



# Accounts Payable Automation in Five Easy Steps

A PaperVision®.com eBook

**PAPERVISION®.com**

Any Document. Anywhere. Anytime.®

# Executive Summary



Have you tried to automate your Accounts Payable (AP) processes in the past? Or perhaps you are currently examining options for “going digital.” IOFM reports that between 70 and 80% of invoices in the United States are still paper-based, and about 70% of invoice processing costs are related to document handling and manual data entry. This reliance on paper leads to slow processes, lower overall accuracy rates, and higher costs.

In the past, many AP professionals were scared away from automation, because they believed all of their suppliers would have to issue e-invoices in the same standard format in order to become fully digital. This approach can be overwhelming. What hope do we have of convincing hundreds or perhaps thousands or tens of thousands of suppliers to modify their processes to suit the needs of just one customer?

It doesn't have to be so hard!

Though invoices may arrive in many different page layouts, paper forms and file formats, Enterprise Content Management (ECM) can handle them all. Most ECM systems will ingest almost any type of enterprise content and can then group similar items, like invoices, into categories that define processes and apply specialized security. Digital invoices ensure better control of information and are easier to retain in compliance with regulations. Today's scanning and imaging technologies have simplified AP automation. ECM and workflow applications allow the electronic invoices to be sorted, processed, and paid much more quickly. In fact, with today's technologies, AP Automation can be accomplished with an eye toward five simple steps.

**“ It costs \$11.76 to process a single paper invoice. ”**

- IOFM

# Step #1

## Scan

**" 70-80% of invoices in the United States are still paper-based."**

- IOFM



Your automation journey starts by converting any invoices you still receive in paper to digital files that are more secure and easier to work with. To do so, paper invoices should be scanned into a digital format. Once digital, they benefit from the same electronic security, retention, and routing as their electronic counterparts.

Rather than scanning after invoices are processed (often called back file scanning), we recommend scanning upfront—upon receipt—so that natively digital and natively paper invoices follow the same process flow and security measures.



# Real Customer. Real Results

**IRS**  
INDUSTRIAL REFRIGERATION SERVICES, INC.

Located in Ankeny, IA, Industrial Refrigeration Services (IRS) specializes in commercial and industrial refrigeration. Their AP department receives approximately 2,000 invoices monthly, and they recently implemented AP automation technology to streamline processing. IRS converts all of the invoices they receive on paper into digital files by scanning them. Invoices are then uploaded to a cloud-based ECM service for management and retention. After eliminating their paper invoices as they are received and automating their AP process, **IRS saves more than 500 employee hours per year**, and they believe **100% of invoices are now secure from loss, theft or damage.** "We use ImageSilo® for just about anything you can imagine, including AP processing," explained Pat Myers. "We're on our way to being completely paperless."



Pat Myers



Companies that  
switch from paper

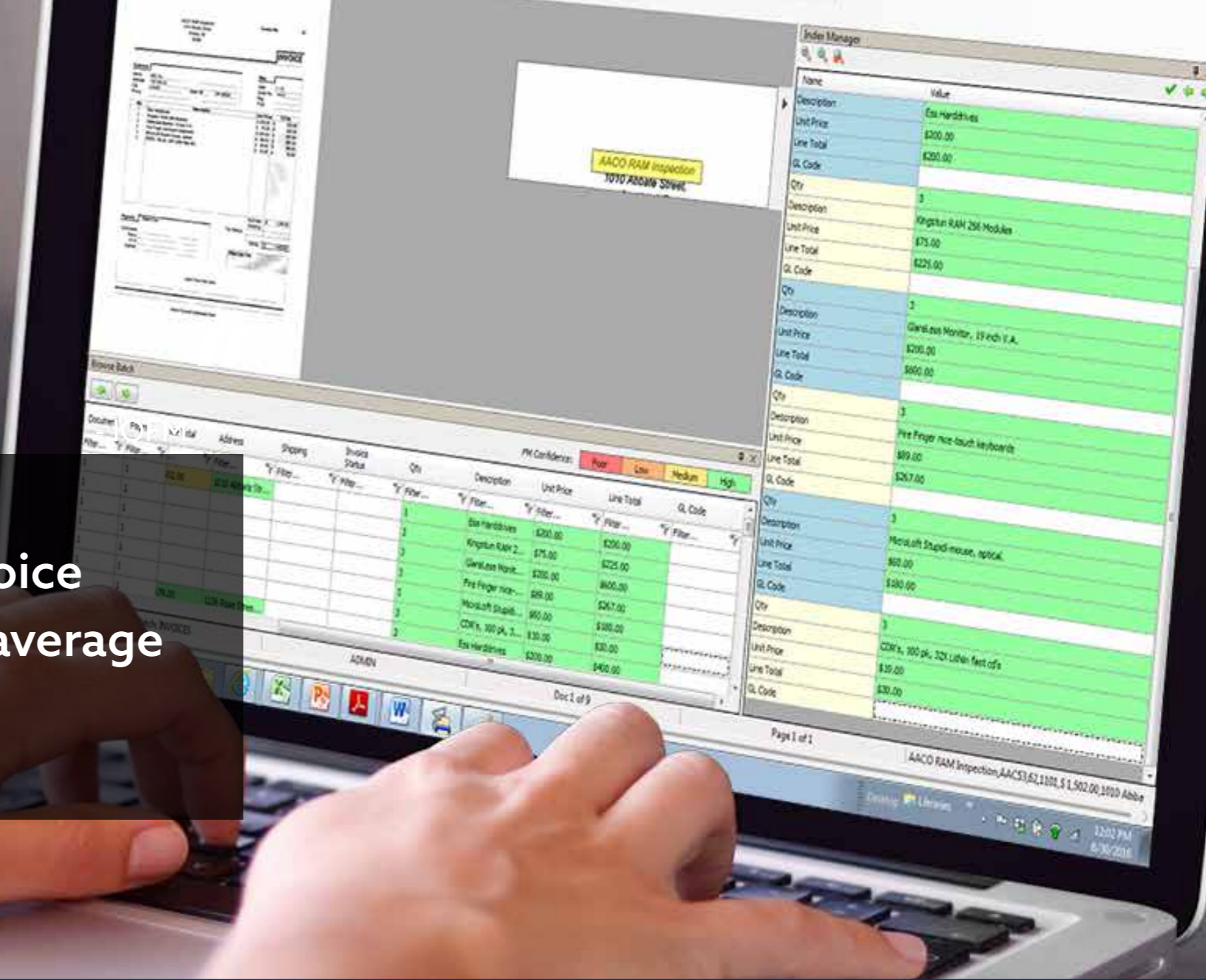


to digital invoices save  
**\$5.46 per invoice.**

- IOFM

# Step #2 Index

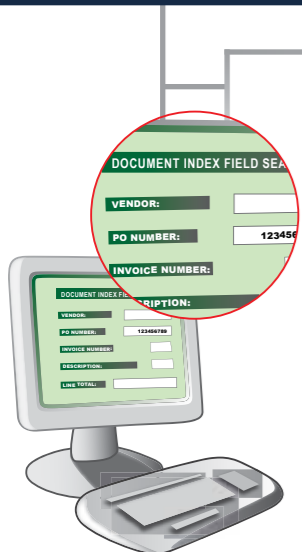
**“ Companies can reduce invoice handling costs by 53% on average by going digital. ” - IOFM**



Now that you've gotten rid of your paper invoices, and you've got a bunch of digital invoice files, what do you do with them? Step two is to index the new digital invoices, so you can find them again using keyword search.

Many available solutions include the ability for your staff to hand-key this information, but this manual effort is expensive. Simply Hired reports that the average knowledge worker makes \$19.71 per hour, so you want to eliminate hand-keying if possible.

Two new automation tools simplify indexing. Find an application that will sort invoices into categories automatically, and choose one that can extract critical data to automatically populate index values and to share that information with your accounting application.



# Real Customer. Real Results



Based in Cedar Rapids, IA, MSI Mold Builders produces manufacturing molds for customers in a variety of industries including medical, automotive, and recreation. Their AP department was struggling to keep up with more than 1,200 monthly invoices.

Mold Builders chose PaperVision® Capture to address their AP challenge. Capture included PaperVision® Forms Magic™ Technology, an artificial intelligence engine, which ingests new invoices as they arrive, classifies them by type, and extracts the critical accounting details such as invoice number and amount, line items and totals, and vendor information.

At Mold Builders, the system also sends invoices into an electronic process for payment, resulting in a fully automated AP function. **The organization has reduced invoice processing time by 75%.** In addition, Mold Builders achieved a 90% classification accuracy rate, which means fewer errors and far less manual handling. And, they **lowered the processing cost per invoice from about \$63 to less than \$16**, saving the company more than \$676,000 annually.



Jason Sojka



**70% of invoice processing costs are related to document handling and manual data entry.**

- IOFM

# Step #3 Reconcile

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 CA 94133  
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 Email: admin@xincube.com  
 Website: www.xincube.com  
 Reg No: 74-2099212  
 Tax No:

Delivery Note	
Code	DN12.09.0001
Date	15-Sep-2012
Shipping Date	15-Mar-2012
Shipping Terms	
Sales Person	Charles Gordon
Order No.	

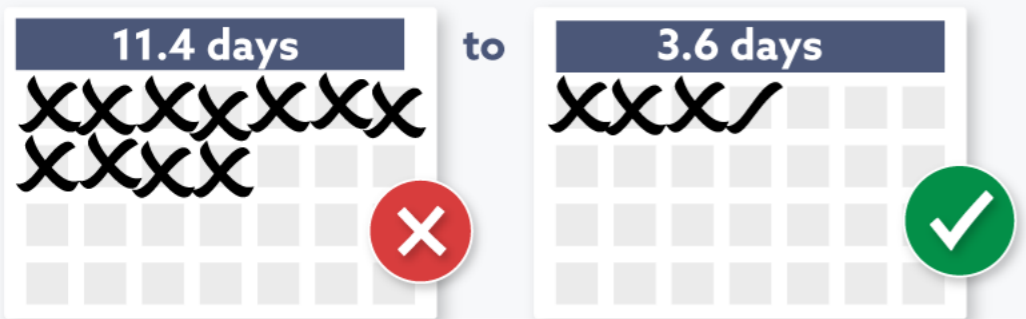
Invoice	
Invoice No	INV10100005
Date	19-Oct-2010
Terms	30 Days
Shipping Date	19-Oct-2010
Shipping Terms	
Sales Person	Charles Wooten
Order No	
Currency Code	USD

Ship To  
 John  
 Synex Inc  
 128 AA Juanita Ave  
 Glendora  
 CA 91740 US

	Unit Price	Qty	Amount
	580.00	6.00	3,480.00
	645.00	4.00	2,580.00
	230.00	10.00	2,300.00
	1,100.00	1.00	1,100.00

Description	Unit Price	Discount	Amount
100mAh Slim Battery Charging Case for iPhone/iPad	15.00	0.00	1,500.00
100mAh Solar Powered Rechargeable Battery for iPhone or iPod	12.00	0.00	1,200.00
IPAD CASING - BLACK	20.00	0.00	2,000.00
GALAXY TAB 10.1" CASING - BLACK	10.00	0.00	1,000.00
IPAD CASING - WHITE	20.00	0.00	2,000.00

The average time to process an invoice goes from 11.4 days



down to 3.6 days when companies use automated workflow tools to drive their AP process.

- ePayables, Ardent Partners

Now we have scanned images of our paper invoices that have been tagged with index information, so we can easily find them again. What's next? Step three in an automated AP process is to reconcile invoices against supporting documentation.

Once received, invoices are typically compared to purchase orders and goods received records to cross-check line items and totals. This process is known as a three-way match, and it is a critical step in invoice processing, because it is so important to validate invoice accuracy before cutting a check! Document management applications allow AP clerks and accountants to view documents side-by-side to verify purchase order, invoice, and delivery information, satisfying three-way match requirements. Best of all, identifying index values make searching for related documents painless and quick.



# Real Customer. Real Results

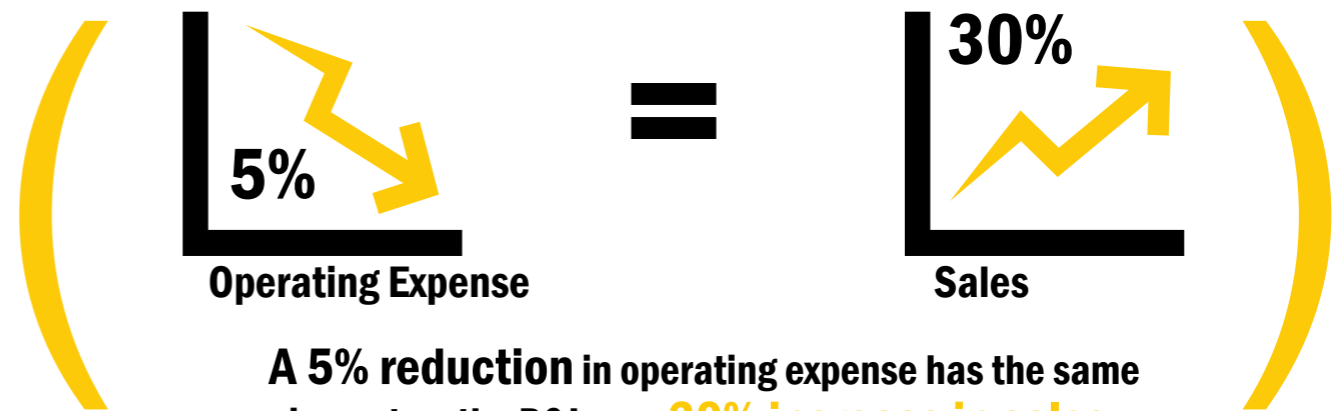


Since 1915, Commercial Metals Company has manufactured, recycled, and marketed steel and metal products worldwide. They are a \$5 billion enterprise with 120 facilities in more than 12 countries. Tasked with centralizing AP processes across the company's 41 US-based recycling yards, Alberto Centeno quickly realized the only way to effectively reconcile purchase orders, invoices, and shipping receipts in this distributed model was to move to digital processes. Supporting documentation was so hard to find in the existing paper-based system, that in a bad month, it would take maintenance supervisors at each yard almost 200 hours to process just 250 purchase orders.



Alberto Centeno

They implemented a cloud-based document management service for electronic invoices called ImageSilo, and chose PaperVision® Enterprise WorkFlow to automatically route digital invoices through reconciliation and approval processes. CMC reduced the time it takes to complete three-way match for each purchase order by 33%, saving each yard **125 hours monthly**, a total **productivity gain of around 60,000 hours every year!** They have also reduced their cost per invoice processed, which is **saving the company more than \$2.6 million annually.**



**A 5% reduction in operating expense has the same impact on the P&L as a 30% increase in sales.**

- Gartner



## Step #4 Remit



Invoices that are received must get paid, and often suppliers have negotiated discount terms that offer companies incentives if they pay invoices early. Streamlining invoice processing times by routing invoices through approval processes electronically dramatically reduces the time spent processing each invoice enabling the company to take advantage of more early payment discounts.

Electronic routing is accomplished with applications known as workflow or business process management (BPM), and they dramatically speed and simplify your entire AP process! You will setup rules that designate which approval process each invoice flows into. These can be based on virtually any criteria including dollar amount, vendor, or type of purchase. As invoices travel through the workflow, each step notifies a user that an invoice in the system needs attention. They can quickly view not only the invoice, but also any supporting documentation, so they're able to authorize the payment and move the invoice into remittance much more quickly. Even more important, automated processes can help to ensure internal controls are followed with every invoice from the moment it is received to the moment the payment is sent, ensuring compliance with regulations and minimizing any opportunity for fraud.



# Real Customer. Real Results



Cooperative Educational Services is a procurement agency that provides shared purchasing services to 211 public education institutions and 250 public entities in New Mexico. They manage Request for Proposal (RFP) processes, including solicitation, evaluation, vendor selection, and contract management for their members. They handle procurement for items such as office supplies and temporary staff all the way through the complexities of heavy equipment and construction.

When the burden of managing more than 400 procurement contracts became overwhelming in their paper-based process, they turned to ImageSilo for help. After implementing cloud-based document management with ImageSilo and setting up automatic processes with PaperVision Enterprise WorkFlow, they are able to offer clients and vendors a fully eProcurement experience, speeding member service and improving information accuracy. The newly-automated processes also helped CES instantly enable remote work when the pandemic started.

The digital packets are much easier to compile and approve than their paper predecessors. When a PO is received, it is scanned, which starts an electronic process that collects each piece of documentation to complete the purchase and obtain necessary approvals, streamlining the entire process. This process improvement **saves \$111,000 annually on supplies and staff** and has **decreased the time to find information** in response to customer requests from **20 minutes to seconds**.



Why go Digital?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_



The **top six reasons** AP is looking **to switch** to digital invoices **are** related to the **pain of manual** invoice approval processes.

- Paystream Advisors

## Step #5 Retain

### Retention Recommendations:

- Correspondence - 2 years
- Invoices, payment records, expense records, and credit memos - 7 years

- IOFM

We've cut and sent the check, process complete, right? Hold on. Once paid, the active life of most invoices is over, but financial records are subject to particular retention schedules that require businesses to keep copies for years, which leads us to step number five: retain.

Electronic records are easier and more cost-effective to retain than mountains of paper invoices filling up filing cabinets and offsite storage. In addition, many document management systems include the ability to setup retention schedules as financial records are received. These schedules can notify administrators when documents are due for destruction, and can prevent records from being destroyed without proper authorization. You can choose to retain your records either on your own corporate network or in the cloud.



# Real Customer. Real Results

R.C. Bigelow is the #1 specialty tea company in the United States. Their AP automation journey began because of the difficulty of storing and retaining financial records in compliance with tax guidelines. They were saving five years of paper-based information at their headquarters in Fairfield, CT and at the end of each year, a temporary employee was brought in to sort files for offsite storage where they would be held for another two to three years.

They chose a cloud-based service, ImageSilo, to retain their financial records because it was easier to get started and did not require IT involvement to setup.

After automating their AP processes, AP employee productivity has improved by more than 5%, saving thousands of hours annually and eliminating the need for part-time and contract employees to prepare for audits. In addition, Nucleus Research, an independent analyst organization that specializes in the financial return on technology investments, recognized R.C. Bigelow as a Technology ROI Award winner and calculated their **project ROI at 813% with full project payback in less than two months**. The analysts stated, "Bigelow Tea was able to yield such significant return, because many of the company's manual paper-based processes were eliminated."



Melanie McElroy



**One gigabyte  
can hold 15,477 pages.**

- Lexis-Nexis



## Shopping List:

- ✓ cloud and on-premise storage are available and the ability to switch from one to the other as needed
- ✓ Automatic retention terms applied to every document
- ✓ Management authorization prior to record deletion,
- ✓ The ability to hold documents past retention deadlines as needed

# Contact Us

**"We Want to Hear From You!"**



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Contact us today to learn more about how to automate your AP processes.

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