ACCOUNTS PAYABLE BUYER'S GUIDE

15 Questions to Ask When Choosing a Vendor Invoicing Automation Solution Provider

ESKER®
Document Process Automation

PURPOSE OF THIS BUYER'S GUIDE

Looking to streamline your accounts payable (AP) operations via automated vendor invoicing? There are a lot of different vendors with a lot of different solutions ... so what questions should you be asking to find the right automation tool for your process?

Esker has developed 15 essential questions to ask any potential solution provider — and the answers you should expect — to make your decision-making process easier and achieve a successful project and outcome.

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WHY AUTOMATE ACCOUNTS PAYABLE?

Businesses with paper-based AP processes are limited in their ability to not only minimise per-invoice costs but also to improve productivity, prevent duplicate invoices and take advantage of early-payment discounts. Financial planning, vendor relationships, employee productivity and even regulatory compliance efforts may suffer from lack of automation in AP.

Compiled AP benchmark data from a 2012 report* by Aberdeen Group finds that average invoice processing costs can span as high as £16.67 from receipt through workflow and approvals to posting. However, for organisations deemed "top performers" who have invested heavily in AP automation, the average cost to process an invoice was only £3.34.

(* AP Invoice Management in a Networked Economy, May 2012. Aberdeen Group.)

Symptoms of poor AP performance

Limited control and visibility of process	Vendor and AP staff dissatisfaction	Missed vendor discounts and late penalties	Long reconciliation and payment cycles	Inaccurate and lengthy closes	Duplicate payments

More than ever, companies are exploring new process efficiencies
to drive cost reduction and improve their bottom line.

AP automation is about the elimination of tedious and error-prone manual data entry activities, which frees up staff from low value tasks and decreases costs of bill paying.

Businesses that implement AP automation report that, while transactional savings alone can pay for the investment, strategic benefits also include better integration to financial systems, improved process cycle times, stronger financial controls, better compliance mechanisms, strengthened supplier relations and improved cash flow visibility.

Businesses with paper-based AP processes are limited in their ability to not only minimise per-invoice costs but also to improve productivity, prevent duplicate invoices and take advantage of early-payment discounts. Financial planning, vendor relationships, employee productivity, inter-enterprise communication and even regulatory compliance efforts may suffer from lack of automation in AP. Manual processes are not only expensive and inefficient, they increase the chance of errors and expose organisations to many risks.

Beyond significant cost savings, organisations using an automated AP solution can realise efficiencies throughout the process from data entry to archiving. Studies on AP estimate that by automating the process, companies can reduce invoice processing costs and cycle times by up to 50%.

According to The Hackett Group, increasing the volume of AP automated invoice line items from 2 – 80% can:

▪ Increase on-time payments by 7%

▪ Reduce process cost per invoice by 59%

▪ Increase early payment discounts by a factor of more than 3

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15 QUESTIONS
TO DIFFERENTIATE VENDOR
INVOICE AUTOMATION SOLUTIONS

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01

CAPITAL EXPENDITURE

"We cannot afford to invest a lot IT resources or budget into a solution. What are our options to easily and affordably automate our AP process?"

Software as a service (SaaS) is a delivery model in which software is centrally hosted in the cloud (i.e., on-demand) and accessed via an Internet web browser. SaaS delivers a more economical solution for many customers and has become a common delivery model for most business applications.

With no software or hardware to install, on-demand solutions allow companies to see a positive impact on their businesses quickly. Rather than mobilising IT resources and investing in a large on-premises IT project, SaaS delivers a secure, scalable and affordable solution to streamline the vendor invoicing process.

Why Esker?

Esker offers customers the choice of implementing their automation solution on-demand or on-premises. This means you do not have to wait for IT resources to be available or budgets to be allocated in order to get your project moving.

Companies can get the expected capabilities from an on-premises software solution or immediately benefit from an on-demand service that requires little to no upfront investment, and features a pay-per-use pricing model.

02 END-TO-END ELECTRONIC PROCESSING

"We would like to eliminate as much manual processing and human intervention as possible. Does your solution deliver a completely touchless electronic invoice automation process?"

Invoice processing runs most efficiently when human intervention and manual tasks are minimised. Your vendor should provide a solution that automatically verifies invoice data (via predefined criteria), complies with business and audit policies, and enables a fully electronic processing environment where no manual data entry is required.

Why Esker?

Esker offers a comprehensive solution that automates every phase of AP — from reception of an invoice to its creation in the ERP solution — replacing the need for any human data entry and dramatically reducing your AP labour costs. Invoices are automatically archived electronically, eliminating the need for manual storage and time-consuming filing with a backup of your archive always available.

RECEIVE & SCAN   EXTRACT   VERIFIY & MANAGE   ARCHIVE   FOLLOW

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03 WORKFLOW

"Why would I want to set up workflow outside of my existing ERP system?"

Integrating a solution that runs AP workflow inside the ERP system might seem like the most straightforward approach, but it has a number of disadvantages. For example, maintaining "inside workflow" in each instance can cause inefficiencies, additional costs and consistency issues over time.

Conversely, choosing a vendor that offers an external solution offers the flexibility to:

- Maintain business continuity through upgrades and other IT landscape changes
- Achieve anytime, anywhere access for external buyers and managers
- Provide a single access point for invoice data for both ERP users and non-users
- Reduce training complexity and promote user acceptance
- Simplify setup for regional or worldwide shared services centres

Why Esker?

Because Esker provides a solution that functions as a stand-alone module outside of the ERP, it allows you to deploy the solution in different offices even if they are not running the same information system. Additionally, Esker enables you to benefit from an unlimited number of approvers as well as web-based access, for connection anytime, anywhere.

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04 ACCURATE AND INTELLIGENT DATA CAPTURE

"How does your recognition technology precisely identify content from different invoice formats, and do we need to set up a template for each supplier's invoice layout?"

Your solution provider should deliver intelligent data analysis tools to speed up the automation process and provide better accuracy and security for invoice processing, with no templates required.

In order for accurate invoice automation and minimal human intervention, your solution provider's recognition technology must be able to accurately and intelligently extract all relevant information from vendor invoices regardless of the invoice format (e.g., scan, fax, email , etc.). The solution should also accurately recognise the desired information as you make corrections to the default recognition.

Why Esker?

With Esker, different invoice formats from a single vendor, or invoices from multiple vendors are easily handled without the need for a specific template.

Optical Character Recognition (OCR) and free form technology are embedded into the Esker solution, allowing it to easily deal with content from diverse invoice types.

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05

VENDOR COMMUNICATIONS

"How can we reduce the amount of time our AP staff communicates with our vendors?"

Your vendor's AP automation solution should include an accompanying online vendor portal, which removes the hassle of keeping your vendors up to date on their invoice status by providing them a self-service tool.

With full visibility into the progression of their invoices, vendors will no longer have to go through your AP team for payment updates, freeing up your accounting staff for more valuable tasks.

Why Esker?

Esker's Accounts Payable automation solution comes with a vendor invoice portal that streamlines and implifies the back-and-forth communication with your vendors.

Your vendors will automatically be notified by email as soon as you start processing one of their invoices. By connecting to a secure web portal, customised with your company's logo, your suppliers will be able to view their invoice status at any time.

WEB PORTAL

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06 GLOBAL PRESENCE

"Can you support our multiple offices and multi-language needs? As a global company, we need to be sure your AP solution can be scaled out."

In today's global market place, companies need an international solution provider who can support their automation needs across a network of offices around the globe, offer multi-lingual capabilities (full DBCS support included) and have proven, cross-border success.

Why Esker?

With offices around the world, Esker operates globally and has a track record of many successful worldwide implementations.

The Esker web interface is available in numerous languages (including English, French, Spanish, German, Italian and Chinese) and supports over 20 cultures out-of-the-box. Local language support is available in many countries. Multi-language capabilities enable the reading and processing of over 120 languages including full DBCS support (e.g., Chinese, Japanese, Korean, Thai, Vietnamese, etc.). Esker's on-demand platform allows for a rapid solution rollout to various countries without the need to plan for multiple instances or larger, more complex infrastructure.

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07 AP AUTOMATION AT SHARED SERVICES CENTRES

"Our accounting functions are centralised through a shared services centre. Are we able to automate vendor invoicing in this model ?"

A best-in-class AP automation solution should bring numerous benefits to a shared services centre, including: advanced workflow capabilities, invoice traceability, audit trail, multi-language and global support, reporting, and queue management. In addition to reducing invoicing costs and improving efficiency and vendor relations, the difficulties of managing invoice processing in diverse ERP systems can easily be addressed with the right AP automation solution in place.

Why Esker?

Esker's Accounts Payable automation solution seamlessly supports companies with shared services initiatives. Featuring multi-language capabilities and template-free technology, Esker eliminates the headache of processing invoices from multiple offices with different languages and invoice layouts.

Esker workflow functions are completely independent of the ERP, which is ideal for a shared services centre that has to deal with diverse ERPs within different company offices, as well as invoice processing across a range of separate systems.

With real-time tracking and reporting capabilities, Esker delivers constant visibility of vendor invoices — an important requirement for financial managers who need to easily measure the productivity and efficiency of a shared services centre.

08 BUSINESS CONTINUITY

"We can't risk delays in business processes or the chance of losing critical information. Do you commit to delivering business continuity?"

Documents must be transmitted in a timely fashion with a redundant, always-on and backed up infrastructure so that information is handled in a secure, confidential and traceable manner. Your solution vendor should also make crucial business functions available to customers and suppliers at all times.

Why Esker?

Esker production centres feature solid architecture to guarantee the security of your documents (e.g., data transfer by secure protocol (SSL); secure server bays; temperature controlled for humidity and pressure; electric infrastructure with backup generators; fire prevention measures; and 24/7 monitoring continuous availability).

Additionally, each Esker server platform uses high-availability cluster technology that offers internal redundancies to counter any possible hardware failure. The platforms in North America and Europe back up one another to maintain timely document transmissions at all times.

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09 ONE PLATFORM VS. STAND-ALONE SOLUTIONS

"Should we pull together different technologies from multiple solution providers or go with an integrated solution from one vendor?"

In order to maximise simplicity and overall costs, the best-case scenario for any company is to find a solution provider who can deliver all of the necessary technology to automate vendor invoices in a single solution. A truly ntegrated automation solution improves business processes and efficiencies, and delivers high ROI.

Why Esker?

Esker provides all of the necessary functions and technologies for fully electronic AP processing all via one universal and source-independent automation platform. No need to rely on multiple products from various technology vendors — Esker has it all.

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10

ERP INTEGRATION

"Will your solution integrate with our ERP system?"

Implementing an automation solution should not require additional costs for custom development. If your AP solution does not work out-of-the-box with your current ERP system, the payoff will take longer, coupled with a higher total cost of ownership (TCO).

Ideally, you want a solution that's compatible with a wide range of ERP systems, is configured to address the unique needs of any business, and easily integrates with your current infrastructure.

Why Esker?

Esker's workflow functions are independent of the ERP, providing flexible integration options should need to connect with several ERP applications (e.g., SAP®, Microsoft Dynamics, Oracle E-Business Suite, JD Edwards EnterpriseOne, etc.) used by different subsidiaries or departments within the company.

Esker offers a unique value to businesses running SAP applications. With SAP-certified technology, Esker solutions are entirely integrated with SAP, allowing the solution to work seamlessly with your SAP system and be compatible with upgrades.

11 ELECTRONIC ARCHIVING

"We want to electronically archive our invoices to avoid storing mounds of paper. Will we be able to access our documents easily?"

An AP automation solution should automatically archive your invoices electronically, eradicating the need for manual storage and time-consuming filing.

Additionally, invoices should be backed-up with security guaranteed by your solution provider's infrastructure and always accessible to authorised personnel from any location for as long as you choose.

Why Esker?

Esker ensures that your documents and data are safely archived and easily accessible. With Esker's powerful multi-criteria search engine, you only need to enter one or more search criteria in the Esker web interface and your invoice is quickly identified.

Invoices are always accessible to any authorised personnel from any location for as long as you need them, and access to your document is secured using advanced login security policies. A backup of your archive is always available and a digital media copy can be requested.

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INFORMATION SECURITY AND INTEGRITY

"How can we be confident that our business documents will be securely handled and stored? We need to know that our personal data will receive the highest level of protection in the U.S. and that rigorous privacy legislation is respected."

Hosting and processing other companies' business and financial documents brings up the question of internal controls and security issues. SSAE 16 and ISAE 3402 Type 2 audits are international reporting standards that analyse a service organisation's control over information technology and related processes. Successful completion of these in-depth audits indicates that processes, procedures and controls have been formally reviewed.

The United States Department of Commerce and European Commission have agreed on a set of data protection principles and FAQs (Safe Harbor Principles) to enable U.S. and European companies to satisfy the EU law requirement that personal information transferred from the EU to the U.S. be adequately protected. Intended for organisations within the EU or U.S. that store customer data, the Safe Harbor Principles are designed to prevent accidental information disclosure or loss.

Why Esker?

Esker is SSAE 16 and ISAE 3402 Type 2 compliant for its on-demand automation solutions (following an audit conducted by A-lign™ Security and Compliance Services). Based on 25 internal controls including data centres security, incident management process, infrastructure monitoring, logistics access and recruitment, Esker processes, procedures and controls have been formally reviewed and certified.

Esker adheres to the principles set forth by the Safe Harbor Privacy Policy in respect to transfers of personal information from the European Economic Area to the U.S. Consistent with its pledge to protect personal privacy, Esker has been certified by TRUSTe, an independent third party online privacy solutions provider. Not only does Esker strive to collect, use and disclose personal information in a manner consistent with the laws of the countries in which it does business, it also has a tradition of upholding the highest ethical standards in its business practices.

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13 EXPANDING TO OTHER BUSINESS PROCESSES

"Today we are in the market for an AP solution but tomorrow we may need to automate other business processes — can you support our growing business needs?"

Your solution provider should provide all of the technology, solutions, service and support needed to respond to your expanding needs. That means having the capability to address the full cash conversion cycle — not just AP — to automate other business processes (order processing, accounts receivable, purchasing, etc.).

Why Esker?

Esker allows you to control all of your document process improvement efforts in one shared and collaborative platform that spans the entire cash conversion cycle. Whether you want to automate and capture any inbound document (sales orders, vendor invoices) or electronically deliver any outbound document (customer invoices, purchase orders), Esker allows you to automate as needed using a shared group of technologies.

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14 EXPERT CONSULTANCY AND PROJECT METHODOLOGY

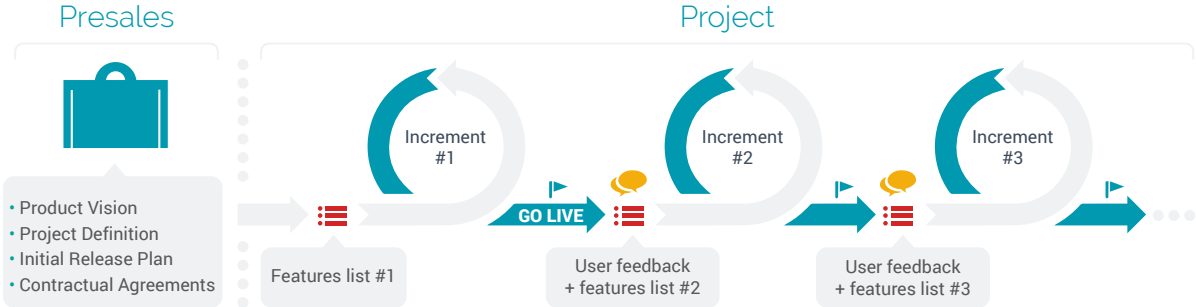## "Will our solution be implemented on time and within budget?"

Your solution provider should be capable of looking at your company's automation needs as a whole. Beyond just specific solution inquiries, the entire perspective needs to be evaluated and a proposed solution adapted to best meet your business problems. Visibility before and during project implementation should be provided in order to monitor budgets and ensure that schedules are maintained. A skilled solution provider with years of solution implementation experience understands the importance of respecting timelines and budgets.

Why Esker?

Esker delivers expert consultancy throughout the entire purchasing lifecycle — from presales assessment of your business needs and solution selection to implementation and production. Esker goes beyond the initial solution inquiry to provide professional and knowledgeable advice and support in order to optimise the solution to your specifications.

Esker's successful adoption of the agile methodology to product development cycles and Professional Services consultants, ensures that customers, business partners and their key stakeholders are able to achieve maximum value throughout every phase of solution delivery in the shortest amount of time.

Presales

Project

- Product Vision
- Project Definition
- Initial Release Plan
- Contractual Agreements

Features list #1

GO LIVE

Increment #1

Increment #2

Increment #3

User feedback + features list #2

User feedback + features list #3

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15 SAAS VS. OUTSOURCING VS. ON-PREMISES

"Why should we go with a SaaS model over an outsourcing service or hosting the solution on-premises?"

Understanding the benefits of automating software with the SaaS model over an on-premises model or Business Process Outsourcing (BPO) is key for prospective businesses.

With a SaaS model, you maintain data ownership and visibility, gain flexibility to adapt to changing business conditions, benefit from security and confidentiality assurance, and enjoy faster return on investment (ROI).

While hosting a solution on-premises offers many of the same functional capabilities, it requires ongoing maintenance and investments in software and hardware. Additionally, BPO has a number of potential downfalls, including: failure to meet service levels, unclear contractual issues, changing requirements and security risks.

Why Esker?

Requiring little to no upfront investments, Esker offers a pay-per-use SaaS platform that allows you to implement AP automation rapidly and cost-effectively without the need to build or expand an in-house network while moving from capital to operational expenditure.

This approach helps preserve capital by automating without additional IT complexity or expenditures. Plus, the web-based nature of SaaS allows you expand approval workflow beyond the walls of the company — to subsidiary offices, manufacturing facilities and other locations – without having to open the corporate firewall.

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ESKER'S ACCOUNTS PAYABLE AUTOMATION SOLUTION

SIMPLIFY THE AUTOMATION OF VENDOR INVOICE PROCESSING WITH ESKER

Esker's Accounts Payable automation solution integrates with any ERP interface, allowing you to automate every phase of vendor invoice processing — from reception of the original document to the creation of an accounting book entry — for streamlined AP management.

Using intelligent capture, touchless processing and electronic workflow capabilities, companies of any size can address the challenges of manual data entry and routing along with lack of coordination and transparency in traditional AP operations.

Six ways Esker improves vendor invoice processing

1. Provides ERP-independent workflow
2. Eliminates human intervention via touchless processing
3. Processes multinational invoices in 120+ languages
4. Supports global initiatives with local deployment
5. Offers the 1st AP SaaS solution fully integrated with SAP
6. Accurately captures data regardless of invoice format

> Having full OCR and the ability to post invoices in our ERP system, as well as see them with 100% visibility, has had a significant impact on our company's overall success.
>
> Director of Global MRO Purchasing— Albermarle

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HOW DOES IT WORK?

RECEIVE & SCAN

Locally or centrally received paper invoices are scanned and immediately sent to Esker for processing.

EXTRACT

The solution finds and extracts all relevant vendor invoice data from the received document and creates the corresponding document in the ERP application.

VERIFY & MANAGE

Esker provides the tools you need to easily orchestrate PO or non-PO invoice verification and payment approvals, while complying with the necessary requirements. In some cases, true "touchless processing" can be achieved as long as the selected criteria is matched

ARCHIVE

Invoice data is integrated in the ERP system while a copy of the original is attached and available to any authorised user.

FOLLOW

Invoices are 100% visible and traceable throughout every phase of processing, allowing you to run reports to monitor and measure process efficiency.

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ABOUT ESKER

Esker is a global leader in document process automation solutions, helping organisations Quit Paper™ and improve how business information is processed and exchanged within Order Processing, Accounts Receivable, Accounts Payable, Purchasing and more.

Founded in 1985, Esker operates in North America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

U.S. Headquarters:
Madison, Wisconsin

World Headquarters:
Lyon, France

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For more information, visit *www.esker.com.* Follow Esker on Twitter at twitter.com/eskerinc and join the conversation on the Esker blog at *www.quitpaper.com.*

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