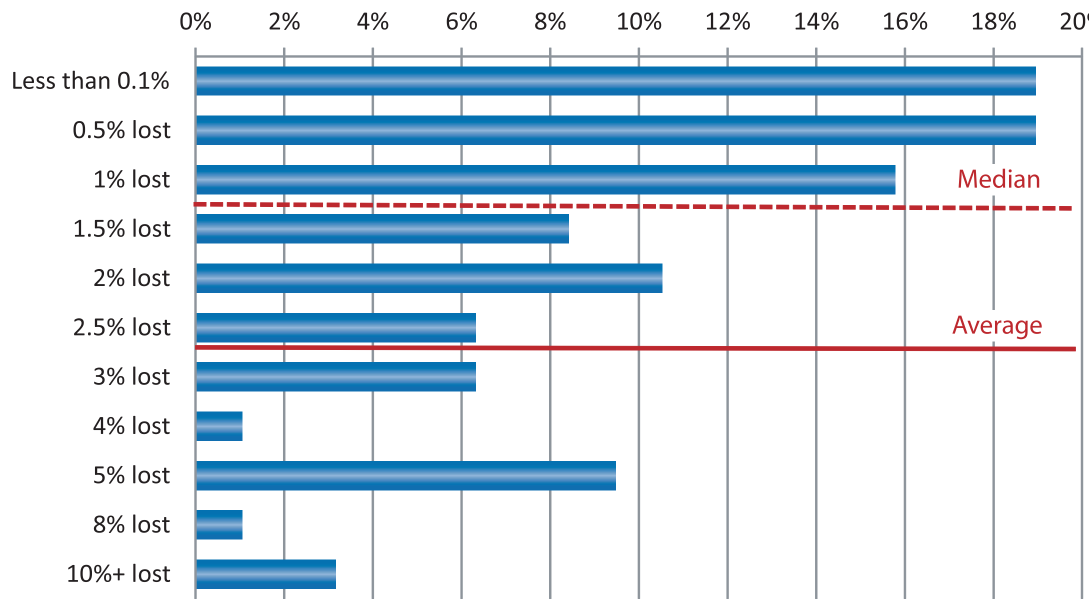
AR Systems

Accounts receivable, credit collection, payment collection and debtor management are all terms applied to the process of chasing payments due on goods or services supplied to customers. Unlike Accounts Payable, AR is not triggered by the receipt of a paper document – i.e., an invoice. It is more likely to be picked up on a Debtors Outstanding report, or triggered by a credit-limit exception. As we will see, this process is also heavily reliant on supporting documentation that accompanies the original order or contract.

The efficiency of the AR process is generally measured by the DSO (Days Sales Outstanding) or Debtor Days figure. The baseline number can vary considerably based on the custom, practice and law in certain international regions and business types. In our survey, 24% of organizations with no AR system had a DSO of 40 days or more, whereas only 8% of those with a system were running at this level of receivables.

As with accounts payable, the efficiency and timeliness of the accounts receivable process can reflect on the level of "leakage" in the payments system. Late payments, short payments, out-of-time discount claims, disputes over tax rates, contract disputes, and unrecoverable debts are all likely to be exacerbated by a slow and inefficient collection process – particularly those without flags for follow-up action, with no records of previous discussions, and without immediate call-up of the associated contract documents, delivery notes, service level agreement (SLA) reports, rejection claims, help-desk notes and sales correspondence.

Figure 17: What proportion of your invoiceable income would you say is lost per year due to short-payments, late payments, out-of-time discount claims, tax disputes, contract disputes, unrecoverable debts, etc.? *(N=95, excl. 79 Don't Knows)*

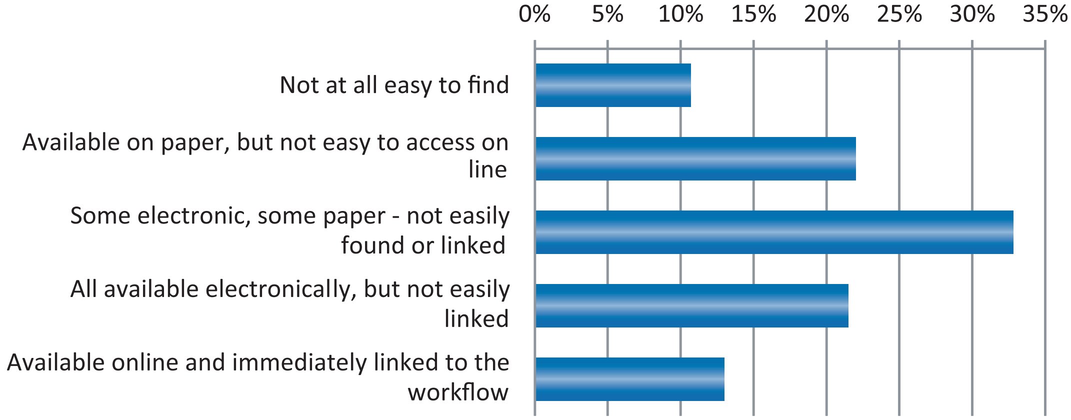


Overall, we found that on average, 2.7% of income is lost, the median report being 1.2%. 20% of our respondents estimated a loss rate of 3% or more of total receivables, which is a significant number when compared to net profit margins.

Access to Supporting Documentation

Due to the variations in the character and integration levels of an AR system, there is no guarantee that having one will assist in accessing supporting documentation or "case notes". Looking across all of our respondents, 65% admit that their AR staff may struggle to find the information they need in a timely and complete manner. The remaining 35% indicate that all documents are available electronically with 13% reporting they are immediately linked into the workflow.

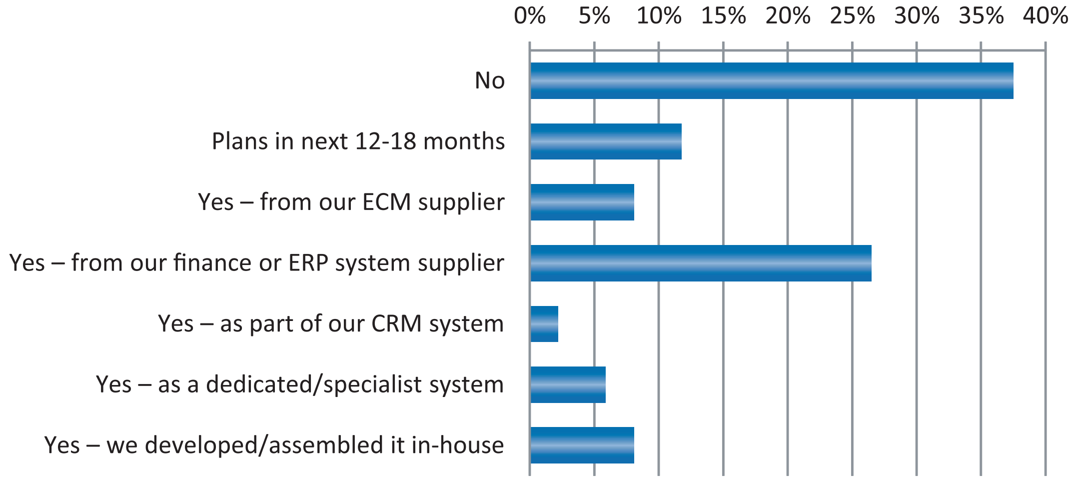
Figure 18: How accessible would you say the original purchase orders, customer correspondence, supporting documentation (proof of delivery, return authorization, vendor corrective action, etc.) and contracts are for your AR/payment-collection staff? (n=177)



Types of Systems

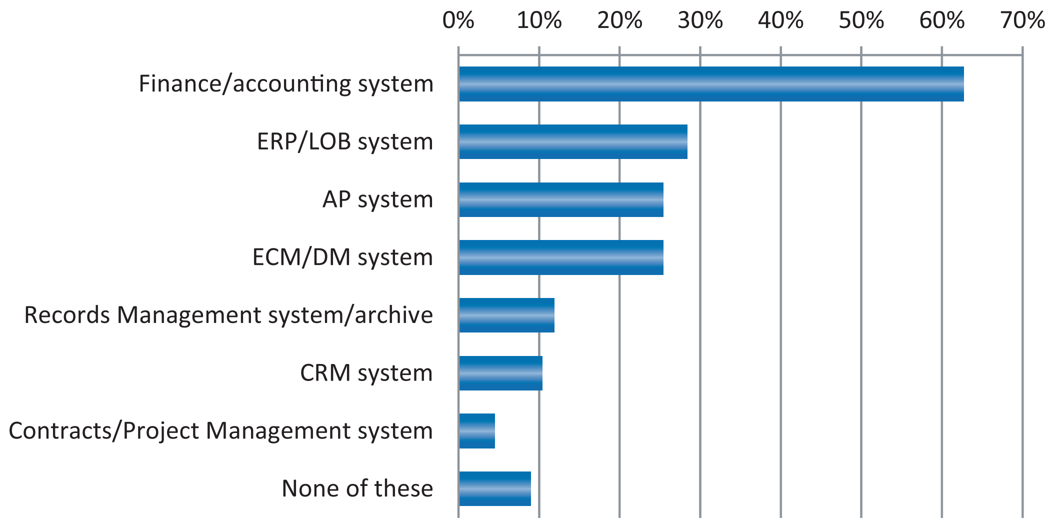
Given the importance of payment collection to the health of the business, it is surprising that 50% of the respondents indicated they do not have any form of AR system, although 12% indicated they have plans for one over the next 12-18 months. What is also significant is that these systems have been sourced from a broad range of possible suppliers, with in-house developed systems and ECM suppliers tied for second most-popular at 8% each, after the number one source of finance/ERP system supplier (26%). This indicates a significant opportunity to enhance and automate the AR process.

***Figure 19: Do you have a dedicated AR (accounts-receivable) workflow automation, or payment-management system?** (N=136, excl. 43 Don't Know)*



To follow up on our interest in information access, we asked about links to ECM or document management, and other types of systems. Not surprisingly, 64% indicated links/integration with their finance/accounting system yet only 25% indicated links to their AP system, matching the 25% who said they had links to their ECM/DM system.

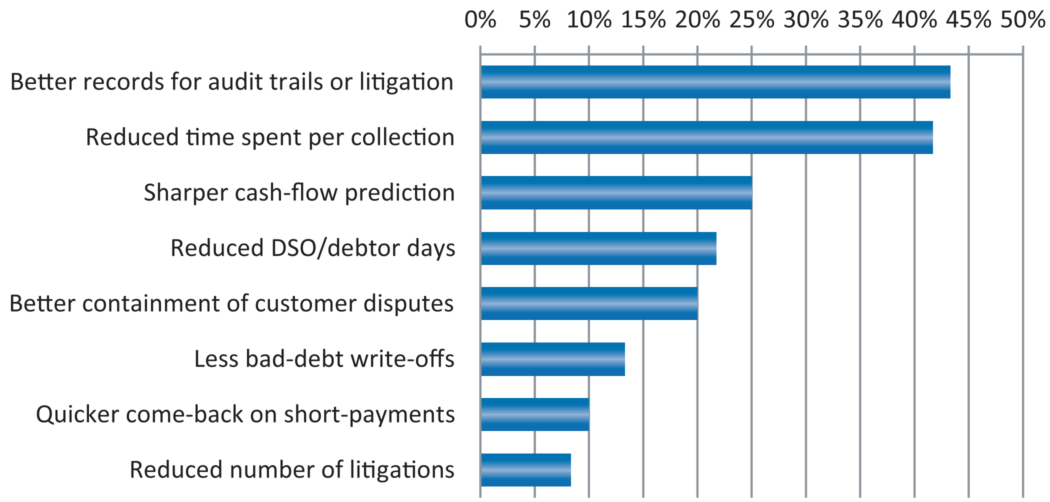
Figure 20: Is your AR system linked-to/integrated-with/part of any of the following?
(N=136 excl. 43 Don't Knows)



Benefits

The biggest reported benefit of AR systems is given as "Better records for audit trails or litigation" at 43%, while reduced time spent per collection weighed in a close second at 42%. Given the amount of litigation and audit incidents these days, and the increasing costs of the process itself, it is no surprise that this would become a focal point for benefits realization.

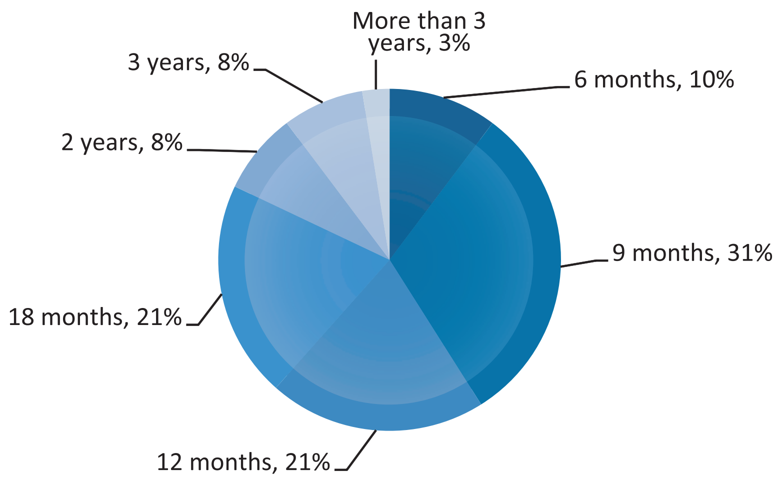
Figure 21: What have been the two biggest benefits from your AR workflow and automation system?*(N=60 AR users)*



ROI

Reviewing these benefits as a whole, 41% of AR system users report payback periods of 9 months or less, and 82% achieved payback within 18 months. Even more so than with AP systems, if cash-flow management is vital to the viability of the business, then an effective AR automation system is mission-critical. Compared to the 2012 survey[1], this once again shows a considerable increase from 30% and 65% respectively.

Figure 22: In general, what payback period would you say you have achieved, or are on track to achieve, from your AR solution? *(N= 39 AR users, excl. 24 Don't Knows)*



Conclusion and Recommendations

Moving to paper-less systems for the AP and AR processes can make rapid and substantial cost savings, along with management benefits of improved cash management, increased visibility and simpler approval loops. Businesses of all sizes are losing money and customer reputation due to slow and erroneous payment and collection processes, and yet AP – and particularly AR staff – are still hampered in their efforts by manual processes and poor access to all of the related case-documents, particularly those users working inside of ERP or finance systems with no direct links to content management and CRM systems.

Content management systems with scanning and capture front-ends, and suitable workflow components, are likely to be a sound choice for AP automation systems, particularly where a high proportion of invoices relate to non-PO or non-goods orders. In these situations, approval loops and additional related documents are likely to be involved.

Content management systems may be a less obvious candidate for AR. However, an AR automation system founded upon a robust content management archiving repository, and with a versatile workflow core geared towards the billing process, can reap substantial benefits related to improved cash flow. For example, if proof of delivery is required prior to invoicing, capturing the signed document, whether digital or physical, as close to the time of delivery as possible becomes significant. Once the captured, signed delivery receipt enters the system, a workflow is triggered to initiate the invoicing or collection process. In some cases, this could reduce the invoicing cycle from weeks and days to hours.

Recommendations

- Measure the number of invoices processed per month within your unit, but also consider other parts of the organization. Evaluate the situation if AP activities could be centralized.
- Calculate the current processing cost-per-invoice, taking into account the proportion that are non-PO or non-goods orders, and calculate potential savings using our findings as a basis.
- Also consider how better visibility of workloads, payment progress, and cash-flow prediction could improve management of the process.
- Consider how many invoices could go straight-through the process "hands-off" with suitable data capture and automated three-point matching.
- Monitor elapsed time for processing and approvals, and identify where holdups and delays occur.
- Analyze the resource load of difficult cases and exceptions where access to additional documents is required or higher levels of approval are needed.
- Review how you are dealing with inquiries from suppliers regarding payment progress, and the impact that poor visibility of approval status and the lack of self-service portals may be having on AP staff – as well as on other parts of your business.
- Evaluate the flexibility of the AP solution across other document-driven business processes, including AR.
- Review your current AR process, bearing in mind how business-critical it is, and how well you are supporting the staff with the tools they need to be effective.
- Look at the handling of disputed payments more as a case-management exercise involving a folder of related documents and communications.
- Consider how easily you can integrate the AP and AR systems with your existing content repositories, both for access during the process and auditable archive after the process.
- If you have developed AP and AR systems in-house, consider whether you are achieving the best possible performance by modern standards, and whether your integrations with core systems are robust.
- If you are investing in content management systems, take account of the ability to incorporate or interface with the AP/AR process, and to service related documents on a case-management basis.

References

1 "Automating Financial Processes – user feedback on the real ROI" AIIM White Paper, March 2012
www.aiim.org/research

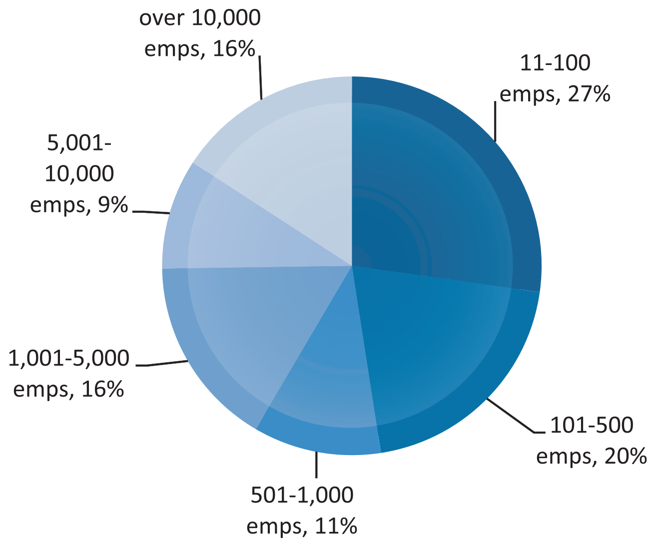
Appendix 1 - Survey Demographics:

Survey Background

The survey was taken by 229 individual members of the AIIM community between 05 December 2013 and 05 January 2014 using a web-based tool. Invitations to take the survey were sent via email to a selection of the 80,000+ AIIM community members

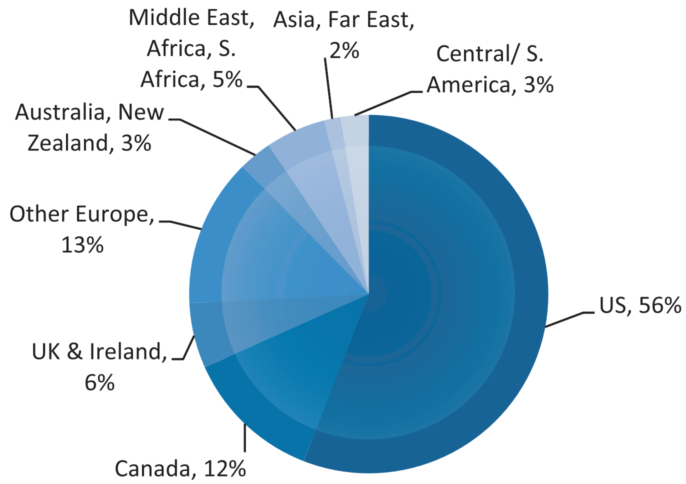
Organizational Size

Organizations of 10 employees or less are excluded from all of the results in this report. On this basis, larger organizations (over 5,000 employees) represent 25%, with mid-sized organizations (500 to 5,000 employees) at 27%. Small-to-mid sized organizations (10 to 500 employees) represent 47%.



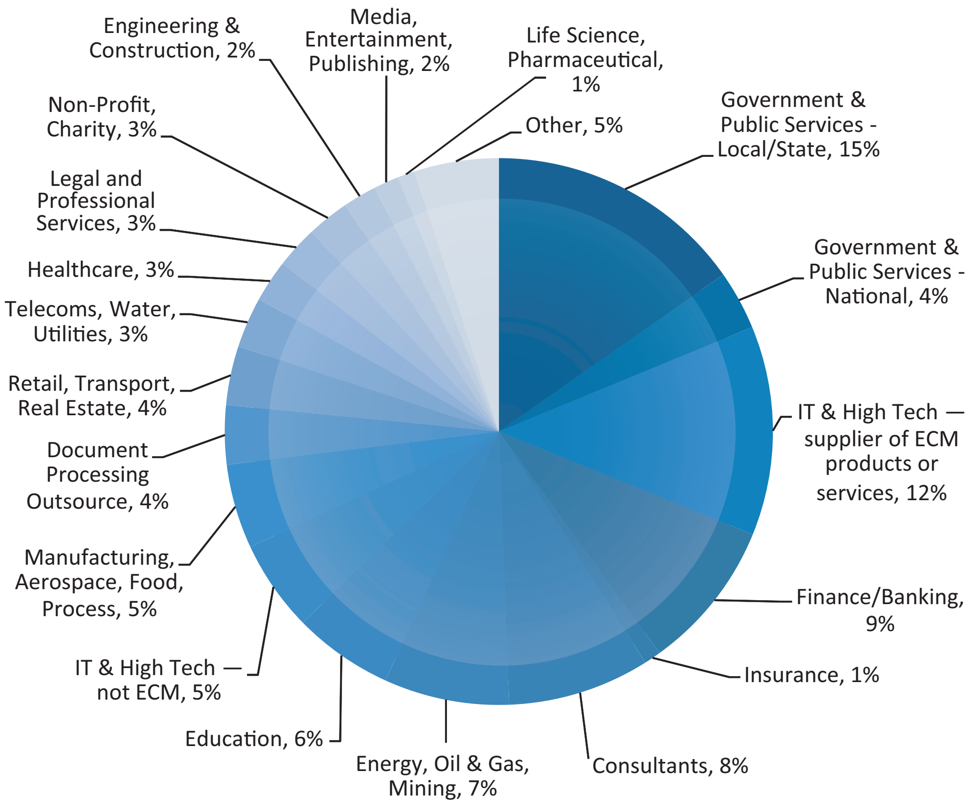
Geography

US and Canada make up 67% of respondents, with 19% from Europe.



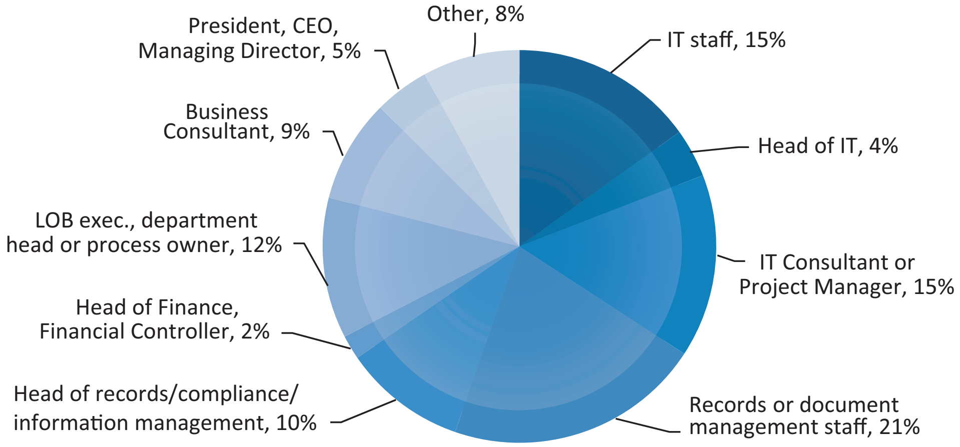
Industry Sector

Local government and public services represent 15%, and national government 4% - lower overall than most AIIM surveys. Finance, banking and insurance represent 10%. ECM suppliers have been included as their AP/AR requirements are as representative as any other sector. The remaining sectors are evenly split.



Job Role

Records or Information Management disciplines make up 31% compared to 34% from IT. Line of business managers and business consultants make up 28%.



Appendix 2 - Open-ended Comments (selective):

"Do you have any general comments to make about your financial process automation projects or this survey?"

- Best thing we ever did - easy to justify, even with our relatively low invoice volume.
- We are scanning our AP invoices at the end of the process but we'd like to automate the entire process from start to finish.
- Technology is only a small element for this project to work well.
- We do lots of printing and re-scanning of digitally born docs.
- Main advantage in a big organization is the workflow set up and approval given by the correct person.
- IT does everything via paperless and workflow. However, once it reaches AP, they print everything.

UNDERWRITTEN BY

ASG

ASG Software Solutions connects sophistication and experience with agility and technological efficiency, through its vendor-agnostic cloud, content and systems solutions. ASG helps companies solve today's most pressing business issues, including reducing operating costs, enhancing workforce productivity and ensuring regulatory compliance. With customers like American Express, Coca-Cola, GE, HSBC, IBM, Lockheed Martin, Merrill Lynch, Procter & Gamble, Sony, Toyota, Verizon, and Wells Fargo, ASG can proudly say that more than 70 percent of global Fortune 500 companies trust it to optimize their existing IT investments. Founded in 1986, ASG Software Solutions is a global company headquartered in Naples, Florida, USA, with more than 1,200 employees.

ASG's enterprise content management portfolio enables business users and infrastructure technology (IT) management of all skill levels to quickly and easily access, manage, and own all essential business information.

ASG's large enterprise content management portfolio for AP/AR Automation includes:

ASG-ViewDirect® for Accounts Payable Automation gives AP departments the ability to automate and standardize invoice receipt/workflow processes to reduce invoice processing costs, decrease invoice cycle times, increase invoice visibility, and improve cash-flow management without increasing head-count.

ASG-ViewDirect® for Accounts Receivable Automation gives AR departments the ability to automate and standardize payment receipt/workflow processes, including short payments and payment exceptions to reduce the time and cost of receiving and applying payments, increase payment status visibility, and improve cash-flow management – all resulting in reduced write-offs associated with goodwill and bad debt.

ASG-ViewDirect® is the world's most scalable, full-featured enterprise content management, storage and archiving platform, which supports all platforms, databases, storage devices, data formats and volume of enterprise content in distributed and mainframe networks. It captures, indexes, stores, links and publishes content, in any format (Microsoft Word, Email, PDF, JPEG, XML, HTML, etc.), from any source, and delivers it throughout your enterprise.

ASG-ViewDirect®-Audit and Balancing System (ABS) is an automated enterprise content and data matching, validation and reconciliation quality control software solution that scans, detects, and informs you of potentially costly data inaccuracies and content errors automatically

ASG-Total Content Integrator™ (TCI) provides a unified, federated, content integration-enabling technology for transparent search, discovery and presentation capabilities for documents, records and other content. It incorporates authentication, federated search, index normalization, and content transformation services. ASG-TCI can be supplemented with an optional module, ASG-TCI for SharePoint, to integrate and augment the capabilities of Microsoft® SharePoint®.

ASG-WorkflowDirect® is a full-featured, enterprise-class production workflow engine and graphic designer, It incorporates process automation for integrating content with business processes, people and computer systems, while coordinating, managing, automating, and measuring content-centric processes independent of underlying applications.

ASG-Records Manager™ provides comprehensive life-cycle management for all electronic records in their original format, including holds, automatic folder structures, and advanced retention—with parametric events that automatically execute from line-of-business applications through standard Web Services. ASG-Records Manager has been tuned specifically for managing records in high-volume environments. Classification, retention and disposition management activities can be automatically performed or coordinated by authorized users depending on individual record type requirements.

ASG's small to medium business enterprise content management portfolio for AP/AR Automation includes:

ASG-Cypress® for Accounts Payable Automation gives AP departments the ability to automate and standardize invoice receipt/workflow processes to reduce invoice processing costs, decrease invoice cycle times, increase invoice visibility, and improve cash-flow management without increasing head-count.

ASG-Cypress® for Accounts Receivable Automation gives AR departments the ability to automate and standardize payment receipt/workflow processes, including short payments and payment exceptions, to reduce the time and cost of receiving and applying payments, increase payment status visibility, and improve cash-flow management – all resulting in reduced write-offs associated with goodwill and bad debt.

ASG-Cypress® Suite is a modular content management system for ingesting, assembling, integrating, delivering, and storing documents. It significantly enhances the management, accessibility, analysis, and output of content throughout an enterprise.

ASG-Cypress® Workflow is a full-featured, enterprise-class production workflow engine and graphic designer. It incorporates process automation for integrating content with business processes, people and computer systems, while coordinating, managing, automating, and measuring content-centric processes independent of underlying applications.

About AIIM

AIIM (www.aiim.org) is the global community of information professionals. We provide the education, research and certification that information professionals need to manage and share information assets in an era of mobile, social, cloud and big data

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